



Unilever

**UNILEVER PAKISTAN FOODS LIMITED**

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED JUNE 30, 2010**



# UNILEVER PAKISTAN FOODS LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Ehsan A. Malik	Chairman
Ms. Fariyha Subhani	Chief Executive
Mr. Abdul Rab	Director & CFO
Mian Zulfikar H. Mannoo	Director
Mian M. Adil Mannoo	Director
Mr. Kamal Monnoo	Director
Mr. Badaruddin F. Vellani	Director
Mr. Imran Husain	Director
Mr. M. Qaysar Alam	Director
Ms. Shazia Syed	Director

### COMPANY SECRETARY

Mr. Amar Naseer

### AUDIT COMMITTEE

Mr. Imran Husain	Chairman
Mr. M. Qaysar Alam	Member
Mian Zulfikar H. Mannoo	Member
Mr. Imtiaz Jaleel	Secretary & Head of Internal Audit

### AUDITORS

Messers A. F. Ferguson & Co  
Chartered Accountants  
State Life Building No. 1-C  
I.I. Chundrigar Road, Karachi.

### REGISTERED OFFICE

Avari Plaza  
Fatima Jinnah Road,  
Karachi -75530

### SHARE REGISTRATION OFFICE

M/s Famco Associates (Pvt) Limited  
State Life Building No.1-A  
I.I. Chundrigar Road, Karachi.

### WEBSITE ADDRESS

[www.unileverpakistan.com.pk](http://www.unileverpakistan.com.pk)  
[www.unileverpakistanfoods.com.pk](http://www.unileverpakistanfoods.com.pk)

# UNILEVER PAKISTAN FOODS LIMITED

## Directors' Review

The directors are pleased to present the financial statements for the half year ended June 30, 2010 in which earnings increased by 77% on the back of 13% growth in sales.

## Financial Results

	Half Year Ended June	
	2010	2009
Net Sales (Rs. '000)	<b>2,045,971</b>	1,808,945
Profit before Taxation (Rs. '000)	<b>330,311</b>	187,588
Profit after Taxation (Rs. '000)	<b>219,783</b>	124,456
Earnings per Share (Rs.)	<b>35.69</b>	20.21

Knorr Noodles remained the star performer with the success of the "Quest for the Noodle Pot" campaign which further strengthened its lead. Knorr Cubes and Raffan Desserts recorded high growth, responding to continuing efforts to develop these categories.

## Future Outlook

The challenge of inflationary pressure has been compounded by the devastating floods in the country, which have disrupted the lives of many. Our parent company Unilever has contributed Rs. 110m and we are working with leading NGOs and distributors in providing relief and in the rehabilitation effort.

In this challenging environment we remain committed to build strong brands which deliver exceptional value to our consumers, customers and shareholders.

On behalf of the Board

Karachi  
August 24, 2010

**Fariyha Subhani**  
Chief Executive

# **UNILEVER PAKISTAN FOODS LIMITED**

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Unilever Pakistan Foods Limited as at June 30, 2010 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this 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 interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended June 30, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2010.

### **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 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 interim financial information as of and for the half year ended June 30, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

#### **A.F. Ferguson & Co.**

Chartered Accountants  
Karachi

Dated: August 24, 2010

Name of the Engagement Partner: Ali Muhammad Mesia

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2010

	Note	Unaudited June 30, 2010 (Rupees in thousand)	Audited December 31, 2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	286,163	288,872
Intangible assets		81,637	81,637
Long term loans		2,663	3,289
Long term prepayment		-	355
		<u>370,463</u>	<u>374,153</u>
<b>Current assets</b>			
Stores and spares		14,787	14,636
Stock in trade		538,364	333,840
Trade debts		71,618	79,649
Loans and advances		11,152	11,963
Trade deposits and short term prepayments		21,704	18,039
Other receivables		4,844	15,287
Taxation - payments less provision		82,291	86,573
Cash and bank balances		58,335	40,696
		<u>803,095</u>	<u>600,683</u>
<b>Total assets</b>		<u><u>1,173,558</u></u>	<u><u>974,836</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		61,576	61,576
Reserves		340,656	207,080
		<u>402,232</u>	<u>268,656</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Retirement benefits - obligations		13,190	7,994
Deferred taxation		23,836	17,503
<b>Current liabilities</b>			
Trade and other payables		598,752	512,182
Accrued interest / mark-up		2,095	948
Sales tax payable		30,201	18,778
Short term borrowings		103,252	148,775
		<u>734,300</u>	<u>680,683</u>
<b>Total liabilities</b>		<u>771,326</u>	<u>706,180</u>
<b>Commitments</b>	3		
<b>Total equity and liabilities</b>		<u><u>1,173,558</u></u>	<u><u>974,836</u></u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

**Fariyha Subhani**  
Chief Executive

**Abdul Rab**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2010 - UNAUDITED

	QUARTER ENDED		HALF YEAR ENDED	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	← (Rupees in thousand) →			
Sales	1,096,660	1,010,221	2,045,971	1,808,945
Cost of sales	(640,378)	(629,718)	(1,226,742)	(1,112,977)
Gross profit	456,282	380,503	819,229	695,968
Distribution cost	(258,931)	(293,747)	(448,953)	(441,049)
Administrative expenses	(8,085)	(8,164)	(17,664)	(15,648)
Other operating expenses	(12,431)	(3,121)	(24,862)	(15,003)
Other operating income	5,883	6,708	9,311	9,815
	182,718	82,179	337,061	234,083
Restructuring cost	-	(24,000)	-	(24,000)
Profit from operations	182,718	58,179	337,061	210,083
Finance cost	(3,718)	(12,571)	(6,750)	(22,495)
Profit before taxation	179,000	45,608	330,311	187,588
Taxation				
- current	(64,620)	(25,987)	(104,195)	(74,852)
- deferred	7,542	12,373	(6,333)	11,720
	(57,078)	(13,614)	(110,528)	(63,132)
Profit after taxation	121,922	31,994	219,783	124,456
Earnings per share - Rupees	19.80	5.20	35.69	20.21

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

**Fariyha Subhani**  
Chief Executive

**Abdul Rab**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2010 - UNAUDITED

	Note	June 30, 2010	June 30, 2009
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		<b>268,320</b>	299,135
Finance cost paid		<b>(5,603)</b>	(21,588)
Income tax paid		<b>(99,913)</b>	(60,344)
Decrease / (Increase) in long term loans		<b>626</b>	(456)
Decrease in long term prepayment		<b>355</b>	3,040
Net cash from operating activities		<b>163,785</b>	219,787
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(16,916)</b>	(2,526)
Sale proceeds of property, plant and equipment		<b>2,389</b>	1,716
Return received on savings accounts		<b>16</b>	59
Net cash used in investing activities		<b>(14,511)</b>	(751)
<b>CASH FLOW USED IN FINANCING ACTIVITY</b>			
Dividends paid		<b>(86,112)</b>	(85,081)
Net increase in cash and cash equivalents		<b>63,162</b>	133,955
Cash and cash equivalents at the beginning of the period		<b>(108,079)</b>	(234,569)
Cash and cash equivalents at the end of the period	4	<b>(44,917)</b>	(100,614)

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

**Fariyha Subhani**  
Chief Executive

**Abdul Rab**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2010 - UNAUDITED

	SHARE CAPITAL	RESERVES				SUB TOTAL	TOTAL
		CAPITAL		REVENUE			
		Share Premium	Special	General	Unappropriated Profit		
← (Rupees in thousand) →							
Balance as at January 1, 2009	61,576	24,630	628	138	214,251	239,647	301,223
Final dividend for the year ended December 31, 2008 @ Rs 14 per share	-	-	-	-	(86,207)	(86,207)	(86,207)
Profit after taxation for the half year ended June 30, 2009	-	-	-	-	124,456	124,456	124,456
Balance as at June 30, 2009	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>252,500</u>	<u>277,896</u>	<u>339,472</u>
<b>Balance as at January 1, 2010</b>	<b>61,576</b>	<b>24,630</b>	<b>628</b>	<b>138</b>	<b>181,684</b>	<b>207,080</b>	<b>268,656</b>
Final dividend for the year ended December 31, 2009 @ Rs 14 per share	-	-	-	-	(86,207)	(86,207)	<b>(86,207)</b>
Profit after taxation for the half year ended June 30, 2010	-	-	-	-	219,783	219,783	<b>219,783</b>
<b>Balance as at June 30, 2010</b>	<u><b>61,576</b></u>	<u><b>24,630</b></u>	<u><b>628</b></u>	<u><b>138</b></u>	<u><b>315,260</b></u>	<u><b>340,656</b></u>	<u><b>402,232</b></u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

**Fariyha Subhani**  
Chief Executive

**Abdul Rab**  
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, 2010 - UNAUDITED

### 1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited (the Company) for the half year ended June 30, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 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. This condensed interim financial information is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi and Lahore Stock Exchanges.

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 of the Company for the year ended December 31, 2009.

(Audited)  
**June 30,**      December 31,  
**2010**              2009  
(Rupees in thousand)

### 2. PROPERTY, PLANT AND EQUIPMENT

Operating assets - at net book value	<b>285,053</b>	288,672
Capital work in progress - at cost	<b>1,110</b>	200
	<u><b>286,163</b></u>	<u>288,872</u>

#### 2.1 Additions and disposals to operating assets during the period are as follows:

	<b>Additions (at cost)</b>		<b>Disposals (at net book value)</b>	
	<b>June 30, 2010</b>	June 30, 2009	<b>June 30, 2010</b>	June 30, 2009
	← (Rupees in thousand) →			
Plant and machinery	-	5,795	-	-
Electrical, mechanical and office equipment	<b>16,006</b>	6,469	-	-
Motor vehicles	-	1,269	<b>276</b>	826
	<u><b>16,006</b></u>	<u>13,533</u>	<u><b>276</b></u>	<u>826</u>

### 3. COMMITMENTS

Commitments for capital expenditure outstanding as at June 30, 2010 amounted to Rs 22.22 million (2009: Rs 5.24 million).

**June 30,**      June 30,  
**2010**          2009  
(Rupees in thousand)

### 4. CASH AND CASH EQUIVALENTS

Cash and bank balances	<b>58,335</b>	4,732
Short term borrowings	<b>(103,252)</b>	(105,346)
	<b><u>(44,917)</u></b>	<b><u>(100,614)</u></b>

### 5. RELATED PARTY TRANSACTIONS

Significant related party transactions during the period are as follows:

**June 30,**      June 30,  
**2010**          2009  
(Rupees in thousand)

<b>Relationship with the Company</b>	<b>Nature of transactions</b>		
i) Ultimate parent company	Technology fee	<b>16,441</b>	7,446
ii) Holding company	Royalty	<b>15,508</b>	14,845
iii) Other related parties	Purchase of goods	<b>506,131</b>	464,867
	Sale of goods	<b>14,884</b>	12,463
	Reimbursement of expenses to related party	<b>58,796</b>	47,156
	Recovery of expenses from related party	<b>26,888</b>	20,586
	Fee for receiving of services from related parties	<b>7,230</b>	6,769
iv) Key management personnel	Salaries and other short term employee benefits	<b>2,445</b>	4,285

**6. INTERIM DIVIDEND**

The Board of Directors in its meeting held on August 24, 2010 declared an interim cash dividend of Rs 35 per share (2009: Rs 20 per share) amounting to Rs 215.52 million (2009: Rs 123.15 million). This condensed interim financial information does not reflect this dividend payable.

**7. CORRESPONDING FIGURES**

Prior period's figures have been reclassified for the purpose of better presentation and comparison. Changes made during the period are as follows:

<b>Reclassification from component</b>	<b>Reclassification to component</b>	<b>Quarter Ended June 30, 2009</b>	<b>Half Year Ended June 30, 2009</b>
		<b>(Rupees in thousand)</b>	
Other operating expenses	Administrative expenses	<b>300</b>	552
Administrative expenses	Distribution expenses	<b>939</b>	1,910

**8. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on August 24, 2010 by the Board of Directors of the Company.

**Fariyha Subhani**  
Chief Executive

**Abdul Rab**  
Director & Chief Financial Officer