



Unilever

UNILEVER PAKISTAN FOODS LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED JUNE 30, 2011**



UNILEVER PAKISTAN FOODS LIMITED

COMPANY INFORMATION

Board of Directors

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

Company Secretary

Mr. Amar Naseer

Audit Committee

Mian Zulfikar H. Mannoo	Chairman
Mian M. Adil Mannoo	Member
Mr. M. Qaysar Alam	Member
Mr. Azhar Shahid	Secretary & Head of Internal Audit

Auditors

Messrs 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

C/o Famco Associates (Pvt) Limited
State Life Building No. 1-A
I.I. Chundrigar Road
Karachi.

Website Address

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

UNILEVER PAKISTAN FOODS LIMITED

Directors' Review

On turnover growth of 24%, the Company delivered 66% higher profit, as follows:

Financial Results	Half year ended June 30		
	2011	2010	Increase %
Net Sales (Rs. '000)	2,546,154	2,045,971	24%
Profit before Taxation (Rs. '000)	538,860	330,311	63%
Profit after Taxation (Rs. '000)	364,523	219,783	66%
Earnings per Share (Rs.)	<u>59.20</u>	<u>35.69</u>	66%

Noodles continued to be the growth driver for Knorr with the successful launch of Soupy Noodles. Rafhan also grew impressively with strong performances from the corn oil and desserts portfolio. The 50 years celebration campaign further strengthened the brand equity of the desserts portfolio.

Profit after tax improved by 66% over corresponding period for 2010 on the back of healthy gross margins resulting from mix improvements as well as better absorption of distribution and other fixed expenses. EPS increased by PKR 23.5 over same period last year.

Future Outlook

High inflation, prevailing security conditions and power outages pose significant challenges to business. In this environment we remain committed to build strong brands which deliver exceptional value to all our stakeholders.

On behalf of the Board

Karachi
August 11, 2011

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, 2011 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, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2011.

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, 2011 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 11, 2011
Name of the engagement partner: Ali Muhammad Mesia

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2011

	Note	Unaudited June 30, 2011 (Rupees in thousand)	Audited December 31, 2010
ASSETS			
Non-current assets			
Property, plant and equipment	2	312,364	300,726
Intangible assets		81,637	81,637
Long term loans		4,179	2,157
Long term prepayment		7,598	128
		<u>405,778</u>	<u>384,648</u>
Current assets			
Stores and spares		22,787	17,458
Stock in trade		598,577	358,094
Trade debts		110,302	96,606
Loans and advances		19,292	14,709
Trade deposits and short term prepayments		33,470	20,230
Other receivables		4,219	9,638
Taxation - payments less provision		54,643	107,654
Cash and bank balances		381,124	80,436
		<u>1,224,414</u>	<u>704,825</u>
Total assets		<u><u>1,630,192</u></u>	<u><u>1,089,473</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		61,576	61,576
Reserves		485,668	342,819
		<u>547,244</u>	<u>404,395</u>
LIABILITIES			
Non-current liabilities			
Retirement benefits - obligations		17,843	8,939
Deferred taxation		28,587	29,243
Current liabilities			
Trade and other payables		935,353	433,047
Provision		5,460	10,000
Accrued interest / mark-up		201	2,020
Sales tax payable		57,607	31,625
Short term borrowings		37,897	170,204
		<u>1,036,518</u>	<u>646,896</u>
Total liabilities		<u>1,082,948</u>	<u>685,078</u>
Contingencies and commitments	3		
Total equity and liabilities		<u><u>1,630,192</u></u>	<u><u>1,089,473</u></u>

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Imran Husain
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2011 - UNAUDITED

	QUARTER ENDED		HALF YEAR ENDED	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	← (Rupees in thousand) →			
Sales	1,415,901	1,096,660	2,546,154	2,045,971
Cost of sales	(852,248)	(640,378)	(1,522,222)	(1,226,742)
Gross profit	563,653	456,282	1,023,932	819,229
Distribution cost	(204,637)	(258,931)	(395,288)	(448,953)
Administrative expenses	(36,172)	(8,085)	(73,009)	(17,664)
Other operating expenses	(25,209)	(12,431)	(42,098)	(24,862)
Other operating income	19,413	5,883	34,969	9,311
	317,048	182,718	548,506	337,061
Restructuring cost	-	-	(5,000)	-
Profit from operations	317,048	182,718	543,506	337,061
Finance cost	(2,360)	(3,718)	(4,646)	(6,750)
Profit before taxation	314,688	179,000	538,860	330,311
Taxation				
- current	(101,467)	(64,620)	(174,994)	(104,195)
- deferred	6,245	7,542	657	(6,333)
	(95,222)	(57,078)	(174,337)	(110,528)
Profit after taxation	219,466	121,922	364,523	219,783
Earnings per share - Rupees	35.64	19.80	59.20	35.69

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Imran Husain
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED JUNE 30, 2011 - UNAUDITED**

	Note	June 30, 2011	June 30, 2010
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		822,972	268,320
Finance cost paid		(6,465)	(5,603)
Income tax paid		(121,982)	(99,913)
(Increase) / Decrease in long term loans		(2,022)	626
(Increase) / Decrease in long term prepayment		(7,470)	355
Net cash from operating activities		685,033	163,785
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(34,213)	(16,916)
Sale proceeds of property, plant and equipment		3,384	2,389
Return received on savings accounts		10	16
Net cash used in investing activities		(30,819)	(14,511)
CASH FLOW USED IN FINANCING ACTIVITY			
Dividend paid		(221,219)	(86,112)
Net increase in cash and cash equivalents		432,995	63,162
Cash and cash equivalents at the beginning of the period		(89,768)	(108,079)
Cash and cash equivalents at the end of the period	4	343,227	(44,917)

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Imran Husain
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2011 - UNAUDITED

	SHARE CAPITAL	RESERVES				SUB TOTAL	TOTAL
		CAPITAL		REVENUE			
		Share Premium	Special	General	Unappropriated Profit		
← (Rupees in thousand) →							
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)
Profit after taxation for the half year ended June 30, 2010	-	-	-	-	219,783	219,783	219,783
Balance as at June 30, 2010	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>315,260</u>	<u>340,656</u>	<u>402,232</u>
Balance as at January 1, 2011	61,576	24,630	628	138	317,423	342,819	404,395
Final dividend for the year ended December 31, 2010 @ Rs. 36 per share	-	-	-	-	(221,674)	(221,674)	(221,674)
Profit after taxation for the half year ended June 30, 2011	-	-	-	-	364,523	364,523	364,523
Balance as at June 30, 2011	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>460,272</u>	<u>485,668</u>	<u>547,244</u>

The annexed notes 1 to 7 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Imran Husain
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, 2011 - UNAUDITED

1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited for the half year ended June 30, 2011 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, 2010.

	June 30, 2011	(Audited) December 31, 2010
	(Rupees in thousand)	
2. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - at net book value	284,996	297,151
Capital work in progress - at cost	27,368	3,575
	<u>312,364</u>	<u>300,726</u>

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

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	← (Rupees in thousand) →			
Building on freehold land	705	-	-	-
Plant and machinery	8,215	-	-	-
Electrical, mechanical and office equipment	1,500	16,006	-	-
Motor vehicles	-	-	2,355	276
	<u>10,420</u>	<u>16,006</u>	<u>2,355</u>	<u>276</u>

3. CONTINGENCIES AND COMMITMENTS

3.1 CONTINGENCIES

During the year, the Deputy Commissioner Inland Revenue while rectifying the assessments of the tax years 2009 and 2010 disallowed tax payments of Rs. 27.16 million and Rs. 8.57 million for the tax years 2009 and 2010 respectively. The Company has filed appeals against the orders before the Commissioner Inland Revenue (Appeals).

The Company is hopeful that the ultimate decision will be in favour of the Company.

3.2 COMMITMENTS

Aggregate commitments for capital expenditure outstanding as at June 30, 2011 amounted to Rs 262.9 million (December 31, 2010: Nil).

	June 30, 2011	June 30, 2010
4. CASH AND CASH EQUIVALENTS	(Rupees in thousand)	
Cash and bank balances	381,124	58,335
Short term borrowings	(37,897)	(103,252)
	<u>343,227</u>	<u>(44,917)</u>

5. RELATED PARTY TRANSACTIONS

Significant related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	June 30, 2011	June 30, 2010
		(Rupees in thousand)	
i) Ultimate parent company	Technology fee	20,670	16,441
ii) Holding company	Royalty	18,825	15,508
iii) Other related parties	Purchase of goods	627,138	506,131
	Sale of goods	31,177	14,884
	Reimbursement of expenses to related party	-	58,796
	Recovery of expenses from related party	-	26,888
	Fee for receiving of services from related party	106,358	7,230
	Fee for providing of services to related party	30,758	-
iv) Key management personnel	Salaries and other short term employee benefits	1,835	2,445

6. INTERIM DIVIDEND

The Board of Directors in its meeting held on August 11, 2011 declared an interim cash dividend of Rs 50 per share (2010: Rs 35 per share) amounting to Rs 307.88 million (2010: Rs 215.52 million). This condensed interim financial information does not reflect this dividend payable.

7. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 11, 2011 by the Board of Directors of the company.

Fariyha Subhani
Chief Executive

Imran Husain
Director & Chief Financial Officer