



UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED JUNE 30, 2014



UNILEVER PAKISTAN FOODS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Y. Mirza	Independent Director & Chairman of the Board
Ms. Fariyha Subhani	Executive Director & Chief Executive Officer
Mr. Ali Tariq	Executive Director & CFO
Mr. Ehsan A. Malik	Executive Director
Mr. Zulfikar Monnoo	Non-Executive Director
Mian M. Adil Monnoo	Non-Executive Director
Mr. Kamal Monnoo	Non-Executive Director
Mr. Badaruddin F. Vellani	Non-Executive Director
Ms. Shazia Syed	Non-Executive Director

COMPANY SECRETARY

Mr. Amar Naseer

AUDIT COMMITTEE

Mr. Zulfikar Monnoo	Chairman & Member
Mian M. Adil Monnoo	Member
Mr. Badaruddin F. Vellani	Member
Mr. Azhar Shahid	Secretary & Head of Internal Audit

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Zulfikar Monnoo	Chairman & Member
Mr. Kamal Monnoo	Member
Mr. Ehsan A. Malik	Member
Mr. Amar Naseer	Company Secretary

AUDITORS

M/s KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road Karachi - 75530
Pakistan

REGISTERED OFFICE

Avari Plaza
Fatima Jinnah Road
Karachi - 75530

SHARE REGISTRATION OFFICE

Share Registrar Department,
Central Depository Company of Pakistan Limited,
CDC House, 99-B, Block "B", S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi - 74400

WEBSITE ADDRESS

www.unileverpakistan.com.pk
www.unileverpakistanfoods.com.pk

UNILEVER PAKISTAN FOODS LIMITED

Directors' Review

The directors are pleased to present the financial information for the period ended June 30, 2014.

Profit After Tax and Earnings Per Share increased by 52% in the second quarter ended 30th June 2014, resulting in a 32% increase in the Half Year. Sales in the second quarter grew by 25%, yielding an 18% growth in the First Half. Challenging business environment notwithstanding, both achievements came from continued focus on building brands, improving distribution reach and effectiveness, driving cost efficiencies, improving the product mix and leveraging economies of scale. As a result, Gross Margin improved by 264 bps.

Financial Highlights

	Six Months ended June 30,		Increase %
	2014	2013	
	Rs '000		
Net Sales	4,105,879	3,465,270	18%
Profit before Taxation	879,555	687,838	28%
Profit after Taxation	619,122	469,051	32%
Earnings per Share (Rs.)	100.55	76.17	32%

Future Outlook

Inflation, fragile security and an uncertain political environment remain challenges for businesses. We will continue to drive our agenda of improving consumer lives through relevant innovations and stronger brand equity.

On behalf of the Board

Fariyha Subhani
Chief Executive

Karachi
August 26, 2014

UNILEVER PAKISTAN FOODS LIMITED

Independent Auditor's Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Unilever Pakistan Foods Limited ("the Company") as at June 30, 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended June 30, 2014 and June 30, 2013 in the condensed interim profit and loss account have not been reviewed by us and we do not express a conclusion on them.

The financial statements of the Company for the year ended December 31, 2013 and for the half year ended June 30, 2013 were audited / reviewed by another firm of Chartered Accountants who have expressed an unmodified opinion / conclusion dated March 17, 2014 and August 29, 2013 thereon respectively.

Date

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2014

	Note	Unaudited June 30, 2014 (Rupees in thousand)	Audited December 31, 2013
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,037,847	1,020,414
Intangible assets		81,637	81,637
Long term loans		23,287	18,558
Retirement benefits - prepayment		200	705
		<u>1,142,971</u>	<u>1,121,314</u>
Current assets			
Stores and spares		27,896	22,229
Stock in trade		618,687	594,105
Trade debts		322,504	182,797
Loans and advances		25,200	16,865
Trade deposits, short term prepayments and other receivables		96,649	69,055
Sales tax refundable		-	36,067
Cash and bank balances		788,137	283,754
		<u>1,879,073</u>	<u>1,204,872</u>
Total assets		<u><u>3,022,044</u></u>	<u><u>2,326,186</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		61,576	61,576
Reserves		746,935	388,153
		<u>808,511</u>	<u>449,729</u>
LIABILITIES			
Non-current liabilities			
Retirement benefits - obligation		4,326	4,328
Deferred taxation		108,764	107,594
		<u>113,090</u>	<u>111,922</u>
Current liabilities			
Trade and other payables		2,065,393	1,716,409
Provisions	5	17,825	15,942
Accrued interest / mark-up		838	863
Short term borrowings		-	25,161
Sales tax payable		3,047	-
Taxation - provision less payments		13,340	6,160
		<u>2,100,443</u>	<u>1,764,535</u>
Total liabilities		<u>2,213,533</u>	<u>1,876,457</u>
Total equity and liabilities		<u><u>3,022,044</u></u>	<u><u>2,326,186</u></u>
Contingencies and commitments	6		

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Ali Tariq
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2014 - UNAUDITED

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
(Rupees in thousand)				
Sales	2,154,489	1,722,054	4,105,879	3,465,270
Cost of sales	(1,142,834)	(1,001,948)	(2,274,947)	(2,011,556)
Gross profit	1,011,655	720,106	1,830,932	1,453,714
Distribution cost	(458,199)	(341,466)	(795,208)	(641,180)
Administrative expenses	(66,827)	(61,007)	(103,252)	(96,198)
Other operating expenses	(34,549)	(23,233)	(66,202)	(51,773)
Other income	19,974	17,401	34,099	27,761
Finance cost	(15,926)	(3,131)	(20,814)	(4,486)
Profit before taxation	456,128	308,670	879,555	687,838
Taxation				
- current	(128,358)	(97,544)	(259,266)	(224,425)
- deferred	(2,106)	3,037	(1,167)	5,638
	(130,464)	(94,507)	(260,433)	(218,787)
Profit after taxation	325,664	214,163	619,122	469,051
Other comprehensive income	-	-	-	-
Total comprehensive income	325,664	214,163	619,122	469,051
(Rupees)				
Basic and diluted earnings per share	52.89	34.78	100.55	76.17

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Ali Tariq
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2014 - UNAUDITED

	Note	June 30, 2014	June 30, 2013
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		879,555	687,838
Adjustment for:			
Depreciation		26,853	25,873
Loss / (gain) on disposal of property, plant and equipment		-	(558)
Interest / mark-up on short term borrowings		6,251	4,486
Provision for retirement benefits		797	4,724
Return on saving and deposit accounts		(12,755)	(7,528)
		<u>21,146</u>	<u>26,997</u>
		900,701	714,835
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Stores and spares		(5,667)	(8,241)
Stock in trade		(24,582)	93,209
Trade debts		(139,707)	(147,501)
Loans and advances		(8,334)	(1,693)
Trade deposits, short term prepayments and other receivables		(27,595)	45,739
Sales tax refundable		36,067	-
		<u>(169,818)</u>	<u>(18,487)</u>
Increase in current liabilities			
Trade and other payables		360,595	170,152
Provisions		1,883	13,217
Sales tax payable		3,047	39,432
		<u>365,525</u>	<u>222,801</u>
Cash generated from operations		1,096,408	919,149
Mark-up on short term borrowings		(6,275)	(4,548)
Income tax paid		(252,087)	(72,025)
Long term loans / repayments - net		(4,729)	3,641
Decrease in retirement benefits		503	-
Net cash from operating activities		<u>833,820</u>	<u>846,217</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(44,285)	(39,398)
Sale proceeds of property, plant and equipment		-	626
Return received on saving and deposit accounts		11,960	7,528
Net cash used in investing activities		<u>(32,325)</u>	<u>(31,244)</u>
CASH FLOW USED IN FINANCING ACTIVITY			
Dividend paid		(271,951)	(404,181)
Net increase in cash and cash equivalents		<u>529,544</u>	<u>410,792</u>
Cash and cash equivalents at beginning of the period		258,593	137,005
Cash and cash equivalents at end of the period	7	<u>788,137</u>	<u>547,797</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2014 - UNAUDITED

	SHARE	RESERVES				Sub Total	TOTAL
	CAPITAL	CAPITAL		REVENUE			
	Issued, subscribed and paid-up	Share premium	Special	General	Unappropriated profit		
(Rupees in thousand)							
Balance as at January 1, 2014	61,576	24,630	628	138	362,757	388,153	449,729
<i>Total comprehensive income for the period</i>							
Profit for the half year ended June 30, 2014	-	-	-	-	619,122	619,122	619,122
Other comprehensive income for the half year ended June 30, 2014	-	-	-	-	-	-	-
<i>Transactions with owners of the Company</i>							
Final dividend for the year ended December 31, 2013 @ Rs 42.28 per share	-	-	-	-	(260,340)	(260,340)	(260,340)
Balance as at June 30, 2014	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>721,539</u>	<u>746,935</u>	<u>808,511</u>
Balance as at January 1, 2013	61,576	24,630	628	138	508,806	534,202	595,778
<i>Total comprehensive income for the period</i>							
Profit for the half year ended June 30, 2013	-	-	-	-	469,051	469,051	469,051
Other comprehensive income for the half year ended June 30, 2013	-	-	-	-	-	-	-
<i>Transactions with owners of the Company</i>							
Final dividend for the year ended December 31, 2012 @ Rs 66 per share	-	-	-	-	(406,404)	(406,404)	(406,404)
Balance as at June 30, 2013	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>571,453</u>	<u>596,849</u>	<u>658,425</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Ali Tariq
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2014 - UNAUDITED

1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited ("the Company") for the half year ended June 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard No. 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2013.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended December 31, 2013.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2013.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited June 30, 2014	Audited December 31, 2013
	(Rupees in thousand)	
Operating assets - at net book value	737,990	635,064
Capital work in progress - at cost	299,857	385,350
	<u>1,037,847</u>	<u>1,020,414</u>

4.1 Additions of operating assets during the period are as follows:

	Additions (at cost)	
	June 30, 2014	June 30, 2013
	(Rupees in thousand)	
Building on freehold land	21,931	383
Plant and machinery	104,952	35,404
Electrical, mechanical and office equipment	2,896	404
Furniture and fixtures	-	1,441
Motor vehicles	-	-
	129,779	37,632

4.2 During the period, assets having net book value of Rs. 13,706 were written off from the provision recognised during the year ended December 31, 2013.

5. PROVISIONS		Unaudited June 30, 2014	Audited December 31, 2013
		(Rupees in thousand)	
Sindh Infrastructure Cess	5.1	12,412	10,529
Restructuring		5,413	5,413
		17,825	15,942

5.1 The change represents provision made during the period.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There has been no change in status of contingency reported in the financial statements for the year ended December 31, 2013.

6.2 Commitments

The commitments for capital expenditure outstanding as at June 30, 2014 amounted to Rs. 669.93 million (December 31, 2013: Rs. 94.39 million).

7. CASH AND CASH EQUIVALENTS	Unaudited	Unaudited
	June 30,	June 30,
	2014	2013
	(Rupees in thousand)	
Cash and bank balances	788,137	547,797
	788,137	547,797

8. RELATED PARTY TRANSACTIONS

Related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	June 30, 2014	June 30, 2013
(Rupees in thousand)			
i) Holding company	Royalty	121,042	31,263
ii) Other related parties	Technology fee	49,852	42,599
	Purchase of goods	804,668	677,301
	Sale of goods	10,614	17,416
	Fee for receiving of services from related parties	132,755	125,823
	Fee for providing of services to related parties	13,994	9,011
	Contribution to:		
	- Defined Contribution plan	9,852	9,009
	Settlement on behalf of:		
	- Defined Contribution plan	948	7,173
	- Defined Benefit plans	-	1,469
iii) Key management personnel	Salaries and other short-term employee benefits	3,917	3,846

9. INTERIM DIVIDEND

The Board of Directors in its meeting held on August 26, 2014 declared NIL dividend in respect of half year ended June 30, 2014 (interim cash dividend for the half year ended June 30, 2013: Rs. 76 per share amounting to Rs. 467.98 million).

10. GENERAL

For better presentation, 'Other receivables' and 'Trade deposits and short term prepayments' amounting to Rs. 19.84 million and Rs. 49.21 million as at December 31, 2013 respectively have been clubbed into 'Trade deposits, short term prepayments and other receivables'.

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 26, 2014 by the Board of Directors of the Company.

Fariyha Subhani
Chief Executive

Ali Tariq
Director & Chief Financial Officer



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