



Unilever

**UNILEVER PAKISTAN FOODS LIMITED**

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED SEPTEMBER 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 period ended September 30, 2010.

Financial Results	Nine Months Ended September 30	
	2010	2009
Net Sales (Rs. '000)	3,112,718	2,688,257
Profit before Taxation (Rs. '000)	516,212	273,275
Profit after Taxation (Rs. '000)	344,650	182,707
Earnings per Share (Rs.)	55.97	29.67

The company delivered strong turnover growth of 15.8% during the period under review. Knorr remained the star performer on the back of Noodles, Cubes and Soups offerings. The "Quest for the Noodle Pot" campaign continued to pay dividends, resulting in remarkable growth, whilst demand for Cubes and Soups responded well to category development efforts. The "Rafhan Birthday Bonanza" campaign was well received by consumers. The Desserts portfolio recoded good growth.

Profit after tax improved by 89% over same period last year on the back of healthy gross margins resulting from selective price increases and mix improvement as well as better absorption of distribution and other expenses on higher turnover. EPS increased by Rs. 26.3 over same period last year.

## Future Outlook

In the aftermath of the recent floods, impact on the agricultural sector is adverse and raw material prices are expected to increase. This may put pressure on margins. The company is committed to face this challenge by providing consumers with better value, driven by strong brand equity, consumer and customer-centric approach and better and faster innovations.

On behalf of the board

Karachi  
October 26, 2010

**Fariyha Subhani**  
Chief Executive

# UNILEVER PAKISTAN FOODS LIMITED

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

	Unaudited September 30 2010	Audited December 31 2009
Note	← (Rupees in thousand) →	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	285,384	288,872
Intangibles	81,637	81,637
Long term loans	2,507	3,289
Long term prepayment	-	355
	<u>369,528</u>	<u>374,153</u>
<b>Current assets</b>		
Stores and spares	17,445	14,636
Stock in trade	492,397	333,840
Trade debts	101,514	79,649
Loans and advances	8,385	11,963
Trade deposits and short term prepayments	25,997	18,039
Other receivables	9,745	15,287
Taxation - payments less provision	68,161	86,573
Cash and bank balances	77,854	40,696
	<u>801,498</u>	<u>600,683</u>
<b>Total assets</b>	<u><u>1,171,026</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	250,006	207,080
	<u>311,582</u>	<u>268,656</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Retirement benefits - obligation	16,275	7,994
Deferred taxation	18,259	17,503
<b>Current liabilities</b>		
Trade and other payables	500,242	512,182
Provision	10,000	-
Accrued interest / mark up	2,943	948
Sales tax payable	27,211	18,778
Dividend payable	215,517	-
Short term borrowings	68,997	148,775
	<u>824,910</u>	<u>680,683</u>
<b>Total liabilities</b>	<u>859,444</u>	<u>706,180</u>
<b>Commitments</b>	4	
<b>Total equity and liabilities</b>	<u><u>1,171,026</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 & CFO

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 - UNAUDITED

	Quarter ended		Nine months ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	← (Rupees in thousand) →			
Sales	1,066,747	879,312	3,112,718	2,688,257
Cost of sales	(658,670)	(564,863)	(1,885,412)	(1,677,840)
Gross profit	408,077	314,449	1,227,306	1,010,417
Distribution costs	(176,122)	(196,755)	(625,075)	(637,804)
Administrative expenses	(15,663)	(9,131)	(33,327)	(24,779)
Other operating expenses	(16,711)	(5,491)	(41,573)	(20,494)
Other operating income	2,800	11,288	12,111	21,103
Restructuring costs - staff redundancy	(10,202)	(27,150)	(10,202)	(51,150)
Profit from operations	192,179	87,210	529,240	297,293
Finance costs	(6,278)	(1,523)	(13,028)	(24,018)
Profit before taxation	185,901	85,687	516,212	273,275
Taxation				
- current	(66,612)	(25,444)	(170,807)	(100,296)
- deferred	5,578	(1,992)	(755)	9,728
Taxation	(61,034)	(27,436)	(171,562)	(90,568)
Profit after taxation	124,867	58,251	344,650	182,707
Earnings per share - Rupees	20.28	9.46	55.97	29.67

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

**Fariyha Subhani**  
Chief Executive

**Abdul Rab**  
Director & CFO

**UNILEVER PAKISTAN FOODS LIMITED****CONDENSED INTERIM CASH FLOW STATEMENT****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 - UNAUDITED**

	Note	September 30, 2010	September 30 2009
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		<b>388,867</b>	459,976
Finance costs paid		<b>(11,033)</b>	(30,076)
Income tax paid		<b>(152,395)</b>	(93,647)
Decrease in Long term loans		<b>782</b>	1,951
Decrease in Long term prepayments		<b>355</b>	1,781
Net cash from operating activities		<b><u>226,576</u></b>	<u>339,985</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment purchased		<b>(26,159)</b>	(6,960)
Proceeds on sale of property, plant and equipment		<b>2,613</b>	5,178
Return received on savings accounts		<b>36</b>	93
Net cash used in investing activities		<b>(23,510)</b>	(1,689)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		<b>(86,130)</b>	(85,090)
Net increase in cash and cash equivalents		<b>116,936</b>	253,206
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	5	<b><u><u>8,857</u></u></b>	<u><u>18,637</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 & CFO

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 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)
Interim Dividend for the year ended December 31, 2009 @ Rs. 20 per share	-	-	-	-	(123,152)	(123,152)	(123,152)
Net profit after taxation for the nine months ended September 30, 2009	-	-	-	-	182,707	182,707	182,707
Balance as at September 30, 2009	<b>61,576</b>	<b>24,630</b>	<b>628</b>	<b>138</b>	<b>187,599</b>	<b>212,995</b>	<b>274,571</b>
Balance as at January 1, 2010	61,576	24,630	628	138	181,684	207,080	268,656
Final Dividend for the year ended December 31, 2009 @ Rs. 14 per share	-	-	-	-	(86,207)	(86,207)	(86,207)
Interim Dividend for the year ending December 31, 2010 @ Rs. 35 per share	-	-	-	-	(215,517)	(215,517)	(215,517)
Net profit after taxation for the nine months ended September 30, 2010	-	-	-	-	344,650	344,650	344,650
Balance as at September 30, 2010	<b>61,576</b>	<b>24,630</b>	<b>628</b>	<b>138</b>	<b>224,610</b>	<b>250,006</b>	<b>311,582</b>

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

**Fariyha Subhani**  
Chief Executive

**Abdul Rab**  
Director & CFO

# UNILEVER PAKISTAN FOODS LIMITED

## SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 - UNAUDITED

### 1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited (the Company) for the nine months ended September 30, 2010 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 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 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.

### 2. PROPERTY, PLANT AND EQUIPMENT

	Unaudited September 30, 2010 (Rupees in thousand)	Audited December 31, 2009
Operating assets - at net book value	277,953	288,672
Capital work in progress - at cost	7,431	200
	<u>285,384</u>	<u>288,872</u>

#### 2.1 Details of additions and disposals to operating assets are:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	(Rupees in thousand)			
Plant and machinery	274	5,795	-	-
Electrical, mechanical and office equipment	18,654	6,751	-	-
Motor vehicles	-	1,269	276	2,013
	<u>18,928</u>	<u>13,815</u>	<u>276</u>	<u>2,013</u>

### 3. PROVISION

During the period, the Company made a provision for restructuring amounting to Rs. 10.20 million out of which a sum of Rs. 0.20 million has been paid to staff.

### 4. COMMITMENTS

Commitments for capital expenditure outstanding as at September 30, 2010 is Rs. 25.4 million (2009: Rs 6.79 million)



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

**5. CASH AND CASH EQUIVALENTS**

Cash and bank balances	77,854	91,681
Short term borrowings	<u>(68,997)</u>	<u>(73,044)</u>
	<u><b>8,857</b></u>	<u><b>18,637</b></u>

**6. RELATED PARTY TRANSACTIONS**

Significant related party transactions during the period are as follows:

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

Relationship with the Company	Nature of transactions		
i) Ultimate parent company	Technology fee	<b>25,930</b>	12,821
ii) Holding company	Royalty	<b>23,343</b>	19,008
iii) Other related parties	Purchase of goods	<b>758,813</b>	643,447
	Sale of goods	<b>28,950</b>	19,545
	Reimbursement of expenses to related party	<b>85,424</b>	75,862
	Recovery of expenses from related party	<b>38,778</b>	31,315
	Fee for receiving of service from related party	<b>11,676</b>	9,983
iv) Key management personnel	Salaries and other short-term employee benefits	<b>2,960</b>	5,189

**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:

Reclassification from component	Reclassification to component	Quarter Ended September 30, 2009	Nine Months Ended
			September 30, 2009
			( Rupees in thousand )
Other Operating expenses	Administravtive expense	310	862
Administravtive expense	Distribution expenses	955	2865

**8. DATE OF AUTHORISATION**

This condensed interim financial information was authorised for issue on October 26, 2010 by the Board of Directors of the Company.

**Fariyha Subhani**  
Chief Executive

**Abdul Rab**  
Director & CFO