Unilever Pakistan Limited

annual report 2011

At Unilever all business activities are carried out in a socially and environmentally responsible manner. To promote a greener Pakistan and as a tangible demonstration of our commitment, this annual report has been printed on 100% recycled paper and information has been limited to financial statements only. Further information on our brands, business and corporate social responsibility initiatives is available on our website. **www.unileverpakistan.com.pk**

Contents

Vision

WE WORK TO CREATE A BETTER FUTURE EVERY DAY

We help people feel good, look good and get more out of life with brands and services that are good for them and good for others. We will inspire people to take small every day actions that can add up to a big difference in the world. We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.

Core Values

Impeccable **Integrity**

We are honest, transparent and ethical in our dealings at all times.

Demonstrating a **Passion for Winning**

We deliver what we promise.

Wowing our **Consumers & Customers**

We win the hearts and minds of our consumers and customers.

Bringing out the **Best in All of Us**

We are empowered leaders, who are inspired by new challenges and have a bias for action.

Living an **Enterprise Culture**

We believe in trust, truth and outstanding teamwork. We value a creative & fun environment.

Making a **Better World**

We care about and actively contribute to the community in which we live.

Company Information

BOARD OF DIRECTORS

Mr. Ehsan A. Malik
Chairman & Chief Executive

Mr. Imran Husain
Executive Director / CFO

Mr. M. Qaysar Alam
Executive Director

Ms. Shazia Syed
Executive Director

Mr. Amir R. Paracha
Executive Director

Ms. Fariyha Subhani
Executive Director

Mr. Zaffar A. Khan
Non - Executive Director

Mr. Khalid Rafi
Non - Executive Director

COMPANY SECRETARY

Mr. Amar Naseer

AUDIT COMMITTEE

Mr. Zaffar A. Khan
Chairman

Mr. Khalid Rafi
Member

Mr. M. Qaysar Alam
Member

Mr.Azhar Shahid
Secretary & Head of
Internal Audit

AUDITORS

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

REGISTERED OFFICE

Avari Plaza
Fatima Jinnah Road
Karachi - 75530

SHARE REGISTRATION OFFICE

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

WEBSITE ADDRESS

www.unileverpakistan.com.pk

Directors' Profile

Ehsan A. Malik - Chairman & CEO

Ehsan joined the Board on September 01, 2006. He is the Chairman and Chief Executive Officer of Unilever Pakistan Limited and is also the Chairman of Unilever Pakistan Foods Limited. Prior to this, Ehsan was Chairman and CEO of Unilever Sri Lanka Limited. His earlier international appointments covered Unilever's regional business in Egypt, Lebanon, Jordan, Syria and Sudan as well as Unilever's Head Office in UK. These preceded senior commercial and financial roles at Unilever Pakistan. Before joining Unilever mid-career, he held a senior position in media.

Ehsan is a Fellow of the Institute of Chartered Accountants in England and Wales and alumni of the Wharton and Harvard Business Schools. He is a director of the Pakistan Business Council, member of the Management Committee-Overseas Investors Chamber of Commerce & Industry, member of the council of the Harvard Club of Pakistan and Chairman of the Annual Giving Committee of the Aga Khan University and Hospital.

Zaffar A. Khan

Zaffar A. Khan is the Non-Executive Director since April 19, 2005 and also Chairman of the Audit Committee of Unilever Pakistan Limited. He is also on the Boards of State Bank of Pakistan, Shell Pakistan Limited, International Industries Limited, Acumen Fund Pakistan and Pakistan Center for Philanthropy. He is also an Adjunct Faculty at IBA.

Mr. Khan had an illustrious career in Engro Corporation Limited, formerly, Engro Chemicals Pakistan Limited. He served the Company as President & CEO for 6 years. He has been a Director on a number of diverse boards. He has served as Chairman Engro Vopak, Engro Polymers, Pakistan Telecommunications Co. Ltd. (PTCL), Karachi Stock Exchange and Pakistan International Airlines (PIA). He is a former President of the Overseas Chamber of Commerce & Industry and has served on several committees of the Government of Pakistan in an advisory capacity. In recognition of his services, he has been honoured with Sitara-e-Imtiaz.

Mr. Zaffar A. Khan graduated as a mechanical engineer. He undertook an Advanced Management Program from the University of Hawaii and has attended short courses at INSEAD & the Harvard Business School.

Khalid Rafi

Khalid Rafi joined the Board of Unilever Pakistan Limited as the Non-Executive Director on April 19, 2008.

He has been the Senior Partner of A. F. Ferguson & Co, Chartered Accountants, a member Firm of PricewaterhouseCoopers LLP, for 20 years. He has been the President of the Institute of Chartered Accountants of Pakistan and of Management Association of Pakistan.

Khalid Rafi is a Chartered Accountant being a Fellow of the Institute of Chartered Accountants in England & Wales (ICAEW) and Fellow of the Institute of Chartered Accountants of Pakistan (ICAP).

Fariyha Subhani

Fariyha joined the board on April 19, 2011 as Director of the Company. She is also Chief Executive Officer of Unilever Pakistan Foods Limited.

She completed her MBA from Lahore University of Management Sciences and joined Unilever as a management trainee in 1989. From 1990 to 2001 Fariyha worked with several HPC categories, namely Hair, Personal Wash, Laundry and Skin Care. She moved to Bangkok in 2002, as regional brand director for Omo Asia where she led several innovations and development of dirt is good brand key vision for Asia. In 2005, she moved to head up household care category for Asia, based out of Bangkok.

She returned to Pakistan in 2006 as Marketing director Foods - Savoury, Spreads, Desserts and Drinks categories. In 2009, her role was extended to cover all of Foods including Beverages, Ice cream.

M. Qaysar Alam

Qaysar joined the board on August 10, 2004. Since then, he has been on the Board of Directors of Unilever Pakistan Limited as well as Unilever Pakistan Foods Limited, and a member of Audit Committee for both these companies.

Qaysar has 29 years of rich working experience in various functions of Supply Chain, most notably in Supply Chain Development where he played a leading role in designing the current structure and working processes at Unilever Pakistan Supply Chain which have resulted in cost and service efficiencies in the business. In 2004-05, he led the big restructuring program through process simplification and BPO. He has also worked briefly at the Unilever corporate office Singapore supporting Asian countries in the area of Supply Chain and Innovation.

Shazia Syed

Shazia joined the Board on April 19, 2008. She is also a Director at Unilever Pakistan Foods Limited. During her journey in Unilever Pakistan, she was seconded to Vietnam in December 2000 for three years where she worked as a Business Unit Leader in Personal Care Unit. In 2004, she returned back to the home country as a Vice President - Home and Personal Care. In 2009, she moved to Ice Cream business for a year to work on a restructuring plan before taking up the current role.

Shazia has done her Masters in Business Administration from Clayton University. She is an outdoor person and enjoys golf, cycling and her recent passion is rowing.

Imran Husain

Imran joined the Board on April 19, 2008 and is currently VP Finance and Chief Financial Officer of Unilever Pakistan Limited and Unilever Pakistan Foods Limited. He also holds Directorship in Lever Chemicals (Private) Limited, Lever Associated Pakistan Trust (Private) Limited and Unilever Birds Eye Foods Pakistan (Private) Limited.

Imran's earlier assignments include a regional strategic role based in Singapore where he led operationalising of category strategies for Asia AMET. He has been part of the sales function as Head of Modern Trade and has worked in various business partnering and expertise roles within finance which include Corporate Finance Head, Treasurer and Commercial Manager for Ice Cream. He has also worked with Birds Eye Walls, U.K. as Commercial Manager.

Imran is an M.B.A. from the Institute of Business Administration, Karachi. He enjoys playing golf, fishing and swimming.

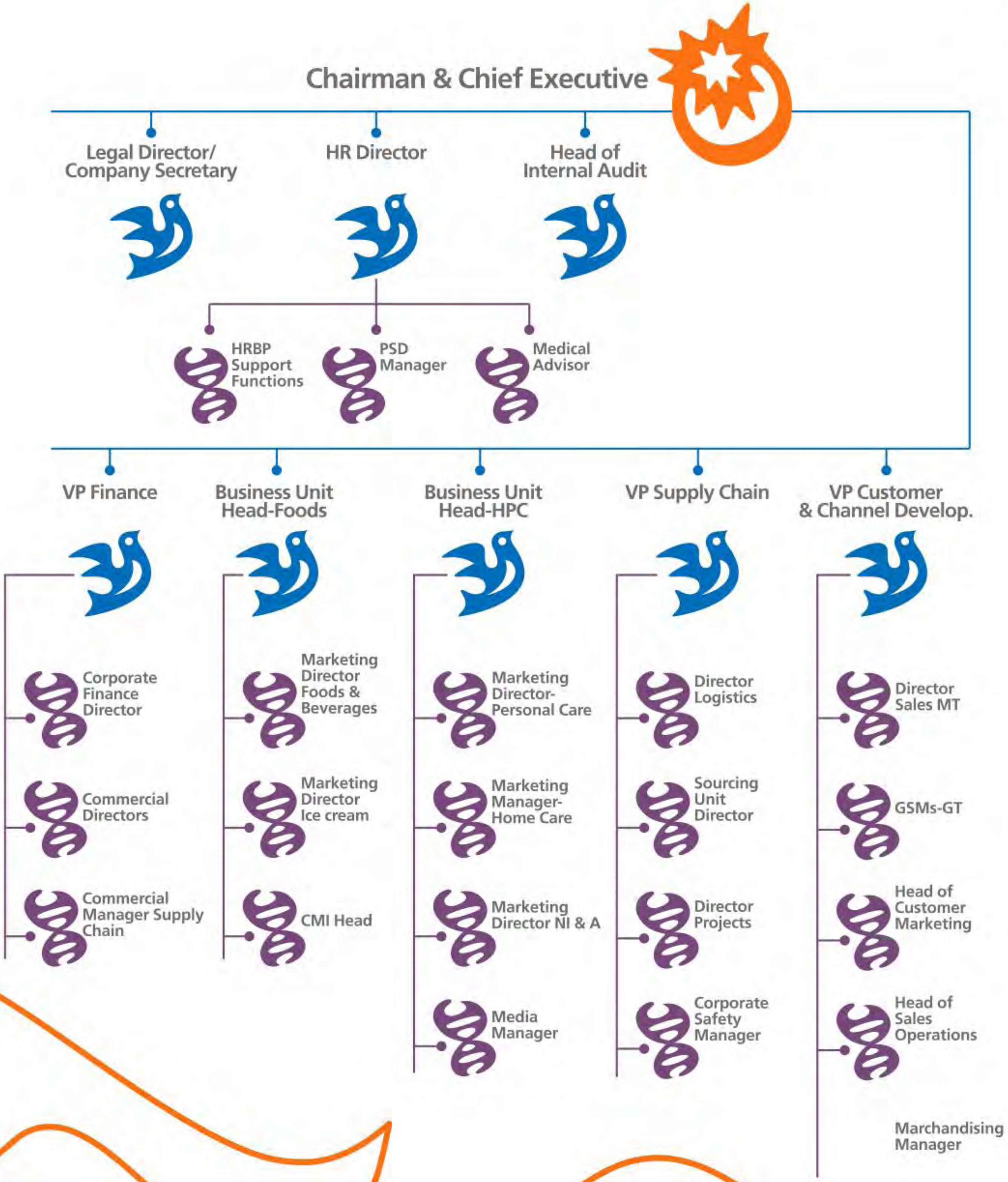
Amir Paracha

Amir joined the board on January 21, 2010. He began his career at "Shell Pakistan" and worked there for four years in different capacities. He then joined Unilever Pakistan in February 2000 as an Assistant Brand Manager - Wheel Detergent Powder in the Home and Personal Care Business. While working in Home & Personal Care (HPC) department in various roles, the business grew substantially, thus enabling the Company to take leadership in various product ranges.

In June 2006 he was assigned the role of Marketing Director - Mass Skin and Deodorants at Unilever North Africa Middle East for GCC cluster. After completing a truly enriching three year stint in the Gulf, he moved back to his home country in July 2009 and rejoined Unilever Pakistan as Marketing Director - HPC. Amir is currently holding the role of Vice President - Marketing, HPC with additional responsibility of Media, Activation and Brand PR for the Company. He is also a Council Member of Pakistan Advertisers Society.

On a lighter side, Amir is married to Asma and in his spare time enjoys reading, running and travelling. Amir completed his MBA from Institute of Business Administration, Karachi with Majors in Marketing in 1996.

Organisation Chart



Board Committees

Audit Committee

Members

Mr. Zaffar A. Khan **Chairman**	Mr. M. Qaysar Alam **Member**
Mr. Khalid Rafi **Member**	Mr. Azhar Shahid **Secretary, Head of Internal Audit**

Meetings held during the year

Date	Attendees
February 11, 2011	4
April 20, 2011	4
August 4, 2011	4
October 21, 2011	4

Terms of Reference

Committee has been drawn up by the Board in compliance with Listing Regulations. The Committee oversees the internal audit function, and also reviews audit plans and reports. The Committee conducts its meetings as required under the Code of Corporate Governance. The Committee appraises the Board about the significant discussions and decisions at its meetings and recommendations in respect of Company's operations and financial results.

The Committee comprises two non-executive members of the Board. All employees of the Company have access to the Committee. The Committee met four times during 2011. Minutes of meetings are drawn up expeditiously and circulated for the information and consideration of the Board.

Committee of Directors

Members

Mr. Ehsan A. Malik **Chairman**	Ms. Shazia Syed **Member**	Mr. Amar Naseer **Secretary**
Mr. Imran Husain **Member**	Mr. M. Qaysar Alam **Member**	

Meetings held during the year

January 28, 2011	June 20, 2011	December 08, 2011
March 14, 2011	September 14, 2011	December 30, 2011
March 17, 2011	November 10, 2011	

Terms of Reference

The Committee comprises four directors and headed by the Chairman. Periodic meetings are held to facilitate handling of operational matters, share transfer and any other significant matters arising during the normal course of business operations.

Major Events

Lipton Talent Hunt

Conducted for the 3rd consecutive time, Lipton Talent Hunt has made a mark in the student community and has become one of the most anticipated inter-university competitions to date. This year, students from business and engineering schools participated in brand oriented activities; winning exciting prizes and gaining an opportunity to be recruited as management trainees.

Lifebuoy Lifesaver program

The Lifebuoy Lifesaver Program is a global school program intended to build the hand wash habit in children. The Lifebuoy team visited various schools in Pakistan, educating children on the number of times and how they should wash their hands. The program is carried out in a fun and interactive way to ensure that the message is passed on and is in line with Unilever's mission of sustainability and improving people's health and well being.

BBM - Spreads - Growth Meter

In 2011, Blue Band Margarine's new campaign "Growth Meter II" was very well received by mothers and kids. The TV communication was clubbed with a strong on-ground engagement plan touching 1.5 million urban consumers. Special focus on bakery channel and visibility initiatives like Bread Corners made the brand stand out in market place.

Major Launches

Sunlight aims to transform the chore of washing clothes into a moment of delight for the consumers, by giving them a magical washing experience of 'lemon and thousand of flowers'

Dove is an addition to Hair and Skin Cleansing portfolio as a high end brand, catering to consumer needs at the top of the pyramid.

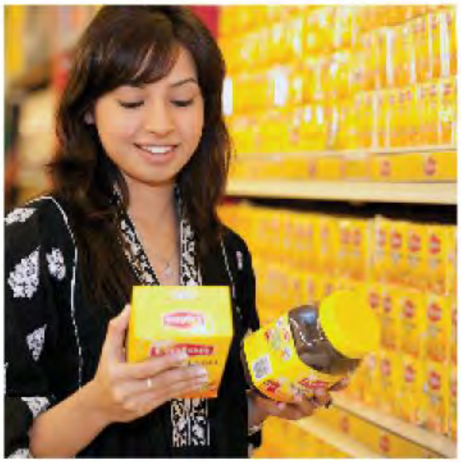
Re-entry of Vim in Household Care category addresses consumer needs and targets filling the portfolio gap.

Comfort is an entry in Fabric Conditioner category that gives amazing shine and fragrance to clothes which consumers cannot get from detergent alone.

The launch of the new variant of Cornetto Mango Cream completes the core range in the classic format, paving the way for more exciting flavors and formats.

Our Brands

We have some of the world's best known and most trusted brands, with leadership positions in many of the fast moving consumer goods' categories in which we compete. Committed to enhancing the quality of life of the people of Pakistan, we aim to offer a broad portfolio that appeals to diverse consumers year on year.



Chairman's Statement

2011 was the 63rd year in Unilever Pakistan's history. It proved to be challenging yet rewarding. The Company delivered profit after tax of Rs. 4,094 million, up 25% on previous year from 16% higher turnover.

Operating conditions in Pakistan remained tough as economic growth for the second consecutive year was marred by floods, prolonged power outages, rising commodity costs and adverse security environment. Notwithstanding this, consumer demand remained resilient. Unilever further strengthened its foothold by launching seven new brands - the highest ever in a single year. These meet the needs of more consumers from more segments of society. Distribution reach was further augmented by the addition of thousands of stores into direct coverage and by gearing up assortment and visibility at point of sale.

Competitive positions in Home and Personal Care, Beverages and Spreads strengthened significantly with gains in every category. The Company now has a footprint that is significantly broader and a reach much deeper, helping millions of Pakistanis feel good, look good and get more out of life.

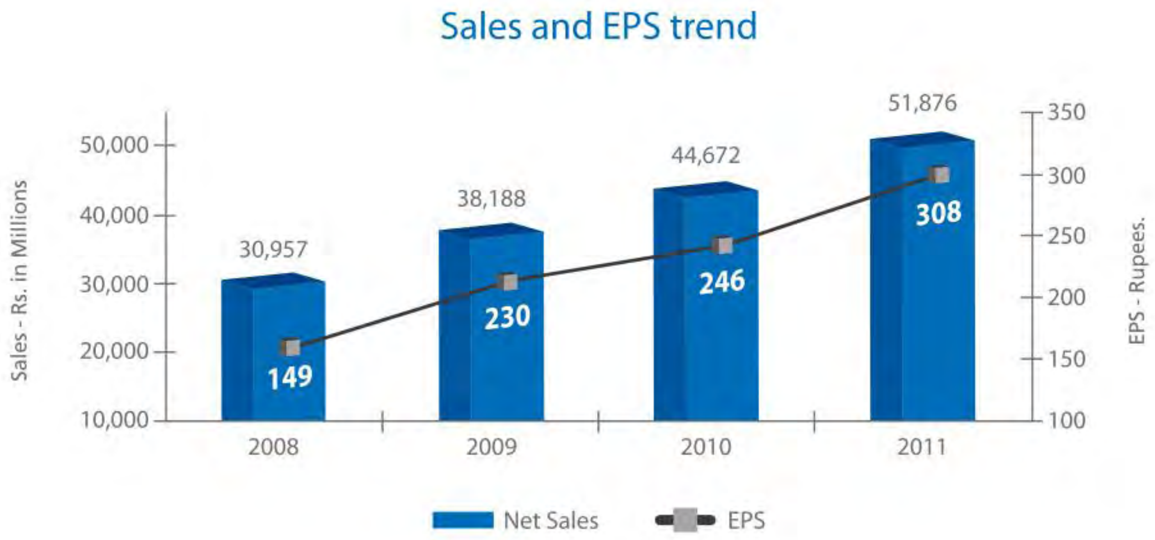
In 2011, we welcomed Ms. Fariyha Subhani on the Board of Directors. She leads the brand building of Foods.

Unilever's already strong reputation for responsible business practice, were enhanced further by the launch of the Unilever Sustainable Living Plan (USLP), which strengthens our social and environmental ambitions. An integral part of our business model, USLP will enable us to accelerate innovation, ensure security of resources, reduce overall costs, build sustainability into our brand propositions, and win consumer preference and loyalty.

On behalf of the Board, I thank our people for their commitment, dedication and hard work. Also our shareholders, customers and consumers for their continued trust.

EHSAN A. MALIK
CHAIRMAN

Operational Highlights



Key - Financial Indicators

Underlying Sales Growth
16%

Gross Margin
223 bps

Cash Conversion improved by
10 Days

Earnings Per Share
25%

Financial Headlines

- Turnover up by Rs. 7.2 billion
- Profit from Operations up by 24%
- Earnings per share of Rs. 308 up by 25%

Key Non - Financial Indicators

Total recordable accident frequency rate (per 1m hours worked)
0.48
2010 : 0.83

Sulphur oxides per ton of production (Kg)
0.31
2010: 0.44

Energy per ton of production (GJ)
2.48
2010 : 2.58

Waste per ton of production (Kg)
0.91
2010: 1.57

Unilever Sustainable Living Plan

- Help people to improve their health and well-being
- Halve the environmental impact from make and use of our products
- Enhance the livelihood of thousands of people in our supply chain

The Tea business which represents just under a third of our sales continues to suffer from an uneven playing field. Pakistani consumers pay 50% more for tea than their counterparts in rest of South Asia. This is mainly due to high government levies which we are lobbying to reduce. Tea is accorded an essential food status and taxed at 4% in India; Pakistani consumers bear 16% GST and 10% import duty. High government levies create an incentive to evade. Porous borders make smuggling easy, consequently more than half the tea consumed in the country is smuggled. Lower government levies will discourage smuggling, bring imports into the official net and over time neutralise the impact on government revenue. Smuggled tea is often adulterated with harmful substances. Discouraging smuggling will have a positive impact on quality of tea consumed in particular by those who use it as a meal replacement in the current high inflation era.

Home & Personal Care continues to deliver double digit growth in key categories; laundry, hair care and skin care. New launches, product innovations and market activations continue to be the drivers. HPC business launched record six new brands in 2011. This reinforces our commitment to address all relevant consumer needs with high quality propositions. Launch of the new brands is targeted to fill portfolio gaps.

Despite challenges, Ice Cream sales grew by 11% fuelled by strong innovation and recent launches like Cornetto Mango Cream, Fruttare, Zapper, Fruity Fire etc. Greater focus on costs, a better product mix and pricing actions helped improve gross margins.

The Spreads business achieved volume-led growth of 41% through penetration into new towns, door to door sales and the "Growth Meter II" campaign. We continue to drive availability and visibility through the deployment of visi-coolers at retail outlets.

Input cost continued to increase on the back of rising commodity costs; margins, however, benefited from improved scale and timely but measured price corrections. This helped preserve consumer value. Greater scale and improved mix led to increase in Gross and Operating Margins by 223 bps and 73 bps respectively, resulting in 25% higher profit after tax and earnings per share (EPS).

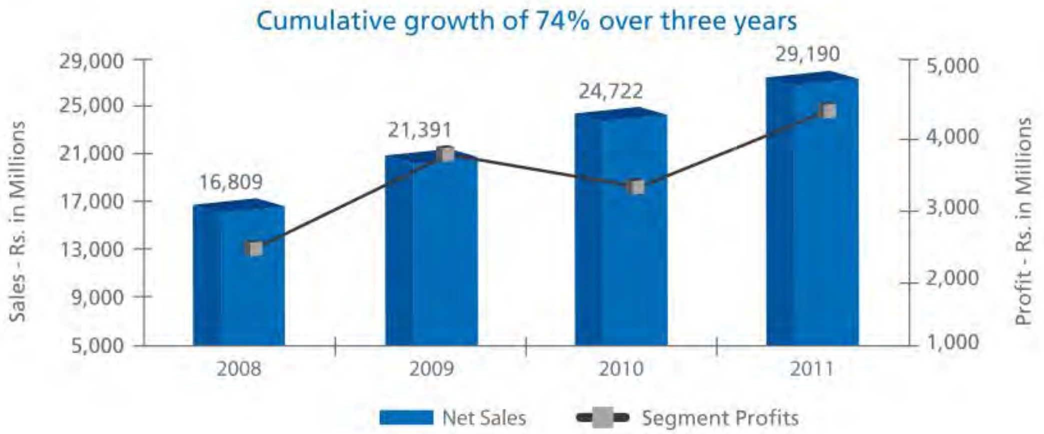
Dividend

The Board of Directors has recommended a final cash dividend of Rs. 202 per share. With the interim dividend of Rs.105 per share already paid during the year, the total dividend for the year 2011 amounts to Rs. 307 (2010: Rs. 246) per ordinary share of Rs.50 each. Total profit distributed by way of dividend amounts to 99.7% (2010: 99.9%).

The key business milestones were:

Home and Personal Care (HPC)

HPC's sales grew by more than 18%. 2011 was a happening year for HPC with six new brand launches and actions to offset sharp rise in commodity costs. Price corrections helped manage profitability and provided the fuel to invest behind existing and new brands. 2011 also saw high competitive heat as all the major players spending actively. Unilever matched the pace and increased the support behind its brands.



Key brand highlights were:

Fair & Lovely delivered a double digit growth derived from both volume and price. The brand benefited from packaging re-launch last year and equity scores improved.

Ponds continued its image transformation with the premium 'Anti-Aging' and 'White Beauty' creams gaining ground. A strategic price correction yielded positive results and helped the brand grow strongly.

Lux registered strong double digit growth and gained significant market share on the back of its re-launch last year and the new purple variant launch in 2011.

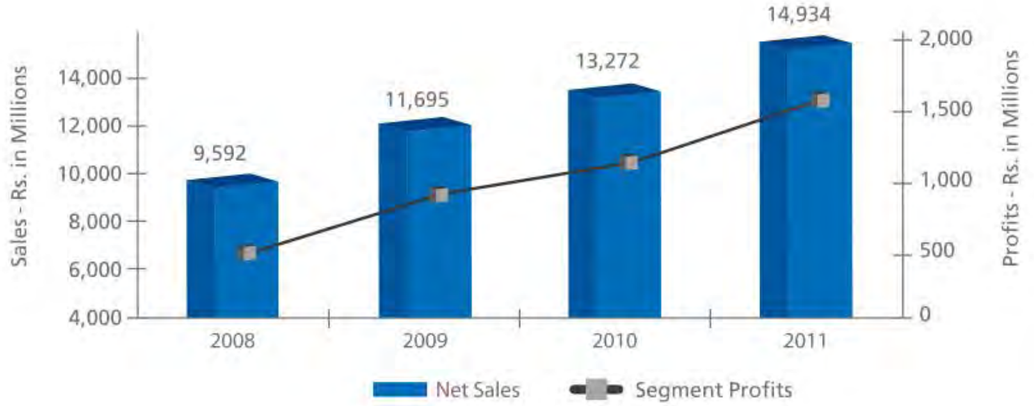
Lifebuoy's skin care range delivered a healthy double digit growth. Continuation of "Healthy Hoga Pakistan" campaign from 2010 along with current year's "10 Infections Campaign" kept momentum going for 2011.

Lifebuoy shampoo delivered a high double digit growth on the back of its strong brand equity. The brand benefited from broader, more value-driven consumer base.

Surf Excel continued to grow despite competition from cheaper brands.

Beverages

Cumulative growth of 56% over three years



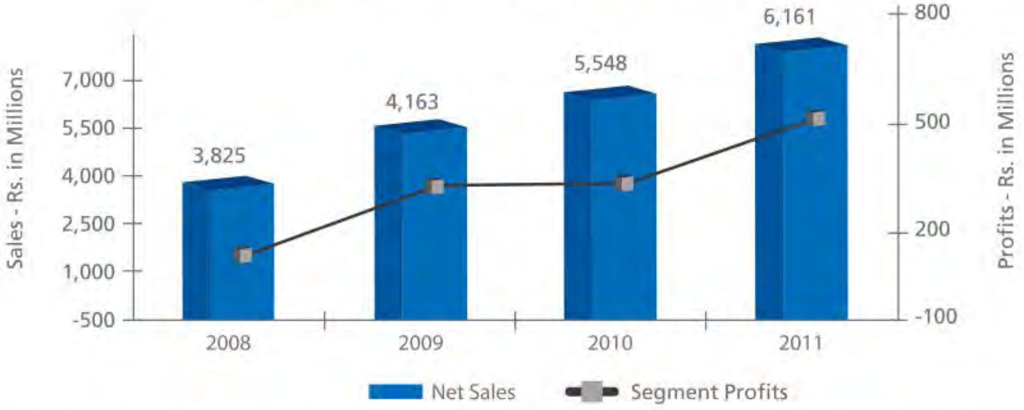
Sales grew by 13% mainly on the back of price increases following an inflationary material cost environment. Gross margins improved due to timely price increases and a better sales mix. Improved profitability was partly reinvested on new campaigns. Smuggled tea continues to pose a threat to branded players; high government levies lead to high consumer price, denying the formal sector fuel to grow and providing smugglers incentive to evade.

Lipton, delivered a robust growth from strong consumer base while the 'Sip of Inspiration' campaign helped give a boost to the already growing brand.

Brooke Bond Supreme recovered successfully from a very challenging prior year. At the end of 2010, the brand embarked on the vitality platform focusing on the health benefits of 'Flavonoids' and educating consumers on the health credentials of tea. The campaign endorsing the health platform was key in landing the health message. Brooke Bond Tea Council was launched in June 2011 with a panel of doctors, health care professionals and nutritionists to build awareness about the goodness of tea.

Ice Cream

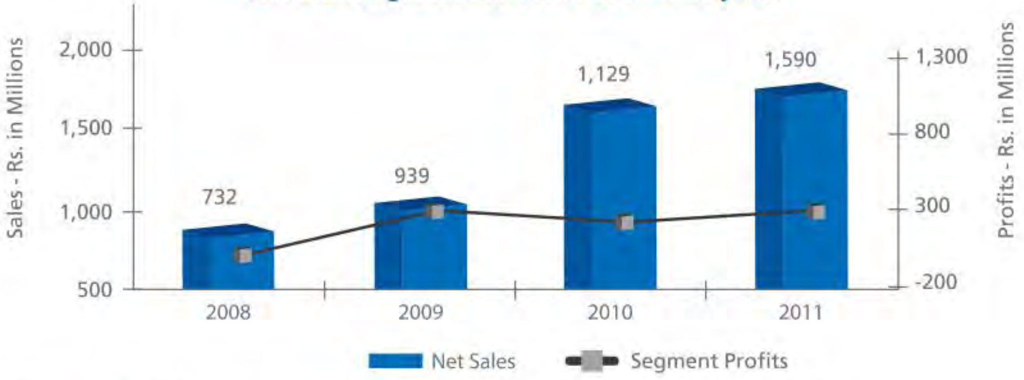
Cumulative growth of 61% over three years



Walls Pakistan has continued to deliver double digit top-line growth in 2011. This has been achieved despite immense challenges of electricity shortages, floods and high food inflation. The growth has been delivered by building high value brands like Fruttare, Cornetto and Selection Gold, and through correction of price equation across portfolio.

Spreads

Cumulative growth of 117% over three years



Spreads grew by 41% with growth balanced between price and volume.

Blue Band Margarine continued to strengthen its base by focusing on penetration into new geographies and channels outside Karachi. The growth for Blue Band was broad based as formats, portion packs and tubs, contributed to the brand's growth in 2011. The strategy was supported by the brand communication through the 'Growth Meter II' campaign emphasizing the importance of nutrients for child growth.

Our People

We take pride in our people and enable them to make sustainable choices at home and at work. Our People are resilient, they take on economic and social challenges and continue to grow the business and deliver ambitious targets.

The Company is embarked on correcting the gender imbalance to mirror its target consumer base, in which women play a leading role. In key market-facing roles, we already have more than 50% female managers. Diversity is embedded in our values and is crucial to the growth of a vibrant organization that caters to a wide array of consumers. Unilever Pakistan provides facilities to encourage diversity in the workplace. The Unilever Day Care Centre started in 2003, as a tool to attract working mothers to Unilever is now also used by male employees, whose wives work elsewhere.

Unilever Pakistan has operated flexi-work hours since 2009. As a step forward in 2010 we introduced Agile Working; which is an approach to getting work done with maximum flexibility and minimal constraints. This essentially means that the individual may work from home, office, agency, distributor, at an alternate location during the regular work day so long as connectivity is assured.

Our personal vitality health passport initiative has consistently delivered results in terms of employee well-being. We continue to place emphasis on work life balance and provide gym facility and healthy eating options. Working with our NGO partner Naya Jeevan we are providing medical and accident insurance to 40 of our services staff at the Head Office who cannot afford and do not have access to such services.

Unilever Pakistan continues its structured approach for talent management and the development of leadership skills. Unilever Standards of Leadership (SOL), a set of behaviours that are deemed vital to be a good leader, are well embedded in the organization. We have taken personal development to another level of excellence through empowering people with bigger as well as challenging assignments, coaching, mentoring and the appraisal system.

We continue to leverage our parent Company's wealth of knowledge to develop talent in marketing, sales, supply chain, finance and human resource management through our E-learning programmes initiated in 2009.

Unilever has kept talent retention as a top priority and going forward in 2012, we plan on raising the bar further for People, Place, Performance and One Team.

Community Involvement

Unilever Pakistan is a multi-local multinational with strong local roots. We believe that the highest standards of corporate behaviour are essential to our long term success. We contribute to economic, environmental and social agendas through our actions. In 2011, we launched the Unilever Sustainable Living Plan locally, which focuses on 3 main pillars; Improving Health and Well-being, Enhancing Livelihoods and Reducing Environmental Impact. We help millions of Pakistanis feel good, look good and get more out of life, through our products, people and partnerships. Unilever Pakistan collaborate with both local and global partners in order to execute its sustainability agenda.

During 2011, our main initiatives included:

i. Corporate Philanthropy: Rs. 17.6 million

a) Making quality primary education available to the lesser privileged - working with:
- The Citizens Foundation (TCF) in its schools programme
- Supporting government schools through Public Private Partnerships

b) Supporting health care organizations such as Layton Rehmatullah Benevolent Trust (LRBT) and The Kidney Centre Postgraduate Training Institute.

ii. Energy Conservation:

The Company's Head Office achieved the "WWF Green Office" certification based on its sustainability initiatives through a structured program of measuring, monitoring and reducing energy, paper consumption and waste segregation.

Additionally, a number of initiatives have been taken in factories, depots and in transportation to conserve energy. Some of these are:

a. Lux process modification - project SWING (Soap with Inclusion of Glycerine), simplifying soap manufacturing process resulting in energy saving and reduction of waste and water consumption.
b. Engineering improvements in manufacturing for reducing waste and energy.
c. Replacing old electrical motors & compressors with high efficiency equipment.
d. Balancing air conditioning load and use of eco-efficient lighting at the offices.
e. Optimizing electrical load by installing Variable Frequency Drives.

iii. Environmental Protection Measures:

Unilever's commitment to reduce environmental impact extends across our value chain and we aim to continually improve our management systems to deliver consistent and measurable progress.

Unilever globally launched Unilever Sustainability Living Plan (USLP) as its strategy for sustainability and has committed for reducing absolute environmental footprint regardless of its audacious growth ambition.

The key environmental protection initiatives include:

a. Pilot projects on renewable energy at factories; e.g. Solar Water Heaters & Solar Lights.
b. Distribution Centre rationalization & cross docking; using the 'right sized' vehicles for each route and optimization of vehicle routes as per vehicles loads.
c. Logistics Joint Initiatives: Utilization of vehicles on return trip by collaborating with non-competitors. This helps share cost and reduce the carbon footprint.
d. Sustainable packaging through PVC removal in Hair Care packaging.

Alongside this, Unilever Pakistan is also investing in the resource and capability building areas of eco-efficient practices. Workshops and training have been conducted to engage young managers and factory leaders on Environment Management Tools.

iv. Community Investment and Welfare Schemes: Rs.41.7 million

a) Unilever contributes to multiple community projects through the Unilever Annual Grant Scheme. Water, health and environment projects were carried out in 2011.
b) The Lifebuoy brand partnered with Idara-e-Taleem-o-Aagahi for a school programme educating children on the 5 key occasions of hand-washing across the country.
c) The brand Surf through "Tools for Schools" campaign expanded its work with Idara-e-Taleem-o-Aagahi, taking the experiential learning a step further and engaging students from 10 urban schools to develop learning material for 30 schools affected by the 2010 floods.
d) Fair & Lovely sponsored 10 teachers at the Institute of Professional Learning catering to the women empowerment needs of the country.
e) Lux sponsored students from four fashion institutes in Pakistan through the Lux Style Awards platform.

v. Consumer Protection Measures:

The Company operates a complaints call centre called Raabta to receive consumer feedback. Additionally it is engaged in raising awareness of and addressing the growing menace of counterfeiting.

vi. Employment of Special Persons:

The Company believes in equal opportunity hiring. Unilever facilitates and accommodates the special needs of its employees.

vii. Occupational Safety and Health:

In line with Unilever's mission to add vitality to life. Unilever places Safety, Health and Environment (SHE) at the heart of its business agenda. Unilever Pakistan management has been continually improving its management system standards not only at workplace but it has also taken initiative through "Off The-Job Safety" program to inculcate safety consciousness round the clock amongst its employees.

The management has instituted Central Safety Health & Environment Committee (CSHEC) structure, represented by all MC members, to review performance and provide policy guidelines to all business units. Each MC member, in turn, leads a sub-committee to drive a specific SHE mandate across the Company.

Unilever's global SHE standards are the key building blocks of its system and the CSHEC regularly monitors the performance through leading and lagging indicators of all its Manufacturing and Non-Manufacturing Units.

The Company has been continuously engaging its business partners and other companies through various safety programs. Key initiatives of 2011 were "safety programs for transport and market activation service providers" and "SEDEX" certification audits for suppliers and co-packers, which is Unilever's global initiative to improve safety and social compliance. Internally it initiated the 'Safety Week' and the 'Wellness Week' to raise awareness of key issues.

Unilever Pakistan continues to excel in 'Safe Travel'. It has taken a quantum leap by piloting "Black Box Device Installation" project in 40 sales and functional cars to monitor and improve safe driving behaviours. This is in continuation with its ongoing initiatives of "defensive driving", "behavioural risk assessment" and "route risk assessments" to pro-actively identify and manage driving-related risks.

All the above initiatives have earned Unilever Pakistan the Best Safety Performance in Injury Reduction in the entire South Asia cluster in 2011.

viii. Business Ethics and Anti-Corruption Measures:

Unilever holds frequent activities to ensure that the employees are working within the Code of Business Policies (CoBP). The CoBP is rigorously followed throughout the organization. Employees are also required to sign off on the CoBP each year.

ix. National Cause Donations: Rs. 3.2 million (in addition to Rs. 22.6 million donated by our Parent Company)

In addition to the Rs. 22.6 million donated by our parent company, Unilever Pakistan worked with its employees; sales and distribution teams and global and local partners for flood relief and rehabilitation. Unilever also made donations to its distributor sales representatives who were affected by the floods.

Unilever Brands also generously supported the cause through product donations.

Unilever employees in Pakistan also donated towards the cause. The amount of the local employee contributions was matched by the Company.

x. Contribution to National Exchequer:

The Company contributed Rs. 17.02 billion or 68.12% (2010: Rs. 13.76 billion-68.06%) of its value added to the national exchequer by way of import duties, general sales tax, income tax and other government levies.

Employee Involvement:

Our people share the Company's passion towards sustainable development, which is encouraged by volunteer programmes. Employees contribute to various organizations through out the year in the form of monetary support and skill development. Contributions through the payroll programme for Aga Khan University Hospital, The Citizens Foundation and UN World Food Programme resulted in a collection of over Rs. 2 million. In addition to this they also supported the fund drive for the flood relief work for Sindh.

Investment in Retirement Benefits

The investments made by the staff retirement funds operated by the Company as per financial statements at December 31, 2011 are as follows:

	Rs. million
The Union Pakistan Provident Fund	869
DC Pension Fund	344
Unilever Pension Plan	1,439
Unilever Gratuity Plan	18
Unilever Non Management Staff Gratuity Fund	39
Total	**2,710**
Total - 2010	2,671

Code of Corporate Governance

The management of the Company is committed to good corporate governance and complying with the best practices. As required under the Code of Corporate Governance, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the listed Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored. The Audit Committee comprises of three members, of whom two are non-executive directors including the chairman of the committee.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance, as detailed in the listing regulations.
- Statements regarding the following are annexed in this annual report:
  - Number of Board meetings held and attendance by Directors.
  - Key financial data for the last six years.
  - Pattern of shareholding.

Directors

The present Directors were elected in the AGM held in 2011, and the three years term of office of the present Directors will expire on April 18, 2014.

Subsidiary Companies and Consolidated Financial Statements

The financial statements of the under mentioned subsidiaries of Unilever Pakistan Limited are included in the consolidated financial statements. None had any significant or material business transactions during the year.

- Lever Chemicals (Private) Limited
- Levers Associated Pakistan Trust (Private) Limited
- Sadiq (Private) Limited

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 75.07% of the shares in Unilever Pakistan Limited.

Auditors

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the meeting. Being eligible, they have offered themselves for re-appointment.

Reserve Appropriations

	RESERVES (Rs. in thousands)			
	CAPITAL		REVENUE	TOTAL
	Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit	
Balance as at January 1, 2011	70,929	321,471	2,498,441	2,890,841
Total comprehensive income for the year	-	-	4,094,232	4,094,232
Transferred from surplus on revaluation of fixed assets - net of deferred taxation: - incremental depreciation for the year	-	-	648	648
Dividends				
For the year ended December 31, 2010				
- On cumulative preference shares @ 5% per share	-	-	(239)	(239)
- Final dividend on ordinary shares @ Rs. 157 per share	-	-	(2,087,137)	(2,087,137)
For the year ended December 31, 2011				
- Interim dividend on ordinary shares @ Rs. 105 per share	-	-	(1,395,856)	(1,395,856)
Balance as at December 31, 2011	**70,929**	**321,471**	**3,110,089**	**3,502,489**

Business Risk and Future Outlook

Inflation though subsiding could escalate if global commodity costs rise. This would exert pressure on disposable incomes. Low GDP growth will impact employment opportunities and demand. Political uncertainty in the lead up to national elections, volatile security environment and the ongoing gas and electricity shortages will continue to put pressure on business.

Smuggling of tea is adversely affecting the formal sector. Your Company is lobbying along with peers in the industry for lower import duty and sales tax in order to remove the incentive to smuggle.

Counterfeiting of our popular brands impacts revenue and could be injurious to public health.

Despite the aforementioned challenges, consumer goods have immense opportunities to grow with increasing population, a growing middle-class, increase in affluence and awareness in rural areas and scope to increase penetration and usage nationally. We continue to grow and strengthen in market leadership through strong innovations, improved execution and a high performance culture. Developing and retaining talent remains key to success. Underpinning this is the solid corporate reputation built over many years.

Thanking you all

On behalf of the Board

Ehsan A. Malik
Chairman & Chief Executive

Karachi
February 09, 2012

Board Meetings' Attendance

During the year 2011, four Board Meetings were held and were attended as follows:

Directors	No. of Meetings attended
Mr. Ehsan A. Malik	4
Mr. Imran Husain	4
Mr. Zaffar A. Khan	4
Mr. Khalid Rafi	4
Mr. M. Qaysar Alam	4
Ms. Shazia Syed	4
Mr. Amir R. Paracha	3
Ms. Fariyha Subhani	3

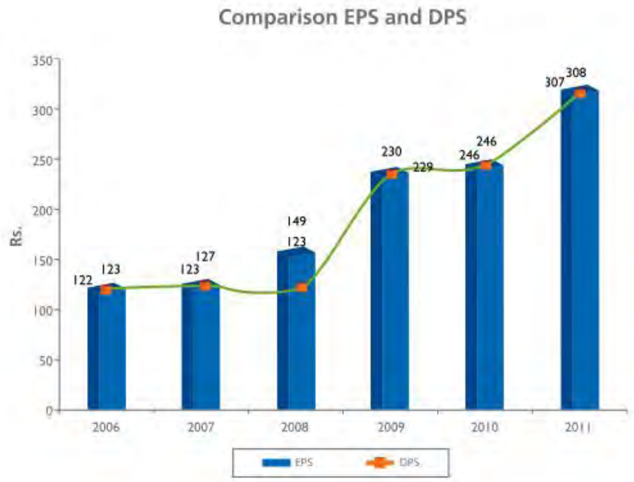
Performance Indicators for 6 years

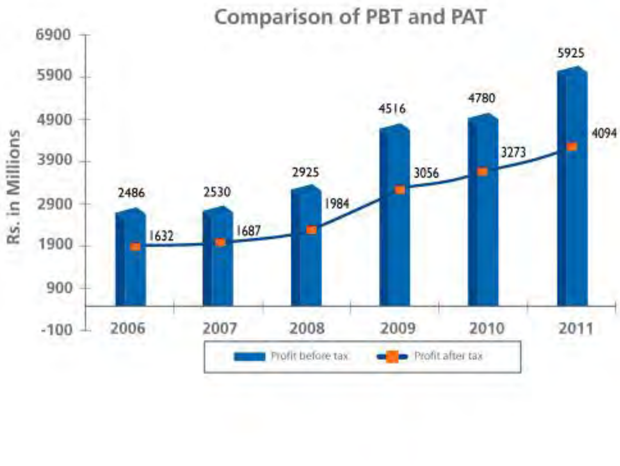
	2011	2010	2009	2008	2007	2006
	(Rupees in million)					
FINANCIAL POSITION						
Balance sheet						
Property, plant and equipment	5,717	4,897	4,737	4,428	3,531	2,137
Other non-current assets	1,640	1,177	1,132	1,110	478	607
Current assets	8,619	7,427	5,557	5,848	4,075	3,686
Total assets	15,976	13,501	11,426	11,386	8,084	6,430
Share capital - ordinary	664	664	664	664	664	664
Preference share capital	5	5	5	5	5	5
Reserves	3,502	2,891	2,622	1,547	1,311	1,161
Total equity	4,171	3,560	3,291	2,216	1,980	1,830
Surplus on revaluation of fixed assets	12	12	13	13	14	15
Non-current liabilities	847	955	1,020	687	502	348
Current liabilities	10,946	8,974	7,102	8,470	5,588	4,237
Total liabilities	11,792	9,929	8,122	9,157	6,090	4,585
Total equity and liabilities	15,976	13,501	11,426	11,386	8,084	6,430
Net current (liabilities) / assets	(2,327)	(1,547)	(1,546)	(2,622)	(1,513)	(551)
OPERATING AND FINANCIAL TRENDS						
Profit and loss						
Net sales	51,876	44,672	38,188	30,957	23,332	20,988
Cost of sales	(33,792)	(30,094)	(24,853)	(20,219)	(14,249)	(13,245)
Gross profit	18,084	14,577	13,335	10,738	9,083	7,743
Operating profit	6,456	5,060	4,943	3,391	2,639	2,550
Profit before tax	5,925	4,780	4,516	2,925	2,530	2,486
Profit after tax	4,094	3,273	3,056	1,984	1,687	1,632
Cash ordinary dividends	4,081	3,270	3,044	1,635	1,635	1,622
Capital expenditure	2,023	921	872	1,369	1,714	684
Cash flows						
Operating activities	4,659	6,182	5,216	97	2,406	2,431
Investing activities	(1,948)	(885)	(878)	(1,246)	(1,656)	(534)
Financing activities	(3,507)	(3,038)	(2,011)	(1,742)	(1,570)	(1,675)
Cash and cash equivalents at the end of the year	665	1,461	(798)	(3,126)	(235)	586

Performance Indicators for 6 years

	Unit	2011	2010	2009	2008	2007	2006
PROFITABILITY RATIOS							
Gross profit ratio	%	35	33	35	35	39	37
Net profit to sales	%	8	7	8	6	7	8
EBITDA margin to sales	%	13	12%	14%	11%	13%	13%
Operating leverage ratio	Times	1.32	0.21	2.30	0.64	0.23	0.01
Pre tax return on equity	%	142	134%	137%	132%	128%	136%
Post tax return on equity	%	98	92%	93%	90%	85%	89%
Return on capital employed	%	102	80	62	49	77	82
LIQUIDITY RATIOS							
Current ratio	Times	0.79	0.83	0.78	0.69	0.73	0.87
Quick / Acid test ratio	Times	0.30	0.40	0.27	0.19	0.24	0.36
Cash to current liabilities	Times	0.09	0.20	0.03	0.01	0.03	0.14
Cash flow from operations to sales	Times	0.09	0.14	0.13	0.00	0.10	0.12
ACTIVITY / OPERATING PERFORMANCE RATIOS							
Inventory turnover ratio	Days	49	46	58	64	63	54
Debtor turnover ratio	Days	5	4	4	3	3	2
Creditor turnover ratio	Days	(98)	(84)	(75)	(83)	(110)	(102)
Total assets turnover ratio	Times	325	331	334	272	289	326
Fixed assets turnover ratio	Times	9	9	8	7	7	10
Operating cycle	Days	(44)	(34)	(13)	(16)	(45)	(45)
INVESTMENT / MARKET RATIOS							
Earnings per share (EPS)	Rs.	308	246	230	149	127	123
Price earnings ratio	Times	18	18	10	12	18	16
Dividend yield ratio	Times	0.06	0.06	0.10	0.07	0.05	0.06
Dividend payout ratio - earnings	Times	1.00	1.00	1.00	0.83	0.97	0.99
Dividend payout ratio - par value	Times	6.14	4.92	4.58	2.46	2.46	2.44
Dividend cover ratio	Times	1.00	1.00	1.00	1.21	1.03	1.01
Cash dividend	Rs.	307	246	229	123	123	122
Market value - low	Rs.	4,005	2,305	1,725	1,808	2,000	1,760
Market value - high	Rs.	6,149	4,691	2,475	2,501	2,625	2,060
Market value - year end	Rs.	5,566	4,360	2,300	1,808	2,280	2,000
Breakup value per share without surplus on revaluation of fixed assets	Rs.	314	268	248	167	149	138
Breakup value with surplus on revaluation	Rs.	315	269	249	168	150	139
CAPITAL STRUCTURE RATIOS							
Financial leverage ratio	Times	1.01	1.03	1.05	1.06	1.01	1.00
Interest cover ratio	Times	124	34	20	18	84	223

Performance Indicators for 6 years



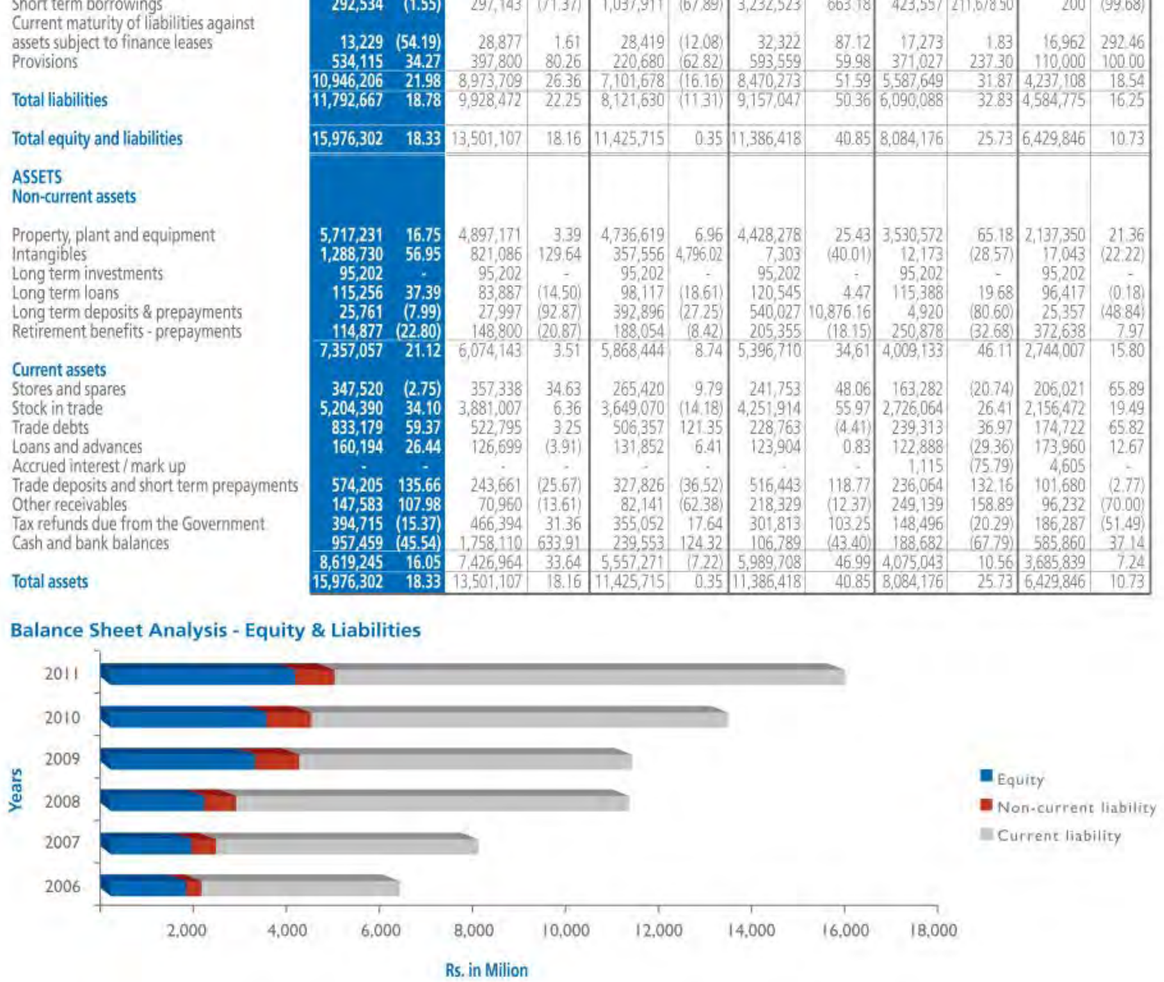


Balance Sheet - Horizontal Analysis for 6 years

Rs. in thousand

	2011	11 Vs. 10	2010	10 Vs. 09	2009	09 Vs. 08	2008	08 Vs. 07	2007	07 Vs. 06	2006	06 Vs. 05
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES												
Capital and reserves												
Share capital	669,477	-	669,477	-	669,477	-	669,477	-	669,477	-	669,477	-
Reserves	3,502,489	21.16	2,890,841	10.27	2,621,643	69.55	1,546,281	18.01	1,310,350	12.89	1,160,685	(1.45)
	4,171,966	17.18	3,560,318	8.18	3,291,120	48.53	2,215,758	11.92	1,979,827	8.18	1,830,162	(0.92)
Surplus on revaluation of fixed assets	11,669	(5.26)	12,317	(5.00)	12,965	(4.76)	13,613	(4.54)	14,261	(4.35)	14,909	(4.17)
Non-current liabilities												
Payable to supplier	-	-	-	-	-	-	-	-	-	-	-	(100.00)
Liabilities against assets subject to finance leases	3,291	(83.39)	19,818	(65.09)	56,762	(26.59)	77,327	46.09	52,932	270.85	14,273	(28.90)
Deferred taxation	381,064	(33.86)	576,143	(9.43)	636,130	72.09	369,653	19.61	309,044	51.79	203,595	(9.32)
Retirement benefits - obligations	462,106	28.79	358,802	9.71	327,060	36.39	239,794	70.72	140,463	8.22	129,799	11.20
	846,461	(11.34)	954,763	(6.39)	1,019,952	48.51	686,774	36.69	502,439	44.52	347,667	(5.89)
Current liabilities												
Trade and other payables	10,096,698	22.63	8,233,705	42.31	5,785,776	27.22	4,547,794	(4.27)	4,750,490	19.14	3,987,437	13.82
Taxation - provisions less payments	-	-	-	-	-	-	-	-	21,633	(82.06)	120,611	-
Accrued interest / mark up	9,630	(40.50)	16,184	(43.98)	28,892	(54.91)	64,075	1,646.39	3,669	93.31	1,898	(56.58)
Short term borrowings	292,534	(1.55)	297,143	(71.37)	1,037,911	(67.89)	3,232,523	663.18	423,557	211,678.50	200	(99.68)
Current maturity of liabilities against assets subject to finance leases	13,229	(54.19)	28,877	1.61	28,419	(12.08)	32,322	87.12	17,273	1.83	16,962	292.46
Provisions	534,115	34.27	397,800	80.26	220,680	(62.82)	593,559	59.98	371,027	237.30	110,000	100.00
	10,946,206	21.98	8,973,709	26.36	7,101,678	(16.16)	8,470,273	51.59	5,587,649	31.87	4,237,108	18.54
Total liabilities	11,792,667	18.78	9,928,472	22.25	8,121,630	(11.31)	9,157,047	50.36	6,090,088	32.83	4,584,775	16.25
Total equity and liabilities	15,976,302	18.33	13,501,107	18.16	11,425,715	0.35	11,386,418	40.85	8,084,176	25.73	6,429,846	10.73
ASSETS												
Non-current assets												
Property, plant and equipment	5,717,231	16.75	4,897,171	3.39	4,736,619	6.96	4,428,278	25.43	3,530,572	65.18	2,137,350	21.36
Intangibles	1,288,730	56.95	821,086	129.64	357,556	4,796.02	7,303	(40.01)	12,173	(28.57)	17,043	(22.22)
Long term investments	95,202	-	95,202	-	95,202	-	95,202	-	95,202	-	95,202	-
Long term loans	115,256	37.39	83,887	(14.50)	98,117	(18.61)	120,545	4.47	115,388	19.68	96,417	(0.18)
Long term deposits & prepayments	25,761	(7.99)	27,997	(92.87)	392,896	(27.25)	540,027	10,876.16	4,920	(80.60)	25,357	(48.84)
Retirement benefits - prepayments	114,877	(22.80)	148,800	(20.87)	188,054	(8.42)	205,355	(18.15)	250,878	(32.68)	372,638	7.97
	7,357,057	21.12	6,074,143	3.51	5,868,444	8.74	5,396,710	34,61	4,009,133	46.11	2,744,007	15.80
Current assets												
Stores and spares	347,520	(2.75)	357,338	34.63	265,420	9.79	241,753	48.06	163,282	(20.74)	206,021	65.89
Stock in trade	5,204,390	34.10	3,881,007	6.36	3,649,070	(14.18)	4,251,914	55.97	2,726,064	26.41	2,156,472	19.49
Trade debts	833,179	59.37	522,795	3.25	506,357	121.35	228,763	(4.41)	239,313	36.97	174,722	65.82
Loans and advances	160,194	26.44	126,699	(3.91)	131,852	6.41	123,904	0.83	122,888	(29.36)	173,960	12.67
Accrued interest / mark up	-	-	-	-	-	-	-	-	1,115	(75.79)	4,605	-
Trade deposits and short term prepayments	574,205	135.66	243,661	(25.67)	327,826	(36.52)	516,443	118.77	236,064	132.16	101,680	(2.77)
Other receivables	147,583	107.98	70,960	(13.61)	82,141	(62.38)	218,329	(12.37)	249,139	158.89	96,232	(70.00)
Tax refunds due from the Government	394,715	(15.37)	466,394	31.36	355,052	17.64	301,813	103.25	148,496	(20.29)	186,287	(51.49)
Cash and bank balances	957,459	(45.54)	1,758,110	633.91	239,553	124.32	106,789	(43.40)	188,682	(67.79)	585,860	37.14
	8,619,245	16.05	7,426,964	33.64	5,557,271	(7.22)	5,989,708	46.99	4,075,043	10.56	3,685,839	7.24
Total assets	15,976,302	18.33	13,501,107	18.16	11,425,715	0.35	11,386,418	40.85	8,084,176	25.73	6,429,846	10.73

Balance Sheet Analysis - Equity & Liabilities

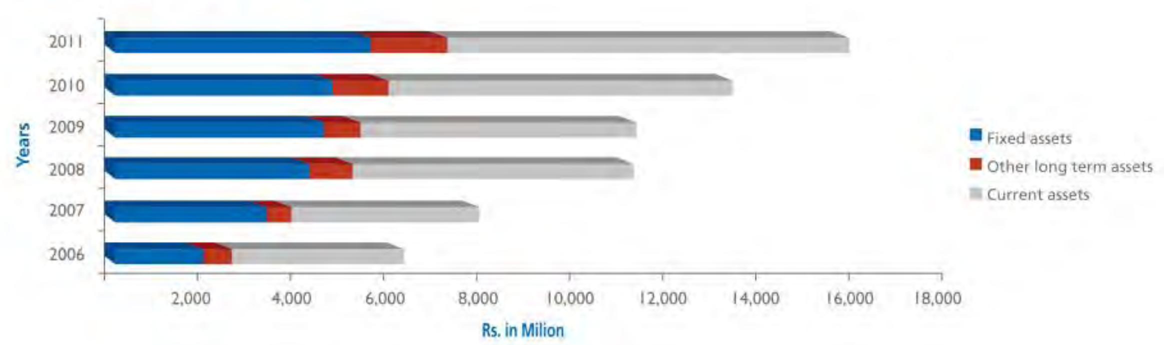


Balance Sheet - Vertical Analysis for 6 years

Rs. in thousand

	2011		2010		2009		2008		2007		2006	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES												
Capital and reserves												
Share capital	669,477	4.19	669,477	4.96	669,477	5.86	669,477	5.88	669,477	8.28	669,477	10.41
Reserves	3,502,489	21.92	2,890,841	21.41	2,621,643	22.95	1,546,281	13.58	1,310,350	16.21	1,160,685	18.05
	4,171,966	26.11	3,560,318	26.37	3,291,120	28.80	2,215,758	19.46	1,979,827	24.49	1,830,162	28.46
Surplus on revaluation of fixed assets	11,669	0.07	12,317	0.09	12,965	0.11	13,613	0.12	14,261	0.18	14,909	0.23
Non-current liabilities												
Liabilities against assets subject to finance leases	3,291	0.02	19,818	0.15	56,762	0.50	77,327	0.68	52,932	0.65	14,273	0.22
Deferred taxation	381,064	2.39	576,143	4.27	636,130	5.57	369,653	3.25	309,044	3.82	203,595	3.17
Retirement benefits - obligations	462,106	2.89	358,802	2.66	327,060	2.86	239,794	2.11	140,463	1.74	129,799	2.02
	846,461	5.30	954,763	7.07	1,019,952	8.93	686,774	6.03	502,439	6.22	347,667	5.41
Current liabilities												
Trade and other payables	10,096,698	63.20	8,233,705	60.99	5,785,776	50.64	4,547,794	39.94	4,750,490	58.76	3,987,437	62.01
Taxation - provisions less payments	-	-	-	-	-	-	-	-	21,633	0.27	120,611	1.88
Accrued interest / mark up	9,630	0.06	16,184	0.12	28,892	0.25	64,075	0.56	3,669	0.05	1,898	0.03
Short term borrowings	292,534	1.83	297,143	2.20	1,037,911	9.08	3,232,523	28.39	423,557	5.24	200	0.00
Current maturity of liabilities against assets subject to finance leases	13,229	0.08	28,877	0.21	28,419	0.25	32,322	0.28	17,273	0.21	16,962	0.26
Provisions	534,115	3.34	397,800	2.95	220,680	1.93	593,559	5.21	371,027	4.59	110,000	1.71
	10,946,206	68.52	8,973,709	66.47	7,101,678	62.16	8,470,273	74.39	5,587,649	69.12	4,237,108	65.90
Total liabilities	11,792,667	73.81	9,928,472	73.54	8,121,630	71.08	9,157,047	80.42	6,090,088	75.33	4,584,775	71.30
Total equity and liabilities	15,976,302	100.00	13,501,107	100.00	11,425,715	100.00	11,386,418	100.00	8,084,176	100.00	6,429,846	100.00
ASSETS												
Non-current assets												
Property, plant and equipment	5,717,231	35.79	4,897,171	36.27	4,736,619	41.46	4,428,278	38.89	3,530,572	43.67	2,137,350	33.24
Intangibles	1,288,730	8.07	821,086	6.08	357,556	3.13	7,303	0.06	12,173	0.15	17,043	0.27
Long term investments	95,202	0.60	95,202	0.71	95,202	0.83	95,202	0.84	95,202	1.18	95,202	1.48
Long term loans	115,256	0.72	83,887	0.62	98,117	0.86	120,545	1.06	115,388	1.43	96,417	1.50
Long term deposits and prepayments	25,761	0.16	27,997	0.21	392,896	3.44	540,027	4.74	4,920	0.06	25,357	0.39
Retirement benefits - prepayments	114,877	0.72	148,800	1.10	188,054	1.65	205,355	1.80	250,878	3.10	372,638	5.80
	7,357,057	46.05	6,074,143	44.99	5,868,444	51.36	5,396,710	47.40	4,009,133	49.59	2,744,007	42.68
Current assets												
Stores and spares	347,520	2.18	357,338	2.65	265,420	2.32	241,753	2.12	163,282	2.02	206,021	3.20
Stock in trade	5,204,390	32.58	3,881,007	28.75	3,649,070	31.94	4,251,914	37.34	2,726,064	33.72	2,156,472	33.54
Trade debts	833,179	5.22	522,795	3.87	506,357	4.43	228,763	2.01	239,313	2.96	174,722	2.72
Loans and advances	160,194	1.00	126,699	0.94	131,852	1.15	123,904	1.09	122,888	1.52	173,960	2.71
Accrued interest / mark up	-	-	-	-	-	-	-	-	1,115	0.01	4,605	0.07
Trade deposits and short term prepayments	574,205	3.59	243,661	1.80	327,826	2.87	516,443	4.54	236,064	2.92	101,680	1.58
Other receivables	147,583	0.92	70,960	0.53	82,141	0.72	218,329	1.92	249,139	3.08	96,232	1.50
Tax refunds due from the Government	394,715	2.47	466,394	3.45	355,052	3.11	301,813	2.65	148,496	1.84	186,287	2.90
Cash and bank balances	957,459	5.99	1,758,110	13.02	239,553	2.10	106,789	0.94	188,682	2.33	585,860	9.11
	8,619,245	53.95	7,426,964	55.01	5,557,271	48.64	5,989,708	52.60	4,075,043	50.41	3,685,839	57.32
Total assets	15,976,302	100.00	13,501,107	100.00	11,425,715	100.00	11,386,418	100.00	8,084,176	100.00	6,429,846	100.00

Balance Sheet Analysis - Assets



Profit and Loss Account
Horizontal and Vertical Analysis for 6 years

Rs. in thousand

Horizontal Analysis

	2011 Rs.	11 Vs. 10 %	2010 Rs.	10 Vs. 09 %	2009 Rs.	09 Vs. 08 %	2008 Rs.	08 Vs. 07 %	2007 Rs.	07 Vs. 06 %	2006 Rs.	06 Vs. 05 %
Sales	51,875,986	116.13	44,671,507	116.98	38,187,582	123.36	30,956,839	132.68	23,331,666	111.17	20,987,885	115.83
Cost of sales	(33,792,460)	112.29	(30,094,225)	121.09	(24,852,625)	122.92	(20,219,184)	141.90	(14,248,581)	107.58	(13,244,679)	117.57
Gross profit	18,083,526	124.05	14,577,282	109.32	13,334,957	124.19	10,737,655	118.22	9,083,085	117.30	7,743,206	112.98
Distribution costs	(9,807,202)	122.08	(8,033,561)	111.89	(7,179,694)	122.78	(5,847,845)	116.46	(5,021,177)	120.90	(4,153,147)	129.43
Administrative expenses	(1,628,964)	133.53	(1,219,935)	118.39	(1,030,478)	102.82	(1,002,214)	98.03	(1,022,326)	113.13	(903,646)	88.69
Other operating expenses	(537,831)	138.60	(388,051)	103.82	(373,785)	151.17	(247,266)	112.84	(219,130)	95.41	(229,664)	90.07
Other operating income	346,797	279.35	124,146	64.55	192,313	80.16	239,918	125.88	190,588	93.92	202,923	108.06
	6,456,326	127.60	5,059,881	102.36	4,943,313	127.40	3,880,248	128.87	3,011,040	113.21	2,659,672	103.94
Restructuring cost	(306,407)	340.45	(90,000)	-100.00	-	100.00	(489,280)	131.44	(372,234)	338.39	(110,000)	100.00
Profit from operations	6,149,919	123.74	4,969,881	100.54	4,943,313	145.78	3,390,968	128.50	2,638,806	103.50	2,549,672	99.65
Finance cost	(224,722)	118.53	(189,583)	44.33	(427,708)	91.75	(466,166)	426.86	(109,208)	170.78	(63,946)	83.56
Profit before taxation	5,925,197	123.95	4,780,298	105.86	4,515,605	154.39	2,924,802	115.62	2,529,598	101.76	2,485,726	100.14
Taxation	(1,830,965)	121.49	(1,507,096)	103.24	(1,459,865)	155.23	(940,476)	111.66	(842,240)	98.71	(853,242)	96.89
Profit after taxation	4,094,232	125.08	3,273,202	107.12	3,055,740	153.99	1,984,326	117.60	1,687,358	103.36	1,632,484	101.93
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	4,094,232	125.08	3,273,202	107.12	3,055,740	153.99	1,984,326	117.60	1,687,358	103.36	1,632,484	101.93

Rs. in thousand

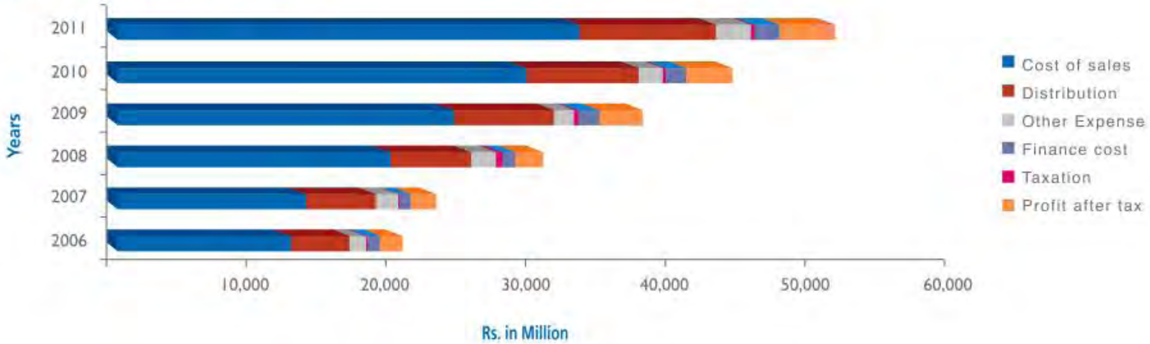
Vertical Analysis

	2011 Rs.	2011 %	2010 Rs.	2010 %	2009 Rs.	2009 %	2008 Rs.	2008 %	2007 Rs.	2007 %	2006 Rs.	2006 %
Sales	51,875,986	100.00	44,671,507	100.00	38,187,582	100.00	30,956,839	100.00	23,331,666	100.00	20,987,885	100.00
Cost of sales	(33,792,460)	-65.14	(30,094,225)	-67.37	(24,852,625)	-65.08	(20,219,184)	-65.31	(14,248,581)	-61.07	(13,244,679)	-63.11
Gross profit	18,083,526	34.86	14,577,282	32.63	13,334,957	34.92	10,737,655	34.69	9,083,085	38.93	7,743,206	36.89
Distribution costs	(9,807,202)	-18.91	(8,033,561)	-17.98	(7,179,694)	-18.80	(5,847,845)	-18.89	(5,021,177)	-21.52	(4,153,147)	-19.79
Administrative expenses	(1,628,964)	-3.14	(1,219,935)	-2.73	(1,030,478)	-2.70	(1,002,214)	-3.24	(1,022,326)	-4.38	(903,646)	-4.31
Other operating expenses	(537,831)	-1.04	(388,051)	-0.87	(373,785)	-0.98	(247,266)	-0.80	(219,130)	-0.94	(229,664)	-1.09
Other operating income	346,797	0.67	124,146	0.28	192,313	0.50	239,918	0.78	190,588	0.82	202,923	0.97
	6,456,326	12.45	5,059,881	11.33	4,943,313	12.94	3,880,248	12.53	3,011,040	12.91	2,659,672	12.67
Restructuring cost	(306,407)	-0.59	(90,000)	-0.20	-	0.00	(489,280)	-1.58	(372,234)	-1.60	(110,000)	-0.52
Profit from operations	6,149,919	11.86	4,969,881	11.13	4,943,313	12.94	3,390,968	10.95	2,638,806	11.31	2,549,672	12.15
Finance cost	(224,722)	-0.43	(189,583)	-0.42	(427,708)	-1.12	(466,166)	-1.51	(109,208)	-0.47	(63,946)	-0.30
Profit before taxation	5,925,197	11.42	4,780,298	10.70	4,515,605	11.82	2,924,802	9.45	2,529,598	10.84	2,485,726	11.84
Taxation	(1,830,965)	-3.53	(1,507,096)	-3.37	(1,459,865)	-3.82	(940,476)	-3.04	(842,240)	-3.61	(853,242)	-4.07
Profit after taxation	4,094,232	7.89	3,273,202	7.33	3,055,740	8.00	1,984,326	6.41	1,687,358	7.23	1,632,484	7.78
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	4,094,232	7.89	3,273,202	7.33	3,055,740	8.00	1,984,326	6.41	1,687,358	7.23	1,632,484	7.78

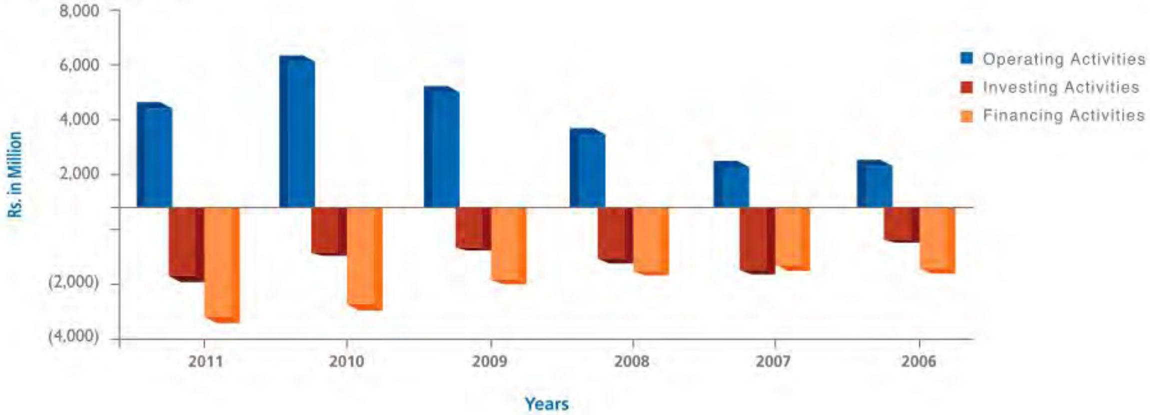
Graphical Analysis

Profit and Loss Analysis - Sales & Other Income

Profit and Loss Analysis - Expenses



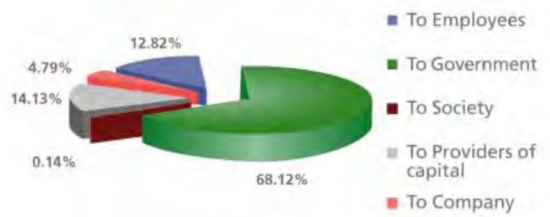
Cash Flow Analysis



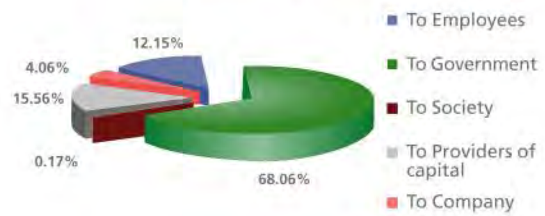
Statement of Value Addition & its Distribution

	2011 Rs in '000	%	2010 Rs in '000	%
WEALTH GENERATED				
Total revenue inclusive of sales tax and other income	64,188,244		55,136,743	
Bought-in material and services	(39,195,939)		(34,905,906)	
	24,992,305	100	20,230,837	100
WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	2,897,249	11.59	2,367,174	11.70
Restructuring Cost	306,407	1.23	90,000	0.44
To Government				
Income tax, sales tax, excise duty and custom duty, WWF, WPPF	17,025,145	68.12	13,769,607	68.06
To Society				
Donation towards education, health and environment	34,273	0.14	33,780	0.17
To Providers of Capital				
Dividend to shareholders	3,482,993	13.94	3,004,413	14.85
Mark-up/ interest expenses on borrowed funds	48,125	0.19	144,068	0.71
To Company				
Depreciation, amortization & retained profit	1,198,113	4.79	821,795	4.06
	24,992,305	100	20,230,837	100

WEALTH DISTRIBUTION 2011



WEALTH DISTRIBUTION 2010



Pattern of Shareholding
as at December 31, 2011

Number of Shareholders	Shareholding From	Shareholding To	Total Number of Shares Held*
2,662	1	100	77,159
746	101	500	170,131
148	501	1,000	109,460
152	1,001	5,000	312,040
18	5,001	10,000	122,653
4	10,001	15,000	44,378
3	15,001	20,000	52,423
1	20,001	25,000	20,042
3	25,001	30,000	76,521
4	30,001	35,000	64,936
4	40,001	45,000	165,288
1	45,001	50,000	47,414
2	50,001	55,000	106,628
1	80,001	85,000	84,400
1	90,001	95,000	91,553
1	110,001	115,000	111,589
1	420,001	425,000	423,402
1	540,001	545,000	544,380
1	735,001	740,000	735,890
1	9,980,001	9,985,000	9,981,417
3,755			**13,341,704**

Shareholders' Category	Number of Share-holders	Number of Shares Held	Percentage %
Associated Co., Undertakings *	1	10,015,152	75.07
NIT and ICP *	1	111,772	0.84
Directors, CEO	3	1,121	0.01
Executives	2	65	0.00
Public Sector Co. and Corporation	1	423,402	3.17
Banks, DFI, NBFI's	10	68,920	0.52
Modarabas and Mutual Funds	5	8,003	0.06
Insurance Companies	6	69,789	0.52
Others *	105	1,905,443	14.28
Individuals *	3,621	738,037	5.53
	3,755	**13,341,704**	**100.00**

* Includes Voting Preference Shares.

Pattern of Shareholding - Additional Information

as at December 31, 2011

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies (name wise details)		
Unilever Overseas Holdings Ltd.	1	10,015,152
NIT & ICP (name wise details)		
National Bank of Pakistan, Trustee Deptt.	1	111,772
Directors,CEO and their spouses and minor children (name wise details)		
Mr. Zaffar A. Khan	1	1020
Mr. Khalid Rafi	1	1
Mr. M. Qaysar Alam	1	100
Executives		
Mr. Amar Naseer	1	5
Mrs. Mahvash Imad W/o Syed Imad Mashhadi (Unilever Employee)	1	60
Public Sector Companies & Corporation	1	423,402
Banks, Development Finance Institutions Non-Banking Finance Institutions	10	68,920
Modarabas and Mutual Funds	5	8,003
Insurance Companies	6	69,789
Others	105	1,905,443
Shareholders holding 10% or more voting interest (name wise details)		
Unilever Overseas Holdings Ltd.	1	10,015,152

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the best practices of the Code of Corporate Governance (the Code), set out in the listing regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code, in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes two independent non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The three years term of office of all the Directors expired on April 18, 2011. The Board has increased the number of directors from 7 to 8 at its meeting held on February 14, 2011. The election was held at the Shareholders' Annual General Meeting held on March 29, 2011. Mr. Ehsan A. Malik, Mr. Imran Husain, Mr. Zaffar A. Khan, Mr. Khalid Rafi, Mr. M. Qaysar Alam, Ms. Shazia Syed, Mr. Amir R. Paracha and Ms. Fariyha Subhani were elected for a fresh term of three years commencing from April 19, 2011.

5. The Company had already adopted and circulated a 'Code of Business Principles', which has been signed by all the directors and employees of the Company.

6. The Company has a Vision Statement. The Company, traditionally, maintains and follows policies designed to align with the Unilever group of companies and global best practices in agreement with the Board. The Board considers any significant amendments to the policies, as and when required. However, a complete record of particulars of significant policies along with the dates on which these were enacted has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, based on the significance of the matters involved, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company arranges orientation courses / meetings for its directors.

10. The Board has re-appointed Mr. Ehsan A. Malik as Chief Executive Officer of the Company for a further term of three years w.e.f. June 28, 2011.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises of three members, of whom two are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the committee for compliance.

17. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors along with pricing methods for transactions carried out on terms equivalent to those that prevail in the arm's length transactions.

18. The Company has an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with the best practices.

Karachi
February 09, 2012

Ehsan A. Malik
Chairman & Chief Executive

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Unilever Pakistan Limited to comply with the Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal controls covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2011.

A.F.Ferguson & Co.
Chartered Accountants

Karachi
Dated: February 24, 2012

Financial Statements 2011

Unilever Pakistan Limited

Auditors' Report to the Members

We have audited the annexed balance sheet of Unilever Pakistan Limited as at December 31, 2011 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, 2011 and of the profit, total comprehensive income, 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.

A.F.Ferguson & Co.
Chartered Accountants

Karachi
Dated: February 24, 2012
Name of Engagement Partner: Ali Muhammad Mesia

Balance Sheet
as at December 31, 2011

	Note	2011	2010
		(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,717,231	4,897,171
Intangibles	4	1,288,730	821,086
Long term investments	5	95,202	95,202
Long term loans	6	115,256	83,887
Long term deposits and prepayments	7	25,761	27,997
Retirement benefits - prepayments	8	114,877	148,800
		7,357,057	6,074,143
Current assets			
Stores and spares	9	347,520	357,338
Stock in trade	10	5,204,390	3,881,007
Trade debts	11	833,179	522,795
Loans and advances	12	160,194	126,699
Trade deposits and short term prepayments	13	574,205	243,661
Other receivables	14	147,583	70,960
Tax refunds due from the Government	15	394,715	466,394
Cash and bank balances	16	957,459	1,758,110
		8,619,245	7,426,964
Total assets		15,976,302	13,501,107

	Note	2011	2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	669,477	669,477
Reserves	18	3,502,489	2,890,841
		4,171,966	3,560,318
Surplus on revaluation of fixed assets	19	11,669	12,317
Liabilities			
Non-current liabilities			
Liabilities against assets subject to finance leases	20	3,291	19,818
Deferred taxation	21	381,064	576,143
Retirement benefits - obligations	8	462,106	358,802
		846,461	954,763
Current liabilities			
Trade and other payables	22	10,096,698	8,233,705
Accrued interest / mark-up		9,630	16,184
Short term borrowings	23	292,534	297,143
Current maturity of liabilities against assets subject to finance leases	20	13,229	28,877
Provisions	24	534,115	397,800
		10,946,206	8,973,709
Total liabilities		11,792,667	9,928,472
Contingencies and commitments	25		
Total equity and liabilities		15,976,302	13,501,107

The annexed notes 1 to 45 form an integral part of these financial statements.

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

Profit and Loss Account

for the year ended December 31, 2011

	Note	2011	2010
		(Rupees in thousand)	
Sales	26	51,875,986	44,671,507
Cost of sales	27	(33,792,460)	(30,094,225)
Gross profit		18,083,526	14,577,282
Distribution costs	28	(9,807,202)	(8,033,561)
Administrative expenses	29	(1,628,964)	(1,219,935)
Other operating expenses	30	(537,831)	(388,051)
Other operating income	31	346,797	124,146
		6,456,326	5,059,881
Restructuring cost		(306,407)	(90,000)
Profit from operations		6,149,919	4,969,881
Finance cost	32	(224,722)	(189,583)
Profit before taxation		5,925,197	4,780,298
Taxation	33	(1,830,965)	(1,507,096)
Profit after taxation		4,094,232	3,273,202
Other comprehensive income		-	-
Total comprehensive income		4,094,232	3,273,202
Earnings per share (Rupees)	34	308	246

The annexed notes 1 to 45 form an integral part of these financial statements.

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

Cash Flow Statement
for the year ended December 31, 2011

	2011	2010
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	5,925,197	4,780,298
Adjustments for non-cash charges and other items		
Depreciation	586,874	553,006
Amortisation of software	56,076	2,433
Loss / (Gain) on disposal of property, plant and equipment	53,260	(24,054)
Dividend income	(12)	(12)
Mark-up on short term borrowings	44,087	132,631
Finance charge on finance leases	4,038	11,437
Provision for staff retirement benefits	238,841	153,357
Return on savings accounts	(14,868)	(1,918)
Income on deposit accounts	(20,544)	(1,942)
	947,752	824,938
	6,872,949	5,605,236
Effect on cash flows due to working capital changes		
(Increase) / Decrease in current assets		
Stores and spares	9,818	(91,918)
Stock in trade	(1,323,383)	(231,937)
Trade debts	(310,384)	(16,438)
Loans and advances	(33,495)	5,153
Trade deposits and short term prepayments	(330,544)	84,165
Other receivables	(76,623)	11,181
	(2,064,611)	(239,794)
Increase in current liabilities		
Trade and other payables	1,850,385	2,166,529
Provisions	136,315	177,120
	1,986,700	2,343,649
	(77,911)	2,103,855
Cash generated from operations (carried forward)	6,795,038	7,709,091

	Note	2011	2010
		(Rupees in thousand)	
Cash generated from operations (brought forward)		6,795,038	7,709,091
Mark-up paid on short term borrowings		(50,641)	(145,339)
Income tax paid		(1,954,365)	(1,678,425)
Retirement benefits obligations paid		(101,614)	(82,361)
(Increase) / decrease in long term loans		(31,369)	14,230
Decrease in long term deposits and prepayments		2,236	364,899
Net cash from operating activities		4,659,285	6,182,095
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,498,928)	(721,787)
Payment for intangible asset		(523,720)	(199,596)
Sale proceeds on disposal of property, plant and equipment		38,734	32,283
Return received on savings accounts and deposit accounts		35,412	3,860
Dividend received		12	12
Net cash used in investing activities		(1,948,490)	(885,228)
Cash flows from financing activities			
Dividends paid		(3,470,624)	(2,989,619)
Finance lease obligation paid		(36,213)	(47,923)
Net cash used in financing activities		(3,506,837)	(3,037,542)
Net (decrease) / increase in cash and cash equivalents		(796,042)	2,259,325
Cash and cash equivalents at the beginning of the year		1,460,967	(798,358)
Cash and cash equivalents at the end of the year	35	664,925	1,460,967

The annexed notes 1 to 45 form an integral part of these financial statements.

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

Statement of Changes in Equity

or the year ended December 31, 2011

	SHARE CAPITAL	RESERVES				TOTAL
		CAPITAL		REVENUE	SUB TOTAL	
		Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
	(Rupees in thousand)					
Balance as at January 1, 2010	669,477	70,929	321,471	2,229,243	2,621,643	3,291,120
Total comprehensive income for the year	-	-	-	3,273,202	3,273,202	3,273,202
Transferred from surplus on revaluation of fixed assets - net of deferred taxation:						
- incremental depreciation for the year	-	-	-	648	648	648
Dividends						
For the year ended December 31, 2009						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 137 per share	-	-	-	(1,821,260)	(1,821,260)	(1,821,260)
For the year ended December 31, 2010						
- Interim dividend on ordinary shares @ Rs. 89 per share	-	-	-	(1,183,153)	(1,183,153)	(1,183,153)
Balance as at December 31, 2010	669,477	70,929	321,471	2,498,441	2,890,841	3,560,318
Total comprehensive income for the year	-	-	-	4,094,232	4,094,232	4,094,232
Transferred from surplus on revaluation of fixed assets - net of deferred taxation:						
- incremental depreciation for the year	-	-	-	648	648	648
Dividends						
For the year ended December 31, 2010						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 157 per share	-	-	-	(2,087,137)	(2,087,137)	(2,087,137)
For the year ended December 31, 2011						
- Interim dividend on ordinary shares @ Rs. 105 per share	-	-	-	(1,395,856)	(1,395,856)	(1,395,856)
Balance as at December 31, 2011	669,477	70,929	321,471	3,110,089	3,502,489	4,171,966

The annexed notes 1 to 45 form an integral part of these financial statements.

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

1. THE COMPANY AND ITS OPERATIONS

The Company is a limited liability Company incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. It 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are the same as those applied for the previous financial year.

2.1 Basis of preparation

2.1.1 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 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.

2.1.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with 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 as follows:

i. Taxation

The Company accounts for provision for income tax based on current best estimates. However, where the final tax outcome is different from the amounts that were initially recorded, such differences impact the income tax provision in the period in which such determination is made.

ii. Post employment benefits

Significant estimates relating to post employment benefits are disclosed in note 8.

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.

There have been no critical judgements made by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

2.2 New and amended standards and interpretations that are effective in the current year

There are certain new and amended standards and interpretations that have been published and are mandatory for accounting periods beginning on or after January 1, 2011 but are considered not to be relevant or did not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are considered relevant, but not yet effective

Following amendments to existing standards and interpretations have been published that are mandatory for accounting periods beginning on the dates mentioned below:

IAS 19 (Amendment) - 'Employee benefits' is applicable for the periods beginning on or after 1 January 2013. It eliminates the corridor approach and recognises all actuarial gains and losses in other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset.

IAS 1 (Amendment) - 'Presentation of Financial Statements', is effective for the accounting periods beginning on or after 1 July 2012. It entails the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment is however, not expected to have a material impact on the Company's financial statements.

2.4 Interpretations to published approved accounting standards that are not yet effective and are not considered relevant

Standards, amendments to existing approved accounting standards and new interpretations have been published that are mandatory for future years. However, these are not expected to affect materially the financial statements of the Company for the accounting periods beginning on the dates prescribed therein.

2.5 Overall valuation policy

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

2.6 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and impairment, if any, except capital work in progress which is stated at cost. Depreciation is calculated using the straight-line method on all assets in use at the beginning of each quarter to charge off their cost excluding residual value, if not insignificant, over their estimated useful lives.

Certain land, buildings and plant and machinery were revalued in 1973, 1975, 1978 and 1981 by independent valuers, which are shown at such revalued figures. In compliance with the revised International Accounting Standard No. 16, "Property, Plant and Equipment", the Company adopted cost model for its property, plant and equipment and the revalued figures were treated as deemed costs. The surplus on revaluation of these assets, however, is recognised in accordance with section 235 of the Companies Ordinance, 1984.

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

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 and assets so replaced, if any, are retired. Gains and losses on disposal of property, plant and equipment are recognised in the profit and loss account.

2.7 Intangibles

Intangibles are stated at cost less amortisation. Major computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of five years using the straight-line method.

Costs associated with maintaining computer software programmes are recognised as an expense as and when incurred.

2.8 Investments

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.

2.9 Taxation

i. Current

The charge for current taxation is based on taxable income at the applicable rates of taxation determined in accordance with the prevailing law for taxation after taking into account tax credits and rebates available, if any.

ii. Deferred

Deferred tax is provided using the liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

2.10 Retirement benefits

Defined contribution plans

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. Obligation for contributions to defined contribution plan is recognised as an expense in the profit and loss account as and when incurred.

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 gross salary. Obligation for contributions to defined contribution plan is recognised as an expense in the profit and loss account as and when incurred.

Defined benefit plans

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, 2011, using the 'Projected Unit Credit Method'.

ii. Funded gratuity scheme for management and 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, 2011, using the 'Projected Unit Credit Method'.

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

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

Actuarial gains and losses are changes in present value of defined benefit obligation and fair value of plan assets due to differences between long term actuarial assumptions and actual short term experience. The Company amortises such gains and losses each year by dividing the unrecognised balance at the beginning of the year by the average expected remaining service of current members.

Amounts recognised in the balance sheet represent the present value of defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, if any, and as reduced by the fair value of plan assets. Any assets resulting from the calculation is limited to the unrecognised actuarial losses and unrecognised past service cost plus the present value of available refunds and reduction in future contribution to the plan.

2.11 Stores and spares

These are valued at average cost and provision is made for slow moving and obsolete stores and spares. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.12 Stock in trade

This is stated 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 necessarily to be incurred in order to make the sale.

By-product (glycerine) is valued at estimated cost except for the stock covered by a firm forward sale contract, which is valued at the contracted price.

2.13 Trade and other debts

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

2.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. 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.

2.15 Leases

i. Finance leases

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The finance cost is charged to profit and loss account and is included under finance costs.

ii. Operating leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease.

2.16 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.

2.17 Borrowings and their cost

Borrowings are recorded at the proceeds received.

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 asset.

2.18 Provisions

Provisions 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.

2.19 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.

2.20 Foreign currency transactions and translation

Foreign currency transactions are converted into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are recognised in the profit and loss account.

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.21 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 is recognised when the product is despatched to customers;
- 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 using the effective interest rate method.

2.22 Segment information

Operating segments are reported in a manner consistent with the internal reporting.

2.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

2.24 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, corresponding provision created is reflected in the liability.

	2011	2010
	(Rupees in thousand)	

3. PROPERTY, PLANT AND EQUIPMENT

	2011	2010
Operating assets - note 3.1	4,526,190	4,588,190
Capital work in progress - at cost - note 3.2	1,191,041	308,981
	5,717,231	4,897,171

3.1 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				Owned	Held under finance leases	
	(Rupees in thousands)									
Net carrying value basis										
Year ended December 31, 2011										
Opening net book value (NBV)	25,575	229	593,997	19,773	3,565,948	321,011	22,880	2,308	36,469	4,588,190
Additions (at cost)	-	-	16,510	-	533,736	48,116	4,520	13,986	-	616,868
Disposals (at NBV)	-	-	(4,170)	-	(81,040)	(3,384)	(818)	-	(2,582)	(91,994)
Depreciation charge	-	(4)	(17,722)	(819)	(498,527)	(40,038)	(3,018)	(1,755)	(24,991)	(586,874)
Closing net book value (NBV)	25,575	225	588,615	18,954	3,520,117	325,705	23,564	14,539	8,896	4,526,190
Gross carrying value basis										
At December 31, 2011										
Cost	25,575	529	771,409	80,923	6,242,003	720,469	48,714	106,370	75,074	8,071,066
Accumulated depreciation	-	(304)	(182,794)	(61,969)	(2,721,886)	(394,764)	(25,150)	(91,831)	(66,178)	(3,544,876)
Net book value (NBV)	25,575	225	588,615	18,954	3,520,117	325,705	23,564	14,539	8,896	4,526,190
Net carrying value basis										
Year ended December 31, 2010										
Opening net book value (NBV)	25,575	234	589,806	20,848	3,531,500	287,640	20,226	4,612	82,607	4,563,048
Additions (at cost)	-	-	22,463	-	485,934	72,683	5,297	-	-	586,377
Disposals (at NBV)	-	-	-	-	(7,054)	-	-	(35)	(1,140)	(8,229)
Depreciation charge	-	(5)	(18,272)	(1,075)	(444,432)	(39,312)	(2,643)	(2,269)	(44,998)	(553,006)
Closing net book value (NBV)	25,575	229	593,997	19,773	3,565,948	321,011	22,880	2,308	36,469	4,588,190
Gross carrying value basis										
At December 31, 2010										
Cost	25,575	529	775,875	80,923	5,996,681	758,567	46,341	92,384	141,556	7,918,431
Accumulated depreciation	-	(300)	(181,878)	(61,150)	(2,430,733)	(437,556)	(23,461)	(90,076)	(105,087)	(3,330,241)
Net book value (NBV)	25,575	229	593,997	19,773	3,565,948	321,011	22,880	2,308	36,469	4,588,190
Depreciation rate % per annum	-	1.05	1.5 to 2.5	1.5 to 2	8 to 33	8 to 20	8 to 14	25	25	

3.2 Capital Work in Progress – at cost

	2011	2010
	(Rupees in thousand)	
Civil works	5,187	8,075
Plant and machinery	1,185,854	300,906
	1,191,041	308,981

3.3 Details of property, plant and equipment disposed off during the year are given in note 42.

4. INTANGIBLES

	2011	2010
	(Rupees in thousand)	
Computer Software - note 4.1	1,288,730	-
Intangible asset under development	-	821,086
	1,288,730	821,086

4.1 Computer Software

Net carrying value basis

Opening net book value	-	2,433
Additions during the year	1,344,806	-
Amortisation charge	(56,076)	(2,433)
Closing net book value	1,288,730	-

Gross carrying value basis

Cost	1,369,154	24,348
Accumulated amortisation	(80,424)	(24,348)
Net book value	1,288,730	-
Remaining useful life in years	4.75	-

	2011	2010
	(Rupees in thousand)	

5. LONG TERM INVESTMENTS

Investments in related parties

In unquoted wholly owned subsidiary companies - at cost

	2011	2010
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

6. LONG TERM LOANS - considered good

		2011	2010
Related Parties	Note 6.1, 6.2 and 6.3		
Director		-	430
Chief Executive		2,289	5,344
		2,289	5,774
Others			
Executives		120,760	114,667
Other employees		38,289	11,757
		159,049	126,424
		161,338	132,198
Recoverable within one year - note 12		(46,082)	(48,311)
Long term portion		115,256	83,887

6.1 Reconciliation of carrying amount of loans to Director, Chief Executive and Executives:

	Director		Chief Executive		Executives	
	2011	2010	**2011**	2010	**2011**	2010
	(Rupees in thousand)					
Balance as at January 1	**430**	1,462	**5,344**	8,399	**114,667**	96,708
Loans granted during the year	**-**	-	**-**	-	**66,959**	44,857
Transfers	**-**	-	**-**	-	**-**	17,786
Recoveries	**(430)**	(1,032)	**(3,055)**	(3,055)	**(60,866)**	(44,684)
	-	430	**2,289**	5,344	**120,760**	114,667

6.2 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.

6.3 The maximum aggregate amount of loans due at the end of any month during the year was:

	2011	2010
	(Rupees in thousand)	
Director	**430**	1,376
Chief Executive	**5,344**	8,144
Executives	**132,565**	151,211

7. LONG TERM DEPOSITS AND PREPAYMENTS

Security deposits	**4,827**	4,827
Prepaid rent	**23,859**	6,037
Others	**-**	20,058
	28,686	30,922
Less: Provision for doubtful deposits	**(2,925)**	(2,925)
	25,761	27,997

8. RETIREMENT BENEFITS

8.1 The disclosures made in notes 8.2 to 8.10 are based on the information included in the actuarial valuation as of December 31, 2011.

		Pension Fund		Gratuity Funds		Pensioners' Medical Plan	
		2011	2010	**2011**	2010	**2011**	2010
		(Rupees in thousand)					
8.2	**Balance Sheet Reconciliation**						
	Fair value of plan assets	**1,686,778**	1,628,771	**61,413**	62,771	**-**	-
	Present value of defined benefit obligations	**(1,681,689)**	(1,630,220)	**(348,990)**	(266,027)	**(216,324)**	(203,261)
	Funded status	**5,089**	(1,449)	**(287,577)**	(203,256)	**(216,324)**	(203,261)
	Unrecognised net actuarial loss	**109,788**	150,249	**11,462**	13,687	**30,333**	34,028
	Recognised asset / (liability)	**114,877**	148,800	**(276,115)**	(189,569)	**(185,991)**	(169,233)
8.3	**Movement in the fair value of plan assets**						
	Fair value as at January 1	**1,628,771**	1,484,380	**62,771**	36,182		
	Expected return on plan assets	**214,787**	178,463	**6,386**	4,154		
	Actuarial gains	**21,093**	97,211	**1,774**	14,039		
	Employer contributions	**-**	12,809	**86,329**	55,331		
	Settlement and curtailment						
	Benefits paid	**(177,873)**	(144,092)	**(95,847)**	(46,935)		
	Fair value as at December 31	**1,686,778**	1,628,771	**61,413**	62,771		
8.4	**Movement in the defined benefit obligations**						
	Obligation as at January 1	**1,630,220**	1,563,709	**266,027**	246,505	**203,261**	192,663
	Service cost	**12,310**	12,666	**14,524**	13,544	**813**	717
	Interest cost	**220,416**	191,387	**36,186**	31,890	**27,827**	23,590
	Settlement and curtailment	**-**	-	**126,603**	28,709	**-**	-
	Actuarial (gains) / losses	**(3,384)**	6,550	**1,497**	(7,686)	**(292)**	512
	Benefits paid	**(177,873)**	(144,092)	**(95,847)**	(46,935)	**(15,285)**	(14,221)
	Obligation as at December 31	**1,681,689**	1,630,220	**348,990**	266,027	**216,324**	203,261
8.5	**Cost**						
	Current service cost	**12,310**	12,666	**14,524**	13,544	**813**	717
	Interest cost	**220,416**	191,387	**36,186**	31,890	**27,827**	23,590
	Expected return on plan assets	**(214,787)**	(178,463)	**(6,386)**	(4,154)	**-**	-
	Settlement and curtailment	**-**	-	**126,603**	28,709	**-**	-
	Recognition of actuarial loss	**15,984**	26,473	**1,948**	3,578	**3,403**	3,420
	Expense	**33,923**	52,063	**172,875**	73,567	**32,043**	27,727
	Actual return on plan assets	**235,880**	275,674	**8,160**	18,193		

8.6 Principal actuarial assumptions used are as follows:

	2011	2010
Discount rate & expected return on plan assets	**13.00%**	14.25%
Future salary increases	**10.75%**	12.00%
Future pension increases	**7.25%**	8.00%
Medical cost trend rates	**7.50%**	8.75%

Expected contributions to retirement benefit plans for the year ending December 31, 2012 are Rs. 182 million (2011: Rs. 131 million).

8.7 Comparison for five years:

	2011	2010	2009	2008	2007
	(Rupees in thousand)				
As at December 31					
Fair value of plan assets	1,748,191	1,691,542	1,520,562	1,802,804	1,891,499
Present value of defined benefit obligations	(2,247,003)	(2,099,508)	(2,002,877)	(2,048,323)	(2,034,192)
(Deficit)	(498,812)	(407,966)	(482,315)	(245,519)	(142,693)
Experience adjustments					
Gain / (Loss) on plan assets (as percentage of plan assets)	1.3%	6.6%	(0.3)%	0.2%	(0.7)%
(Gain) / Loss on obligations (as percentage of plan obligations)	(0.1)%	(0.03)%	9.7%	(1.2)%	(1.2)%

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

	Increase	Decrease
	(Rupees in thousand)	
Effect on the aggregate of current service and interest costs	3,047	2,623
Effect on the defined benefit obligations	22,259	19,233

8.9 Plan assets comprise of the following:

	2011		2010	
	Rupees in thousand	%	Rupees in thousand	%
Equity	206,369	11.8	197,645	11.7
Debt	1,521,301	87.0	1,485,797	87.8
Others (include cash and bank balances)	20,521	1.2	8,100	0.5
	1,748,191	100.0	1,691,542	100.0

8.10 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.

8.11 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 plans is calculated by the actuary.

8.12 Based on the above actuarial valuation the retirement benefits - asset amounts to Rs. 114.9 million (2010: Rs. 148.8 million) and retirement benefits - liability amounts to Rs. 462.1 million (2010: Rs. 358.8 million).

8.13 During the year the Company contributed Rs. 65.47 million (2010: Rs. 53.79 million) to the provident fund and Rs. 59.26 million (2010: 45.70 million) to the DC Pension Fund.

9. STORES AND SPARES

	2011	2010
	(Rupees in thousand)	
Stores (including in transit Rs. 8.71 million; 2010: Rs. 20.88 million)	92,154	169,893
Spares (including in transit Rs. 1.76 million; 2010: Rs. 10.49 million)	300,507	226,090
Others	-	4,194
	392,661	400,177
Provision for slow moving and obsolete stores and spares	(45,141)	(42,839)
	347,520	357,338

9.1 The Company has made a provision during the year of Rs. 6.27 million (2010: Rs. 4.18 million) for obsolescence and has written off stores and spares amounting to Rs. 3.96 million (2010: Nil) by utilising the provision during the year.

10. STOCK IN TRADE

	2011	2010
	(Rupees in thousand)	
Raw and packing materials at cost (including in transit Rs. 654 million; 2010: Rs. 662 million)	2,926,886	2,626,174
Provision for obsolescence	(162,206)	(91,453)
	2,764,680	2,534,721
Work in process	291,891	126,457
Finished goods (including in transit Rs. 0.2 million; 2010: Rs. 68 million)	2,198,567	1,264,130
By product - glycerine	-	1,846
	2,198,567	1,265,976
Provision for obsolescence	(50,748)	(46,147)
	2,147,819	1,219,829
	5,204,390	3,881,007

10.1 Stock in trade includes Rs. 1.17 billion (2010: Rs. 1.66 billion) held with third parties.

10.2 The above balances include items costing Rs. 194.27 million (2010: Rs. 148.28 million) valued at net realisable value of Rs.36.67 million (2010: Rs. 10.68 million).

10.3 The Company made a provision of Rs. 202.71 million for obsolescence (2010: Rs. 79.06 million) and has written off inventory amounting to Rs. 127.35 million (2010: Rs. 87.51 million) by utilising the provision during the year.

11. TRADE DEBTS

	2011	2010
	(Rupees in thousand)	
Considered good	**833,179**	522,795
Considered doubtful	**37,164**	42,016
	870,343	564,811
Provision for doubtful debts - note 11.1	**(37,164)**	(42,016)
	833,179	522,795

11.1 The Company has reversed provision of Rs. 3.78 million (2010: Rs. 3.24 million) and has written off debts by utilising the provision amounting to Rs. 1.07 million (2010: Rs. 0.46 million) during the year.

11.2 As of December 31, 2011 trade debts of Rs. 392.97 million (2010: Rs. 155.71 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:

	2011	2010
	(Rupees in thousand)	
Up to 3 months	**246,274**	138,216
3 to 6 months	**73,013**	7,533
More than 6 months	**73,683**	9,959
	392,970	155,708

12. LOANS AND ADVANCES

Considered good		
Current portion of loans to employees - note 6	**46,082**	48,311
Advances to:		
Executives - note 12.1	**55,325**	54,239
Suppliers and others	**58,787**	24,149
	160,194	126,699
Considered doubtful		
Advances to suppliers and others	**5,516**	6,230
	165,710	132,929
Provision for doubtful advances to suppliers and others	**(5,516)**	(6,230)
	160,194	126,699

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

	2011	2010
	(Rupees in thousand)	

13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2011	2010
Trade and margin deposits	27,029	20,617
Prepayments		
- Rent	23,597	18,175
- Advertisement	396,048	130,326
- Others	127,531	74,543
	574,205	243,661

14. OTHER RECEIVABLES

	2011	2010
Receivable from related parties		
Unilever Gratuity Fund	-	9,723
Associated undertakings	49,034	30,777
Workers' Profits Participation Fund - note 14.1	31,294	-
Others	81,189	44,394
	161,517	84,894
Provision for doubtful receivables	(13,934)	(13,934)
	147,583	70,960

14.1 WORKERS' PROFITS PARTICIPATION FUND

	2011	2010
Balance as at January 1	(1,657)	8,960
Allocation for the year	(318,777)	(256,728)
	(320,434)	(247,768)
Amount paid to the trustees	351,728	246,111
Balance as at December 31	31,294	(1,657)

15. TAX REFUNDS DUE FROM THE GOVERNMENT

	2011	2010
Sales tax refundable - amounts paid under protest - note 15.1	114,187	137,012
Taxation - payments less provision	280,528	329,355
Others	-	27
	394,715	466,394

15.1 This includes a sum of Rs. 67.2 million (originally Rs. 90 million paid under protest in 1999) which is being adjusted in the monthly sales tax return pertaining to one of the Company's toll manufacturers consequent to favourable decision of Alternate Dispute Resolution Committee of Federal Board of Revenue in 2011.

16. CASH AND BANK BALANCES

	2011	2010
	(Rupees in thousand)	
With banks on:		
current accounts	444,536	658,090
savings accounts - note16.1	512,774	298,509
deposit account	-	800,000
In hand:		
cash	149	1,511
	957,459	1,758,110

16.1 Mark-up on savings accounts was at the rates ranging from 5% to 9.58% (2010: 5% to 9%) per annum.

17. SHARE CAPITAL

		2011	2010
		(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, 2011 and 2010 Unilever Overseas Holdings Limited, UK, a wholly owned subsidiary of Unilever PLC, UK held 9,981,417 ordinary shares and 33,735 preference shares of Unilever Pakistan Limited.

18. RESERVES

	2011	2010
	(Rupees in thousand)	
Capital reserves		
Arising under schemes of arrangements for amalgamations - note 18.1	70,929	70,929
Contingency - note 25.1.1	321,471	321,471
	392,400	392,400
Revenue reserve		
Unappropriated profit	3,110,089	2,498,441
	3,502,489	2,890,841

18.1 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.

19. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluations of property, plant and equipment carried out in 1973, 1975, 1978 and 1981, adjusted only by surplus realised on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

	2011	2010
	(Rupees in thousand)	
Balance as at January 1	12,317	12,965
Transferred to unappropriated profit - net of deferred taxation: incremental depreciation for the year	(648)	(648)
Balance as at December 31	11,669	12,317

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

	2011	2010
	(Rupees in thousand)	
Present value of minimum lease payments	16,520	48,695
Current maturity shown under current liabilities	(13,229)	(28,877)
	3,291	19,818
Minimum lease payments		
Not later than one year	16,884	38,549
Later than one year and not later than five years	762	20,731
	17,646	59,280
Finance charges not yet due	(1,126)	(10,585)
Present value of finance lease liabilities	16,520	48,695
Present value of finance lease liabilities		
Not later than one year	13,229	28,877
Later than one year and not later than five years	3,291	19,818
	16,520	48,695

The above represents finance leases entered into with modarabas for motor vehicles. The liability is payable by January 2013 in semi annual and quarterly installments.

Lease payments bearing variable markup rates include finance charge at KIBOR + 0.85% to KIBOR + 1.9% per annum.

21. DEFERRED TAXATION

	2011	2010
	(Rupees in thousand)	
Credit balance arising in respect of:		
- accelerated tax depreciation allowances	903,783	905,375
- surplus on revaluation of fixed assets	6,082	6,466
	909,865	911,841
Debit balance arising in respect of:		
- provision for retirement benefits	(117,633)	(71,163)
- share-based compensation	(31,281)	(18,017)
- provision for stock in trade and stores and spares	(87,437)	(61,409)
- provision for doubtful debts, advances and other receivables	(12,905)	(35,143)
- provision for restructuring	(76,518)	(15,574)
- others	(203,027)	(134,392)
	(528,801)	(335,698)
	381,064	576,143

22. TRADE AND OTHER PAYABLES

	2011	2010
	(Rupees in thousand)	
Creditors	1,469,367	1,307,837
Bills payable	2,423,051	1,372,999
Accrued liabilities	4,820,366	4,254,410
Royalty and technical services fee	470,297	357,525
Advance payment from customers	155,677	128,767
Sales tax payable	259,651	363,508
Excise duty payable	86,268	120,072
Workers' Welfare Fund	131,521	99,386
Workers' Profits Participation Fund - note 14.1	-	1,657
Security deposits from dealers - note 22.1	24,554	17,129
Unclaimed dividend	142,434	129,826
Liability for share-based compensation plans - note 22.3	92,336	53,166
Others	21,176	27,423
	10,096,698	8,233,705

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

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

	2011	2010
	(Rupees in thousand)	
Ultimate parent Company	406,979	357,525
Associated companies	1,873,890	1,675,238
Subsidiaries	2	2
Company in which close family member of a Director is holding directorship	126,651	20,855

22.3 Share-based compensation plans

As at December 31, 2011 share-based compensation plans of the Company include:

Global Performance Share Plan (GPSP) and Leadership Performance Share Plan (LPSP):

Under the plans, employees eligible as per policy can be awarded conditional shares of Unilever PLC or Unilever NV which will vest three years later depending on Unilever's achievement of set targets for Underlying Sales Growth (USG), Ungeared Free Cash Flow (UFCF) and Total Shareholder Return (TSR) ranking over the three-year performance period.

The details of the arrangements are as follows:

		GPSP	LPSP	
Shares of		Unilever PLC	Unilever PLC	Unilever NV
Date of grant	2009	March 19, 2009	March 19, 2009	March 19, 2009
	2010	March 18, 2010	March 18, 2010	March 18, 2010
	2011	March 14, 2011	March 14, 2011	March 14, 2011
Total number of shares granted	2009	9,965	1,962	1,962
	2010	6,190	4,375	4,375
	2011	6,474	4,375	4,375
		22,629	10,712	10,712
Fair value / Share price on grant date	2009	£ 12.46	£ 12.46	€ 13.22
	2010	£ 19.44	£ 19.44	€ 22.53
	2011	£ 18.35	£ 18.35	€ 21.59
Contractual life (years)		3	3	3
Vesting conditions		Performance conditions	Performance and market conditions	Performance and market conditions
Settlement		Shares	Shares	Shares
Expected lapse per year		20%	20%	20%
Expected outcome of meeting the performance criteria (at the grant date)	2009	by March 19, 2012	by March 19, 2012	by March 19, 2012
	2010	by March 18, 2013	by March 18, 2013	by March 18, 2013
	2011	by March 13, 2014	by March 13, 2014	by March 13, 2014

No dividend payments were expected; consequently, the measurement of the fair value did not consider dividends.

22.3.1 Details of plan that vested during the year are:

	GPSP	LPSP	
Shares of	Unilever PLC	Unilever PLC	Unilever NV
Date of grant	March 21, 2008	March 20, 2008	March 20, 2008
Vesting date	March 20, 2011	March 20, 2011	March 20, 2011
Fair value / Share price on grant date	£16.72	£16.72	€ 21.27
Fair value / Share price on vesting date	£18.20	£18.20	€ 21.22
Difference of grant date and settlement date fair value	£ 1.48	£ 1.48	-€ 0.05
Contractual life (years)	3	3	3
Vesting conditions	Performance conditions	Performance and market conditions	Performance and market conditions
Settlement	Shares	Shares	Shares

The Company has treated these share-based plans as liability.

23. SHORT TERM BORROWINGS

Running finance under mark-up arrangements - secured

The facilities for running finance available from various banks amount to Rs. 10.50 billion (2010: Rs. 10.78 billion). The rates of mark-up range between KIBOR to KIBOR + 1% per annum (2010: 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, 2011 amounted to Rs. 11.10 billion (2010: Rs. 10.8 billion), of which the amount remaining unutilised at the year end was Rs. 6.3 billion (2010: Rs. 9.02 billion).

24. PROVISIONS

	2011	2010
	(Rupees in thousand)	
Provision for cess less payments - note 25.1.1	287,667	338,910
Provision for marking fee less payment	20,584	12,934
Restructuring		
Balance as at January 1	45,956	9,265
Provision during the year	306,407	90,000
Utilised during the year	(126,499)	(53,309)
Balance as at December 31	225,864	45,956
	534,115	397,800

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Government of Sindh through 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 infractuous 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 decided the issue against the Company. Against this order an intra court appeal was filed with the High Court. The appeal was disposed of 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 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. Accordingly, fresh petition was filed by the Company in the High Court in May 2011. A provision amounting to Rs. 533.66 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. 245.99 million under protest against the said order.

As a matter of prudence, a total of Rs. 321.47 million as at December 31, 2011 (2010: Rs. 321.47 million) out of the revenue reserves has been earmarked as contingency reserve for the levy uptill December 2006.

25.1.2 The Officer of Inland Revenue while finalising the re-assessments for the tax years 2006, 2007 and 2009, passed amended assessment orders enhancing the tax liability for these years by approximately Rs. 400 million in respect of certain disallowances.

The Company has filed appeals before the Commissioner of Inland Revenue - Appeals (CIRA) however, the same were decided against it. The Company has filed appeals before the Appellate Tribunal Inland Revenue.

Further, the Additional Commissioner of Inland Revenue amended the assessments for the tax years 2008 and 2010, enhancing the tax liability by approximately Rs. 221 million. The Company has filed appeals before the CIRA thereagainst which are pending for hearing.

The Company's management is of the view that the disallowances were erroneous and, therefore, the ultimate decision in appeals will likely be in the Company's favour. No provision has, therefore, been made in the financial statements.

25.2 Commitments

25.2.1 Aggregate commitments outstanding for capital expenditures as at December 31, 2011 amounted to Rs. 845.96 million (2010: Rs. 392.95 million).

25.2.2 Aggregate commitments for operating lease rentals as at December 31, are as follows:

	2011	2010
	(Rupees in thousand)	
Not later than one year	120,897	79,976
Over one year to five years	311,615	230,504
	432,512	310,480

26. SALES

	2011	2010
Manufactured goods		
Gross sales	65,925,866	56,528,071
Sales tax	(10,193,721)	(8,816,369)
Excise duty	(1,674,647)	(1,472,618)
	54,057,498	46,239,084
Imported goods		
Gross sales	1,027,398	1,078,341
Sales tax	(91,953)	(49,933)
Excise duty	(5,140)	(2,170)
	930,305	1,026,238
Rebates and allowances	(3,111,817)	(2,593,815)
	51,875,986	44,671,507

27. COST OF SALES

	2011	2010
	(Rupees in thousand)	
Raw and packing materials consumed	29,582,667	25,633,234
Manufacturing charges paid to third parties	931,518	769,558
Stores and spares consumed	213,878	179,619
Staff costs - note 27.1	1,547,964	1,236,555
Utilities	733,491	685,492
Depreciation	509,825	480,316
Repairs and maintenance	346,887	258,240
Rent, rates and taxes	62,510	26,939
Amortisation of computer software	30,169	-
Travelling and entertainment	62,441	58,733
Stationery and office expenses	37,529	54,105
Expenses on information technology	1,120	674
Other expenses	88,242	73,913
Charges by related party	4,119	2,820
Recovery of charges from related party	-	(5,027)
	34,152,360	29,455,171
Opening work in process	126,457	72,736
	34,278,817	29,527,907
Closing work in process	(291,891)	(126,457)
Cost of goods manufactured	33,986,926	29,401,450
Opening stock of finished goods including by-product glycerine	1,153,124	1,210,086
Closing stock of finished goods including by-product glycerine	(1,952,457)	(1,153,124)
	33,187,593	29,458,412
Imported goods		
Opening stock	66,705	44,321
Purchases	733,524	658,197
	800,229	702,518
Closing stock	(195,362)	(66,705)
	604,867	635,813
	33,792,460	30,094,225

27.1 Staff costs

	2011	2010
Salaries and wages	1,480,705	1,174,238
Medical	22,166	19,268
Pension costs - defined benefit plan	6,688	10,264
Gratuity costs - defined benefit plan	14,605	14,159
Pensioners' medical plan	6,325	5,473
Provident fund cost - defined contribution plan	5,979	4,913
Pension fund cost - defined contribution plan	11,496	8,240
	1,547,964	1,236,555

28. DISTRIBUTION COSTS

	2011	2010
	(Rupees in thousand)	
Staff costs - note 28.1	**833,161**	733,944
Advertisement and sales promotion	**4,874,769**	4,039,804
Outward freight and handling	**1,619,127**	1,278,838
Royalty and technical fee	**1,849,584**	1,564,214
Utilities	**32,633**	11,499
Depreciation	**43,147**	40,706
Repairs and maintenance	**33,720**	28,045
Rent, rates and taxes	**207,821**	168,212
Amortisation of computer software	**12,168**	1,361
Travelling and entertainment	**101,394**	93,053
Stationery and office expenses	**54,094**	55,301
Expenses on information technology	**3,743**	1,072
Other expenses	**96,114**	62,603
Charges by related party	**45,727**	55,047
Recovery of charges from related party	**-**	(100,138)
	9,807,202	8,033,561

28.1 Staff costs

	2011	2010
Salaries and wages	**668,908**	587,272
Medical	**77**	67
Share based compensation	**35,652**	27,463
Pension costs - defined benefit plan	**18,243**	27,998
Gratuity costs - defined benefit plan	**21,211**	20,563
Pensioners' medical plan	**17,227**	14,907
Provident fund cost - defined contribution plan	**39,849**	32,741
Pension fund cost - defined contribution plan	**31,994**	22,933
	833,161	733,944

29. ADMINISTRATIVE EXPENSES

	2011	2010
	(Rupees in thousand)	
Staff costs - note 29.1	516,124	396,675
Utilities	47,338	36,914
Depreciation	33,902	31,984
Repairs and maintenance	32,709	28,993
Rent, rates and taxes	251,660	178,333
Amortisation of computer software	13,739	1,072
Travelling and entertainment	76,437	91,437
Stationery and office expenses	79,499	69,881
Expenses on information technology	360,497	218,959
Legal, professional and other consultancy charges	86,717	71,339
Auditors' remuneration - note 29.2	12,894	12,495
Other expenses	108,446	94,804
Charges by related party	9,002	4,457
Recovery of charges from related party	-	(17,408)
	1,628,964	1,219,935

29.1 Staff costs

	2011	2010
Salaries and wages	407,142	300,022
Medical	28,058	24,390
Share based compensation	17,572	13,536
Pension costs - defined benefit plan	8,992	13,801
Gratuity costs - defined benefit plan	10,456	10,136
Pensioners' medical plan	8,491	7,347
Provident fund cost - defined contribution plan	19,643	16,139
Pension fund cost - defined contribution plan	15,770	11,304
	516,124	396,675

29.2 Auditors' remuneration

	2011	2010
Audit fee	5,450	3,900
Taxation services	3,500	3,780
Limited review, audit of consolidated financial statements, pension, provident and gratuity funds, third party expense verifications and certifications for various government agencies	3,194	4,119
Out of pocket expenses	750	696
	12,894	12,495

30. OTHER OPERATING EXPENSES	2011	2010
	(Rupees in thousand)	
Donations - note 30.1	34,273	33,780
Workers' Profits Participation Fund - note 14.1	318,777	256,728
Workers' Welfare Fund	131,521	97,543
Loss on disposal of property, plant and equipment	53,260	-
	537,831	388,051

30.1 Donations

Donations include the following in whom a director is interested:

Name of Director	Interest in Donee	Name and address of Donee	2011	2010
			(Rupees in thousand)	
1. Ehsan A. Malik	Member	AIESEC in Pakistan 201, 2nd Floor, Cotton Exchange Building, I.I.Chundrigar Road, Karachi.	53	100
	Trustee	The Duke of Edinburgh Awards Pakistan	6	80
	Corporate Member President-Emeritus	World Wide Fund for Nature, Ferozepur Road, Lahore	221	15

31. OTHER OPERATING INCOME

	2011	2010
	(Rupees in thousand)	
Income from financial assets		
Dividend income	12	12
Return on savings accounts	14,868	1,918
Income on deposit accounts	20,544	1,942
Income from non-financial assets		
Scrap sales	48,345	15,797
Profit on disposal of property, plant and equipment	-	24,054
Sundries	48,741	40,714
Others		
Service fee from related parties - note 31.1	175,528	36,073
Provision for doubtful trade debts written back	3,779	3,236
Liabilities no longer payable written back	34,980	400
	346,797	124,146

31.1 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.

32. FINANCE COST

	2011	2010
	(Rupees in thousand)	
Mark-up on short term borrowings	44,087	132,631
Bank charges	49,938	23,429
Exchange loss	126,659	22,086
Finance charge on finance leases	4,038	11,437
	224,722	189,583

33. TAXATION

	2011	2010
Current - for the year		
Pakistan	1,990,310	1,536,674
Azad Kashmir	35,734	30,409
	2,026,044	1,567,083
Deferred tax - credit	(195,079)	(59,987)
	1,830,965	1,507,096

33.1 Relationship between tax expense and accounting profit

	2011	2010
	(Rupees in thousand)	
Accounting profit before tax	5,925,197	4,780,298
Tax at the applicable tax rate of 35%	2,073,819	1,673,104
Tax effect of permanent differences	11,657	6,631
Tax effect of credits	(89,031)	(54,976)
Tax effect of final tax	(165,480)	(117,663)
Tax expense for the year	1,830,965	1,507,096

34. EARNINGS PER SHARE

	2011	2010
Profit after tax	4,094,232	3,273,202
Preference dividend on cumulative preference shares	(239)	(239)
Profit after taxation attributable to ordinary shareholders	4,093,993	3,272,963
Weighted average number of shares in issue during the year (in thousands)	13,294	13,294
Earnings per share (Rupees)	308	246

There is no dilutive effect on the basic earnings per share of the Company.

35. CASH AND CASH EQUIVALENTS

	2011	2010
	(Rupees in thousand)	
Cash and bank balances	957,459	1,758,110
Short term borrowings - running finance under mark-up arrangements	(292,534)	(297,143)
	664,925	1,460,967

36. SEGMENT INFORMATION

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Executive Officer of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organised into the following four operating segments:

- Home and Personal Care
- Beverages
- Ice Cream
- Spreads

Management monitors the operating results of abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Finance cost, restructuring cost, other operating income and expenses, and taxation are managed at Company level. Further, unallocated assets include long term investments, long term loans and advances, long term deposits and prepayments, loans and advances, accrued interest, trade deposits and short term prepayments, other receivables, tax refunds due from government and cash and bank balances.

36.1 Segment analysis

The segment information for the reportable segments for the year ended December 31, 2011 is as follows:

	Home and Personal Care	Beverages	Ice Cream	Spreads	Total
	(Rupees in thousand)				
Year ended December 31, 2011					
Revenue	29,190,384	14,934,620	6,161,474	1,589,508	51,875,986
Segment results	4,603,793	1,458,988	390,079	194,500	6,647,360
Year ended December 31, 2010					
Revenue	24,722,472	13,272,286	5,548,024	1,128,725	44,671,507
Segment results	3,979,837	960,898	269,108	113,943	5,323,786

Reconciliation of segment results with profit from operations:

	2011	2010
	(Rupees in thousand)	
Total results for reportable segments	6,647,360	5,323,786
Restructuring costs	(306,407)	(90,000)
Other operating expenses	(537,831)	(388,051)
Other operating income	346,797	124,146
Finance cost	(224,722)	(189,583)
Profit before tax	5,925,197	4,780,298

Assets and liabilities by segments are as follows:

	Home and Personal Care	Beverages	Ice Cream	Spreads	Total
	(Rupees in thousand)				
As at December 31, 2011					
Segment assets	5,543,362	2,169,913	3,687,574	197,067	11,597,916
Segment liabilities	4,468,083	1,559,948	919,918	211,571	7,159,520
As at December 31, 2010					
Segment assets	4,195,315	3,165,263	3,440,133	142,138	10,942,849
Segment liabilities	3,212,225	1,277,478	537,784	267,331	5,294,818

Reconciliation of segments' assets and liabilities with totals in the balance sheet is as follows:

	As at December 31, 2011		As at December 31, 2010	
	Assets	Liabilities	Assets	Liabilities
	(Rupees in thousand)			
Total for reportable segments	11,597,916	7,159,520	10,942,849	5,294,818
Unallocated assets / liabilities	4,378,386	4,633,147	2,558,258	4,633,654
Total as per balance sheet	15,976,302	11,792,667	13,501,107	9,928,472

Other segment information is as follows:

	Home and Personal Care	Beverages	Ice Cream	Spreads	Total
	(Rupees in thousand)				
Year ended December 31, 2011					
Staff costs	1,449,657	861,750	545,761	40,081	2,897,249
Advertisement and sales promotion	3,346,171	612,871	709,806	205,921	4,874,769
Outward freight and handling	930,971	228,797	436,030	23,329	1,619,127
Royalty and technical fee	1,088,365	469,912	232,116	59,191	1,849,584
Depreciation	238,131	51,693	281,452	15,598	586,874
Year ended December 31, 2010					
Staff costs	1,135,273	728,521	470,615	32,765	2,367,174
Advertisement and sales promotion	2,771,463	599,573	478,843	189,925	4,039,804
Outward freight and handling	776,708	181,864	295,028	25,238	1,278,838
Royalty and technical fee	910,533	402,036	212,593	39,052	1,564,214
Depreciation	211,208	44,254	287,112	10,432	553,006

36.2 Sales to domestic customers in Pakistan are 98.9% (2010: 98.3%) and to customers outside Pakistan are 1.1% (2010: 1.7%) of the revenue during the year.

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

37. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties during the year:

Relationship with the Company	Nature of transactions	2011	2010
		(Rupees in thousand)	
i. Ultimate parent Company			
	Royalty and technical fee	1,849,584	1,564,214
ii. Associated companies			
	Purchase of goods	13,058,816	10,877,473
	Sale of goods	6,055	2,078
	Fee for receiving of services from related party	59,743	1,502
	Payment to related parties for intangible asset	415,625	126,161
	Reimbursement of expenses to related party	-	62,324
	Recovery of expenses from related party	-	122,573
	Fee for providing of services to related party	175,528	36,073
	Contribution to :		
	- Defined Contribution plans	124,731	99,495
	- Defined Benefit plans	86,329	68,140
	Settlement on behalf of :		
	- Defined Contribution plans	271,698	245,983
	- Defined Benefit plans	219,045	189,731
iii. Key management personnel	Salaries and other short-term employee benefits	163,447	101,553
	Post-employment benefits	10,014	7,943
iv. Others	Donations	280	1,195

Royalty and technical fee are paid in accordance with the agreements duly acknowledged by the State Bank of Pakistan. Other transactions with related parties are settled in the ordinary course of business.

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 27, 28, 29 and 31.

The related party status of outstanding balances as at December 31, 2011 is included in other receivables and trade and other payables respectively.

Arrangements with parent Company and an associated Company for granting of their shares to employees of Unilever Pakistan Limited are disclosed in note 22.3.

38. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

	Executive Directors		Chief Executive		Executives	
	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)					
Managerial remuneration and allowances	47,698	28,006	19,174	14,830	967,796	600,967
Share based compensation	13,000	9,830	25,152	19,710	15,072	11,459
Retirement benefits *	5,663	4,122	2,835	2,334	116,520	92,827
Rent and utilities	-	1,694	-	810	-	84,102
Medical expenses	413	379	309	174	12,508	10,554
Other expenses	-	-	1,364	2,770	5,213	9,510
	66,774	44,031	48,834	40,628	1,117,109	809,419
Number of persons	5	4	1	1	663	550

In addition to this, a lump sum amount of Rs. 38.829 million (2010: Rs. 251.3 million) on account of variable pay has been accounted for in the financial statements for the current year payable in 2012 after verification of target achievement.

Out of the variable pay recognised for 2010 and 2009 following payments were made:

	Paid in 2011 relating to 2010	Paid in 2010 relating to 2009
	(Rupees in thousand)	
Executive Directors	10,156	15,925
Chief Executive	9,476	5,138
Executives	117,908	142,470
Other employees	11,540	27,885
	149,080	191,418

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

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

Aggregate amount charged in these financial statements for the year for fee to 2 non-executive directors was Rs. 450 thousand (2010: 2 non-executive directors Rs. 270 thousand).

39. CAPACITY

	Annual Capacity		Actual Production	
	2011	2010	**2011**	2010
	Metric Tons			
Own manufacture				
Home and Personal Care	**60,446**	60,385	**48,313**	51,429
Beverages	**62,377**	62,377	**28,909**	33,861
	Million Litres			
Ice Cream	**77**	77	**43**	49

Annual capacity of Home and Personal Care was increased in lieu of higher anticipated sales in future. The current capacity was under utilised on account of lower demand.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

40.1 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.

40.2 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 receivables							
Loans and advances to employees	-	-	-	46,082	115,256	161,338	161,338
Deposits	-	-	-	27,029	1,902	28,931	28,931
Trade debts	-	-	-	833,179	-	833,179	833,179
Other receivables	-	-	-	116,289	-	116,289	116,289
Cash and bank balances	512,774	-	512,774	444,685	-	444,685	957,459
Long term investments at cost	-	-	-	-	95,202	95,202	95,202
December 31, 2011	**512,774**	**-**	**512,774**	**1,467,264**	**212,360**	**1,679,624**	**2,192,398**
December 31, 2010	1,098,509	-	1,098,509	1,322,284	180,991	1,503,275	2,601,784
FINANCIAL LIABILITIES							
At amortised cost							
Trade and other payables	-	-	-	9,463,581	-	9,463,581	9,463,581
Accrued interest / mark-up	-	-	-	9,630	-	9,630	9,630
Liabilities against assets subject to finance leases	13,229	3,291	16,520	-	-	-	16,520
Short term borrowings	292,534	-	292,534	-	-	-	292,534
December 31, 2011	**305,763**	**3,291**	**309,054**	**9,473,211**	**-**	**9,473,211**	**9,782,265**
December 31, 2010	326,020	19,818	345,838	7,536,499	-	7,536,499	7,882,337
ON BALANCE SHEET GAP							
December 31, 2011	**207,011**	**(3,291)**	**203,720**	**(8,005,947)**	**212,360**	**(7,793,587)**	**(7,589,867)**
December 31, 2010	772,489	(19,818)	752,671	(6,214,215)	180,991	(6,033,224)	(5,280,553)
OFF BALANCE SHEET ITEMS							
Letters of credit / guarantees							**4,796,074**
December 31, 2010							1,781,822

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. 2.2 billion the financial assets that are subject to credit risk amounted to Rs. 833.2 million.

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, 2011 trade debts of Rs. 392.97 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 since these are secured against their retirement benefits.

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.

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

(ii) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements.

(iii) Market risk

a) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2011, financial assets of Rs. 25.16 million (2010: Rs. 30.78 million) and financial liabilities of Rs. 2.76 billion (2010: Rs. 2.34 billion) were in foreign currency which were exposed to foreign currency risk.

As at December 31, 2011, if the Pakistan Rupee had weakened / strengthened by 8% against US Dollar with all other variables held constant, profit before tax for the year would have been lower/ higher by Rs. 191.81 million (2010: Rs. 11.39 million), mainly as a result of foreign exchange losses/ gains on translation of US Dollar denominated financial assets and liabilities.

As at December 31, 2011, if the Pakistan Rupee had weakened / strengthened by 9% against Euro with all other variables held constant, profit before tax for the year would have been lower/ higher by Rs. 39.71 million (2010: Rs. 198.43 million), mainly as a result of foreign exchange losses/ gains on translation of Euro 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. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (5 years) rates have moved on average basis by the mentioned percentages per annum.

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, 2011, the Company had variable interest bearing financial liabilities of Rs. 309.05 million (2010: Rs. 345.84 million), 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. 6.18 million (2010: Rs. 6.91 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

41. 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.

During 2011 the Company's strategy was to maintain leveraged gearing. The net debt to equity ratios as at December 31, 2011 and 2010 were as follows:

	2011	2010
	(Rupees in thousand)	
Total borrowings	309,054	345,838
Cash and bank	(957,459)	(1,758,110)
Net surplus cash	(648,405)	(1,412,272)
Total equity	4,171,966	3,560,318
Total equity and debt	4,171,966	3,560,318
Net debt to equity 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.

42. DETAILS OF PROPERTY, PLANT AND EQUIPMENT DISPOSALS

The details of property, plant and equipment disposed of during the year are given below:

	Cost	Accumulated Depreciation / Impairment	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Purchaser
	(Rupees in thousand)					
Plant & Machinery	63,342	48,927	14,415	13,483	Open Bidding	M/s. Mehboob Brothers, Chak # 20/ GD, Post Office Chak No. 24/ GD,Okara.
Motor Vehicles						
	814	458	356	629	Company policy	Mr. Abdul Tawab Khan - Executive
	409	307	102	302	"	Mr. Adeel Yasin - Ex-Executive
	365	296	69	213	"	Mr. Anwar Hameed Siddiqui - Executive
	631	473	158	395	"	Mr. Ayaz Khan - Executive
	631	513	118	368	"	Mr. Gul Bahar Chanchar - Executive
	409	307	102	252	"	Mr. Karim Ullah Khan - Ex-Executive
	814	611	203	529	"	Mr. Khurram Ghafoor - Executive
	409	332	77	245	"	Mr. Muhammad Ali Bashir - Executive
	409	358	51	191	"	Mr. Muhammad Asif Shaikh - Executive
	814	611	203	529	"	Mr. Muhammad Ayub - Executive
	631	553	78	337	"	Mr. Muhammad Kamran - Executive
	409	307	102	252	"	Mr. Raja Asad Khurshid - Executive
	631	434	197	395	"	Mr. Saqib Masood Zuberi - Ex-Executive
	560	489	71	252	"	Syed Jaffar Hasan - Executive
	409	281	128	276	"	Mr. Tahir Saboor - Executive
	631	553	78	337	"	Mr. Zain Ul Abideen Brohi - Executive
	408	331	77	238	"	Mr. Zubair Khalid - Executive
	9,384	7,214	2,170	5,740		
Assets having book value less than Rs. 50,000 each						
Motor vehicles	53,915	53,503	412	19,511		
Assets written off						
Plant and Machinery	225,072	158,447	66,625	-		
Building	20,976	16,806	4,170	-		
Electrical, mechanical and office equipment	86,214	82,830	3,384	-		
Motor vehicles	3,183	3,183	-	-		
Furniture and Fittings	2,147	1,329	818	-		
	464,233	372,239	91,994	38,734		

43. MONOPOLY CONTROL AUTHORITY ORDER

With respect to the Monopoly Control Authority (MCA) Order 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) within fifteen days of receipt of the Order, the management, based on legal advice, is of the view that the agreement between the Company and DFL is not in violation of Monopolies and Restrictive Trade Practices Ordinance 1970. The Company filed an appeal in the High Court of Sindh against the Order which was admitted and the operation of MCA's order was stayed. At present, the appeal is pending for hearing.

44. PROPOSED AND DECLARED DIVIDENDS

On 5% cumulative preference shares

At the Board meeting held on February 9, 2012, dividend in respect of 2011 of Rs. 239 thousand has been declared (2010: Rs. 239 thousand).

On ordinary shares

At the Board meeting held on February 9, 2012, a final dividend in respect of 2011 of Rs. 202 per share amounting to a total dividend of Rs. 2.69 billion is proposed (2010: Rs. 157 per share amounting to a total dividend of Rs. 2.09 billion).

The interim dividend declared and already paid in respect of 2011 was Rs. 105 per share amounting to a total dividend of Rs. 1.40 billion (2010: Rs. 89 per share amounting to a total dividend of Rs. 1.18 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 statements of changes in equity as an appropriation from the unappropriated profit in the year ending December 31, 2012.

45. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 9, 2012 by the Board of Directors of the Company.

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

Consolidated Financial Statements 2011

Unilever Pakistan Limited
and its subsidiary companies

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **Unilever Pakistan Limited (the Holding Company) and its subsidiary companies Lever Chemicals (Private) Limited, Levers Associated Pakistan Trust (Private) Limited and Sadiq (Private) Limited** as at December 31, 2011 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Unilever Pakistan Limited and its subsidiary companies. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements present fairly the financial position of Unilever Pakistan Limited and its subsidiary companies as at December 31, 2011 and the results of their operations for the year then ended.

A.F.Ferguson & Co.
Chartered Accountants

Karachi
Dated: February 24, 2012
Name of Engagement Partner: Ali Muhammad Mesia

Consolidated Balance Sheet
as at December 31, 2011

ASSETS	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Non-current assets			
Property, plant and equipment	3	5,717,231	4,897,171
Intangibles	4	1,288,730	821,086
Long term investments	5	200	200
Long term loans	6	115,256	83,887
Long term deposits and prepayments	7	25,761	27,997
Retirement benefits - prepayments	8	114,877	148,800
		7,262,055	5,979,141
Current assets			
Stores and spares	9	347,520	357,338
Stock in trade	10	5,204,390	3,881,007
Trade debts	11	833,179	522,795
Loans and advances	12	160,194	126,699
Accrued interest / mark-up		-	35
Trade deposits and short term prepayments	13	574,205	243,661
Other receivables	14	147,583	70,960
Tax refunds due from the Government	15	394,715	466,394
Investment - held to maturity	16	155,935	143,354
Cash and bank balances	17	962,086	1,762,650
		8,779,807	7,574,893
Total assets		16,041,862	13,554,034

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

Consolidated Balance Sheet - continued

as at December 31, 2011

	Note	2011	2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	669,477	669,477
Reserves	19	3,565,319	2,942,056
		4,234,796	3,611,533
Surplus on revaluation of fixed assets	20	11,669	12,317
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance leases	21	3,291	19,818
Deferred taxation	22	381,064	576,143
Retirement benefits obligations	8	462,106	358,802
		846,461	954,763
Current liabilities			
Trade and other payables	23	10,098,375	8,235,346
Taxation - provisions less payments		1,053	71
Accrued interest / mark-up		9,630	16,184
Short term borrowings	24	292,534	297,143
Current maturity of liabilities against assets subject to finance leases	21	13,229	28,877
Provisions	25	534,115	397,800
		10,948,936	8,975,421
Total liabilities		11,795,397	9,930,184
Contingencies and commitments	26		
Total equity and liabilities		16,041,862	13,554,034

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

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

Consolidated Profit and Loss Account

for the year ended December 31, 2011

	Note	2011	2010
		(Rupees in thousand)	
Sales	27	51,875,986	44,671,507
Cost of sales	28	(33,792,460)	(30,094,225)
Gross profit		18,083,526	14,577,282
Distribution costs	29	(9,807,202)	(8,033,561)
Administrative expenses	30	(1,629,089)	(1,219,985)
Other operating expenses	31	(537,831)	(388,051)
Other operating income	32	364,792	140,623
		6,474,196	5,076,308
Restructuring cost		(306,407)	(90,000)
Profit from operations		6,167,789	4,986,308
Finance cost	33	(224,723)	(189,657)
Profit before taxation		5,943,066	4,796,651
Taxation	34	(1,837,219)	(1,512,820)
Profit after taxation		4,105,847	3,283,831
Other comprehensive income		-	-
Total comprehensive income		4,105,847	3,283,831
Earnings per share (Rupees)	35	309	247

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

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

Consolidated Cash Flow Statement

for the year ended December 31, 2011

	2011	2010
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	5,943,066	4,796,651
Adjustments for non-cash charges and other items		
Depreciation	586,874	553,006
Amortisation of software	56,076	2,433
Loss / (Gain) on disposal of property, plant and equipment	53,260	(24,054)
Dividend income	(12)	(12)
Mark-up on short term borrowings	44,087	132,631
Finance charge on finance leases	4,038	11,437
Provision for staff retirement benefits	238,841	153,357
Return on savings accounts and deposit accounts	(38,750)	(10,236)
Return on investment - held to maturity	(14,657)	(10,101)
	929,757	808,461
	6,872,823	5,605,112
Effect on cash flows due to working capital changes		
(Increase) / Decrease in current assets		
Stores and spares	9,818	(91,918)
Stock in trade	(1,323,383)	(231,937)
Trade debts	(310,384)	(16,438)
Loans and advances	(33,495)	5,153
Trade deposits and short term prepayments	(330,544)	84,165
Other receivables	(76,623)	11,183
	(2,064,611)	(239,792)
Increase in current liabilities		
Trade and other payables	1,850,421	2,166,580
Provisions	136,315	177,120
	1,986,736	2,343,700
	(77,875)	2,103,908
Cash generated from operations (carried forward)	6,794,948	7,709,020

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

Consolidated Cash Flow Statement - continued

for the year ended December 31, 2011

	Note	2011	2010
		(Rupees in thousand)	
Cash generated from operations (brought forward)		6,794,948	7,709,020
Mark-up on short term borrowings paid		(50,641)	(145,339)
Income tax paid		(1,959,637)	(1,688,279)
Retirement benefits obligations paid		(101,614)	(82,361)
(Increase) / Decrease in long term loans		(31,369)	14,230
Decrease in long term deposits and prepayments		2,236	364,899
Net cash from operating activities		4,653,923	6,172,170
Cash used in investing activities			
Purchase of property, plant and equipment		(1,498,928)	(721,787)
Payment for intangible asset		(523,720)	(199,596)
Sale proceeds on disposal of property, plant and equipment		38,734	32,283
Return received on savings accounts and deposit accounts		38,785	10,298
Investment in treasury bills		2,076	(31,064)
Dividend received		12	12
Net cash used in investing activities		(1,943,041)	(909,854)
Cash used in financing activities			
Dividends paid		(3,470,624)	(2,989,619)
Finance lease obligation paid		(36,213)	(47,923)
Net cash used in financing activities		(3,506,837)	(3,037,542)
Net (decrease) / increase in cash and cash equivalents		(795,955)	2,224,774
Cash and cash equivalents at the beginning of the year		1,465,507	(759,267)
Cash and cash equivalents at the end of the year	36	669,552	1,465,507

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

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended December 31, 2011

	SHARE CAPITAL	RESERVES				TOTAL
		CAPITAL		REVENUE	SUB TOTAL	
		Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
	(Rupees in thousand)					
Balance as at January 1, 2010	669,477	70,929	321,471	2,269,829	2,662,229	3,331,706
Total comprehensive income for the year	-	-	-	3,283,831	3,283,831	3,283,831
Transferred from surplus on revaluation of fixed assets - net of deferred taxation:						
- incremental depreciation for the year	-	-	-	648	648	648
Dividends For the year ended December 31, 2009 - On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 137 per share	-	-	-	(1,821,260)	(1,821,260)	(1,821,260)
For the year ended December 31, 2010 - Interim dividend on ordinary shares @ Rs. 89 per share	-	-	-	(1,183,153)	(1,183,153)	(1,183,153)
Balance as at December 31, 2010	669,477	70,929	321,471	2,549,656	2,942,056	3,611,533
Total comprehensive income for the year	-	-	-	4,105,847	4,105,847	4,105,847
Transferred from surplus on revaluation of fixed assets - net of deferred taxation:						
- incremental depreciation for the year	-	-	-	648	648	648
Dividends For the year ended December 31, 2010 - On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 157 per share	-	-	-	(2,087,137)	(2,087,137)	(2,087,137)
For the year ended December 31, 2011 - Interim dividend on ordinary shares @ Rs. 105 per share	-	-	-	(1,395,856)	(1,395,856)	(1,395,856)
Balance as at December 31, 2011	**669,477**	**70,929**	**321,471**	**3,172,919**	**3,565,319**	**4,234,796**

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

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

I) Unilever Pakistan Limited (the "Company")
II) Lever Chemicals (Private) Limited
III) Levers Associated Pakistan Trust (Private) Limited
IV) Sadiq (Private) Limited

Lever Chemicals (Private) Limited, Levers Associated Pakistan Trust (Private) Limited and Sadiq (Private) Limited are wholly owned subsidiaries of Unilever Pakistan Limited. The parent company of the group is Unilever Overseas Holdings Limited, UK whereas its ultimate parent company is Unilever PLC, UK.

Unilever Pakistan Limited is a limited liability company incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. It manufactures and markets home and personal care products, beverages, ice cream and spreads. Lever Chemicals (Private) Limited used to manufacture and sell Sulphonic Acid. Levers Associated Pakistan Trust (Private) Limited and Sadiq (Private) Limited act as trustees of Union Pakistan Provident Fund (Unilever Provident Fund). All subsidiary companies are incorporated in Pakistan.

Lever Chemicals (Private) Limited (LCL) is not carrying on any business operations.

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of Unilever Pakistan Limited, Lever Chemicals (Private) Limited, Levers Associated Pakistan Trust (Private) Limited and Sadiq (Private) Limited. The financial statements of the subsidiary companies have been consolidated on a line by line basis.

All inter-company balances and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are the same as those applied for the previous financial year.

2.1 Basis of preparation

2.1.1 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 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.

2.1.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with 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 group'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 as follows:

i. Taxation

The group accounts for provision for income tax based on current best estimates. However, where the final tax outcome is different from the amounts that were initially recorded, such differences impact the income tax provision in the period in which such determination is made.

ii. Post employment benefits

Significant estimates relating to post employment benefits are disclosed in note 8.

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.

There have been no critical judgements made by the group's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

2.2 New and amended standards and interpretations that are effective in the current year

There are certain new and amended standards and interpretations that have been published and are mandatory for accounting periods beginning on or after January 1, 2011 but are considered not to be relevant or did not have any significant effect on the group's operations and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards that are considered relevant, but not yet effective

Following amendments to existing standards and interpretations have been published that are mandatory for accounting periods beginning on the dates mentioned below:

IAS 19 (Amendment) - 'Employee benefits' is applicable for the periods beginning on or after January 1, 2013. It eliminates the corridor approach and recognises all actuarial gains and losses in other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset.

IAS 1 (Amendment), 'Presentation of Financial Statements', is effective for the accounting periods beginning on or after July 1, 2012. It entails the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment is however, not expected to have a material impact on the group's financial statements.

2.4 Interpretations to published approved accounting standards that are not yet effective and are not considered relevant

Standards, amendments to existing approved accounting standards and new interpretations have been published that are mandatory for future years. However, these are not expected to affect materially the financial statements of the group for the accounting periods beginning on the dates prescribed therein.

2.5 Overall valuation policy

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

2.6 Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and impairment, if any, except capital work in progress which is stated at cost. Depreciation is calculated using the straight-line method on all assets in use at the beginning of each quarter to charge off their cost excluding residual value, if not insignificant, over their estimated useful lives.

Certain land, buildings and plant and machinery were revalued in 1973, 1975, 1978 and 1981 by independent valuers, which are shown at such revalued figures. In compliance with the revised International Accounting Standard No. 16, "Property, Plant and Equipment", the group adopted cost model for its property, plant and equipment and the revalued figures were treated as deemed costs. The surplus on revaluation of these assets, however, is recognised in accordance with section 235 of the Companies Ordinance, 1984.

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

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 and assets so replaced, if any, are retired. Gains and losses on disposal of property, plant and equipment are recognised in the profit and loss account.

2.7 Intangibles

Intangibles are stated at cost less amortisation. Major computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of five years using the straight-line method.

Costs associated with maintaining computer software programmes are recognised as an expense as and when incurred.

2.8 Investments

i. In unlisted entity not being subsidiary

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

ii. Investment - held to maturity

These are investments with fixed or determinable payments and fixed maturity with the group having positive intent and ability to hold till maturity. These are stated at amortised cost.

2.9 Taxation

i. Current

The charge for current taxation is based on taxable income at the applicable rates of taxation determined in accordance with the prevailing law for taxation after taking into account tax credits and rebates available, if any.

ii. Deferred

Deferred tax is provided using the liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

2.10 Retirement benefits

Defined contribution plans

i. Provident fund

The group operates an approved contributory provident fund for all employees. Equal monthly contributions are made, both by the group and the employees, to the fund at the rate of 6% per annum of the gross salary. Obligation for contributions to defined contribution plan is recognised as an expense in the profit and loss account as and when incurred.

ii. **DC Pension fund**

The group 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 group to the plan at the rate of 9% per annum of the gross salary. Obligation for contributions to defined contribution plan is recognised as an expense in the profit and loss account as and when incurred.

Defined benefit plans

The Group operates the following schemes:

i. Funded pension scheme for management employees of the group. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2011, using the 'Projected Unit Credit Method'.

ii. Funded gratuity scheme for management and non-management employees of the group. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2011, using the 'Projected Unit Credit Method'.

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

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

Actuarial gains and losses are changes in present value of defined benefit obligation and fair value of plan assets due to differences between long term actuarial assumptions and actual short term experience. The group amortises such gains and losses each year by dividing the unrecognised balance at the beginning of the year by the average expected remaining service of current members.

Amounts recognised in the balance sheet represent the present value of defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, if any, and as reduced by the fair value of plan assets. Any assets resulting from the calculation is limited to the unrecognised actuarial losses and unrecognised past service cost plus the present value of available refunds and reduction in future contribution to the plan.

2.11 Stores and spares

These are valued at average cost and provision is made for slow moving and obsolete stores and spares. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.12 Stock in trade

This is stated 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 necessarily to be incurred in order to make the sale.

By-product (glycerine) is valued at estimated cost except for the stock covered by a firm forward sale contract, which is valued at the contracted price.

2.13 Trade and other debts

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

2.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. 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.

2.15 Leases

i. Finance leases

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The finance cost is charged to profit and loss account and is included under finance cost.

ii. Operating leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease.

2.16 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.

2.17 Borrowings and their cost

Borrowings are recorded at the proceeds received.

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 asset.

2.18 Provisions

Provisions are recognised when the Group 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 group becomes legally or constructively committed to incur.

2.19 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.

2.20 Foreign currency transactions and translation

Foreign currency transactions are converted into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are recognised in the profit and loss account.

The financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

2.21 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the group 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 is recognised when the product is despatched to customers;

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

- return on savings accounts and deposit accounts is recognised using the effective interest rate method.

2.22 Segment information

Operating segments are reported in a manner consistent with the internal reporting.

2.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

2.24 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, corresponding provision created is reflected in the liability.

3. PROPERTY, PLANT AND EQUIPMENT

	2011	2010
	(Rupees in thousand)	
Operating assets - note 3.1	4,526,190	4,588,190
Capital work in progress - at cost - note 3.2	1,191,041	308,981
	5,717,231	4,897,171

3.1 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				Owned	Held under finance leases	
	(Rupees in thousand)									
Net carrying value basis										
Year ended December 31, 2011										
Opening net book value (NBV)	25,575	229	593,997	19,773	3,565,948	321,011	22,880	2,308	36,469	4,588,190
Additions (at cost)	-	-	16,510	-	533,736	48,116	4,520	13,986	-	616,868
Disposals (at NBV)	-	-	(4,170)	-	(81,040)	(3,384)	(818)	-	(2,582)	(91,994)
Depreciation charge	-	(4)	(17,722)	(819)	(498,527)	(40,038)	(3,018)	(1,755)	(24,991)	(586,874)
Closing net book value (NBV)	25,575	225	588,615	18,954	3,520,117	325,705	23,564	14,539	8,896	4,526,190
Gross carrying value basis										
At December 31, 2011										
Cost	25,575	529	771,409	80,923	6,242,003	720,469	48,714	106,370	75,074	8,071,066
Accumulated depreciation	-	(304)	(182,794)	(61,969)	(2,721,886)	(394,764)	(25,150)	(91,831)	(66,178)	(3,544,876)
Net book value (NBV)	25,575	225	588,615	18,954	3,520,117	325,705	23,564	14,539	8,896	4,526,190
Net carrying value basis										
Year ended December 31, 2010										
Opening net book value (NBV)	25,575	234	589,806	20,848	3,531,500	287,640	20,226	4,612	82,607	4,563,048
Additions (at cost)	-	-	22,463	-	485,934	72,683	5,297	-	-	586,377
Disposals (at NBV)	-	-	-	-	(7,054)	-	-	(35)	(1,140)	(8,229)
Depreciation charge	-	(5)	(18,272)	(1,075)	(444,432)	(39,312)	(2,643)	(2,269)	(44,998)	(553,006)
Closing net book value (NBV)	25,575	229	593,997	19,773	3,565,948	321,011	22,880	2,308	36,469	4,588,190
Gross carrying value basis										
At December 31, 2010										
Cost	25,575	529	775,875	80,923	5,996,681	758,567	46,341	92,384	141,556	7,918,431
Accumulated depreciation	-	(300)	(181,878)	(61,150)	(2,430,733)	(437,556)	(23,461)	(90,076)	(105,087)	(3,330,241)
Net book value (NBV)	25,575	229	593,997	19,773	3,565,948	321,011	22,880	2,308	36,469	4,588,190
Depreciation rate % per annum	-	1.05	1.5 to 2.5	1.5 to 2	8 to 33	8 to 20	8 to 14	25	25	

	2011	2010
	(Rupees in thousand)	

3.2 Capital Work in Progress - at cost

Civil works	5,187	8,075
Plant and machinery	1,185,854	300,906
	1,191,041	308,981

3.3 Details of property, plant and equipment disposed off during the year are given in note 43.

	2011	2010
	(Rupees in thousand)	

4. INTANGIBLES

Computer Software - note 4.1	1,288,730	-
Intangible asset under development	-	821,086
	1,288,730	821,086

4.1 Computer Software

Net carrying value basis

Opening net book value	-	2,433
Additions during the year	1,344,806	-
Amortisation charge	(56,076)	(2,433)
Closing net book value	1,288,730	-

Gross carrying value basis

Cost	1,369,154	24,348
Accumulated amortisation	(80,424)	(24,348)
Net book value	1,288,730	-
Remaining useful life in years	4.75	-

5. LONG TERM INVESTMENTS

Investment available for sale - at cost

Futehally Chemicals (Private) Limited		
2,000 6% redeemable cumulative preference shares of Rs. 100 each	200	200

6. LONG TERM LOANS - considered good

		2011	2010
		(Rupees in thousand)	
Related Parties	Note 6.1, 6.2 and 6.3		
Director		-	430
Chief Executive		2,289	5,344
		2,289	5,774
Others			
Executives		120,760	114,667
Other employees		38,289	11,757
		159,049	126,424
		161,338	132,198
Recoverable within one year - note 12		(46,082)	(48,311)
Long term portion		115,256	83,887

6.1 Reconciliation of carrying amount of loans to Director, Chief Executive and Executives:

	Director		Chief Executive		Executive	
	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)					
Balance as at January 1	430	1,462	5,344	8,399	114,667	96,708
Loans granted during the year	-	-	-	-	66,959	44,857
Transfers	-	-	-	-	-	17,786
Recoveries	(430)	(1,032)	(3,055)	(3,055)	(60,866)	(44,684)
	-	430	2,289	5,344	120,760	114,667

6.2 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.

6.3 The maximum aggregate amount of loans due at the end of any month during the year was:

	2011	2010
	(Rupees in thousand)	
Director	430	1,376
Chief Executive	5,344	8,144
Executives	132,565	151,211

7. LONG TERM DEPOSITS AND PREPAYMENTS

	2011	2010
	(Rupees in thousand)	
Security deposits	4,827	4,827
Prepaid rent	23,859	6,037
Others	-	20,058
	28,686	30,922
Less: Provision for doubtful deposits	(2,925)	(2,925)
	25,761	27,997

8. RETIREMENT BENEFITS

8.1 The disclosures made in notes 8.2 to 8.10 are based on the information included in the actuarial valuation as of December 31, 2011.

		Pension Fund		Gratuity Funds		Pensioners' Medical Plan	
		2011	2010	2011	2010	2011	2010
		(Rupees in thousand)					
8.2	**Balance Sheet Reconciliation**						
	Fair value of plan assets	1,686,778	1,628,771	61,413	62,771	-	-
	Present value of defined benefit obligations	(1,681,689)	(1,630,220)	(348,990)	(266,027)	(216,324)	(203,261)
	Funded status	5,089	(1,449)	(287,577)	(203,256)	(216,324)	(203,261)
	Unrecognised net actuarial loss	109,788	150,249	11,462	13,687	30,333	34,028
	Recognised asset / (liability)	114,877	148,800	(276,115)	(189,569)	(185,991)	(169,233)
8.3	**Movement in the fair value of plan assets**						
	Fair value as at January 1	1,628,771	1,484,380	62,771	36,182		
	Expected return on plan assets	214,787	178,463	6,386	4,154		
	Actuarial gains	21,093	97,211	1,774	14,039		
	Employer contributions	-	12,809	86,329	55,331		
	Benefits paid	(177,873)	(144,092)	(95,847)	(46,935)		
	Fair value as at December 31	1,686,778	1,628,771	61,413	62,771		
8.4	**Movement in the defined benefit obligations**						
	Obligation as at January 1	1,630,220	1,563,709	266,027	246,505	203,261	192,663
	Service cost	12,310	12,666	14,524	13,544	813	717
	Interest cost	220,416	191,387	36,186	31,890	27,827	23,590
	Settlement and curtailment	-	-	126,603	28,709	-	-
	Actuarial losses / (gains)	(3,384)	6,550	1,497	(7,686)	(292)	512
	Benefits paid	(177,873)	(144,092)	(95,847)	(46,935)	(15,285)	(14,221)
	Obligation as at December 31	1,681,689	1,630,220	348,990	266,027	216,324	203,261
8.5	**Cost**						
	Current service cost	12,310	12,666	14,524	13,544	813	717
	Interest cost	220,416	191,387	36,186	31,890	27,827	23,590
	Expected return on plan assets	(214,787)	(178,463)	(6,386)	(4,154)	-	-
	Settlement and curtailment	-	-	126,603	28,709	-	-
	Recognition of actuarial loss	15,984	26,473	1,948	3,578	3,403	3,420
	Expense	33,923	52,063	172,875	73,567	32,043	27,727
	Actual return on plan assets	235,880	275,674	8,160	18,193		

8.6 Principal actuarial assumptions used are as follows:

	2011	2010
Discount rate & expected return on plan assets	13.00%	14.25%
Future salary increases	10.75%	12.00%
Future pension increases	7.25%	8.00%
Medical cost trend rates	7.50%	8.75%

Expected contributions to retirement benefit plans for the year ending December 31, 2012 are Rs. 182 million (2011: Rs. 131 million).

8.7 **Comparison for five years**

	2011	2010	2009	2008	2007
	(Rupees in thousand)				
As at December 31					
Fair value of plan assets	1,748,191	1,691,542	1,520,562	1,802,804	1,891,499
Present value of defined benefit obligations	(2,247,003)	(2,099,508)	(2,002,877)	(2,048,323)	(2,034,192)
(Deficit)	(498,812)	(407,966)	(482,315)	(245,519)	(142,693)
Experience adjustments					
Gain / (Loss) on plan assets (as percentage of plan assets)	1.3%	6.6%	(0.3%)	0.2%	(0.7%)
(Gain) / Loss on obligations (as percentage of plan obligations)	(0.1)%	(0.03%)	9.7%	(1.2%)	(1.2%)

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

	Increase	Decrease
	(Rupees in thousand)	
Effect on the aggregate of current service and interest costs	3,047	2,623
Effect on the defined benefit obligations	22,529	19,233

8.9 Plan assets comprise of the following:

	2011		2010	
	Rupees in thousand	%	Rupees in thousand	%
Equity	206,369	11.8	197,645	11.7
Debt	1,521,301	87.0	1,485,797	87.8
Others (include cash and bank balances)	20,521	1.2	8,100	0.5
	1,748,191	100.0	1,691,542	100.0

8.10 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.

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

8.12 Based on the above actuarial valuation the retirement benefits - asset amounts to Rs. 114.9 million (2010: Rs. 148.8 million) and retirement benefits - liability amounts to Rs. 462.1 million (2010: Rs. 358.8 million).

8.13 During the year the Group contributed Rs. 65.47 million (2010: Rs. 53.79 million) to the provident fund and Rs. 59.26 million (2010: 45.70 million) to the DC pension fund.

9. STORES AND SPARES

	2011	2010
	(Rupees in thousand)	
Stores (including in transit Rs. 8.71 million; 2010: Rs. 20.88 million)	**92,154**	169,893
Spares (including in transit Rs. 1.76 million; 2010: Rs. 10.49 million)	**300,507**	226,090
Others	**-**	4,194
	392,661	400,177
Provision for slow moving and obsolete stores and spares	**(45,141)**	(42,839)
	347,520	357,338

9.1 The Group has made a provision during the year of Rs. 6.27 million (2010: Rs. 4.18 million) for obsolescence and has written off stores and spares amounting to Rs. 3.96 million (2010: Nil) by utilising the provision during the year.

10. STOCK IN TRADE

	2011	2010
	(Rupees in thousand)	
Raw and packing materials at cost (including in transit Rs. 654 million; 2010: Rs. 662 million)	**2,926,886**	2,626,174
Provision for obsolescence	**(162,206)**	(91,453)
	2,764,680	2,534,721
Work in process	**291,891**	126,457
Finished goods (including in transit Rs. 0.2 million; 2010: Rs. 68 million)	**2,198,567**	1,264,130
By product - glycerine	**-**	1,846
	2,198,567	1,265,976
Provision for obsolescence	**(50,748)**	(46,147)
	2,147,819	1,219,829
	5,204,390	3,881,007

10.1 Stock in trade includes Rs. 1.17 billion (2010: Rs. 1.66 billion) held with third parties.

10.2 The above balances include items costing Rs. 194.27 million (2010: Rs. 148.28 million) valued at net realisable value of Rs.36.67 million (2010: Rs. 10.68 million).

10.3 The Group made a provision of Rs. 202.71 million for obsolescence (2010: Rs. 79.06 million) and has written off inventory amounting to Rs. 127.35 million (2010: Rs. 87.51 million) by utilising the provision during the year.

11. TRADE DEBTS

	2011	2010
	(Rupees in thousand)	
Considered good	833,179	522,795
Considered doubtful	37,164	42,016
	870,343	564,811
Provision for doubtful debts - note 11.1	(37,164)	(42,016)
	833,179	522,795

11.1 The Group has reversed provision of Rs. 3.78 million (2010: Rs. 3.24 million) and has written off debts by utilising the provision amounting to Rs. 1.07 million (2010: Rs. 0.46 million) during the year.

11.2 As of December 31, 2011 trade debts of Rs. 392.97 million (2010: Rs. 155.71 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:

	2011	2010
	(Rupees in thousand)	
Up to 3 months	246,274	138,216
3 to 6 months	73,013	7,533
More than 6 months	73,683	9,959
	392,970	155,708

12. LOANS AND ADVANCES

	2011	2010
Considered good		
Current portion of loans to employees - note 6	46,082	48,311
Advances to:		
Executives - note 12.1	55,325	54,239
Suppliers and others	58,787	24,149
	160,194	126,699
Considered doubtful		
Advances to suppliers and others	5,516	6,230
	165,710	132,929
Provision for doubtful advances to suppliers and others	(5,516)	(6,230)
	160,194	126,699

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

13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2011	2010
	(Rupees in thousand)	
Trade and margin deposits	27,029	20,617
Prepayments		
- Rent	23,597	18,175
- Advertisement	396,048	130,326
- Others	127,531	74,543
	574,205	243,661

14. OTHER RECEIVABLES

	2011	2010
Receivable from related parties	-	9,723
Unilever Gratuity Fund	49,034	30,777
Associated undertakings	31,294	-
Workers' Profits Participation Fund - note 14.1		
Others	81,189	44,394
	161,517	84,894
Provision for doubtful receivables	(13,934)	(13,934)
	147,583	70,960

14.1 Workers' Profits Participation Fund

	2011	2010
Balance as at January 1	(1,657)	8,960
Allocation for the year	(318,777)	(256,728)
	(320,434)	(247,768)
Amount paid to the trustees	351,728	246,111
Balance as at December 31	31,294	(1,657)

15. TAX REFUNDS DUE FROM THE GOVERNMENT

	2011	2010
Sales tax refundable - amounts paid under protest - note 15.1	114,187	137,012
Taxation - payments less provision	280,528	329,355
Others	-	27
	394,715	466,394

15.1 This includes a sum of Rs. 67.2 million (originally Rs. 90 million paid under protest in 1999) which is being adjusted in the monthly sales tax return pertaining to one of the Group's toll manufacturers consequent to favourable decision of Alternate Dispute Resolution Committee of Federal Board of Revenue in 2011.

16. INVESTMENT - HELD TO MATURITY

This represents investment in Treasury Bills. They carry mark-up at 12.00% and 13.15% per annum and will realise latest by August 2012.

17. CASH AND BANK BALANCES

	2011	2010
	(Rupees in thousand)	
With banks on:		
current accounts	445,334	660,204
savings accounts - note 17.1	516,603	300,935
deposit account	-	800,000
In hand:		
cash	149	1,511
	962,086	1,762,650

17.1 Mark-up on savings accounts was at the rates ranging from 5% to 9.58% (2010: 5% to 9%) per annum.

18. SHARE CAPITAL

		2011	2010
		(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, 2011 and 2010 Unilever Overseas Holdings Limited, UK, a wholly owned subsidiary of Unilever PLC, UK held 9,981,417 ordinary shares and 33,735 preference shares of Unilever Pakistan Limited.

	2011	2010
19. RESERVES	(Rupees in thousand)	
Capital reserves		
Arising under schemes of arrangements for amalgamations - note 19.1	70,929	70,929
Contingency - note 26.1.1	321,471	321,471
	392,400	392,400
Revenue reserve		
Unappropriated profit	3,172,919	2,549,656
	3,565,319	2,942,056

19.1 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 Group.

20. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluations of property, plant and equipment carried out in 1973, 1975, 1978 and 1981, adjusted only by surplus realised on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

	2011	2010
	(Rupees in thousand)	
Balance as at January 1	12,317	12,965
Transferred to unappropriated profit net of deferred taxation: incremental depreciation for the year	(648)	(648)
Balance as at December 31	11,669	12,317

21. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

	2011	2010
Present value of minimum lease payments	16,520	48,695
Current maturity shown under current liabilities	(13,229)	(28,877)
	3,291	19,818
Minimum lease payments		
Not later than 1 year	16,884	38,549
Later than one year and not later than 5 years	762	20,731
	17,646	59,280
Finance charges not yet due	(1,126)	(10,585)
Present value of finance lease liabilities	16,520	48,695

	2011	2010
	(Rupees in thousand)	
Present value of finance lease liabilities		
Not later than 1 year	13,229	28,877
Later than one year and not later than 5 years	3,291	19,818
	16,520	48,695

The above represents finance leases entered into with modarabas for motor vehicles. The liability is payable by January 2013 in semi annual and quarterly instalments.

Lease payments bearing variable markup rates include finance charge at KIBOR + 0.85% to KIBOR + 1.9% per annum.

22. DEFERRED TAXATION

	2011	2010
	(Rupees in thousand)	
Credit balance arising in respect of:		
- accelerated tax depreciation allowances	903,783	905,375
- surplus on revaluation of fixed assets	6,082	6,466
	909,865	911,841
Debit balance arising in respect of:		
- provision for retirement benefits	(117,633)	(71,163)
- share-based compensation	(31,281)	(18,017)
- provision for stock in trade and stores and spares	(87,437)	(61,409)
- provision for doubtful debts, advances and other receivables	(12,905)	(35,143)
- provision for restructuring	(76,518)	(15,574)
- others	(203,027)	(134,392)
	(528,801)	(335,698)
	381,064	576,143

23. TRADE AND OTHER PAYABLES

	2011	2010
	(Rupees in thousand)	
Creditors	1,469,367	1,307,837
Bills payable	2,423,051	1,372,999
Accrued liabilities	4,822,043	4,256,051
Royalty and technical services fee	470,297	357,525
Advance payment from customers	155,677	128,767
Sales tax payable	259,651	363,508
Excise duty payable	86,268	120,072
Workers' Welfare Fund	131,521	99,386
Workers' Profits Participation Fund - note 14.1	-	1,657
Security deposits from dealers - note 23.1	24,554	17,129
Unclaimed dividend	142,434	129,826
Liability for share-based compensation plans - note 23.3	92,336	53,166
Others	21,176	27,423
	10,098,375	8,235,346

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

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

	2011	2010
	(Rupees in thousand)	
Ultimate parent company	406,979	375,525
Associated companies	1,873,890	1,675,238
Company in which close family member of a Director is holding directorship	126,651	20,855

23.3 Share-based compensation plans

As at December 31, 2011 share-based compensation plans of the Group include:

Global Performance Share Plan (GPSP) and Leadership Performance Share Plan (LPSP):

Under the plans, employees eligible as per policy can be awarded conditional shares of Unilever PLC or Unilever NV which will vest three years later depending on Unilever's achievement of set targets for Underlying Sales Growth (USG), Ungeared Free Cash Flow (UFCF) and Total Shareholder Return (TSR) ranking over the three-year performance period.

The details of the arrangements are as follows:

		GPSP	LPSP	
Shares of		Unilever PLC	Unilever PLC	Unilever NV
Date of grant	2009	March 19, 2009	March 19, 2009	March 19, 2009
	2010	March 18, 2010	March 18, 2010	March 18, 2010
	2011	March 14, 2011	March 14, 2011	March 14, 2011
Total number of shares granted	2009	9,965	1,962	1,962
	2010	6,190	4,375	4,375
	2011	6,474	4,375	4,375
		22,629	10,712	10,712
Fair value / Share price on grant date	2009	£ 12.46	£ 12.46	€ 13.22
	2010	£ 19.44	£ 19.44	€ 22.53
	2011	£ 18.35	£ 18.35	€ 21.59
Contractual life (years)		3	3	3
Vesting conditions		Performance conditions	Performance and market conditions	Performance and market conditions
Settlement		Shares	Shares	Shares
Expected lapse per year		20%	20%	20%
Expected outcome of meeting the performance criteria (at the grant date)	2009	by March 19, 2012	by March 19, 2012	by March 19, 2012
	2010	by March 18, 2013	by March 18, 2013	by March 18, 2013
	2011	by March 13, 2014	by March 13, 2014	by March 13, 2014

No dividend payments were expected; consequently, the measurement of the fair value did not consider dividends.

23.3.1 Details of plan that vested during the year are:

	GPSP	LPSP	
Shares of	Unilever PLC	Unilever PLC	Unilever NV
Date of grant	March 21, 2008	March 20, 2008	March 20, 2008
Vesting date	March 20, 2011	March 20, 2011	March 20, 2011
Fair value / Share price on grant date	£16.72	£ 16.72	€ 21.27
Fair value / Share price on vesting date	£18.20	£ 18.20	€ 21.22
Difference of grant date and settlement date fair value	£ 1.48	£ 1.48	-€ 0.05
Contractual life (years)	3	3	3
Vesting conditions	Performance conditions	Performance and market conditions	Performance and market conditions
Settlement	Shares	Shares	Shares

The Group has treated these share-based plans as liability.

24. SHORT TERM BORROWINGS

Running finance under mark-up arrangements - secured

The facilities for running finance available from various banks amount to Rs. 10.50 billion (2010: Rs. 10.78 billion). The rates of mark-up range between KIBOR to KIBOR + 1% per annum (2010: KIBOR to KIBOR + 1% per annum).

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

The facilities for opening letters of credit and guarantees as at December 31, 2011 amounted to Rs. 11.10 billion (2010: Rs. 10.8 billion), of which the amount remaining unutilised at the year end was Rs. 6.3 billion (2010: Rs. 9.02 billion).

25. PROVISIONS

	2011	2010
	(Rupees in thousand)	
Provision for cess less payments - note 26.1.1	287,667	338,910
Provision for marking fee less payment	20,584	12,934
Restructuring		
Balance as at January 1	45,956	9,265
Provision during the year	306,407	90,000
Utilised during the year	(126,499)	(53,309)
Balance as at December 31	225,864	45,956
	534,115	397,800

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Government of Sindh through 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 Group 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 infractuous 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 decided the issue against the Group. Against this order an intra court appeal was filed with the High Court. The appeal was disposed of 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 Group as well as the Government of Sindh filed appeals in the Supreme Court 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. Accordingly, fresh petition was filed by the group in the High Court in May 2011. A provision amounting to Rs. 533.66 million concerning the levy with respect from December 28, 2006 has been recognised in the financial statements. Moreover, the Group has paid an amount of Rs. 245.99 million under protest against the said order.

As a matter of prudence, a total of Rs. 321.47 million as at December 31, 2011 (2010: 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 Officer of Inland Revenue while finalising the re-assessments for the tax years 2006, 2007 and 2009, passed amended assessment orders enhancing the tax liability for these years by approximately Rs. 400 million in respect of certain disallowances.

The Group has filed appeals before the Commissioner of Inland Revenue - Appeals (CIRA) however, the same were decided against it. The Group has filed appeals before the Appellate Tribunal Inland Revenue.

Further, the Additional Commissioner of Inland Revenue amended the assessments for the tax years 2008 and 2010, enhancing the tax liability by approximately Rs. 221 million. The Group has filed appeals before the CIRA there against which are pending for hearing.

The Group's management is of the view that the disallowances were erroneous and, therefore, the ultimate decision in appeals will likely be in the group's favour. No provision has, therefore, been made in the financial statements.

26.2 Commitments

26.2.1 Aggregate commitments outstanding for capital expenditures as at December 31, 2011 amounted to Rs. 845.96 million (2010: Rs. 392.95 million).

26.2.2 Aggregate commitments for operating lease rentals as at December 31, are as follows:

	2011	2010
	(Rupees in thousand)	
Not later than one year	120,897	79,976
Over one year to five years	311,615	230,504
	432,512	310,480

27. SALES

	2011	2010
Manufactured goods		
Gross sales	65,925,866	56,528,071
Sales tax	(10,193,721)	(8,816,369)
Excise duty	(1,674,647)	(1,472,618)
	54,057,498	46,239,084
Imported goods		
Gross sales	1,027,398	1,078,341
Sales tax	(91,953)	(49,933)
Excise duty	(5,140)	(2,170)
	930,305	1,026,238
Rebates and allowances	(3,111,817)	(2,593,815)
	51,875,986	44,671,507

28. COST OF SALES

	2011	2010
	(Rupees in thousand)	
Raw and packing materials consumed	29,582,667	25,633,234
Manufacturing charges paid to third parties	931,518	769,558
Stores and spares consumed	213,878	179,619
Staff costs - note 28.1	1,547,964	1,236,555
Utilities	733,491	685,492
Depreciation	509,825	480,316
Repairs and maintenance	346,887	258,240
Rent, rates and taxes	62,510	26,939
Amortisation of computer software	30,169	-
Travelling and entertainment	62,441	58,733
Stationery and office expenses	37,529	54,105
Expenses on information technology	1,120	674
Other expenses	88,242	73,913
Charges by related party	4,119	2,820
Recovery of charges from related party	-	(5,027)
	34,152,360	29,455,171
Opening work in process	126,457	72,736
	34,278,817	29,527,907
Closing work in process	(291,891)	(126,457)
Cost of goods manufactured	33,986,926	29,401,450
Opening stock of finished goods including by-product glycerine	1,153,124	1,210,086
Closing stock of finished goods including by-product glycerine	(1,952,457)	(1,153,124)
	33,187,593	29,458,412
Imported goods		
Opening stock	66,705	44,321
Purchases	733,524	658,197
	800,229	702,518
Closing stock	(195,362)	(66,705)
	604,867	635,813
	33,792,460	30,094,225

28.1 Staff costs

	2011	2010
Salaries and wages	1,480,705	1,174,238
Medical	22,166	19,268
Pension costs - defined benefit plan	6,688	10,264
Gratuity costs - defined benefit plan	14,605	14,159
Pensioners' medical plan	6,325	5,473
Provident fund cost - defined contribution plan	5,979	4,913
Pension fund cost - defined contribution plan	11,496	8,240
	1,547,964	1,236,555

	2011	2010
	(Rupees in thousand)	

29. DISTRIBUTION COSTS

	2011	2010
Staff costs - note 29.1	833,161	733,944
Advertisement and sales promotion	4,874,769	4,039,804
Outward freight and handling	1,619,127	1,278,838
Royalty and technical fee	1,849,584	1,564,214
Utilities	32,633	11,499
Depreciation	43,147	40,706
Repairs and maintenance	33,720	28,045
Rent, rates and taxes	207,821	168,212
Amortisation of computer software	12,168	1,361
Travelling and entertainment	101,394	93,053
Stationery and office expenses	54,094	55,301
Expenses on information technology	3,743	1,072
Other expenses	96,114	62,603
Charges by related party	45,727	55,047
Recovery of charges from related party	-	(100,138)
	9,807,202	8,033,561

29.1 Staff costs

	2011	2010
Salaries and wages	668,908	587,272
Medical	77	67
Share based compensation	35,652	27,463
Pension costs - defined benefit plan	18,243	27,998
Gratuity costs - defined benefit plan	21,211	20,563
Pensioners' medical plan	17,227	14,907
Provident fund cost - defined contribution plan	39,849	32,741
Pension fund cost - defined contribution plan	31,994	22,933
	833,161	733,944

	2011	2010
	(Rupees in thousand)	

30. ADMINISTRATIVE EXPENSES

	2011	2010
Staff costs - note 30.1	516,124	396,675
Utilities	47,338	36,914
Depreciation	33,902	31,984
Repairs and maintenance	32,709	28,993
Rent, rates and taxes	251,660	178,333
Amortisation of computer software	13,739	1,072
Travelling and entertainment	76,437	91,437
Stationery and office expenses	79,499	69,881
Expenses on information technology	360,497	218,959
Legal, professional and other consultancy charges	86,792	71,339
Auditors' remuneration - note 30.2	12,944	12,545
Other expenses	108,446	94,804
Charges by related party	9,002	4,457
Recovery of charges from related party	-	(17,408)
	1,629,089	1,219,985

30.1 Staff costs

	2011	2010
Salaries and wages	407,142	300,022
Medical	28,058	24,390
Share based compensation	17,572	13,536
Pension costs - defined benefit plan	8,992	13,801
Gratuity costs - defined benefit plan	10,456	10,136
Pensioners' medical plan	8,491	7,347
Provident fund cost - defined contribution plan	19,643	16,139
Pension fund cost - defined contribution plan	15,770	11,304
	516,124	396,675

30.2 Auditors' remuneration

	2011	2010
Audit fee	5,500	3,950
Taxation services	3,500	3,780
Limited review, audit of consolidated financial statements, pension, provident and gratuity funds, third party expense verifications and certifications for various government agencies	3,194	4,119
Out of pocket expenses	750	696
	12,944	12,545

31. OTHER OPERATING EXPENSES

	2011	2010
	(Rupees in thousand)	
Donations - note 31.1	34,273	33,780
Workers' Profits Participation Fund - note 14.1	318,777	256,728
Workers' Welfare Fund	131,521	97,543
Loss on disposal of property, plant and equipment	53,260	-
	537,831	388,051

31.1 Donations

Donations include the following in whom a director is interested:

Name of Director	Interest in Donee	Name and address of Donee	2011	2010
1. Ehsan A. Malik	Member	AIESEC in Pakistan 201, 2nd Floor, Cotton Exchange Building, I.I.Chundrigar Road, Karachi.	53	100
	Trustee	The Duke of Edinburgh Awards Pakistan	6	80
	Corporate Member President-Emeritus	World Wide Fund for Nature, Ferozepur Road, Lahore	221	15

32. OTHER OPERATING INCOME

	2011	2010
Income from financial assets		
Dividend income	12	12
Return on savings accounts and deposit accounts	38,750	10,236
Return on investment - held to maturity - note 16	14,657	10,101
Income from non-financial assets		
Scrap sales	48,345	15,797
Profit on disposal of property, plant and equipment	-	24,054
Sundries	48,741	40,714
Others		
Service fee from related parties - note 32.1	175,528	36,073
Provision for doubtful trade debts written back	3,779	3,236
Liabilities no longer payable written back	34,980	400
	364,792	140,623

32.1 This includes amount charged by the Group 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.

	2011	2010
	(Rupees in thousand)	

33. FINANCE COST

	2011	2010
Mark-up on short term borrowings	44,087	132,631
Bank charges	49,939	23,503
Exchange loss	126,659	22,086
Finance charge on finance leases	4,038	11,437
	224,723	189,657

34. TAXATION

	2011	2010
Current - for the year		
Pakistan	1,996,564	1,542,398
Azad Kashmir	35,734	30,409
	2,032,298	1,572,807
Deferred tax - credit	(195,079)	(59,987)
	1,837,219	1,512,820

34.1 Relationship between tax expense and accounting profit

	2011	2010
Accounting profit before tax	5,943,066	4,796,651
Tax at the applicable tax rate of 35%	2,080,073	1,678,828
Tax effect of permanent differences	11,657	6,631
Tax effect of credits	(89,031)	(54,976)
Tax effect of final tax	(165,480)	(117,663)
Tax expense for the year	1,837,219	1,512,820

35. EARNINGS PER SHARE

	2011	2010
	(Rupees in thousand)	
Profit after tax	4,105,847	3,283,831
Preference dividend on cumulative preference shares	(239)	(239)
Profit after taxation attributable to ordinary shareholders	4,105,608	3,283,592
Weighted average number of shares in issue during the year (in thousands)	13,294	13,294
Earnings per share (Rupees)	309	247

There is no dilutive effect on the basic earnings per share of the Group.

36. CASH AND CASH EQUIVALENTS

	2011	2010
	(Rupees in thousand)	
Cash and bank balances	962,086	1,762,650
Short term borrowings - running finance under mark-up arrangements	(292,534)	(297,143)
	669,552	1,465,507

37. SEGMENT INFORMATION

A business segment is a Group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Executive Officer of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organised into the following four operating segments:

- Home and Personal Care
- Beverages
- Ice Cream
- Spreads

Management monitors the operating results of abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Finance cost, restructuring cost, other operating income and expenses, and taxation are managed at Group level. Further, unallocated assets include long term investments, long term loans and advances, long term deposits and prepayments, loans and advances, accrued interest, trade deposits and short term prepayments, other receivables, tax refunds due from government and cash and bank balances.

37.1 Segment analysis

The segment information for the reportable segments for the year ended December 31, 2011 is as follows:

	Home and Personal Care	Beverages	Ice Cream	Spreads	Total
	(Rupees in thousand)				
Year ended December 31, 2011					
Revenue	29,190,384	14,934,620	6,161,474	1,589,508	51,875,986
Segment results	4,603,723	1,458,952	390,064	194,496	6,647,235
Year ended December 31, 2010					
Revenue	24,722,472	13,272,286	5,548,024	1,128,725	44,671,507
Segment results	3,979,810	960,883	269,102	113,941	5,323,736

Reconciliation of segment results with profit from operations:

	2011	2010
	(Rupees in thousand)	
Total results for reportable segments	6,647,235	5,323,736
Restructuring costs	(306,407)	(90,000)
Other operating expenses	(537,831)	(388,051)
Other operating income	364,792	140,623
Finance cost	(224,723)	(189,657)
Profit before tax	5,943,066	4,796,651

Assets and liabilities by segments are as follows:

	Home and Personal Care	Beverages	Ice Cream	Spreads	Total
	(Rupees in thousand)				
As at December 31, 2011					
Segment assets	5,543,362	2,169,913	3,687,574	197,067	11,597,916
Segment liabilities	4,468,083	1,559,948	919,918	211,571	7,159,520
As at December 31, 2010					
Segment assets	4,195,315	3,165,263	3,440,133	142,138	10,942,849
Segment liabilities	3,212,225	1,277,478	537,784	267,331	5,294,818

Reconciliation of segments' assets and liabilities with totals in the balance sheet is as follows:

	As at December 31, 2011		As at December 31, 2010	
	Assets	Liabilities	Assets	Liabilities
	(Rupees in thousand)			
Total for reportable segments	11,597,916	7,159,520	10,942,849	5,294,818
Unallocated assets / liabilities	4,443,946	4,635,877	2,611,185	4,635,366
Total as per balance sheet	16,041,862	11,795,397	13,554,034	9,930,184

Other segment information is as follows:

	Home and Personal Care	Beverages	Ice Cream	Spreads	Total
	(Rupees in thousand)				
Year ended December 31, 2011					
Staff costs	1,449,657	861,750	545,761	40,081	2,897,249
Advertisement and sales promotion	3,346,171	612,871	709,806	205,921	4,874,769
Outward freight and handling	930,971	228,797	436,030	23,329	1,619,127
Royalty and technical fee	1,088,365	469,912	232,116	59,191	1,849,584
Depreciation	238,131	51,693	281,452	15,598	586,874
Year ended December 31, 2010					
Staff costs	1,135,273	728,521	470,615	32,765	2,367,174
Advertisement and sales promotion	2,771,463	599,573	478,843	189,925	4,039,804
Outward freight and handling	776,708	181,864	295,028	25,238	1,278,838
Royalty and technical fee	910,533	402,036	212,593	39,052	1,564,214
Depreciation	211,208	44,254	287,112	10,432	553,006

37.2 Sales to domestic customers in Pakistan are 98.9% (2010: 98.3%) and to customers outside Pakistan are 1.1% (2010: 1.7%) of the revenue during the year.

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

38. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties during the year:

	Relationship with the Group	Nature of transactions	2011 (Rupees in thousand)	2010 (Rupees in thousand)
i.	Ultimate parent company			
		Royalty and technical fee	1,849,584	1,564,214
ii.	Associated companies			
		Purchase of goods	13,058,816	10,877,473
		Sale of goods	6,055	2,078
		Fee for receiving of services from related party	59,743	1,502
		Payment to related parties for intangible asset	415,625	126,161
		Reimbursement of expenses to related party	-	62,324
		Recovery of expenses from related party	-	122,573
		Fee for providing of services to related party	175,528	36,073
		Contribution to :		
		- Defined Contribution plans	124,731	99,495
		- Defined Benefit plans	86,329	68,140
		Settlement on behalf of :		
		- Defined Contribution plans	271,698	245,983
		- Defined Benefit plans	219,045	189,731
iii.	Key management personnel	Salaries and other short-term employee benefits	163,447	101,553
		Post-employment benefits	10,014	7,943
iv.	Others	Donations	280	1,195

Royalty and technical fee are paid in accordance with the agreements duly acknowledged by the State Bank of Pakistan. Other transactions with related parties are settled in the ordinary course of business.

The group 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, 2011 is included in other receivables and trade and other payables respectively.

Arrangements with parent company and an associated company for granting of their shares to employees of Unilever Pakistan Limited are disclosed in note 23.3.

39. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

	Executive Directors		Chief Executive		Executives	
	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)					
Managerial remuneration and allowances	47,698	28,006	19,174	14,830	967,796	600,967
Share based compensation	13,000	9,830	25,152	19,710	15,072	11,459
Retirement benefits *	5,663	4,122	2,835	2,334	116,520	92,827
Rent and utilities	-	1,694	-	810	-	84,102
Medical expenses	413	379	309	174	12,508	10,554
Other expenses	-	-	1,364	2,770	5,213	9,510
	66,774	44,031	48,834	40,628	1,117,109	809,419
Number of persons	5	4	1	1	663	550

In addition to this, a lump sum amount of Rs. 38.829 million (2010: Rs. 251.3 million) on account of variable pay has been accounted for in the financial statements for the current year payable in 2012 after verification of target achievement.

Out of the variable pay recognised for 2010 and 2009 following payments were made:

	Paid in 2011 relating to 2010	Paid in 2010 relating to 2009
	(Rupees in thousand)	
Executive Directors	10,156	15,925
Chief Executive	9,476	5,138
Executives	117,908	142,470
Other employees	11,540	27,885
	149,080	191,418

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

The executive directors, chief executive and certain executives of the Group are provided with free use of cars and household equipments.

Aggregate amount charged in these financial statements for the year for fee to 2 non-executive directors was Rs. 450 thousand (2010: 2 non-executive directors Rs. 270 thousand).

40. CAPACITY

	Annual Capacity		Actual Production	
	2011	2010	**2011**	2010
	Metric Tons			
Own manufacture				
Home and Personal Care	**60,446**	60,385	**48,313**	51,429
Beverages	**62,377**	62,377	**28,909**	33,861
	Million Litres			
Ice Cream	**77**	77	**43**	49

Annual capacity of Home and Personal Care was increased in lieu of higher anticipated sales in future. The current capacity was under utilised on account of lower demand.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

41.1 Financial risk factors

The Group's activities expose it to variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group'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 receivables							
Loans and advances to employees	-	-	-	46,082	115,256	161,338	161,338
Deposits	-	-	-	27,029	1,902	28,931	28,931
Trade debts	-	-	-	833,179	-	833,179	833,179
Other receivables	-	-	-	116,289	-	116,289	116,289
Cash and bank balances	516,603	-	516,603	445,483	-	445,483	962,086
Long term investments at cost	-	-	-	-	200	200	200
December 31, 2011	516,603	-	516,603	1,468,062	117,358	1,585,420	2,102,023
December 31, 2010	1,244,324	-	1,244,324	1,324,398	85,989	1,410,387	2,654,711
FINANCIAL LIABILITIES							
At amortised cost							
Trade and other payables	-	-	-	9,465,258	-	9,465,258	9,465,258
Accrued interest / mark-up	-	-	-	9,630	-	9,630	9,630
Liabilities against assets subject to finance leases	13,229	3,291	16,520	-	-	-	16,520
Short term borrowings	292,534	-	292,534	-	-	-	292,534
December 31, 2011	305,763	3,291	309,054	9,474,888	-	9,474,888	9,783,942
December 31, 2010	326,020	19,818	345,838	7,538,140	-	7,538,140	7,883,978
ON BALANCE SHEET GAP							
December 31, 2011	210,840	(3,291)	207,549	(8,006,826)	117,358	(7,889,468)	(7,681,919)
December 31, 2010	918,304	(19,818)	898,486	(6,213,742)	85,989	(6,127,753)	(5,229,267)
OFF BALANCE SHEET ITEMS							
Letters of credit / guarantees							4,796,074
December 31, 2010							1,781,822

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. 2.1 billion the financial assets that are subject to credit risk amounted to Rs. 833.2 million.

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, 2011 trade debts of Rs. 392.97 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 since these are secured against their retirement benefits.

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.

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

(ii) Liquidity risk

Liquidity risk reflects the Group's inability in raising funds to meet commitments. The Group manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements.

(iii) Market risk

(a) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2011, financial assets of Rs. 25.16 million (2010: Rs. 30.78 million) and financial liabilities of Rs. 2.76 billion (2010: Rs. 2.34 billion) were in foreign currency which were exposed to foreign currency risk.

As at December 31, 2011, if the Pakistan Rupee had weakened / strengthened by 8% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 191.81 million (2010: Rs. 11.39 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

As at December 31, 2011, if the Pakistan Rupee had weakened / strengthened by 9% against Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 39.71 million (2010: Rs. 198.43 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial assets and liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the group only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (5 years) rates have moved on average basis by the mentioned percentages per annum.

(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 Group to cash flow interest rate risk.

At December 31, 2011, the Group had variable interest bearing financial liabilities of Rs. 309.05 million (2010: Rs. 345.84 million), 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. 6.18 million (2010: Rs. 6.91 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

42. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group'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.

During 2011 the Group's strategy was to maintain leveraged gearing. The net debt to equity ratios as at December 31, 2011 and 2010 were as follows:

	2011	2010
	(Rupees in thousand)	
Total borrowings	309,054	345,838
Cash and bank	(962,086)	(1,762,650)
Net surplus cash	(653,032)	(1,416,812)
Total equity	4,234,796	3,611,533
Total equity and debt	4,234,796	3,611,533
Net debt to equity ratio	-	-

The Group 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. DETAILS OF PROPERTY, PLANT AND EQUIPMENT DISPOSALS

The details of property, plant and equipment disposed of during the year are given below:

	Cost	Accumulated Depreciation / Impairment	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Purchaser
	(Rupees in thousand)					
Plant & Machinery	63,342	48,927	14,415	13,483	Open Bidding	M/s. Mehboob Brothers, Chak # 20/ GD, Post Office Chak No. 24/ GD,Okara.
Motor Vehicles						
	814	458	356	629	Company policy	Mr. Abdul Tawab Khan - Executive
	409	307	102	302	"	Mr. Adeel Yasin - Ex-Executive
	365	296	69	213	"	Mr. Anwar Hameed Siddiqui - Executive
	631	473	158	395	"	Mr. Ayaz Khan - Executive
	631	513	118	368	"	Mr. Gul Bahar Chanchar - Executive
	409	307	102	252	"	Mr. Karim Ullah Khan - Ex-Executive
	814	611	203	529	"	Mr. Khurram Ghafoor - Executive
	409	332	77	245	"	Mr. Muhammad Ali Bashir - Executive
	409	358	51	191	"	Mr. Muhammad Asif Shaikh - Executive
	814	611	203	529	"	Mr. Muhammad Ayub - Executive
	631	553	78	337	"	Mr. Muhammad Kamran - Executive
	409	307	102	252	"	Mr. Raja Asad Khurshid - Executive
	631	434	197	395	"	Mr. Saqib Masood Zuberi - Ex-Executive
	560	489	71	252	"	Syed Jaffar Hasan - Executive
	409	281	128	276	"	Mr. Tahir Saboor - Executive
	631	553	78	337	"	Mr. Zain Ul Abideen Brohi - Executive
	408	331	77	238	"	Mr. Zubair Khalid - Executive
	9,384	7,214	2,170	5,740		
Assets having book value less than Rs. 50,000 each						
Motor vehicles	53,915	53,503	412	19,511		
Assets written off						
Plant and Machinery	225,072	158,447	66,625	-		
Building	20,976	16,806	4,170	-		
Electrical, mechanical and office equipment	86,214	82,830	3,384	-		
Motor vehicles	3,183	3,183	-	-		
Furniture and Fittings	2,147	1,329	818	-		
	464,233	372,239	91,994	38,734		

44. MONOPOLY CONTROL AUTHORITY ORDER

With respect to the Monopoly Control Authority (MCA) Order dated December 19, 2006, terminating the non-competition agreement and requiring the group to refund the amount of Rs. 250 million to Dalda Foods (Private) Limited (DFL) within fifteen days of receipt of the Order, the management, based on legal advice, is of the view that the agreement between the group and DFL is not in violation of Monopolies and Restrictive Trade Practices Ordinance 1970. The Group filed an appeal in the High Court of Sindh against the Order which was admitted and the operation of MCA's order was stayed. At present, the appeal is pending for hearing.

45. PROPOSED AND DECLARED DIVIDENDS

On 5% cumulative preference shares

At the Board meeting held on February 9, 2012, dividend in respect of 2011 of Rs. 239 thousand has been declared (2010: Rs. 239 thousand).

On ordinary shares

At the Board meeting held on February 9, 2012, a final dividend in respect of 2011 of Rs. 202 per share amounting to a total dividend of Rs. 2.69 billion is proposed (2010: Rs. 157 per share amounting to a total dividend of Rs. 2.09 billion).

The interim dividend declared and already paid in respect of 2011 was Rs. 105 per share amounting to a total dividend of Rs. 1.40 billion (2010: Rs. 89 per share amounting to a total dividend of Rs. 1.18 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 statements of changes in equity as an appropriation from the unappropriated profit in the year ending December 31, 2012.

46. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 9, 2012 by the Board of Directors of the Group.

Ehsan A. Malik	**Imran Husain**
Chairman & Chief Executive	Director & Chief Financial Officer

Notice Of Annual General Meeting

Notice is hereby given that the 63rd Annual General Meeting of Unilever Pakistan Limited will be held at Pearl Continental Hotel, Club Road, Karachi, on Tuesday, March 27, 2012, at 14:30 Hrs. to transact the following business:

A. Ordinary Business

1. To receive and consider the Company's Financial Statements for the year ended December 31, 2011, together with the Reports of the Auditors and Directors thereon.

2. To approve and declare dividend (2011) on the Ordinary Shares of the Company. The Directors have recommended final cash dividend of 404% (or Rs.202.00 per share) on the Ordinary Shares. Together with the interim dividend of 210% (or Rs.105.00 per ordinary share) already paid, the total dividend for 2011 will thus amount to 614% (or Rs.307.00 per ordinary share).

3. To appoint Auditors for the ensuing year, and to fix their remuneration. (Messrs A.F. Ferguson & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment).

B. Special Business

4. To approve the remuneration of Executive Directors including the Chief Executive.

By Order of the Board

Karachi
March 02, 2012

Amar Naseer
Company Secretary

Notes:

1. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company are once again requested to send the same at the earliest directly to Company's Share Registrar, Famco Associates (Private) Limited, State Life Building, 1-A, 1st Floor, I.I. Chundrigar Road Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notification dated August 18, 2011, SRO 779 (I) 2011, 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.

2. Share Transfer Books will be closed from March 21, 2012 to March 27, 2012 (both days inclusive).

3. All Members (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.

4. 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.

5. Any change of address of Members should be immediately notified to the Company's Share Registrars, Famco Associates (Private) Limited, State Life Building 1-A (1st Floor), I. I. Chundrigar Road, Karachi.

   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 identity by showing his original Computerised 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 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 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 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 shall be submitted along with proxy form to the Company.

Statement Under Section 160 (1) (b) of the Companies Ordinance, 1984

Statement in respect of Special Business and related Draft Resolution

This Statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting and the proposed Resolution related thereto:

Item 4 of the Agenda – Remuneration of Executive Directors including Chief Executive

For the year 2011: Rs.76.9 million to the Executive Directors, and Rs.58.3 million to the Chief Executive.

Estimated for the year 2012: Rs. 91.9 million to the Executive Directors, and Rs.78.4 million to the Chief Executive, as under:

	Chief Executive	Executive Directors
	(Rs. in million)	
Managerial Remuneration & Allowances	48.3 *	67.5 **
Retirement Benefits	4.9	6.1
Medical	0.2	0.5
Other Expenses	-	2.8
	53.4	76.9
Parent Co.'s Share Based Remuneration ***	25.0	15.0
	78.4	91.9

* Chief Executive's remuneration and allowance include annualised value of car and other perquisites. The comparative for 2011 on the same bases was Rs. 44.4 million.

** Executive Directors are entitled to use Company car.

*** Estimated charge for performance based remuneration in the shape of Parent Company's shares to the executives of the Company.

Estimated for January 2013 to March 2013: Rs.15.0 million for Executive Directors and Rs.10.7 million for Chief Executive.

Approval of the Members is required for remuneration for holding their respective office of profit in respect of the Executive Directors. For this purpose it is proposed that, the following resolution be passed as an Ordinary Resolution:

"RESOLVED THAT approval be and is hereby granted for the holding of offices of profit in the Company by the Executive Directors including the Chairman/Chief Executive, and the payment of remuneration to them for their respective periods of service in accordance with the shared service arrangements, their individual contracts and the rules of the Company; amounting in the aggregate to Rs.135.2 million approximately, actual for the year January-December 2011; Rs.170.3 million approximately estimated for January to December 2012 which includes variable pay for the year 2011 and Rs. 25.7 million approximately estimated for January to March 2013."

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 Annual General Meeting of the Company to be held on March 27, 2012 and / or any adjournment thereof.

Signed this _________ day of ________ 2012.

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

Witness 1:

Signature ________________

Name ___________________

CNIC # ___________________

Sign across Rs. 5/- Revenue Stamp

Signature of Member(s)

Witness 2:

Shareholder's Folio No.______________________

Signature ________________

and / or CDC Participant I.D. No.______________

Name ___________________

and Sub - Account No. ______________________

CNIC # ___________________

Note:

1. The Member is requested:
   (a) to affix Revenue Stamp of Rs. 5/- at the place indicated above.
   (b) to sign across the Revenue Stamp in the same style of signature as is registered with the Company.
   (c) to write down his Folio Number.

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 Computerised 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.

LUX Vaseline WALL'S CLEAR PEARL DUST

POND'S Blue Band Good Start closeup Surf excel

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