



Unilever

UNILEVER PAKISTAN LIMITED

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



# **UNILEVER PAKISTAN LIMITED**

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Mr. Ehsan A. Malik	Chairman & Chief Executive
Mr. Imran Husain	Executive Director / CFO
Mr. M. Qaysar Alam	Executive Director
Ms. Shazia Syed	Executive Director
Mr. Amir R. Paracha	Executive Director
Mr. Zaffar A. Khan	Non- Executive Director
Mr. Khalid Rafi	Non- Executive Director

### **COMPANY SECRETARY**

Mr. Amar Naseer

### **AUDIT COMMITTEE**

Mr. Zaffar A. Khan	Chairman
Mr. Khalid Rafi	Member
Mr. M.Qaysar Alam	Member
Mr. Imtiaz Jaleel	Head of Internal Audit & Secretary

### **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](http://www.unileverpakistan.com.pk)

# UNILEVER PAKISTAN LIMITED

## Directors' Review for Six Months Ended 30 June 2010

Rampant smuggling of tea under the guise of the Pakistan Afghanistan Transit Treaty impacted earnings for the first half 2010, down by 3.2%. In rest of the business, earnings rose by 12.1%. The Company delivered a broad based sales growth of 19.6%, largely through volume and strengthening of competitive position.

In addition to smuggling of tea, rising input costs, partly due to devaluation of the rupee impacted gross margin, down 400bps over the same period last year. However, impact on the bottom line was cushioned by significant reduction in overhead expenses, financial costs and scale from additional volume.

	Half year ended June 30	
	2010	2009
Net Sales (Rs'000)	<b>21,503,808</b>	17,980,346
Profit before taxation (Rs'000)	<b>1,797,660</b>	1,814,848
Profit after taxation (Rs'000)	<b>1,187,236</b>	1,226,582
Earnings per share (Rs)	<b>89.30</b>	92.27

### Home and Personal Care

The segment continues to strengthen leadership despite stiff competition. Strong campaigns for Fair & Lovely, Ponds and Lux delivered positive results. Sunsilk and Lifebuoy recorded double digit growth. Surf continued along its growth trajectory.

### Beverages

More than half the tea consumed in Pakistan is smuggled. Afghanistan, a country of 25 million "imports" more tea than Pakistan, a country of 175 million. The government annually loses more than Rs. 8 Billion in taxes. We have been lobbying for tariff reduction to eliminate the incentive to evade. By bringing about 100,000 tons of smuggled tea into the official net, government revenues will increase. In addition to the problem of smuggling, rising global raw tea prices impacted profitability.

### Ice Cream

Ice Cream sales volume grew by 29.9%. A successful cost effectiveness program enabled the business to pass on benefits to consumers through price reductions. Innovations such as Cornetto double chocolate and Badami performed extremely well. Ice Cream profitability improved over same period last year as a result of better cost absorption.

### Spreads

The Spreads business delivered a sales growth of 20%. Maintaining consumer focus by driving affordability and capitalising on key price points also yielded positive results.

### Future Outlook

The country is facing the worst flood in its 63 year history. Millions have been displaced and the road network is severely disrupted. Rehabilitation will take time. Towards relief and rehabilitation, our parent company, Unilever has pledged €1 million (Rs. 110 million). Additionally we are working through local authorities and distributors through cash and product donations. An employee contribution program has also been initiated; sum collected will be matched by the company.

Rampant smuggling of tea and counterfeiting continues to affect sales and profitability. The company faces a challenge to improve consumer value in the face of rising input costs. Law and order conditions and power crisis could further impact distribution, in particular that of Ice Cream.

On behalf of the Board

Karachi  
19<sup>th</sup> August 2010

**Ehsan A. Malik**  
Chairman and Chief Executive.

## **UNILEVER PAKISTAN 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 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

19<sup>th</sup> August 2010

Name of the engagement partner: Ali Muhammad Mesia

# UNILEVER PAKISTAN LIMITED

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

	Note	Unaudited June 30, 2010	Audited December 31, 2009
(Rupees in thousand)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	4,721,666	4,736,619
Intangibles		429,814	357,556
Long term investments		95,202	95,202
Long term loans		95,136	98,117
Long term deposits and prepayments		332,982	392,896
Retirement benefits - prepayments		162,330	188,054
		<u>5,837,130</u>	<u>5,868,444</u>
<b>Current assets</b>			
Stores and spares		350,594	265,420
Stock in trade		4,311,229	3,649,070
Trade debts		595,549	506,357
Loans and advances		145,635	131,852
Trade deposits and short term prepayments		379,011	327,826
Other receivables		109,793	82,141
Tax refunds due from the Government		781,431	355,052
Cash and bank balances		480,357	239,553
		<u>7,153,599</u>	<u>5,557,271</u>
<b>Total assets</b>		<u><u>12,990,729</u></u>	<u><u>11,425,715</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		669,477	669,477
Reserves		1,987,705	2,621,643
		<u>2,657,182</u>	<u>3,291,120</u>
<b>Surplus on revaluation of fixed assets</b>		12,640	12,965
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance leases		37,790	56,762
Deferred taxation		590,609	636,130
Retirement benefits obligations		353,504	327,060
		<u>981,903</u>	<u>1,019,952</u>
<b>Current liabilities</b>			
Trade and other payables		6,781,645	5,785,776
Accrued interest / mark up		20,190	28,892
Short term borrowings		2,186,937	1,037,911
Current maturity of liabilities against assets subject to finance leases		24,834	28,419
Provisions		325,398	220,680
		<u>9,339,004</u>	<u>7,101,678</u>
<b>Total liabilities</b>		<u>10,320,907</u>	<u>8,121,630</u>
<b>Contingencies and commitments</b>	4		
<b>Total equity and liabilities</b>		<u><u>12,990,729</u></u>	<u><u>11,425,715</u></u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

**UNILEVER PAKISTAN LIMITED**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR ENDED JUNE 30, 2010 (UNAUDITED)**

	Note	Quarter ended		Half year ended	
		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
		← (Rupees in thousand) →			
Sales	5	<b>11,248,961</b>	9,119,749	<b>21,503,808</b>	17,980,346
Cost of sales		<b>(7,603,747)</b>	(5,639,637)	<b>(14,692,141)</b>	(11,544,432)
Gross profit		<b>3,645,214</b>	3,480,112	<b>6,811,667</b>	6,435,914
Distribution costs		<b>(2,329,510)</b>	(2,100,789)	<b>(4,274,861)</b>	(3,816,180)
Administrative expenses		<b>(323,002)</b>	(251,975)	<b>(580,854)</b>	(518,821)
Other operating expenses		<b>(76,395)</b>	(76,071)	<b>(147,527)</b>	(156,728)
Other operating income		<b>60,292</b>	72,202	<b>110,092</b>	112,120
		<b>976,599</b>	1,123,479	<b>1,918,517</b>	2,056,305
Restructuring cost		<b>(50,000)</b>	-	<b>(50,000)</b>	-
<b>Profit from operations</b>		<b>926,599</b>	1,123,479	<b>1,868,517</b>	2,056,305
Finance costs		<b>(25,219)</b>	(132,937)	<b>(70,857)</b>	(241,457)
<b>Profit before taxation</b>		<b>901,380</b>	990,542	<b>1,797,660</b>	1,814,848
Taxation		<b>(295,950)</b>	(323,208)	<b>(610,424)</b>	(588,266)
<b>Profit after taxation</b>		<b>605,430</b>	667,334	<b>1,187,236</b>	1,226,582
Earnings per share - (Rupees)		<b>45.54</b>	50.20	<b>89.30</b>	92.27

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

**UNILEVER PAKISTAN LIMITED**

**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED JUNE 30, 2010 (UNAUDITED)**

	Note	June 30, 2010 (Rupees in thousand)	June 30, 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	6	2,353,565	3,946,854
Retirement benefits obligations paid		(5,868)	(5,576)
Finance costs paid		(79,559)	(251,785)
Income tax paid		(1,082,324)	(515,886)
Decrease in long term loans		2,981	8,630
Decrease in long term deposits and prepayments		59,914	66,895
Net cash from operating activities		<b>1,248,709</b>	3,249,132
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(257,205)	(587,792)
Payment for intangible asset		(80,578)	(62,780)
Sale proceeds of property, plant and equipment		19,749	34,633
Return received on savings accounts		625	421
Dividend received		-	12
Net cash used in investing activities		<b>(317,409)</b>	(615,506)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in liabilities against assets subject to finance leases		(22,557)	(17,326)
Dividends paid		(1,816,965)	(754,589)
Net cash used in financing activities		<b>(1,839,522)</b>	(771,915)
Net (decrease) / increase in cash and cash equivalents		<b>(908,222)</b>	1,861,711
Cash and cash equivalents at the beginning of the year		<b>(798,358)</b>	(3,125,734)
Cash and cash equivalents at the end of the year	7	<b><u>(1,706,580)</u></b>	<b><u>(1,264,023)</u></b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN 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		
		Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
(Rupees in thousand)						
Balance as at January 1, 2009	669,477	70,929	321,471	1,153,881	1,546,281	<b>2,215,758</b>
Net profit for the half year ended June 30, 2009	-	-	-	1,226,582	1,226,582	<b>1,226,582</b>
Transferred from surplus on revaluation of fixed assets - net of deferred taxation:						
- incremental depreciation for the period	-	-	-	322	322	<b>322</b>
Dividends						
For the year ended December 31, 2008						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	<b>(239)</b>
- Final dividend on ordinary shares @ Rs. 57 per share	-	-	-	(757,751)	(757,751)	<b>(757,751)</b>
Balance as at June 30, 2009	<u>669,477</u>	<u>70,929</u>	<u>321,471</u>	<u>1,622,795</u>	<u>2,015,195</u>	<b><u>2,684,672</u></b>
<b>Balance as at January 1, 2010</b>	<b>669,477</b>	<b>70,929</b>	<b>321,471</b>	<b>2,229,243</b>	<b>2,621,643</b>	<b>3,291,120</b>
Net profit for the half year ended June 30, 2010	-	-	-	1,187,236	1,187,236	<b>1,187,236</b>
Transferred from surplus on revaluation of fixed assets - net of deferred taxation:						
- incremental depreciation for the period	-	-	-	325	325	<b>325</b>
Dividends						
For the year ended December 31, 2009						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	<b>(239)</b>
- Final dividend on ordinary shares @ Rs. 137 per share	-	-	-	(1,821,260)	(1,821,260)	<b>(1,821,260)</b>
<b>Balance as at June 30, 2010</b>	<u>669,477</u>	<u>70,929</u>	<u>321,471</u>	<u>1,595,305</u>	<u>1,987,705</u>	<b><u>2,657,182</u></b>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer



# UNILEVER PAKISTAN LIMITED

## NOTES TO 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 Limited (the Company) for the half year ended June 30, 2010 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, 2009.

### 3. PROPERTY, PLANT AND EQUIPMENT

	<b>Unaudited June 30, 2010</b>	Audited December 31, 2009
	(Rupees in thousand)	
Operating assets - at net book value	<b>4,492,119</b>	4,563,048
Capital work in progress - at cost		
Civil works	<b>56,434</b>	12,147
Plant and machinery	<b>173,113</b>	161,424
	<b>229,547</b>	173,571
	<b>4,721,666</b>	4,736,619

#### 3.1 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) →			
<b>Owned</b>				
Leasehold land	-	-	-	181
Building on freehold land	4,673	8,574	-	-
Building on leasehold land	-	2,358	-	-
Plant and machinery	163,537	422,449	2,972	2,598
Electrical, mechanical and office equipment	31,885	41,514	-	37
Furniture and fittings	1,134	3,218	-	306
Motor vehicles	-	2,700	-	8,523
<b>Assets held under finance leases</b>				
Motor vehicles	-	3,952	-	1,218
	<b>201,229</b>	484,765	<b>2,972</b>	12,863

## 4. CONTINGENCIES AND COMMITMENTS

### 4.1 Contingencies

4.1.1 The contingency amount reported in respect of Sindh Development Infrastructure Fee / Cess in the annual financial statements has remained constant to Rs. 321.47 million as at June 30, 2010. There has been no change in its status from December 31, 2009.

4.1.2 During the year ended December 31, 2009 the taxation officer passed amended assesment orders for tax years 2006 and 2007 by making certain disallowances. There has been no change in the status since December 31, 2009. Further, the taxation officer passed an amended assesment order for tax year 2009 during the half year ended June 30, 2010 by making certain disallowances. The tax demand raised by the tax officer for these years aggregate to Rs. 421 million.

The management of the Company is of the view that the disallowances have been made erroneously and, therefore, the ultimate decision in appeal will be in Company's favour. No provision has, therefore, been made in this condensed interim financial information.

### 4.2 Commitments

The commitments for capital expenditure outstanding as at June 30, 2010 amounted to Rs. 91.88 million (December 31, 2009: Rs. 36.66 million).

## 5. SEGMENT ANALYSIS

### 5.1 SEGMENT RESULTS

	Home and Personal Care	Beverages	Ice Cream	Other	Total
	← (Rupees in thousand) →				
<b>For the quarter ended June 30, 2010</b>					
Revenue	<u>6,110,556</u>	<u>3,010,892</u>	<u>1,848,270</u>	<u>279,243</u>	<u>11,248,961</u>
Segment results	<u>774,818</u>	<u>34,196</u>	<u>195,739</u>	<u>(12,051)</u>	<u>992,702</u>
<b>For the quarter ended June 30, 2009</b>					
Revenue	<u>5,092,028</u>	<u>2,381,017</u>	<u>1,412,865</u>	<u>233,839</u>	<u>9,119,749</u>
Segment results	<u>852,927</u>	<u>144,850</u>	<u>126,461</u>	<u>3,110</u>	<u>1,127,348</u>

	Home and Personal Care	Beverages	Ice Cream	Other	Total
	(Rupees in thousand)				
<b>For half year ended June 30, 2010</b>					
Revenue	<u>11,392,038</u>	<u>6,780,572</u>	<u>2,788,576</u>	<u>542,622</u>	<u>21,503,808</u>
Segment results	<u>1,579,696</u>	<u>189,864</u>	<u>194,044</u>	<u>(7,652)</u>	<u>1,955,952</u>
<b>For half year ended June 30, 2009</b>					
Revenue	<u>9,986,852</u>	<u>5,407,351</u>	<u>2,133,777</u>	<u>452,366</u>	<u>17,980,346</u>
Segment results	<u>1,547,093</u>	<u>381,085</u>	<u>169,885</u>	<u>2,850</u>	<u>2,100,913</u>

Reconciliation of segment results with profit after tax is as follows:

	Quarter ended		Half year ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	(Rupees in thousand)			
Total results for reportable segments	<b>992,702</b>	1,127,348	<b>1,955,952</b>	2,100,913
Other operating expenses	<b>(76,395)</b>	(76,071)	<b>(147,527)</b>	(156,728)
Other operating income	<b>60,292</b>	72,202	<b>110,092</b>	112,120
Restructuring costs	<b>(50,000)</b>	-	<b>(50,000)</b>	-
Finance costs	<b>(25,219)</b>	(132,937)	<b>(70,857)</b>	(241,457)
Taxation	<b>(295,950)</b>	(323,208)	<b>(610,424)</b>	(588,266)
Profit after tax	<u><b>605,430</b></u>	<u>667,334</u>	<u><b>1,187,236</b></u>	<u>1,226,582</u>

## 5.2 SEGMENT ASSETS

	Home and Personal Care	Beverages	Ice Cream	Other	Total
	(Rupees in thousand)				
<b>As at June 30, 2010</b>					
Segment assets	<u>3,146,163</u>	<u>1,010,502</u>	<u>3,161,908</u>	<u>83,784</u>	<u>7,402,357</u>
<b>As at December 31, 2009 - Audited</b>					
Segment assets	<u>3,840,917</u>	<u>2,136,525</u>	<u>3,017,197</u>	<u>127,856</u>	<u>9,122,495</u>

Reconciliation of segment assets with total assets in the balance sheet is as follows:

	<b>June 30, 2010</b>	Audited December 31, 2009
	(Rupees in thousand)	
Total for reportable segments	<b>7,402,357</b>	9,122,495
Unallocated assets	<b>5,588,372</b>	2,303,220
Total as per balance sheet	<b><u>12,990,729</u></b>	<b><u>11,425,715</u></b>
	<b>June 30, 2010</b>	June 30, 2009
	(Rupees in thousand)	
<b>6. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	<b>1,797,660</b>	1,814,848
<b>Add / (Less): Adjustments for non-cash charges and other items</b>		
Depreciation	<b>269,186</b>	240,268
Amortisation of software	<b>2,433</b>	2,433
Gain on disposal of property, plant and equipment	<b>(16,777)</b>	(21,770)
Dividend income	<b>-</b>	(12)
Finance cost	<b>70,857</b>	241,457
Provision for staff retirement benefits	<b>58,036</b>	83,559
Return on savings accounts	<b>(625)</b>	(421)
	<b>383,110</b>	545,514
Profit before working capital changes	<b><u>2,180,770</u></b>	<u>2,360,362</u>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / Decrease in current assets		
Stores and spares	<b>(85,174)</b>	(22,061)
Stock in trade	<b>(662,159)</b>	1,103,608
Trade debts	<b>(89,192)</b>	(154,401)
Loans and advances	<b>(13,783)</b>	(59,897)
Trade deposits and short term prepayments	<b>(51,185)</b>	(9,749)
Other receivables	<b>(27,652)</b>	103,064
	<b>(929,145)</b>	960,564
Increase / (Decrease) in current liabilities		
Trade and other payables	<b>997,222</b>	859,623
Provisions	<b>104,718</b>	(233,695)
	<b>1,101,940</b>	625,928
Cash generated from operations	<b><u>2,353,565</u></b>	<b><u>3,946,854</u></b>

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

**7. CASH AND CASH EQUIVALENTS**

Cash and bank balances	<b>480,357</b>	47,518
Short term borrowings	<b>(2,186,937)</b>	(1,311,541)
	<b><u>(1,706,580)</u></b>	<b><u>(1,264,023)</u></b>

**8. RELATED PARTY TRANSACTIONS**

Significant related party transactions during the period are as follows:

<b>Relationship with the Company</b>	<b>Nature of transactions</b>	<b>June 30,</b> <b>2010</b> (Rupees in thousand)	June 30, 2009
i. Ultimate parent company:	Royalty and technical services fee	<b>763,866</b>	607,015
ii. Other related parties:	Purchase of goods	<b>5,689,956</b>	3,907,708
	Reimbursement of expenses to related party	<b>26,888</b>	21,101
	Fee for receiving of services from related party	<b>955</b>	-
	Payment to related party for intangible asset	<b>75,312</b>	-
	Sale of goods	<b>5,803</b>	67
	Recovery of expenses from related party	<b>58,796</b>	34,310
	Fee for providing of services to related parties	<b>7,216</b>	6,644
	Purchase of operating assets	<b>-</b>	35,763
iii. Key management personnel:	Salaries and other short-term employee benefits	<b>36,558</b>	30,879
	Post-employment benefits	<b>4,000</b>	3,685
iv. Others:	Donations	<b>2,276</b>	5,083

**9. MONOPOLY CONTROL AUTHORITY ORDER**

There is no change in status as reported in the latest annual financial statements regarding the Monopoly Control Authority (MCA) Order terminating the non-competition agreement, requiring the Company to refund the amount of Rs. 250 million to Dalda Foods (Private) Limited (DFL). The management is of the view that the agreement between the Company and DFL is not in the violation of Monopolies and Restrictive Trade Practices Ordinance 1970. The Company filed an appeal in the High Court of Sindh and the operation of MCA's order was stayed. At present, the appeal is pending for hearing.

**10. CORRESPONDING FIGURE**

- Corresponding figure of balance sheet under the head Trade deposits and short term prepayments of Rs. 355 million has been reclassified to Intangible assets.
- Cash flow statement has been presented using indirect method as against the direct method in the prior period to align it with the annual financial statements for the year ended December 31, 2009.

There have been no other significant reclassifications made in the condensed interim financial information for the half year ended June 30, 2010.

**11. INTERIM DIVIDEND**

The Board of Directors in its meeting held on August 19, 2010 declared an interim cash dividend of Rs. 89 per share (2009: Rs. 92 per share) amounting to Rs. 1,183.15 million (2009: Rs. 1,223.04 million). This condensed interim financial information does not reflect this dividend payable.

**12. DATE OF ISSUE**

This condensed interim financial information has been authorised for issue on August 19, 2010 by the Board of Directors of the Company.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

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

Unilever Pakistan Limited  
and its Subsidiary Companies

**UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2010**

	Note	<b>Unaudited June 30, 2010</b>	Audited December 31, 2009
		(Rupees in thousand)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	4,721,666	4,736,619
Intangibles		429,814	357,556
Long term investments		200	200
Long term loans		95,136	98,117
Long term deposits and prepayments		332,982	392,896
Retirement benefits - prepayments		<u>162,330</u>	<u>188,054</u>
		<b>5,742,128</b>	<b>5,773,442</b>
<b>Current assets</b>			
Stores and spares		350,594	265,420
Stock in trade		4,311,229	3,649,070
Trade debts		595,549	506,357
Loans and advances		145,635	131,852
Accrued interest / markup		2,556	97
Trade deposits and short term prepayments		379,011	327,826
Other receivables		109,793	82,143
Tax refunds due from the Government		781,431	355,052
Investments - held to maturity		-	102,189
Cash and bank balances		<u>621,127</u>	<u>278,644</u>
		<b>7,296,925</b>	<b>5,698,650</b>
<b>Total assets</b>		<b><u>13,039,053</u></b>	<b><u>11,472,092</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		669,477	669,477
Reserves		<u>2,033,402</u>	<u>2,662,229</u>
		<b>2,702,879</b>	<b>3,331,706</b>
<b>Surplus on revaluation of fixed assets</b>		<b>12,640</b>	<b>12,965</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance leases		37,790	56,762
Deferred taxation		590,609	636,130
Retirement benefits obligations		<u>353,504</u>	<u>327,060</u>
		<b>981,903</b>	<b>1,019,952</b>
<b>Current liabilities</b>			
Trade and other payables		6,783,243	5,787,366
Taxation - provision less payments		1,028	4,201
Accrued interest / mark up		20,190	28,892
Short term borrowings		2,186,937	1,037,911
Current maturity of liabilities against assets subject to finance leases		24,834	28,419
Provisions		<u>325,398</u>	<u>220,680</u>
		<b>9,341,631</b>	<b>7,107,469</b>
<b>Total liabilities</b>		<b>10,323,534</b>	<b>8,127,421</b>
<b>Contingencies and commitments</b>	5		
<b>Total equity and liabilities</b>		<b><u>13,039,053</u></b>	<b><u>11,472,092</u></b>

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer



**UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2010 (UNAUDITED)**

	Note	Quarter ended		Half year ended	
		June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
← (Rupees in thousand) →					
Sales	6	11,248,961	9,119,749	21,503,808	17,980,346
Cost of sales		(7,603,747)	(5,639,637)	(14,692,141)	(11,544,432)
Gross profit		3,645,214	3,480,112	6,811,667	6,435,914
Distribution costs		(2,329,510)	(2,100,789)	(4,274,861)	(3,816,180)
Administrative expenses		(323,002)	(251,985)	(580,854)	(518,841)
Other operating expenses		(76,405)	(76,071)	(147,547)	(156,728)
Other operating income		64,594	77,854	118,006	121,444
		980,891	1,129,121	1,926,411	2,065,609
Restructuring cost		(50,000)	-	(50,000)	-
<b>Profit from operations</b>		<b>930,891</b>	<b>1,129,121</b>	<b>1,876,411</b>	<b>2,065,609</b>
Finance costs		(25,249)	(132,937)	(70,888)	(241,457)
<b>Profit before taxation</b>		<b>905,642</b>	<b>996,184</b>	<b>1,805,523</b>	<b>1,824,152</b>
Taxation		(297,442)	(325,238)	(613,176)	(591,522)
<b>Profit after taxation</b>		<b>608,200</b>	<b>670,946</b>	<b>1,192,347</b>	<b>1,232,630</b>
Earnings per share - (Rupees)		<u>45.75</u>	<u>50.47</u>	<u>89.69</u>	<u>92.72</u>

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

**UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2010 (UNAUDITED)**

	Note	<b>June 30, 2010</b>	June 30, 2009
		(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	7	<b>2,353,565</b>	3,946,683
Retirement benefits obligations paid		<b>(5,868)</b>	(5,576)
Finance costs paid		<b>(79,559)</b>	(251,785)
Income tax paid		<b>(1,088,239)</b>	(516,621)
Decrease in long term loans		<b>2,981</b>	8,630
Decrease in long term deposits and prepayments		<b>59,914</b>	66,895
Net cash from operating activities		<b>1,242,794</b>	3,248,226
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(257,205)</b>	(587,792)
Payment for intangible asset		<b>(80,578)</b>	(62,780)
Sale proceeds of property, plant and equipment		<b>19,749</b>	34,633
Return received on savings accounts		<b>8,133</b>	7,759
Dividend received		<b>-</b>	12
Net cash used in investing activities		<b>(309,900)</b>	(608,168)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in liabilities against assets subject to finance leases		<b>(22,557)</b>	(17,326)
Dividends paid		<b>(1,816,965)</b>	(754,589)
Net cash used in financing activities		<b>(1,839,522)</b>	(771,915)
Net (decrease) / increase in cash and cash equivalents		<b>(906,628)</b>	1,868,142
Cash and cash equivalents at the beginning of the year		<b>(659,182)</b>	(3,002,514)
Cash and cash equivalents at the end of the year	8	<b><u>(1,565,810)</u></b>	<u>(1,134,372)</u>

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

**UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED JUNE 30, 2010 (UNAUDITED)**

	SHARE CAPITAL	R E S E R V E S			SUB TOTAL	TOTAL
		CAPITAL	Contingency	REVENUE		
		Arising under schemes of arrangements for amalgamations		Unappropriated profit		
(Rupees in thousand)						
Balance as at January 1, 2009	669,477	70,929	321,471	1,183,243	1,575,643	<b>2,245,120</b>
Net profit for the half year ended June 30, 2009	-	-	-	1,232,630	1,232,630	<b>1,232,630</b>
Transferred from surplus on revaluation of fixed assets - net of deferred taxation: - incremental depreciation for the period	-	-	-	322	322	<b>322</b>
Dividends For the year ended December 31, 2008 - On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	<b>(239)</b>
- Final dividend on ordinary shares @ Rs. 57 per share	-	-	-	(757,751)	(757,751)	<b>(757,751)</b>
Balance as at June 30, 2009	<u>669,477</u>	<u>70,929</u>	<u>321,471</u>	<u>1,658,205</u>	<u>2,050,605</u>	<u><b>2,720,082</b></u>
<b>Balance as at January 1, 2010</b>	<b>669,477</b>	<b>70,929</b>	<b>321,471</b>	<b>2,269,829</b>	<b>2,662,229</b>	<b>3,331,706</b>
Net profit for the half year ended June 30, 2010	-	-	-	1,192,347	1,192,347	<b>1,192,347</b>
Transferred from surplus on revaluation of fixed assets - net of deferred taxation: - incremental depreciation for the period	-	-	-	325	325	<b>325</b>
Dividends For the year ended December 31, 2009 - On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	<b>(239)</b>
- Final dividend on ordinary shares @ Rs. 137 per share	-	-	-	(1,821,260)	(1,821,260)	<b>(1,821,260)</b>
<b>Balance as at June 30, 2010</b>	<u><b>669,477</b></u>	<u><b>70,929</b></u>	<u><b>321,471</b></u>	<u><b>1,641,002</b></u>	<u><b>2,033,402</b></u>	<u><b>2,702,879</b></u>

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2010 (UNAUDITED)

### 1. BASIS OF PRESENTATION

This condensed interim consolidated financial information includes the financial information of Unilever Pakistan Limited (the parent company), Lever Chemicals (Private) Limited, Levers Associated Pakistan Trust (Private) Limited and Sadiq (Private) Limited. The condensed interim financial information of the subsidiary companies has been consolidated on a line by line basis.

### 2. BASIS OF PREPARATION

This condensed interim consolidated financial information of the Group for the half year ended June 30, 2010 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.

### 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2009.

	<b>Unaudited June 30, 2010</b>	Audited December 31, 2009
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
	(Rupees in thousand)	
Operating assets - at net book value	<b>4,492,119</b>	4,563,048
Capital work in progress - at cost		
Civil works	<b>56,434</b>	12,147
Plant and machinery	<b>173,113</b>	161,424
	<b>229,547</b>	173,571
	<b>4,721,666</b>	4,736,619

#### 4.1 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) →			
<b>Owned</b>				
Leasehold land	-	-	-	181
Building on freehold land	4,673	8,574	-	-
Building on leasehold land	-	2,358	-	-
Plant and machinery	163,537	422,449	2,972	2,598
Electrical, mechanical and office equipment	31,885	41,514	-	37
Furniture and fittings	1,134	3,218	-	306
Motor vehicles	-	2,700	-	8,523
<b>Assets held under finance leases</b>				
Motor vehicles	-	3,952	-	1,218
	<b>201,229</b>	484,765	<b>2,972</b>	12,863

## 5. CONTINGENCIES AND COMMITMENTS

### 5.1 Contingencies

5.1.1 The contingency amount reported in respect of Sindh Development Infrastructure Fee / Cess in the annual consolidated financial statements has remained constant to Rs. 321.47 million as at June 30, 2010. There has been no change in its status from December 31, 2009.

5.1.2 During the year ended December 31, 2009 the taxation officer passed amended assesment orders for tax years 2006 and 2007 by making certain disallowances. There has been no change in the status since December 31, 2009. Further, the taxation officer passed an amended assesment order for tax year 2009 during the half year ended June 30, 2010 by making certain disallowances. The tax demand raised by the tax officer for these years aggregate to Rs. 421 million.

The management of the Group is of the view that the disallowances have been made erroneously and, therefore, the ultimate decision in appeal will be in Group's favour. No provision has, therefore, been made in this condensed interim consolidated financial information.

### 5.2 Commitments

The commitments for capital expenditure outstanding as at June 30, 2010 amounted to Rs. 91.88 million (December 31, 2009: Rs. 36.66 million).

## 6. SEGMENT ANALYSIS

### 6.1 SEGMENT RESULTS

	Home and Personal Care	Beverages	Ice Cream	Other	Total
	← (Rupees in thousand) →				
<b>For the quarter ended June 30, 2010</b>					
Revenue	<u>6,110,556</u>	<u>3,010,892</u>	<u>1,848,270</u>	<u>279,243</u>	<u>11,248,961</u>
Segment results	<u>774,818</u>	<u>34,196</u>	<u>195,739</u>	<u>(12,051)</u>	<u>992,702</u>
<b>For the quarter ended June 30, 2009</b>					
Revenue	<u>5,092,028</u>	<u>2,381,017</u>	<u>1,412,865</u>	<u>233,839</u>	<u>9,119,749</u>
Segment results	<u>852,927</u>	<u>144,850</u>	<u>126,461</u>	<u>3,100</u>	<u>1,127,338</u>

	Home and Personal Care	Beverages	Ice Cream	Other	Total
	← (Rupees in thousand) →				
<b>For half year ended June 30, 2010</b>					
Revenue	<u>11,392,038</u>	<u>6,780,572</u>	<u>2,788,576</u>	<u>542,622</u>	<u>21,503,808</u>
Segment results	<u>1,579,696</u>	<u>189,864</u>	<u>194,044</u>	<u>(7,652)</u>	<u>1,955,952</u>
<b>For half year ended June 30, 2009</b>					
Revenue	<u>9,986,852</u>	<u>5,407,351</u>	<u>2,133,777</u>	<u>452,366</u>	<u>17,980,346</u>
Segment results	<u>1,547,093</u>	<u>381,085</u>	<u>169,885</u>	<u>2,830</u>	<u>2,100,893</u>

Reconciliation of segment results with profit after tax is as follows:

	Quarter ended		Half year ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	← (Rupees in thousand) →			
Total results for reportable segments	<b>992,702</b>	1,127,338	<b>1,955,952</b>	2,100,893
Other operating expenses	<b>(76,405)</b>	(76,071)	<b>(147,547)</b>	(156,728)
Other operating income	<b>64,594</b>	77,854	<b>118,006</b>	121,444
Restructuring costs	<b>(50,000)</b>	-	<b>(50,000)</b>	-
Finance costs	<b>(25,249)</b>	(132,937)	<b>(70,888)</b>	(241,457)
Taxation	<b>(297,442)</b>	(325,238)	<b>(613,176)</b>	(591,522)
Profit after tax	<u><b>608,200</b></u>	<u>670,946</u>	<u><b>1,192,347</b></u>	<u>1,232,630</u>

## 6.2 SEGMENT ASSETS

	Home and Personal Care	Beverages	Ice Cream	Other	Total
	← (Rupees in thousand) →				
<b>As at June 30, 2010</b>					
Segment assets	<u>3,146,163</u>	<u>1,010,502</u>	<u>3,161,908</u>	<u>83,784</u>	<u>7,402,357</u>
<b>As at December 31, 2009 - Audited</b>					
Segment assets	<u>3,840,917</u>	<u>2,136,525</u>	<u>3,017,197</u>	<u>127,856</u>	<u>9,122,495</u>

Reconciliation of segment assets with total assets in the balance sheet is as follows:

	<b>June 30, 2010</b>	Audited December 31, 2009
	(Rupees in thousand)	
Total for reportable segments	<b>7,402,357</b>	9,122,495
Unallocated assets	<b>5,636,696</b>	2,349,597
Total as per balance sheet	<b><u>13,039,053</u></b>	<b><u>11,472,092</u></b>

## 7. CASH GENERATED FROM OPERATIONS

	<b>June 30, 2010</b>	June 30, 2009
	(Rupees in thousand)	
Profit before taxation	<b>1,805,523</b>	1,824,152
<b>Add / (Less): Adjustments for non-cash charges and other items</b>		
Depreciation	<b>269,186</b>	240,268
Amortisation of software	<b>2,433</b>	2,433
Gain on disposal of property, plant and equipment	<b>(16,777)</b>	(21,770)
Dividend income	<b>-</b>	(12)
Finance cost	<b>70,857</b>	241,457
Provision for staff retirement benefits	<b>58,036</b>	83,559
Return on savings accounts	<b>(8,508)</b>	(9,896)
	<b>375,227</b>	536,039
Profit before working capital changes	<b><u>2,180,750</u></b>	<u>2,360,191</u>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / Decrease in current assets		
Stores and spares	<b>(85,174)</b>	(22,061)
Stock in trade	<b>(662,159)</b>	1,103,608
Trade debts	<b>(89,192)</b>	(154,401)
Loans and advances	<b>(13,783)</b>	(59,897)
Trade deposits and short term prepayments	<b>(51,185)</b>	53,031
Other receivables	<b>(27,652)</b>	103,064
	<b>(929,145)</b>	1,023,344
Increase / (Decrease) in current liabilities		
Trade and other payables	<b>997,242</b>	796,843
Provisions	<b>104,718</b>	(233,695)
	<b>1,101,960</b>	563,148
Cash generated from operations	<b><u>2,353,565</u></b>	<u>3,946,683</u>

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

**8. CASH AND CASH EQUIVALENTS**

Cash and bank balances	<b>621,127</b>	177,169
Short term borrowings	<b>(2,186,937)</b>	(1,311,541)
	<b><u>(1,565,810)</u></b>	<b><u>(1,134,372)</u></b>

**9. RELATED PARTY TRANSACTIONS**

Significant related party transactions during the period are as follows:

<b>Relationship with the Group</b>	<b>Nature of transactions</b>	<b>June 30, 2010</b>	June 30, 2009
		(Rupees in thousand)	
i. Ultimate parent company:	Royalty and technical services fee	<b>763,866</b>	607,015
ii. Other related parties:	Purchase of goods	<b>5,689,956</b>	3,907,708
	Reimbursement of expenses to related party	<b>26,888</b>	21,101
	Fee for receiving of services from related party	<b>955</b>	-
	Payment to related party for intangible asset	<b>75,312</b>	-
	Sale of goods	<b>5,803</b>	67
	Recovery of expenses from related party	<b>58,796</b>	34,310
	Fee for providing of services to related parties	<b>7,216</b>	6,644
	Purchase of operating assets	<b>-</b>	35,763
iii. Key management personnel:	Salaries and other short-term employee benefits	<b>36,558</b>	30,879
	Post-employment benefits	<b>4,000</b>	3,685
iv. Others:	Donations	<b>2,276</b>	5,083



**10. MONOPOLY CONTROL AUTHORITY ORDER**

There is no change in status as reported in the latest annual consolidated financial statements regarding the Monopoly Control Authority (MCA) Order terminating the non-competition agreement, requiring the Group to refund the amount of Rs. 250 million to Dalda Foods (Private) Limited (DFL). The management is of the view that the agreement between the Group and DFL is not in the violation of Monopolies and Restrictive Trade Practices Ordinance 1970. The Group filed an appeal in the High Court of Sindh and the operation of MCA's order was stayed. At present, the appeal is pending for hearing.

**11. CORRESPONDING FIGURE**

- Corresponding figure of consolidated balance sheet under the head Trade deposits and short term prepayments of Rs. 355 million has been reclassified to Intangible assets.
- Consolidated Cash flow statement has been presented using indirect method as against the direct method in the prior period to align it with the annual consolidated financial statements for the year ended December 31, 2009.

There have been no other significant reclassifications made in the condensed interim consolidated financial information for the half year ended June 30, 2010.

**12. INTERIM DIVIDEND**

The Board of Directors in its meeting held on 19<sup>th</sup> August 2010 declared an interim cash dividend of Rs. 89 per share (2009: Rs. 92 per share) amounting to Rs. 1,183.15 million (2009: Rs. 1,223.04 million). This condensed interim consolidated financial information does not reflect this dividend payable.

**13. DATE OF ISSUE**

This condensed interim consolidated financial information has been authorised for issue on 19<sup>th</sup> August 2010 by the Board of Directors of the Group.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer