ANNUAL REPORT 2014

Unilever Pakistan Limited

Contents

Company Information

Board of Directors

Mr. Ehsan A. Malik
Chairman & Chief Executive

Mr. Ali Tariq
Director & CFO

Mr. Amir R. Paracha
Director

Mr. Amar Naseer
Director

Company Secretary

Mr. Amar Naseer

Registered Office

Avari Plaza,
Fatima Jinnah Road,
Karachi – 75530.

Auditors

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

Share Registration Office

M/s THK Associates (Pvt) Limited,
2nd Floor, State Life Building - 3,
Dr. Ziauddin Ahmed Road,
Karachi-75530.

Website Address

www.unileverpakistan.com.pk

Directors' Report

Summary of Business Performance

The directors present the 2014 Annual Report together with audited financial statements of the Company for the year ended December 31, 2014.

Sales grew by 8.5% in a challenging economic and operational environment, with significant commodity deflation headwind. Growth was broad-based and volume led. In the case of Tea, commodity deflation and the resulting price reductions offset the strong volume growth. The improvement in gross margin through higher volume, cost efficiencies and better mix, was offset by restructuring charges. The business continued to invest strategically behind key brands and increased spend by 177 bps to 12.1% of Sales. Profit after tax grew by 3%.

Key Financial Highlights

	2014	2013
	Rupees in million	
Sales	65,705	60,535
Gross Profit	26,424	24,422
Profit from Operations	9,400	9,223
Profit before tax	9,019	8,905
Profit after tax	6,302	6,117
EPS (Rs.)	474	460

Dividend

The Board of Directors has recommended a final cash dividend of Rs. 127.28 per share. With the interim dividend of Rs. 346.0 per share already paid during the year, the total dividend for the year 2014 amounts to Rs. 473.28 (2013: Rs. 456.48) per ordinary share of Rs. 50 each. Total profit distributed by way of dividend amounts to 99.8% (2013: 99%).

Our People

In 2014, AC Nielsen rated the Company as the No.1 Employer of Choice, a position it has now held for the 7th consecutive year. The Company leverages the global Unilever network to develop talent in Marketing, Sales, Supply Chain, Finance and Human Resource Management through E-learning and other programmes. Personal development is facilitated by empowering the people with bigger roles and challenging assignments, as also through coaching, mentoring and a robust appraisal system.

Diversity is at the heart of the agenda with 200 women employed in various roles across the business. We encourage our employees to work from agile locations and avail flexi-work hours. The Unilever Day Care Centre started in 2003 and has been expanded. In 2014, we have also revised the maternity leave policy by extending it to 6 months, fully paid. Simultaneously, we have also introduced a maternity and paternity support portal which employees are encouraged to utilize in order to manage their work-life balance when going through this crucial family planning stage.

Our focus on encouraging personal vitality includes initiatives such as vitality health passport requiring annual check-up, gym facility and healthy eating options at the workplace.

Community Involvement

As a multi-local multinational, Unilever Pakistan Limited believes that the highest standards of corporate behaviour are essential to long term success. Unilever Sustainable Living Plan and the Unilever Foundation enable us to achieve ambitious sustainability targets.

The Unilever Sustainable Living Plan (USLP) sets out to decouple growth from the environmental impact, while at the same time increasing our positive social impact. In order to realize sustainable growth, sustainability is integrated into our business strategy, brands and how we go to the market. We also work with our consumers, customers and suppliers, engage employees and foster new partnerships and collaborations to ensure a bright future for our business and future generations.

The Unilever Foundation is a key action taken by the Company globally, to help meet our ambitious goal of helping more than one billion people improve their health and well-being and, in turn, create a sustainable and bright future with our five global partners; UNICEF, United Nations World Food Programme, Save the Children, Population Services International and Oxfam. Unilever Pakistan partners with both local and global partners in order to execute its sustainability agenda.

During 2014, our main initiatives included:

i. Corporate Philanthropy: Rs. 8.7 million

a) Making quality primary education accessible to the lesser privileged by supporting:
   1) The Citizens Foundation (TCF) schools
   2) Government schools through Public Private Partnerships

b) Unilever Pakistan also supported WWF for the Earth Hour campaign along with employee participation across its operations in the country.

ii. Community Investment and Welfare Schemes: Rs. 191.88 million

a) Lifebuoy continued to teach children the importance of washing their hands with soap on the five key occasions through its school programme conducted in collaboration with local and global partners. Lifebuoy also worked with local partners to develop the neo-natal handwashing programme. The brand signed a joint declaration with the Ministry of Education, Punjab and other partners to include hand hygiene into school curriculums.

b) Pond's again partnered with Shaukat Khanum Hospital to raise awareness about breast cancer and celebrated Pakistani women in their efforts to recognize, encourage and empower women through the Pond's Miracle Journey.

c) Pureit continued its efforts to provide access to safe drinking water through its water purification device.

d) Supreme continued to support the medical dispensary set up by the brand in 2012 in Khanewal for community health care.

e) Blue Band scaled up its school programme to educate students on healthy eating habits across Pakistan. Blue Band also held multiple activities with mothers to educate them about good fats and its importance in a child's healthy growth.

f) Wall's enhanced livelihoods of 3,400 men across the country through the Wall's trikes.

g) Fair & Lovely, Sunsilk and Lux continued to provide rural women vocational training and basic management skills through the Guddi Baji Programme, which engaged 1,500 women in 2014 as Unilever Brand Ambassadors in their towns and villages. Additionally Lux, through the iconic Lux Style Awards continued to recognise and promote talent in music, TV, film and fashion.

h) Rahbar, our small scale distributor programme launched in 2011, provides rural employment opportunities.

iii. Other Initiatives: Rs. 5.6 million

a) Unilever Talent Hunt encouraged thousands of under-graduate students nationwide to explore their potential and present their skills.

b) We continued our partnership with Naya Jeevan, a social enterprise to encourage third party service providers as well as distributors to provide health insurance to their personnel and sales representatives who are a part of Unilever's extended value chain.

c) We also supported The Citizens Foundation, Aga Khan University Hospital, Layton Rahmatullah Benevolent Trust, The Kidney Centre and SIUT by managing billboards for their Zakat Campaigns during Ramzan in Karachi, Lahore and Islamabad.

Employee Involvement:

Our people share the Company's commitment towards sustainable development, which is evident through the support received from them during multiple volunteer programmes. Employees contributed to various organizations in the form of monetary support, skill development and by volunteering time. Through the employee payroll deduction programme, employees voluntarily contributed Rs. 1.7 million to support quality education of 26 girls through The Citizens Foundation, 3 child cardiac surgeries through Aga Khan University Hospital and provided meals to 500 children through the UN World Food Programme.

Employees also participated in internal fund raisers to support child health care programmes run by Save the Children at the IDP camps, families affected by the Thar drought and floods, by contributing over Rs. 1.1 million. Additionally, employees spent time with TCF students to educate them about the importance of handwashing with soap on the occasion of Global Handwashing Day. They also participated in career counselling through the TCF Rahbar programme. Under the Dove self-esteem platform, employees visited schools to engage girls in discussions about self-esteem.

Investments in Retirement Benefits

The investments made by the staff retirement funds operated by the Company as per their financial statements at December 31, 2014 are as follows:

	Rs. in million
The Union Pakistan Provident Fund	1,147
DC Pension Fund	961
Unilever Pension Plan	128
Unilever Gratuity Plan	-
Unilever Non Management Staff Gratuity Fund	65
Total	**2,301**
Total – 2013	2,069

Directors

The present directors were elected at the AGM in 2014, and the three years term of office of the present Directors expires on April 18, 2017.

Subsidiary Companies and Consolidated Financial Statements

The consolidated financial statements of the Unilever group comprising the Company and its subsidiaries M/s Lever Chemicals (Pvt.) Limited, M/s Lever Associated Pakistan Trust (Pvt.) Limited and M/s Sadiq (Pvt.) Limited, have not been included in view of exemption granted by the Securities & Exchange Commission of Pakistan (the SECP) vide its letter No. CLD/RD/Co.237 11/2007 dated December 22, 2014 from the requirement of Section 237 of the Companies Ordinance, 1984 (the Ordinance). None had any significant or material business transactions during the year.

Holding Company

Through its wholly owned subsidiary, Unilever Overseas Holdings Limited (UOHL), UK, Unilever PLC, a company incorporated in the United Kingdom, is the holding company, owning 98.92% of the shares in Unilever Pakistan Limited.

Auditors

For the year 2014 onwards, Unilever has globally appointed KPMG, Chartered Accountants, as their Auditors after a tendering process.

The Board has recommended the appointment of KPMG Taseer Hadi & Co., as the Auditors of the Company for the year 2015, for the Shareholders' approval at the AGM scheduled to be held on April 14, 2015.

Reserve appropriations

	Share Capital	Reserves				Total
		Capital		Revenue	Sub Total	
	Issued, subscribed and paid up capital	Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
	(Rupees in thousand)					
Balance as at January 1, 2013	669,477	70,929	321,471	4,215,120	4,607,520	5,276,997
Total comprehensive income for the year ended December 31, 2013						
- Profit for the year ended December 31, 2013	-	-	-	6,116,734	6,116,734	6,116,734
- Other comprehensive income for the year ended December 31, 2013	-	-	-	(48,257)	(48,257)	(48,257)
	-	-	-	6,068,477	6,068,477	6,068,477
Transactions with owners of the Company						
Dividend for the year ended December 31, 2012						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 283 per share	-	-	-	(3,762,165)	(3,762,165)	(3,762,165)
Dividend for the year ended December 31, 2013						
- First interim dividend on ordinary shares @ Rs. 51.24 per share	-	-	-	(681,178)	(681,178)	(681,178)
- Second interim dividend on ordinary shares @ Rs. 123.25 per share	-	-	-	(1,638,469)	(1,638,469)	(1,638,469)
- Third interim dividend on ordinary shares @ Rs. 165.90 per share	-	-	-	(2,205,453)	(2,205,453)	(2,205,453)
Balance as at December 31, 2013	669,477	70,929	321.471	(1,996,093)	(2,388,493)	(3,057,970)
Total comprehensive income for the year ended December 31, 2014	-	-	-	6,302,101	6,302,101	6,302,101
- Profit for the year ended December 31, 2014	-	-	-	(10,330)	(10,330)	(10,330)
- Other comprehensive income for the year ended December 31, 2014	-	-	-	6,291,771	6,291,771	6,291,771
Transactions with owners of the Company						
Dividend for the year ended December 31, 2013						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 116.09 per share	-	-	-	(1,543,285)	(1,543,285)	(1,543,285)
Dividend for the year ended December 31, 2014						
- First interim dividend on ordinary shares @ Rs. 346 per share	-	-	-	(4,599,679)	(4,599,679)	(4,599,679)
Balance as at December 31, 2014	669,477	70,929	321,471	(2,144,661)	(2,537,061)	(3,206,538)

Acknowledgement

Our people are the key driver of sustained growth. The directors acknowledge their valuable contribution. We would also like to express thanks to our consumers and customers for the trust shown in our brands. We are also grateful to our shareholders for their support and confidence in our management.

Business Risk and Future Outlook

Operating environment remains challenging. Economic conditions, counterfeits and evasion of taxes, especially in the tea category, continue to pose a threat.

Amidst these challenges, our strength lies in strong brand equities, innovative products, research and development capability and global expertise. Our aim is to continue to provide better value to consumers. To achieve this, we will continue to attract, develop and retain the best talent in the country.

On behalf of the Board

Karachi
March 6, 2015

Ehsan A. Malik
Chairman and Chief Executive

Performance Indicators for 6 years

	2014	2013	2012	2011	2010	2009
	(Rupees in million)					
FINANCIAL POSITION						
Balance Sheet						
Property, plant and equipment	**9,180**	7,865	7,226	5,717	4,897	4,737
Other non-current assets	**1,645**	2,052	1,356	1,530	1,177	1,132
Current assets	**17,021**	12,087	9,855	8,619	7,427	5,557
Total assets	**27,846**	22,004	18,437	15,866	13,501	11,426
Share capital - ordinary	**664**	664	664	664	664	664
Share capital - Preference	**5**	5	5	5	5	5
Reserves	**2,537**	2,389	4,608	3,404	2,891	2,622
Total equity	**3,206**	3,058	5,277	4,073	3,560	3,291
Surplus on revaluation of fixed assets	**-**	-	-	12	12	13
Non-current liabilities	**776**	912	1,093	835	955	1,020
Current liabilities	**23,874**	18,034	12,067	10,946	8,974	7,102
Total liabilities	**24,650**	18,946	13,160	11,781	9,929	8,122
Total equity and liabilities	**27,856**	22,004	18,437	15,866	13,501	11,426
Net current liabilities	**(6,853)**	(5,947)	(2,212)	(2,327)	(1,547)	(1,546)
OPERATING AND FINANCIAL TRENDS						
Profit and Loss						
Net sales	**65,705**	60,535	59,741	51,876	44,672	38,188
Cost of sales	**(39,281)**	(36,114)	(38,068)	(33,792)	(30,094)	(24,853)
Gross profit	**26,424**	24,422	21,673	18,084	14,577	13,335
Operating profit	**9,400**	9,223	8,495	6,456	5,060	4,943
Profit before tax	**9,019**	8,905	8,065	5,925	4,780	4,516
Profit after tax	**6,302**	6,117	5,502	4,094	3,273	3,056
Cash ordinary dividends	**6,292**	6,068	5,490	4,081	3,270	3,044
Capital expenditure	**2,464**	1,548	2,190	2,023	921	872
Cash Flows						
Operating activities	**10,055**	11,053	6,338	4,659	6,182	5,216
Investing activities	**(2,054)**	(1,466)	(2,028)	(1,948)	(885)	(878)
Financing activities	**(4,254)**	(6,080)	(4,390)	(3,507)	(3,038)	(2,011)
Cash and cash equivalents at the end of the year	**7,838**	4,091	586	665	1,461	(798)

Performance Indicators for 6 years

FINANCIAL RATIOS	Unit	2014	2013	2012	2011	2010	2009
Profitability Ratios							
Gross profit margin	%	40	40	36	35	33	35
Net profit to sales	%	10	10	9	8	7	8
EBITDA Margin to sales	%	15	16	15	13	12	14
Operating leverage ratio	Times	0.17	8.55	2.36	1.32	0.21	2.30
Pre tax return on equity	%	281	291	153	145	134	137
Post tax return on equity	%	197	200	104	101	92	93
Return on capital employed	%	201	147	117	103	80	62
Liquidity Ratios							
Current ratio	Times	0.71	0.67	0.82	0.79	0.83	0.78
Quick / Acid test ratio	Times	0.50	0.30	0.30	0.30	0.40	0.27
Cash to current liabilities	Times	0.33	0.25	0.05	0.09	0.20	0.03
Cash flow from operations to sales	Times	0.15	0.18	0.11	0.09	0.14	0.13
Capital Efficiency Ratios							
Inventory turnover	days	46	43	59	49	46	58
Debtors turnover	days	5	5	6	5	4	4
Creditors turnover	days	(213)	(170)	(108)	(98)	(84)	(75)
Total assets turnover	%	236	278	324	327	331	334
Property, plant and equipment turnover	times	7	8	8	9	9	8
Operating cycle	days	(162)	(122)	(43)	(44)	(34)	(13)
Investment / Market Ratios							
Earnings per share (EPS)	Rs.	474	460	413	308	246	230
Dividend payout ratio - earnings	Times	1.00	0.99	1.00	1.00	1.00	1.00
Dividend payout ratio - par value	Times	9.47	9.14	8.26	6.14	4.92	4.58
Dividend cover ratio	Times	1.00	1.01	1.00	1.00	1.00	1.00
Cash dividend	Rs.	473	457	413	307	246	229
Capital Structure Ratios							
Financial leverage ratio	Times	-	0.11	-	0.07	0.09	0.32
Interest cover ratio	Times	62	70	130	124	34	20

Pattern of Shareholding

As at December 31, 2014

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held*
1,508	1	100	39,119
204	101	500	40,231
30	501	1,000	21,902
21	1,001	5,000	37,986
1	5,001	10,000	7,000
1	10,001	15,000	10,142
1	13,185,000	13,190,000	13,185,324
1,766			13,341,704

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies, and related parties*	1	13,185,324	98.83
Directors, Executives and their spouses*	1	123	0.00
ICP/NBP Trustees	3	62	0.00
Banks and Financial Institutions*	3	348	0.00
General Public			
a. Local*	1,719	127,309	0.95
b. Foreign*	9	9,229	0.07
Others	24	14,913	0.12
Foreign Companies *	6	4,396	0.03
Totals	1,766	13,341,704	100.00

Shareholders holding 5% or more voting rights:	Shares Held	Percentage
Unilever Overseas Holdings Ltd.	13,185,324	98.83

* Includes Voting Preference Shares

Financial Statements 2014

Auditors' Report to the Members

We have audited the annexed balance sheet of Unilever Pakistan Limited ("the Company") as at December 31, 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2014 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The financial statements of the Company for the year ended December 31, 2013 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those financial statements on March 17, 2014.

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Karachi
Dated: March 6, 2015

Balance Sheet

as at December 31, 2014

	Note	2014	2013
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	9,179,583	7,864,440
Intangibles - computer software	6	656,277	754,055
Long term investments	7	95,202	95,202
Long term loans	8	141,022	155,266
Long term deposits and prepayments	9	762,946	995,784
Staff retirement benefits	10	-	52,069
		10,835,030	9,916,816
Current assets			
Stores and spares	11	567,321	528,211
Stock in trade	12	5,012,258	4,335,309
Trade debts	13	972,405	855,771
Sales tax receivable		147,681	-
Loans and advances	14	260,363	150,045
Short term prepayments	15	924,594	987,273
Accrued mark up		88,736	6,781
Other receivables	16	87,240	167,133
Taxation-net	17	1,104,625	590,238
Non-current assets held for sale	18	18,096	-
Cash and bank balances	19	7,837,837	4,466,231
		17,021,156	12,086,992
Total assets		27,856,186	22,003,808

Balance Sheet

as at December 31, 2014

	Note	2014	2013
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	20	**669,477**	669,477
Reserves	21	**2,537,061**	2,388,493
		3,206,538	3,057,970
LIABILITIES			
Non-current liabilities			
Deferred taxation	22	**475,251**	520,948
Staff retirement benefits	10	**300,351**	391,281
		775,602	912,229
Current liabilities			
Trade and other payables	23	**23,286,354**	17,079,170
Accrued mark-up		**-**	951
Short term borrowings	24	**-**	375,401
Provisions	25	**587,692**	578,087
		23,874,046	18,033,609
Total liabilities		**24,649,648**	18,945,838
Total equity and liabilities		**27,856,186**	22,003,808
Contingencies and commitments	26		

The annexed notes 1 to 46 form an integral part of these financial statements.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Profit and Loss Account

for the year ended December 31, 2014

	Note	2014	2013
		(Rupees in thousand)	
Sales	27	65,704,906	60,535,320
Cost of sales	28	(39,280,878)	(36,113,538)
Gross profit		26,424,028	24,421,782
Distribution costs	29	(14,600,308)	(12,672,494)
Administrative expenses	30	(2,053,572)	(2,258,122)
Other operating expenses	31	(1,300,028)	(679,545)
Other income	32	930,116	410,936
Profit from operations		9,400,236	9,222,557
Finance cost	33	(381,287)	(317,922)
Profit before taxation		9,018,949	8,904,635
Taxation	34	(2,716,848)	(2,787,901)
Profit after taxation		6,302,101	6,116,734
Other comprehensive income:			
Items that will not be reclassified to Profit or Loss			
(Loss) on remeasurements of post employment benefit obligations	10	(15,893)	(73,117)
Impact of deferred tax		5,563	24,860
		(10,330)	(48,257)
Items that may be subsequently reclassified to Profit or Loss		-	-
Total comprehensive income		6,291,771	6,068,477

The annexed notes 1 to 46 form an integral part of these financial statements.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Cash Flow Statement

for the year ended December 31, 2014

	2014	2013
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	9,018,949	8,904,635
Adjustments for non-cash charges and other items		
Depreciation	862,770	737,038
Amortisation of intangible - computer software	107,723	182,742
Loss / (gain) on disposal of property, plant and equipment	20,300	(4,561)
Dividend income	(12)	(12)
Mark-up on short term borrowings	151,753	131,675
Provision for fixed assets to be written off	215,795	133,728
Provision for staff retirement benefits	(31,414)	47,986
Return on savings accounts and deposit accounts	(469,802)	(45,181)
	857,113	1,183,415
	9,876,062	10,088,050
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(39,110)	(106,555)
Stock in trade	(676,949)	1,908,894
Trade debts	(116,634)	162,790
Sales tax receivable	(147,681)	-
Loans and advances	(110,318)	30,958
Short term prepayments	62,679	(439,602)
Other receivables	79,893	(58,453)
	(948,120)	1,498,032
Increase / (decrease) in current liabilities		
Trade and other payables	4,317,499	3,188,590
Provisions	9,605	(36,919)
	4,327,104	3,151,671
	3,378,984	4,649,703
Cash generated from operations (carried forward)	13,255,046	14,737,753

Cash Flow Statement

for the year ended December 31, 2014

	Note	2014	2013
		(Rupees in thousand)	
Cash generated from operations (brought forward)		13,255,046	14,737,753
Mark-up on short term borrowings		(152,704)	(137,727)
Income tax paid		(3,271,369)	(2,536,898)
Staff retirement benefits contribution paid		(23,340)	(15,048)
Decrease / (increase) in long term loans		14,244	(19,680)
Decrease / (increase) in long term deposits and prepayments		232,838	(975,714)
Net cash from operating activities		10,054,715	11,052,686
Cash used in investing activities			
Purchase of property, plant and equipment		(2,464,115)	(1,547,803)
Proceeds on disposal of property, plant and equipment		32,012	42,937
Purchase of intangible		(9,944)	-
Return on savings accounts and deposit accounts		387,847	38,400
Dividend received		12	12
Net cash used in investing activities		(2,054,188)	(1,466,454)
Cash used in financing activities			
Dividends paid		(4,253,520)	(6,079,948)
Net increase in cash and cash equivalents		3,747,007	3,506,284
Cash and cash equivalents at beginning of the year		4,090,830	584,546
Cash and cash equivalents at end of the year	35	7,837,837	4,090,830

The annexed notes 1 to 46 form an integral part of these financial statements.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Statement of Changes in Equity

for the year ended December 31, 2014

	SHARE CAPITAL	RESERVES				TOTAL
		CAPITAL		REVENUE	SUB TOTAL	
	Issued, subscribed and paid up capital	Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
	(Rupees in thousand)					
Balance as at January 1, 2013	669,477	70,929	321,471	4,215,120	4,607,520	5,276,997
Total comprehensive income for the year ended December 31, 2013						
- Profit for the year ended December 31, 2013	-	-	-	6,116,734	6,116,734	6,116,734
- Other comprehensive income for the year ended December 31, 2013	-	-	-	(48,257)	(48,257)	(48,257)
	-	-	-	6,068,477	6,068,477	6,068,477
Transactions with owners of the Company						
Dividend for the year ended December 31, 2012						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 283 per share	-	-	-	(3,762,165)	(3,762,165)	(3,762,165)
Dividend for the year ended December 31, 2013						
- First interim dividend on ordinary shares @ Rs. 51.24 per share	-	-	-	(681,178)	(681,178)	(681,178)
- Second interim dividend on ordinary shares @ Rs. 123.25 per share	-	-	-	(1,638,469)	(1,638,469)	(1,638,469)
- Third interim dividend on ordinary shares @ Rs. 165.90 per share	-	-	-	(2,205,453)	(2,205,453)	(2,205,453)
Balance as at December 31, 2013	669,477	70,929	321,471	1,996,093	2,388,493	3,057,970
Total comprehensive income for the year ended December 31, 2014						
- Profit for the year ended December 31, 2014	-	-	-	6,302,101	6,302,101	6,302,101
- Other comprehensive income for the year ended December 31, 2014	-	-	-	(10,330)	(10,330)	(10,330)
	-	-	-	6,291,771	6,291,771	6,291,771
Transactions with owners of the Company						
Dividend for the year ended December 31, 2013						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 116.09 per share	-	-	-	(1,543,285)	(1,543,285)	(1,543,285)
Dividend for the year ended December 31, 2014						
- First interim dividend on ordinary shares @ Rs. 346 per share	-	-	-	(4,599,679)	(4,599,679)	(4,599,679)
Balance as at December 31, 2014	**669,477**	**70,929**	**321,471**	**2,144,661**	**2,537,061**	**3,206,538**

The annexed notes 1 to 46 form an integral part of these financial statements.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2014

1. THE COMPANY AND ITS OPERATIONS

Unilever Pakistan Limited ("the Company") is a public unlisted company incorporated in Pakistan under the Companies Ordinance, 1984. The Company manufactures and markets home and personal care products, beverages, ice cream and spreads. The registered office of the Company is situated at Avari Plaza, Fatima Jinnah Road, Karachi.

The Company is a subsidiary of Unilever Overseas Holdings Limited, UK, whereas its ultimate parent company is Unilever PLC, UK.

The ordinary shares of the Company stand delisted from the Karachi Stock Exchange with effect from September 13, 2013, and from the Islamabad and Lahore stock exchanges with effect from September 30, 2013.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards which became effective during the year but are not relevant to the Company

The following new or amended standards became effective during the year which are considered not to be relevant to the Company's financial statements:

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32).

- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36).

- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39).

- IFRIC 21 Levies.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are no new standards, amendments to existing approved accounting standards and new interpretations that are not yet effective that would be expected to have a material impact on the financial statements of the Company.

2.3 Measurement basis

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Unilever group comprising the Company and its subsidiaries M/s Lever Chemicals (Pvt.) Limited, M/s Lever Associated Pakistan Trust (Pvt.) Limited and M/s Sadiq (Pvt.) Limited, have not been prepared in view of exemption granted by the Securities & Exchange Commission of Pakistan (the SECP) vide its letter No. CLD/RD/Co.237 11/2007 dated December 22, 2014 from the requirement of Section 237 of the Companies Ordinance, 1984 (the Ordinance).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses except capital work in progress which is stated at cost. Depreciation is calculated using the straight-line method to charge off their cost excluding residual value, if not insignificant, over their estimated useful lives. Depreciation on additions is charged from the month in which asset is available for use and on disposals up to the month of deletion.

The Company accounts for impairment, where indication exists, by reducing assets' carrying value to the assessed recoverable amount.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred; also individual assets costing up to Rs. 10,000 are charged to income. Major renewals and improvements are capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are recognised in the profit and loss account.

3.2 Intangible assets

Intangible assets having definite useful life are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.3 Investments

All investments are initially measured at cost, which is the fair value of the consideration given. These investments are subsequently measured at fair value, amortised cost or cost, as the case may be.

i) In subsidiaries

These are stated at cost.

ii) In unlisted entity not being subsidiary

These are valued at cost and are classified under investment available-for-sale.

iii) Derivatives

Derivatives are initially recognised at fair value. Any directly attributable transaction costs are recognised in the profit and loss account as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss account.

3.4 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

3.4.1 Current

Provision for the current taxation is based on taxability of certain income streams of the Company under presumptive tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime, after taking into account tax credits and tax rebates available, if any.

3.4.2 Deferred

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit at the time of the transaction. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.5 Staff retirement benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution plans.

3.5.1 Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

i) Provident Fund

The Company operates an approved contributory provident fund for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 6% per annum of the gross salary and 10% of basic salary plus cost of living allowance in respect of management employees and unionised staff respectively.

ii) DC Pension Fund

The Company has established a defined contribution plan - DC Pension Fund for the following management employees:

a) permanent employees who joined on or after January 1, 2009; and

b) permanent employees who joined on or before December 31, 2008 and opted for DC Pension plan in lieu of future benefits under the existing pension, management gratuity and pensioners' medical plans.

Contributions are made by the Company to the plan at the rate of 9% per annum of the base salary.

3.5.2 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bonds. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Company operates the following schemes:

i) Funded pension scheme for management employees of the Company. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2014, using the 'Projected Unit Credit Method'.

ii) Funded gratuity scheme for management employees of the Company. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2014, using the 'Projected Unit Credit Method'.

iii) Funded gratuity scheme for non-management employees of the Company. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2014, using the 'Projected Unit Credit Method'.

iv) Pensioners' medical plan, which is a book reserve plan. The plan reimburses actual medical expenses as defined in the plan.

The defined benefit plans (i), (ii) and (iv) above are available only to those management employees who joined on or before December 31, 2008 and not opted for DC Pension scheme.

The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Past-service costs are recognised immediately in income.

The Company also provides long term service awards for staff completing specified years of service.

3.6 Stores and spares

These are valued at average cost less impairment loss except for items in transit which are stated at invoice value plus other charges incurred thereon till the balance sheet date. Cost comprises invoice value and other direct costs but excludes borrowing costs. Provision is made for obsolete / slow moving items where necessary and is recognised in the profit and loss account.

3.7 Stock in trade

Stock in trade is valued at the lower of cost and net realisable value. Cost is determined using the weighted average method except for those in transit where it represents invoice value and other charges paid thereon. Cost of work in process and finished goods include cost of raw and packing materials, direct labour and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale. Provision is made for obsolete / slow moving stocks where necessary and recognised in the profit and loss account.

3.8 Trade and other receivables

Trade and other receivables are initially recognised at fair value of consideration receivable. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

3.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current and savings accounts, deposit accounts with maturities of three months or less and short term finance.

3.10 Impairment

3.10.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Company considers evidence of impairment for receivable and other financial assets at specific asset levels. Losses are recognised as an expense in the profit and loss account. When a subsequent event causes the amount of impairment loss to decrease, this reduction is reversed through the profit and loss account.

3.10.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised as an expense in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessment of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3.11 Ijarah

Ujrah payments made under Ijarah contracts are charged to the profit and loss account on a straight-line basis over the Ijarah term.

3.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.13 Borrowings and their cost

Borrowings are recorded initially at fair value, net of transaction cost incurred.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that qualifying asset.

3.14 Provisions

Provisions, if any, are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Restructuring cost provisions comprise staff redundancy payments, relocation and dismantling of factory, and are recognised in the period in which the Company becomes legally or constructively committed to incur.

3.15 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

3.16 Foreign currency transactions and translation

Transactions denominated in foreign currencies are translated to Pakistan Rupees at the exchange rate ruling at the date of transaction.

Monetary assets and liabilities in foreign currencies at Balance Sheet date are translated into Pakistan Rupees at exchange rates ruling on that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

3.17 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousands of Rupees.

3.18 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- sale of goods is recognised when significant risks and rewards are transferred.

- dividend income is recognised when the Company's right to receive the payment is established; and

- return on savings accounts and deposit accounts is recognised on time proportion basis, taking effect of the effective interest rate.

3.19 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividend is approved.

3.20 Share based payment

The cost of awarding shares of group companies to employees is reflected by recording a charge in the profit and loss account equivalent to the fair value of shares over the vesting period. The corresponding liability created is reflected in the trade and other payables.

3.21 Offsetting

Monetary assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.22 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment, are no longer amortised or depreciated.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

ii) Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 10 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

iii) Provisions

Provisions are considered, among others, for legal matters, disputed indirect taxes, employee termination cost and restructuring where a legal or constructive obligation exists at the balance sheet date and reliable estimate can be made of the likely outcome. The nature of these costs is such that judgement is involved in estimating the timing and amount of cash flows.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

No critical judgement has been used in applying accounting policies.

5. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	(Rupees in thousand)	
Operating assets - at net book value -note 5.1	**7,868,343**	6,577,072
Capital work in progress - at cost - note 5.2	**1,311,240**	1,287,368
	9,179,583	7,864,440

5.1 Operating assets

	Land		Buildings		Plant and machinery	Electrical, mechanical and office equipment	Furniture and fittings	Motor vehicles	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land					
	(Rupees in thousand)								
Net carrying value basis									
Year ended December 31, 2014									
Opening net book value (NBV)	25,575	217	727,150	24,546	5,267,343	422,276	41,770	68,195	6,577,072
Additions (at cost)	-	-	216,256	144,324	2,070,370	-	9,293	-	2,440,243
Disposals (at NBV)	-	-	-	(20)	(14,896)	-	(18)	(24,897)	(39,831)
Assets written off (at NBV)	-	-	(86)	-	(6,126)	(4,586)	(1,682)	-	(12,480)
Provision for fixed assets to be written off	-	-	-	(41,510)	(94,002)	-	(214)	20	(135,706)
Transfer to Held for Sale (NBV)	-	-	-	(3,792)	(94,308)	-	(85)	-	(98,185)
Depreciation charge	-	(4)	(25,612)	(3,903)	(787,916)	(28,356)	(4,928)	(12,051)	(862,770)
Closing net book value (NBV)	25,575	213	917,708	119,645	6,340,465	389,334	44,136	31,267	7,868,343
Gross carrying value basis									
At December 31, 2014									
Cost	25,575	529	1,191,179	202,881	11,173,405	524,440	79,223	82,092	13,279,324
Provision for fixed assets to be written off	-	-	(2,286)	(41,861)	(212,267)	(10,536)	(2,504)	20	(269,434)
Accumulated depreciation	-	(316)	(271,185)	(41,375)	(4,620,673)	(124,570)	(32,583)	(50,845)	(5,141,547)
Net book value (NBV)	25,575	213	917,708	119,645	6,340,465	389,334	44,136	31,267	7,868,343
Net carrying value basis									
Year ended December 31, 2013									
Opening net book value (NBV)	25,575	221	579,809	25,177	4,842,935	449,234	24,237	81,827	6,029,015
Additions (at cost)	-	-	169,455	2,105	1,252,552	10,293	22,780	14	1,457,199
Disposals (at NBV)	-	-	-	(1,593)	(36,761)	-	(3)	(19)	(38,376)
Provision for fixed assets to be written off	-	-	(2,286)	(351)	(118,265)	(10,536)	(2,290)	-	(133,728)
Depreciation charge	-	(4)	(19,828)	(792)	(673,118)	(26,715)	(2,954)	(13,627)	(737,038)
Closing net book value (NBV)	**25,575**	**217**	**727,150**	**24,546**	**5,267,343**	**422,276**	**41,770**	**68,195**	**6,577,072**
Gross carrying value basis									
At December 31, 2013									
Cost	25,575	529	951,728	87,096	9,056,533	828,754	74,186	125,738	11,150,139
Provision for fixed assets to be written off	-	-	(2,286)	(351)	(118,265)	(10,536)	(2,290)	-	(133,728)
Accumulated depreciation	-	(312)	(222,292)	(62,199)	(3,670,925)	(395,942)	(30,126)	(57,543)	(4,439,339)
Net book value (NBV)	**25,575**	**217**	**727,150**	**24,546**	**5,267,343**	**422,276**	**41,770**	**68,195**	**6,577,072**
Depreciation rate % per annum	-	1.05	2.5	2.5	7 to 33	7 to 25	7	20 to 25	

	2014	2013
	(Rupees in thousand)	
5.2 Capital Work in Progress – at cost		
Civil works	2,108	26,608
Plant and machinery	1,309,132	1,260,760
	1,311,240	1,287,368

6. INTANGIBLES - Computer Software

	2014	2013
Net carrying value basis		
Opening net book value (NBV)	754,055	936,797
Additions during the year (at cost)	9,944	-
Amortisation charge	(107,722)	(182,742)
Closing net book value (NBV)	656,277	754,055
Gross carrying value basis		
Cost	1,266,276	1,266,276
Additions	9,944	-
Accumulated amortisation	(619,943)	(512,221)
Net book value (NBV)	656,277	754,055
Remaining useful life in years	6.00	7.00

7. LONG TERM INVESTMENTS

	2014	2013
Investments in related parties		
In unquoted wholly owned subsidiary companies - at cost		
Lever Chemicals (Private) Limited		
9,500,000 fully paid ordinary shares of Rs. 10 each	95,000	95,000
Levers Associated Pakistan Trust (Private) Limited		
100 fully paid ordinary shares of Rs. 10 each	1	1
Sadiq (Private) Limited		
100 fully paid ordinary shares of Rs. 10 each	1	1
Investment available for sale - at cost		
Futehally Chemicals (Private) Limited		
2,000 6% redeemable cumulative preference shares of Rs. 100 each	200	200
	95,202	95,202

8. LONG TERM LOANS - considered good

	2014	2013
	(Rupees in thousand)	
Executives } Note 8.1	201,419	207,648
Other employees } Note 8.1	-	8,752
	201,419	216,400
Recoverable within one year- note 14	(60,397)	(61,134)
Long term portion	141,022	155,266

8.1 The above loans under the terms of employment have been given interest free to facilitate purchase of houses, vehicles and computers repayable in monthly installments over a period of three to five years. These loans are secured against retirement benefits of the employees.

9. LONG TERM DEPOSITS AND PREPAYMENTS

	2014	2013
	(Rupees in thousand)	
Security deposits	23,394	13,649
Prepaid rent - Note 9.1	742,477	985,060
	765,871	998,709
Less: Provision for doubtful deposits	(2,925)	(2,925)
	762,946	995,784

9.1 This includes advance rent paid for a period of five years for Head Office premises.

10. STAFF RETIREMENT BENEFITS

10.1 As stated in note 3.5.2, the Company operates four defined benefit plans (The Plans) namely approved funded defined benefit pension scheme for management employees, approved funded defined benefit gratuity scheme for management employees, approved funded defined benefit pension scheme for non-management employees and unfunded medical scheme for members of its pension fund subject to minimum service of prescribed period in the respective trust deed. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at December 31, 2014.

10.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, Companies Ordinance, 1984, Income Tax Rules, 2002 and Rules under the trust deed of The Plans. Responsibility for governance of The Plans, including investment decisions and contribution schedules lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

10.3 The latest actuarial valuation of the Fund as at December 31, 2014 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	Pension Fund		Gratuity Funds				Pensioners' Medical Plan	
			Management Staff Gratuity Fund		Non - Management Staff Gratuity Fund			
	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)							
10.4 Balance sheet reconciliation								
Fair value of plan assets	(133,873)	(376,995)	4,139	96,929	(58,186)	(57,342)	-	-
Present value of defined benefit obligations	144,065	324,926	8,649	27,826	71,543	75,386	264,014	248,482
Recognised liability / (asset)	10,192	(52,069)	12,788	124,755	13,357	18,044	264,014	248,482
10.5 Movement in the fair value of plan assets								
Fair value as at January 1	376,995	1,875,133	(96,929)	17,151	57,342	57,005		
Interest Income	50,659	199,788	(162)	(4,671)	6,195	6,328		
Remeasurement	(20,842)	(108,342)	203	2,666	3,180	(630)		
Employer contributions	-	-	-	-	8,977	-		
Transferred to DC Pension Fund	(23,695)	(172,882)	(18,062)	(110,913)	-	-		
Inter fund transfer	(122,357)	(58,914)	122,357	58,914	-	-		
Benefits paid	(126,887)	(1,357,788)	(11,546)	(60,076)	(17,508)	(5,361)		
Fair value as at December 31	133,873	376,995	(4,139)	(96,929)	58,186	57,342		
10.6 Movement in the present value of defined benefit obligations								
Obligation as at January 1	324,926	1,706,321	27,826	179,575	75,386	63,314	248,482	233,236
Current service cost	400	8,711	435	6,727	7,192	5,870	544	732
Interest cost	17,507	180,375	3,680	14,007	8,496	7,052	30,766	25,957
Past service cost and curtailment	(43,994)	-	252	-	-	-	-	-
Transferred to DC Pension Fund	(23,695)	(172,882)	(18,062)	(110,913)	-	-	-	-
Inter fund transfer	(6,276)	-	6,276	-	-	-	-	-
Remeasurement	2,084	(39,811)	(212)	(1,494)	(2,023)	4,511	(1,415)	3,605
Benefits paid	(126,887)	(1,357,788)	(11,546)	(60,076)	(17,508)	(5,361)	(14,363)	(15,048)
Obligation as at December 31	144,065	324,926	8,649	27,826	71,543	75,386	264,014	248,482
10.7 (Income) / expense recognised in profit and loss account								
Current service cost	400	8,711	435	6,727	7,192	5,870	544	732
Interest (income) / cost	(33,152)	(19,413)	3,842	18,678	2,301	724	30,766	25,957
Settlement and curtailment	(43,994)	-	252	-	-	-	-	-
(Income) / expense for the year	(76,746)	(10,702)	4,529	25,405	9,493	6,594	31,310	26,689
10.8 Remeasurements recognised in Other Comprehensive Income								
Experience losses / (gain)	2,084	(39,811)	(212)	(1,494)	(2,023)	4,511	(1,415)	3,605
Remeasurement of fair value of plan assets	20,842	108,342	(203)	(2,666)	(3,180)	630	-	-
Remeasurements	22,926	68,531	(415)	(4,160)	(5,203)	5,141	(1,415)	3,605

	Pension Fund		Gratuity Funds				Pensioners' Medical Plan	
			Management Staff Gratuity Fund		Non - Management Staff Gratuity Fund			
	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)							
10.9 Net recognised liability / (asset)								
Net (asset) / liability at beginning of the year	(52,069)	(168,812)	124,755	162,424	18,044	6,309	248,482	233,236
(Income) / Charge for the year	(76,746)	(10,702)	4,529	25,405	9,493	6,594	31,310	26,689
Inter fund transfer	116,081	58,914	(116,081)	(58,914)	-	-	-	-
Employer contributions	-	-	-	-	(8,977)	-	(14,363)	(15,048)
Remeasurements recognised in Other Comprehensive Income	22,926	68,531	(415)	(4,160)	(5,203)	5,141	(1,415)	3,605
Recognised liability / (asset) as at December 31	10,192	(52,069)	12,788	124,755	13,357	18,044	264,014	248,482
10.10 Plan assets comprise of following:								
Government bonds	127,736	-	-	-	35,755	33,792		
National Saving Certificates	-	417,742	-	-	23,119	21,534		
Shares	-	-	-	-	6,411	6,818		
Cash at bank	9,887	738,586	730	688	11,287	528		
Benefits due	(1,537)	(593,793)	-	(1,368)	-	(1,375)		
Due to DC Pension Fund	-	(171,132)	-	(104,295)	-	-		
Due (to) / from Company	(2,213)	(14,408)	(4,869)	8,046	(18,386)	(3,955)		
Total as at December 31	133,873	376,995	(4,139)	(96,929)	58,186	57,342		

10.11 Mortality was assumed to be 70% of the EFU (61-66) Table.

10.12 Principal actuarial assumptions used are as follows:

	2014	2013
Discount rate & expected return on plan assets	11.00%	12.75%
Future salary increases	8.50%	10.25%
Future pension increases	0.90%	0.00%
Medical cost trend rates	5.75%	7.50%

10.13 In case of the funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the Retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2014 consists of government bonds and term deposits. The Company believes that government bonds offer the best return over the long term with an acceptable level of risk.

10.14 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The Company's contribution to the pension and gratuity funds in 2015 is expected to amount to Rs. 18.7 million.

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the pension and gratuity funds according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

Figures in this note are based on the latest actuarial valuation carried out as at December 31, 2014.

10.15 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption (Percentage)	Increase in assumption (Rupees in thousand)	Decrease in assumption
Discount rate at December 31	1.00	(34,761)	40,403
Future salary increases	1.00	10,238	(8,729)
Future pension increases	1.00	6,183	(5,804)

If longevity increases by 1 year, obligation increases by Rs. 19.2 million.

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

The effects of a 1% movement in the assumed medical cost trend rate are as follows:

	Increase (Rupees in thousand)	Decrease
Effect on the defined benefit obligations	25,280	(22,010)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

10.16 Comparison for five years:

	2014	2013	2012	2011	2010
	(Rupees in thousand)				
As at December 31					
Fair value of plan assets	187,920	337,408	1,949,290	1,748,191	1,691,542
Present value of defined benefit obligations	(488,271)	(676,620)	(2,182,447)	(2,247,003)	(2,099,508)
Deficit	(300,351)	(339,212)	(233,157)	(498,812)	(407,966)

Experience adjustments

(Loss) / gain on plan assets (as percentage of plan assets)	(9.3)	(32.0)	8.0	1.3	6.6
(Gain) / loss on obligations (as percentage of plan obligations)	(0.3)	(4.9)	(0.9)	(0.1)	0.03

10.17 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Fund, at the beginning of the period, for returns over the entire life of related obligation.

10.18 During the year, the Company contributed Rs. 59.83 million (2013: Rs. 64.71 million) to the provident fund and Rs. 95.36 million (2013: 82.79 million) to the DC pension fund.

10.19 The weighted average duration of the defined benefit obligation is 9.2 years.

Expected maturity analysis of undiscounted retirement benefit plans:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	(Rupees in thousand)				
Retirement benefit plans	74,960	44,536	143,562	254,893	517,951

11. STORES AND SPARES

	2014	2013
	(Rupees in thousand)	
Stores (including in transit Rs. 17.3 million; 2013: Rs. 21.6 million)	145,818	142,257
Spares (including in transit Rs. 1.7 million; 2013: Rs. 20 million)	525,536	464,653
	671,354	606,910
Provision for slow moving and obsolete stores and spares	(104,033)	(78,699)
	567,321	528,211

11.1 The Company has charged provision of Rs. 25.3 million (2013: charge of Rs. 39.09 million) for obsolescence.

12. STOCK IN TRADE

	2014	2013
	(Rupees in thousand)	
Raw and packing materials at cost (including in transit Rs. 530 million; 2013: Rs. 421 million)	2,925,622	2,263,347
Provision for obsolescence	(178,911)	(109,859)
	2,746,711	2,153,488
Work in process	298,984	243,838
Finished goods (including in transit Rs. 38 million; 2013: Rs. 38 million)	2,072,607	2,107,140
Provision for obsolescence	(106,044)	(169,157)
	1,966,563	1,937,983
	5,012,258	4,335,309

12.1 Stock in trade includes Rs. 3.23 billion (2013: Rs. 1.01 billion) held with third parties.

12.2 The above balances include items costing Rs. 73.81 million (2013: Rs. 1.32 billion) valued at net realisable value of Rs. 13.22 million (2013: Rs. 1.04 billion).

12.3 The Company made a provision of Rs. 203.57 million for obsolescence (2013: Rs. 157.28 million) and has written off inventory amounting to Rs. 197.63 million (2013: Rs. 81.64 million) by utilising the provision during the year.

13. TRADE DEBTS

	2014	2013
	(Rupees in thousand)	
Considered good	972,405	855,771
Considered doubtful	47,802	46,486
	1,020,207	902,257
Provision for doubtful debts - note 13.1	(47,802)	(46,486)
	972,405	855,771

13.1 The Company made a provision of Rs. 3.42 million (2013: Rs. 13.02 million) and has written off debts by utilising the provision amounting to Rs. 2.10 million (2013: Nil) during the year.

13.2 As of December 31, 2014, trade debts of Rs. 120.39 million (2013: Rs. 34.30 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2014	2013
	(Rupees in thousand)	
Up to 3 months	119,816	22,427
3 to 6 months	569	2,132
More than 6 months	-	9,737
	120,385	34,296

14. LOANS AND ADVANCES

	2014	2013
Considered good		
Current portion of loans to employees - note 8	60,397	61,134
Advances to:		
Executives - note 14.1	103,972	65,226
Suppliers and others	95,993	23,685
	260,362	150,045
Considered doubtful		
Advances to suppliers and others	5,145	2,610
	265,507	152,655
Provision for doubtful advances to suppliers and others	(5,144)	(2,610)
	260,363	150,045

14.1 The advances to executives are given to meet business expenses and are settled as and when the expenses are incurred.

15. SHORT TERM PREPAYMENTS

	2014	2013
	(Rupees in thousand)	
Trade and margin deposits	44,405	26,380
Prepayments		
- Rent - note 9.1	315,463	232,581
- Advertisement - note 15.1	421,195	517,738
- Others	143,531	210,574
	924,594	987,273

15.1 This includes media bulk discount on airing TV Commercials amounting to Rs. 387 million (2013: Rs. 397 million).

	2014	2013
	(Rupees in thousand)	

16. OTHER RECEIVABLES

	2014	2013
Receivable from related parties		
Defined contribution plans	-	17,652
Defined benefit plans	-	45,193
Associated undertakings	95,066	56,236
Others	6,108	61,986
	101,174	181,067
Provision for doubtful receivables	(13,934)	(13,934)
	87,240	167,133

17. TAXATION-NET

	2014	2013
Taxation - amount paid under protest	23,683	66,529
Taxation - payments less provision	1,080,942	523,709
	1,104,625	590,238

18. NON-CURRENT ASSETS HELD FOR SALE

During the year, certain assets (plant etc.) held with third party were classified as held for sale due to discontinuation of production. Efforts to sell the assets have started and the sale is expected to be completed within 2015. Assets were recorded at fair value less cost to sell by bringing the carrying value down by Rs. 80 million.

19. CASH AND BANK BALANCES

	2014	2013
	(Rupees in thousand)	
With banks on:		
current accounts	345,980	1,161
savings accounts - note 19.1	7,491,085	2,564,124
deposit accounts - note 19.2	-	1,900,000
In hand:		
cash	772	946
	7,837,837	4,466,231

19.1 Mark-up on savings accounts was at the rates ranging from 6.5% to 9.2% per annum (2013: 5% to 9% per annum).

19.2 Term deposits carry mark-up ranging from 8.8% to 9.2% per annum (2013: 8.2% to 9.2% per annum).

20. SHARE CAPITAL

		2014	2013
		(Rupees in thousand)	
Authorised share capital			
47,835	5% cumulative preference shares of Rs. 100 each	4,783	4,783
15,904,330	Ordinary shares of Rs. 50 each	795,217	795,217
		800,000	800,000
Issued, subscribed and paid up capital			
5% cumulative preference shares of Rs. 100 each			
	Shares allotted:		
43,835	for consideration paid in cash	4,383	4,383
4,000	for acquisition of an undertaking	400	400
47,835		4,783	4,783
Ordinary shares of Rs. 50 each			
	Shares allotted:		
467,704	for consideration paid in cash	23,385	23,385
4,979,208	for consideration other than cash under schemes of arrangements for amalgamations	248,961	248,961
7,846,957	as bonus shares	392,348	392,348
13,293,869		664,694	664,694
		669,477	669,477

At December 31, 2014, Unilever Overseas Holdings Limited, UK, a wholly owned subsidiary of Unilever PLC, UK held 13,151,589 ordinary shares (2013: 12,990,427 ordinary shares) and 33,735 preference shares (2013: 33,735 preference shares) of Unilever Pakistan Limited.

21. RESERVES

	2014	2013
	(Rupees in thousand)	
Capital reserves		
Arising under schemes of arrangements for amalgamations - note 21.1	70,929	70,929
Contingency - note 26.1.1	321,471	321,471
	392,400	392,400
Revenue reserve		
Unappropriated profit	2,144,661	1,996,093
	2,537,061	2,388,493

21.1 This represents amounts of Rs. 18.36 million and Rs. 52.57 million that arose under schemes of arrangement for amalgamations of former Mehran International (Private) Limited, former Ambrosia International Limited and former Pakistan Industrial Promoters (Private) Limited with the Company.

22. DEFERRED TAXATION

	2014	2013
	(Rupees in thousand)	
Credit balance arising in respect of:		
- accelerated tax depreciation allowances	1,228,602	1,176,406
	1,228,602	1,176,406
Debit balance arising in respect of:		
- provision for retirement benefits	(105,123)	(112,440)
- share-based compensation	(71,467)	(63,731)
- provision for stock in trade and stores and spares	(136,146)	(138,715)
- provision for doubtful debts, advances and other receivables	(16,731)	(15,764)
- provision for property, plant and equipment	(94,302)	(2,350)
- provision for restructuring	(15,254)	(60,913)
- provision for cess and marking fee	(272,688)	(235,478)
- others	(41,640)	(26,067)
	(753,351)	(655,458)
	475,251	520,948

23. TRADE AND OTHER PAYABLES

	2014	2013
Creditors	1,402,976	878,952
Bills payable - note 23.1	4,678,269	2,932,809
Accrued liabilities	8,348,125	7,584,246
Dividend payable - note 23.2	4,095,136	2,205,453
Unclaimed dividend	344,564	185,208
Royalty and technical services fee	2,743,455	1,471,231
Advance payment from customers	141,539	150,940
Sales tax payable	-	391,997
Sindh Sales tax on services	24,587	147,123
Punjab Sales tax on services	78,685	-
Workers' Welfare Fund	207,708	191,844
Workers' Profits Participation Fund - note 23.3	484,650	478,762
Security deposits from dealers - note 23.4	24,217	24,217
Liability for share-based compensation plans - note 23.5	204,192	188,628
Withholding tax payable	500,149	238,510
Others	8,102	9,250
	23,286,354	17,079,170

23.1 Bills payable includes Rs. 2.12 billion (2013: Rs. 1.29 billion) in relation to inland letters of credit under vendor financing arrangements which includes interest cost as per Company's negotiated rates.

23.2 The amount represents dividend declared for the third quarter ended September 30, 2014.

23.3 Workers' Profits Participation Fund

	2014	2013
	(Rupees in thousand)	
Balance as at January 1	**478,762**	(7,280)
Allocation for the year	**484,892**	478,762
	963,654	471,482
Amount (paid to) / received from the trustees	**(479,004)**	7,280
Balance as at December 31	**484,650**	478,762

23.4 This represents security deposits obtained by former Pakistan Industrial Promoters (Private) Limited against freezer cabinets placed with dealers.

23.5 Share-based compensation plans

As at December 31, 2014, Company had share-based compensation plans in the form of performance shares.

Performance share awards are made under the Management Co-Investment Plan (MCIP) and the Global Share Incentive Plan (GSIP). The MCIP allows Company's eligible managers to invest up to 60% of their annual bonus in shares in Unilever NV and Unilever PLC and to receive a corresponding award of performance-related shares. Under GSIP, the Company's eligible managers receive annual awards of Unilever NV and Unilever PLC shares. The awards of both plans will vest after three years depending on the satisfaction of performance conditions.

The performance conditions of both MCIP and GSIP are underlying sales growth, operating cash flow and underlying operating margin improvement.

A summary of the status of the Performance Share Plans as at December 31, 2014 and 2013 and changes during the years ended on these dates is presented below:

	2014	2013
	(Number of shares)	
Outstanding at January 1	**68,286**	60,474
Awarded	**20,155**	20,781
Vested	**(16,723)**	(10,665)
Forfeited	**(1,337)**	(2,304)
Outstanding at December 31	**70,381**	68,286

Share price at grant date

	2014	2013
Unilever NV	**€ 32.22**	€ 28.83
Unilever PLC	**£ 26.06**	£ 24.36

The Company has treated these share-based plans as cash settled in view of obligation of the Company.

23.6 Amounts due to related parties included in trade and other payables are as follows:

	2014	2013
	(Number of shares)	
Ultimate parent company	6,511,496	831,659
Associated companies	372,543	1,201,388
Subsidiaries	2	2

24. SHORT TERM BORROWINGS

Running finance under mark-up arrangements - secured

The facilities for running finance available from various banks amount to Rs. 7.875 billion (2013: Rs. 9.625 billion). The rates of mark-up range between KIBOR to KIBOR + 1% per annum (2013: KIBOR to KIBOR + 1% per annum).

The arrangements are secured by way of pari-passu charge against hypothecation of Company's stock in trade.

The facilities for opening letters of credit and guarantees as at December 31, 2014 amounted to Rs. 17.25 billion (2013: Rs. 18.775 billion), of which the amount remaining unutilised at the year end was Rs. 9.557 billion (2013: Rs. 13.426 billion).

25. PROVISIONS

	2014	2013
	(Rupees in thousand)	
Sindh Infrastructure Cess - note 25.1 & note 26.1.1	507,213	424,695
PSI marking fee - note 25.2	36,896	37,250
Restructuring - note 25.3	43,583	116,142
	587,692	578,087

25.1 Sindh Infrastructure Cess

	2014	2013
Balance as at January 1	424,695	487,564
Charge for the year	170,079	91,643
Reversal	-	(108,690)
Payments made	(87,561)	(45,822)
Balance as at December 31	507,213	424,695

25.2 PSI marking fee

	2014	2013
Balance as at January 1	37,250	36,547
Provision during the year	8,801	7,871
Utilised during the year	(9,155)	(7,168)
Balance as at December 31	36,896	37,250

	2014	2013
	(Rupees in thousand)	
25.3 Restructuring		
Balance as at January 1	**116,142**	90,895
Provision during the year	**645,071**	204,617
Utilised during the year	**(717,630)**	(179,370)
Balance as at December 31	**43,583**	116,142

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Government of Sindh through the Finance Act, 1994 levied fee for services rendered in respect of development and maintenance of infrastructure on the import and export of goods. However, the Company filed a constitutional petition against the levy of such fee in the High Court of Sindh and the Court granted stay for the payment of the fee. During the year 2001, the Government of Sindh introduced Cess in place of infrastructure fee with retrospective effect. As a result, Unilever's petition became infructuous and a fresh suit was filed by Unilever to challenge the levy. A stay against recovery of the aforesaid levy of Cess was also obtained from the Court. In 2003, the High Court of Sindh decided the issue against the Company. Against this order an intra court appeal was filed with the High Court of Sindh. The appeal was disposed off in August 2008, whereby the levy imposed and collected with effect from December 28, 2006 was declared valid and all imposition and collection before such date as invalid. The Court further ordered that all bank guarantees / securities furnished for transactions before December 28, 2006 stand discharged and are liable to be returned back and those furnished in respect of transactions after December 28, 2006 are liable to be encashed. The Company as well as the Government of Sindh filed appeals in the Supreme Court of Pakistan against the said order. The appeals were heard by the Supreme Court in May 2011, and it was noted that the Government of Sindh had again enacted Infrastructure Fee through Act of 2009 with retrospective effect which had not been challenged in the last appeals. Accordingly, the Supreme Court allowed the petitioners to file fresh petitions at the High Court of Sindh. Accordingly, fresh petition was filed by the Company in the High Court of Sindh in May 2011. A provision amounting to Rs. 995.26 million concerning the levy with respect from December 28, 2006 has been recognised in the financial statements. Moreover, the Company has paid an amount of Rs. 488.061 million under protest against the said order.

As a matter of prudence, a total of Rs. 321.47 million as at December 31, 2014 (2013: Rs. 321.47 million) out of the revenue reserves has been earmarked as contingency reserve for the levy uptill December 2006.

26.1.2 The Deputy Commissioner Inland Revenue while passing amended assessment orders for tax years 2006 through 2012 and has disallowed certain claimed expenditures resulting in exposure of Rs. 546 million.

The management has contested these matters at various appellate forums and believes that the ultimate decision will be in favour of the Company.

26.2 Commitments

26.2.1 Aggregate commitments outstanding for capital expenditures as at December 31, 2014 amounted to Rs. 996.36 million (2013: Rs. 567.76 million).

26.2.2 Commitments for rentals under operating lease agreements / Ijarah contracts as at December 31, 2014 are as follows:

	2014	2013
	(Rupees in thousand)	
Not later than one year	**150,454**	174,746
Over one year to five years	**270,231**	334,347
	420,685	509,093

27. SALES

	2014	2013
Gross sales	**87,181,381**	79,582,887
Sales tax	**(13,289,085)**	(11,837,364)
	73,892,296	67,745,523
Rebates and allowances	**(8,187,390)**	(7,210,203)
	65,704,906	60,535,320

Sales to domestic customers in Pakistan are 99.60% (2013: 99.63%) and to customers outside Pakistan are 0.40% (2013: 0.37%) of the revenue during the year.

The Company's customer base is diverse with no single customer accounting for more than 10% of net revenue.

28. COST OF SALES

	2014	2013
	(Rupees in thousand)	
Raw and packing materials consumed	**32,749,454**	29,799,596
Manufacturing charges paid to third parties	**1,240,919**	1,067,775
Stores and spares consumed	**231,592**	171,715
Staff costs - note 28.1	**2,216,384**	2,007,195
Provision for restructuring	**619,488**	106,586
Provision of fixed assets to be written off	**237,039**	120,444
Utilities	**754,362**	767,652
Depreciation	**819,496**	683,671
Repairs and maintenance	**213,272**	303,146
Rent, rates and taxes	**24,994**	27,334
Ujrah payments	**16,500**	17,180
Amortisation of computer software	**57,955**	98,316
Travelling and entertainment	**53,179**	51,866
Stationery and office expenses	**47,568**	45,400
Expenses on information technology	**3,000**	3,148
Other expenses	**66,717**	71,259
Charges by related party	**12,685**	6,587
	39,364,604	35,348,870
Opening work in process	**243,838**	321,999
	39,608,442	35,670,869
Closing work in process	**(298,984)**	(243,838)
Cost of goods manufactured	**39,309,458**	35,427,031
Opening stock of finished goods	**1,937,983**	2,624,490
Closing stock of finished goods	**(1,966,563)**	(1,937,983)
	39,280,878	36,113,538

28.1 Staff costs

	2014	2013
Salaries and wages	**2,154,411**	1,938,386
Medical	**39,883**	33,581
Pension costs - defined benefit plan	**(15,124)**	(2,109)
Gratuity costs - defined benefit plan	**4,425**	10,099
Pensioners' medical plan	**6,180**	5,268
Provident fund cost - defined contribution plan	**9,540**	5,908
Pension fund cost - defined contribution plan	**17,069**	16,062
	2,216,384	2,007,195

	2014	2013
	(Rupees in thousand)	

29. DISTRIBUTION COSTS

	2014	2013
Staff costs - note 29.1	1,153,319	1,091,619
Provision for restructuring	25,583	61,924
Advertisement and sales promotion	7,974,431	6,275,106
Outward freight and handling	1,864,895	1,860,566
Royalty and technical fee	2,985,362	2,743,899
Utilities	57,110	57,170
Depreciation	18,765	26,347
Repairs and maintenance	40,062	33,123
Rent, rates and taxes	94,782	98,068
Ujrah payments	68,353	80,515
Amortisation of computer software	23,376	39,655
Travelling and entertainment	119,453	109,319
Stationery and office expenses	45,959	46,586
Expenses on information technology	24	106
Provision for doubtful debts - trade	3,415	13,022
Other expenses	113,061	122,966
Charges by related party	12,358	12,503
	14,600,308	12,672,494

29.1 Staff costs

	2014	2013
Salaries and wages	986,439	906,793
Medical	16,658	114
Share based compensation	77,519	77,359
Pension costs - defined benefit plan	(41,264)	(5,754)
Gratuity costs - defined benefit plan	6,427	14,668
Pensioners' medical plan	16,832	14,348
Provident fund cost - defined contribution plan	34,379	39,391
Pension fund cost - defined contribution plan	56,329	44,700
	1,153,319	1,091,619

30. ADMINISTRATIVE EXPENSES

	2014	2013
	(Rupees in thousand)	
Staff costs - note 30.1	702,641	691,975
Provision for restructuring	-	36,107
Provision of fixed assets to be written off	-	13,284
Utilities	56,467	55,102
Depreciation	24,509	27,020
Repairs and maintenance	25,316	27,766
Rent, rates and taxes	226,967	225,710
Ujrah payments	63,611	70,244
Amortisation of computer software	26,392	44,771
Travelling and entertainment	49,160	61,782
Stationery and office expenses	58,115	79,770
Expenses on information technology	661,967	670,524
Legal, professional and other consultancy charges	60,315	137,335
Auditors' remuneration - note 30.2	4,832	13,151
Other expenses	90,637	100,970
Charges by related party	2,643	2,611
	2,053,572	2,258,122

30.1 Staff costs

	2014	2013
Salaries and wages	603,689	558,424
Medical	31,754	42,504
Share based compensation	38,215	38,136
Pension costs - defined benefit plan	(20,358)	(2,839)
Gratuity costs - defined benefit plan	3,169	7,232
Pensioners' medical plan	8,298	7,073
Provident fund cost - defined contribution plan	15,910	19,414
Pension fund cost - defined contribution plan	21,964	22,031
	702,641	691,975

30.2 Auditors' remuneration

	2014	2013
Audit fee	4,367	4,350
Taxation services	-	3,650
Limited review, consolidation, pension, provident and gratuity funds and other certifications	155	3,575
Out of pocket expenses	310	1,576
	4,832	13,151

	2014	2013
	⟵ (Rupees in thousand) ⟶	

31. OTHER OPERATING EXPENSES

	2014	2013
Donations	11,829	8,939
Workers' Profit Participation Fund - note 23.3	484,892	478,762
Workers' Welfare Fund	193,957	191,844
Loss on disposal of property, plant and equipment	20,300	-
Others - note 31.1	589,050	-
	1,300,028	679,545

31.1 This includes amount paid under protest to FBR for tax years 2009 to 2014 against non-collection of withholding tax from distributors.

	2014	2013
	⟵ (Rupees in thousand) ⟶	

32. OTHER INCOME

	2014	2013
Income from financial assets		
Dividend income	12	12
Return on savings accounts	469,802	33,014
Income on term deposit accounts	-	12,167
Income from non-financial assets		
Scrap sales	175,973	120,123
Profit on disposal of property, plant and equipment	-	4,561
Sundries	-	2,675
Others		
Service fee from related parties - note 32.1	253,507	238,384
Liabilities no longer payable written back	30,822	-
	930,116	410,936

32.1 This includes amount charged by the Company for certain management and other services rendered to its related party - Unilever Pakistan Foods Limited, in accordance with the Service Agreement between the two companies.

	2014	2013
	⟵ (Rupees in thousand) ⟶	

33. FINANCE COST

	2014	2013
Mark-up on short term borrowings	151,753	131,675
Bank charges	73,989	41,599
Exchange loss	155,545	144,648
	381,287	317,922

	2014	2013
	(Rupees in thousand)	

34. TAXATION

Current - for the year		
Pakistan	2,715,984	2,885,258
Azad Kashmir	52,122	48,405
	2,768,106	2,933,663
Deferred tax - credit	(51,258)	(145,762)
	2,716,848	2,787,901

34.1 Relationship between tax expense and accounting profit

Accounting profit before tax	9,018,949	8,904,635
Tax at the applicable tax rate of 33% (2013: 34%)	2,976,253	3,027,576
Tax effect of credits	(198,452)	(203,717)
Tax effect of final tax	(234,971)	(48,091)
Effect of tax rate change	15,322	(19,759)
Others	158,696	31,892
Tax expense for the year	2,716,848	2,787,901

35. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 19	7,837,837	4,466,231
Short term borrowings - running finance under mark-up arrangement - note 24	-	(375,401)
	7,837,837	4,090,830

36. RELATED PARTY TRANSACTIONS

The related parties comprise of the holding company, its group companies, directors and their close family members, associated undertakings, key management personnel and retirement benefit funds.

The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere are as follows:

	Relationship with the Company	Nature of transactions	2014	2013
			(Rupees in thousand)	
i.	Ultimate parent company	Royalty and technical fee	**3,088,896**	2,233,189
ii.	Associated companies	Purchase of goods	**12,437,602**	9,963,612
		Sale of goods	**-**	4,105
		Fee for providing of services to related party	**825,153**	238,384
		Fee for receiving of services from related party	**33,170**	21,701
		Contribution to :		
		- Defined Contribution plans	**155,191**	147,506
		- Defined Benefit plans	**8,977**	-
		Settlement on behalf of:		
		- Defined Contribution plans	**56,088**	119,826
		- Defined Benefit plans	**50,629**	842,324
iii.	Key management personnel	Salaries and other short-term employee benefits	**118,649**	296,590
		Post-employment benefits	**8,458**	10,779

Royalty and Technical fee paid during the year is based on the agreements duly acknowledged by the State Bank of Pakistan. The purchase of goods and services from related parties are made on agreed terms and conditions.

The Company has entered into agreements with its associate, Unilever Pakistan Foods Limited to share various administrative and other resources. The charges by and service fee from the associate have been disclosed in notes 28, 29, 30 and 32.

The related party status of outstanding balances as at December 31, 2014 is included in other receivables and trade and other payables respectively. These are settled in the ordinary course of business.

Arrangements with parent company and an associated company for granting of their shares to employees of Unilever Pakistan Limited are disclosed in note 23.5.

37. REMUNERATION OF EXECUTIVE DIRECTORS AND CHIEF EXECUTIVE

The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to directors and chief executive of the Company are as follows:

	EXECUTIVE DIRECTORS 2014	EXECUTIVE DIRECTORS 2013	CHIEF EXECUTIVE 2014	CHIEF EXECUTIVE 2013
	(Rupees in thousand)			
Managerial remuneration and allowances	39,135	60,209	53,003	40,596
Share based compensation	19,781	29,668	33,641	52,049
Retirement benefits - note 37.1	6,087	6,720	4,666	3,286
Medical expenses	261	240	2,831	307
Other expenses	13,692	22,033	-	-
	78,956	118,870	94,141	96,238
Number of persons	5	7	1	1

In addition to this, a lump sum amount of Rs. 191.72 million (2013: Rs. 203.81 million) on account of variable pay has been accounted for in the financial statements for the current year payable in 2015 after verification of target achievement.

Out of the variable pay recognised for 2013 and 2012 following payments were made:

	Paid in 2014 relating to 2013	Paid in 2013 relating to 2012
	(Rupees in thousand)	
Executive Directors	8,373	19,108
Chief Executive	5,913	17,306
Executives	137,417	186,625
Other employees	795	3,017
	152,498	226,056

37.1 Retirement benefits represent amount contributed towards various retirement benefit plans.

The executive directors and chief executive of the Company are provided with free use of cars and household equipments.

38. CAPACITY

	Annual Capacity 2014	Annual Capacity 2013	Actual Production 2014	Actual Production 2013
	Metric Tons			
Own manufacture				
Home and Personal Care	198,000	70,584	165,582	53,150
Beverages	50,979	52,686	32,325	27,134
	Million Litres			
Ice Cream	60.0	78.0	37.8	34.3

The current capacity was under utilised on account of lower demand.

39. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on un-audited financial statements of the Fund as at December 31, 2014:

	2014	2013
	(Rupees in thousand)	
Size of the Fund - Total Assets	1,245,746	1,124,535
Fair value of investments	1,146,477	1,056,142
Percentage of investments made	92.03%	93.92%

39.1 The cost of above investments amounted to Rs. 1.068 billion (2013: Rs. 984.69 million).

39.2 The break-up of fair value of investments is as follows:

	2014	2013	2014	2013
	(Percentage)		(Rupees in thousand)	
National Savings Schemes	22.66	21.08	273,586	222,629
Government Securities	62.40	62.48	694,159	659,832
Debts Securities	0.00	0.00	-	-
Equity Securities	14.47	15.99	172,939	168,837
Unit Trust Schemes	0.47	0.45	5,793	4,844
	100.00	100.00	1,146,477	1,056,142

39.3 The investments out of provident fund have been made in accordance with the provision of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

40. NUMBER OF EMPLOYEES

	2014	2013
Number of employees including contractual employees at year end	1,768	1,854
Average number of employees	1,829	1,890

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

41.1 Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

41.2 Financial assets and liabilities by category and their respective maturities

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees in thousand)						
FINANCIAL ASSETS							
Loans and advances to employees	-	-	-	60,397	141,022	201,419	201,419
Deposits	-	-	-	44,405	23,394	67,799	67,799
Trade debts	-	-	-	972,405	-	972,405	972,405
Accrued mark up	-	-	-	88,736	-	88,736	88,736
Other receivables	-	-	-	87,240	-	87,240	87,240
Cash and bank balances	7,491,085	-	7,491,085	346,752	-	346,752	7,837,837
Long term investment at cost	-	-	-	-	95,202	95,202	95,202
December 31, 2014	**7,491,085**	**-**	**7,491,085**	**1,599,935**	**259,618**	**1,859,553**	**9,350,638**
December 31, 2013	4,464,124	-	4,464,124	1,119,306	261,192	1,380,498	5,844,622
FINANCIAL LIABILITIES							
At amortised cost							
Trade and other payables	2,124,973	-	2,124,973	19,724,063	-	19,724,063	21,849,036
December 31, 2014	**2,124,973**	**-**	**2,124,973**	**19,724,063**	**-**	**19,724,063**	**21,849,036**
December 31, 2013	1,661,443	-	1,661,443	14,194,903	-	14,194,903	15,856,346
ON BALANCE SHEET GAP							
December 31, 2014	**5,366,112**	**-**	**5,366,112**	**(18,124,128)**	**259,618**	**(17,864,510)**	**(12,498,398)**
December 31, 2013	2,802,681	-	2,802,681	(13,075,597)	261,192	(12,814,405)	(10,011,724)
OFF BALANCE SHEET ITEMS							
Open Letters of credit and guarantees							
December 31, 2014							**7,692,575**
December 31, 2013							5,348,917

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

(i) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 9.35 billion (2013: Rs. 5.8 billion) the financial assets that are subject to credit risk amounted to Rs. 1.17 billion.

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. As of December 31, 2014 trade debts of Rs. 120.39 million (2013: Rs. 34.30 million) were past due but not impaired. The carrying amount of trade debts relates to a number of independent customers for whom there is no recent history of default.

Deposits have been placed mainly against shipping guarantees and letters of credit hence exposed to no significant credit risk.

Loans and advances to employees are not exposed to any material credit risk.

Other receivables constitute mainly receivables from the related parties, therefore, are not exposed to any significant credit risk.

The bank balances represent low credit risk as they are placed with banks having good credit ratings assigned by credit rating agencies.

Accrued interest represent interest on deposit accounts and has low credit risk as they are placed with banks having good credit ratings assigned by credit rating agencies.

The management does not expect any losses from non-performance by these counterparties.

Management believes that it is not exposed to significant credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements.

(iii) Market risk

Market risk is the risk that changes in foreign exchange rate and interest rates will effect the Company's income or value of its holding in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

a) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2014, financial assets of Rs. 68.54 million (2013: Rs. 133.64 million) and financial liabilities of Rs. 3.93 billion (2013: Rs. 1.75 billion) were in foreign currency which were exposed to foreign currency risk.

The foreign currency assets are approx 29% in Euro 71% in USD. The foreign currency liabilities are approx 77% in USD and 19% in EURO.

As at December 31, 2014, if the Pakistan Rupee had weakened / strengthened by 6% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 179.37 million (2013: Rs. 70.14 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

As at December 31, 2014, if the Pakistan Rupee had weakened / strengthened by 6% against Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 43.97 million (2013: Rs. 22.52 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial assets and liabilities.

As at December 31, 2014, if the Pakistan Rupee had weakened / strengthened by 6% against Pound Sterling with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 5.37 million (2013: Rs. 6.79 million), mainly as a result of foreign exchange losses / gains on translation of Pound Sterling denominated financial assets and liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the company only as at the balance sheet date and assumes this is the position for a full twelve-month period.

b) Interest rate risk

Interest rate risk arises due to changes in market interest rates that results in fluctuation in fair value or future cash flows of a financial instrument. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At December 31, 2014, the Company had variable interest bearing financial assets of Rs. 7.49 billion (2013: Rs. 4.46 billion) and financial liabilities of Rs. 2.12 billion (2013: Rs. 1.66 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been approximately Rs. 107.32 million (2013: Rs. 56.05 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

42. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratio as at December 31, 2014 and 2013 were as follows:

	2014	2013
	(Rupees in thousand)	
Total Borrowings	-	375,401
Cash and Bank	(7,837,837)	(4,466,231)
Net (cash surplus) / debt	(7,837,837)	(4,090,830)
Total Equity	3,206,538	3,057,970
Total Capital	3,206,538	3,057,970
Gearing Ratio	-	-

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance.

43. MONOPOLY CONTROL AUTHORITY ORDER

The Order of the Monopoly Control Authority (MCA) dated December 19, 2006, terminating the non-competition agreement and requiring the company to refund the amount of Rs. 250 million to Dalda Foods (Private) Limited (DFL) was appealed by Company before the High Court of Sindh; which appeal was admitted and the operation of MCA's order was stayed. At present, the appeal is pending for hearing.

The management, based on legal advice, is of the view that the agreement between the company and DFL was not in violation of Monopolies and Restrictive Trade Practices Ordinance 1970.

44. PROPOSED AND DECLARED DIVIDENDS

On 5% cumulative preference shares

At the Board meeting held on March 6, 2015, dividend in respect of 2014 of Rs. 239 thousand has been declared (2013: Rs. 239 thousand).

On ordinary shares

At the Board meeting held on March 6, 2015, a final dividend in respect of 2014 of Rs. 127.28 per share amounting to a total dividend of Rs. 1.69 billion is proposed (2013: Rs. 116.09 per share amounting to a total dividend of Rs. 1.54 billion). The Board of Directors in its meeting held on November 26, 2014 declared cash dividend in respect of quarter ended September 30, 2014 of Rs. 346 per share amounting to Rs. 4.6 billion (Interim cash dividend for the three months period ended March 31, 2013: Rs. 51.24 per share amounting to Rs. 681.18 million, six months period ended June 30, 2013: Rs. 123.25 per share amounting to Rs. 1.64 billion and nine months period ended September 30, 2013: Rs. 165.90 per share amounting to Rs. 2.2 billion).

These financial statements do not reflect the proposed final dividend on ordinary shares and the dividend declared on cumulative preference shares as payable, which will be accounted for in the statement of changes in equity as an appropriation from the unappropriated profit in the year ending December 31, 2015.

45. DATE OF AUTHORISATION

These financial statements were authorised for issue on March 6, 2015, by the Board of Directors of the Company.

46. GENERAL

For the purpose of better presentation, withholding tax payable amounting to Rs. 238 million has been reclassified from taxation – net to trade and other payables.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Notice of Annual General Meeting

Notice is hereby given that the 66th Annual General Meeting of Unilever Pakistan Limited will be held at The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton Block 8, Karachi, on Tuesday, April 14, 2015, at 11:00 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Company's Financial Statements for the year ended December 31, 2014, together with the Reports of the Auditors and Directors thereon.

2. To approve and declare dividend (2014) on the Ordinary Shares of the Company.
   The Directors have recommended a final cash dividend of 254.56% (or Rs.127.28 per share) on the Ordinary Shares. Together with the Interim dividend of 692% (or Rs. 346.00 per ordinary share), already paid, the total dividend for 2014 will thus amount to 946.56% (or Rs. 473.28 per ordinary share).

3. To appoint Auditors for the ensuing year, and to fix their remuneration.
   Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

By Order of the Board

Karachi
March 20, 2015

Amar Naseer
Company Secretary

Notes:

1. Share Transfer Books will be closed from April 08, 2015 to April 14, 2015 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's Share Registrar M/s THK Associates (Private) Limited, 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530 by the close of the Business on April 07, 2015 will be treated in time for the purpose of payment of Final Dividend to the transferees.

2. All Members/Shareholders (whether holding Preference or Ordinary Shares) are entitled to attend and vote at the Meeting. A Member may appoint a proxy who need not be a Member of the Company.

3. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (1st Floor, Avari Plaza, Fatima Jinnah Road, Karachi) at least 48 hours before the time of the Meeting.

4. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original valid Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his / her original valid CNIC or original passport at the time of Meeting.

v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

5. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s THK Associates (Private) Limited, 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530. The Corporate Entities are requested to provide their National Tax Number (NTN).

   Please give Folio Number with the copy of CNIC / NTN details. The Shareholders who hold shares with Participants / Stock Brokers or with Central Depository Company may approach to provide the CNIC number / NTN details to their Participants / Stock Broker or to CDC to update the details in their electronic system. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with the said SROs of SECP and therefore will be constrained under Section 251 (2) (a) of the Companies Ordinance 1984 to withhold dividend warrants of such Shareholders.

6. (i) The Government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These rates are as under:

(a)	For Filers of Income Tax Return	10%
(b)	For Non-Filers of Income Tax Return	15%

To enable the Company to make tax deduction on the amount of cash dividend @ 10% instead of 15% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend i.e. May 08, 2015, otherwise tax on their cash dividend will be deducted @ 15% instead of 10%.

(ii) For any query / problem / information, the investor may contact the Share Registrar: Mr. Nauman Saeed Khan, Assistant Manager, telephone number: 111-000-322 (123), e-mail address: noman_cs@thk.com.pk or Mr. Masood Ahmed, Manager, telephone number: 111-000-322 (124) or +92-21-35682241, e-mail address: masood_ahmed@thk.com.pk; and / or the Company: Ms. Wajiha Khan, telephone number: +92-21-35660062, e-mail address: wajiha.khan@unilever.com.

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholder should send a copy of their NTN certificate to the company or its Share Registrar M/s THK Associates (Private) Limited. The Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint-Holder(s) based on their shareholding proportions, in case of joint holding / joint account. In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal Shareholder and Joint-Holder(s) in respect of shares held by them, to our Share Registrar, M/s THK Associates (Private) Limited, 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530, in writing, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint-Holder(s).

7. According to the SECP circular No. 8(4) SM/CDC 2008 of April 05, 2013, Shareholders are entitled to receive their cash dividend directly in their bank accounts instead of receiving the dividend warrants physically. Shareholders having physical holding and desiring to avail this option may submit the prescribed Dividend Mandate Form, to the Company's Share Registrar. The Shareholders who hold shares with participants / stock brokers or with Central Depository Company may approach to submit the prescribed Dividend Mandate details to their participants / stock broker or to CDC for this option, with a copy of the Dividend Mandate Form to Share Registrar of the Company.

8. Any change of address of Members should be immediately notified to the Company's Share Registrars, M/s THK Associates (Private) Limited, 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530.

Dividend Mandate Form

THK ASSOCIATES (PVT) LIMITED
2ND FLOOR, STATE LIFE BUILDING-3,
DR. ZIAUDDIN AHMED ROAD,
KARACHI – 75530.

Date: _____ / _____ / _____

I / We, Mr. / Ms. / Mrs. / M/s, ______________________________ , holding CNIC No. / Passport No. / NTN ______________________________ and being the registered shareholder of **Unilever Pakistan Limited** hereby authorize the Company to ***directly credit*** in my bank account cash dividend, if any declared by the Company in future, instead of issuance of dividend warrant. Following are my details to facilitate the aforementioned request:

SHAREHOLDER'S INFORMATION & BANK DETAILS	
Name of Shareholder	
Folio No.	
CNIC No. / NTN / Passport No. (please attach an attested photocopy)	
Title of Bank Account	
Bank Account Number (COMPLETE)	
Bank's Name	
Bank's Branch Name	
Branch Code	
Address of Bank Branch	
Telephone Number (Landline)	
Mobile Number	

It is stated that the above-mentioned information is correct and that I will intimate the changes in the above-mentioned information to the company and its share registrar as soon as these occur.

Signature of Member: ______________________

Name: ______________________________
(PLEASE WRITE NAME IN BLOCK LETTERS)

Form for Deduction of Tax on Dividend Income

THK ASSOCIATES (PVT) LIMITED
2ND FLOOR, STATE LIFE BUILDING-3,
DR. ZIAUDDIN AHMED ROAD,
KARACHI – 75530.

Date: ____ / ____ / ____

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2014 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 10% and 15% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer / Non-Filer' status of Principal shareholder as well as Joint-Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint-Holder(s) in respect of shares held by them to our Share Registrar, THK Associates (Private) Limited, 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530, in writing.

Following are the details held by Principal / Joint-Holder of the shares of Unilever Pakistan Limited

		Principal Shareholder		Joint Shareholder	
Folio/CDS Account #	Total Shares	Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

It is stated that the above-mentioned information is correct and that I will intimate the changes in the above-mentioned information to the company and its share registrar as soon as these occur.

Signature of Member: ________________________

Name: ____________________________________
(PLEASE WRITE NAME IN BLOCK LETTERS)

Signature of Joint-Holder 1:

Name: ________________________
(PLEASE WRITE NAME IN BLOCK LETTERS)

Signature of Joint-Holder 2:

Name: ________________________
(PLEASE WRITE NAME IN BLOCK LETTERS)

Form of Proxy

The Secretary
Unilever Pakistan Limited
Avari Plaza, Fatima Jinnah Road
Karachi-75530, Pakistan.

I / We ________________________________son/ daughter/ wife of ___________________ shareholder of Unilever Pakistan Limited, holding ________________ordinary / preference shares hereby appoint ____ who is my _____________________________ [state relationship (if any) with the proxy; required by Government regulations] and the son / daughter/ wife of _______________________, (holding _____________________ordinary / preference shares in the Company under Folio No. ____________________) [required by Government; delete if proxy is not the Company's shareholder] as my / our proxy, to attend and vote for me / us and on my / our behalf at the 66th Annual General Meeting of the Company to be held on April 14, 2015 and / or any adjournment thereof.

Signed this __________ day of __________________ 2015.

Witness 1:

Signature: ______________________

Name: ______________________

CNIC #: ______________________

Address : ______________________

(Signature should agree with the specimen signature registered with the Company)

Sign across Rs. 5/- Revenue Stamp

Signature of Member(s)

Witness 2:

Signature: ______________________

Name: ______________________

CNIC #: ______________________

Address : ______________________

Shareholder's Folio No.: ______________________

and / or CDC Participant I.D. No.: ______________________

and Sub- Account No.: ______________________

Shareholder's CNIC #: ______________________

Note:

1. The Member is requested to:
   (a) Affix Revenue Stamp of Rs. 5/- at the place indicated above.
   (b) Sign across the Revenue Stamp in the same style of signature as is registered with the Company.
   (c) Write down his / her / their Folio Number.
   (d) Attach an attested photocopy of their valid Computerised National Identity Card / Passport / Board Resolution and the copy of valid CNIC of the proxy, with this proxy form before submission.

2. In order to be valid, this Proxy must be received at the Registered Office of the Company at least 48 hours before the time fixed for the Meeting, duly completed in all respects.

3. CDC Shareholders or their Proxies should bring their original valid Computerized National Identity Card or original Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the Notes to the Notice of AGM.

Unilever Pakistan Limited
Avari Plaza, Fatima Jinnah Road,
Karachi-75530,
T: +92 21 35660062-9
F: +92 21 35681705
www.unileverpakistan.com.pk