



ANNUAL REPORT 2014

Unilever Pakistan Foods Limited



Unilever

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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.



Wowing our Consumers & Customers

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



Living an Enterprise Culture

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



Demonstrating a Passion for Winning

We deliver what we promise.



Bringing out the Best in All of Us

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



Making a Better World

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

Company Information

Board of Directors

Mr. Kamran Y. Mirza
Independent Director &
Chairman of the Board

Ms. Fariyha Subhani
Executive Director & Chief Executive

Mr. Ali Tariq
Executive Director & CFO

Mr. Ehsan A. Malik
Executive Director

Mr. Zulfikar Monnoo
Non-Executive Director

Mian M. Adil Monnoo
Non-Executive Director

Mr. Kamal Monnoo
Non-Executive Director

Mr. Badaruddin F. Vellani
Non-Executive Director

Ms. Shazia Syed
Non-Executive Director

Company Secretary

Mr. Amar Naseer

Audit Committee

Mr. Zulfikar Monnoo
Chairman & Member

Mian M. Adil Monnoo
Member

Mr. Badaruddin F. Vellani
Member

Mr. Kamran Y. Mirza
Member

Mr. Azhar Shahid
Secretary &
Head of Internal Audit

Human Resource & Remuneration Committee

Mr. Zulfikar Monnoo
Chairman & Member

Mr. Kamal Monnoo
Member

Mr. Ehsan A. Malik
Member

Mr. Amar Naseer
Company Secretary

Auditors

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

Registered Office

Avari Plaza
Fatima Jinnah Road
Karachi - 75530

Share Registration Office

Share Registrar Department,
**Central Depository Company of
Pakistan Limited,**
CDC House, 99-B, Block "B", S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi - 74400

Website Address

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

Directors' Profile

Kamran Y. Mirza - Chairman

Kamran joined the Board in 2014 as Chairman of Unilever Pakistan Foods Limited. He qualified as a Chartered Accountant from the UK. He joined Abbott Laboratories (Pakistan) Limited in 1970, where he was one of the youngest ever Managing Director and served in that position for 29 years till 2006. He was also the Chairman of the Export Processing Zones Authority before taking over his present position as CEO at the Pakistan Business Council. Kamran is also the Chairman of Philip Morris (Pakistan) Ltd and Education Fund for Sindh (EFS) as well as serving on the Boards of Abbott Laboratories (Pakistan), International Steel (ISL), Karwan-e-Hayat and Safari Club Limited. Previously he served as Chairman of Karachi Stock Exchange, and as a President of Overseas Chamber of Commerce & Industry, American Business Council; as Director of State Bank of Pakistan and Pakistan State Oil. He lectures regularly at the Pakistan Institute of Corporate Governance (PICG).

Fariyha Subhani - CEO

Fariyha joined the Board on January 31, 2009 as Chief Executive Officer. Fariyha joined Unilever as a management trainee in 1989 and later worked with several Home and Personal Care categories. She spent 4 years in Bangkok working for Unilever Asia. In 2006 she joined the Foods retail Business and in 2009 she took over the entire Foods and Refreshment business as Director F&R and CMI.

Ali Tariq - CFO

Ali joined the Board on April 1, 2013 and is currently Vice President Finance and Chief Financial Officer of Unilever Pakistan and Unilever Pakistan Foods Limited. Ali was a mid career recruit in 2003 and has since held Regional and Country roles in Singapore, UK and Pakistan. Ali is a member of the Institute of Chartered Accountants in England & Wales and trained with PricewaterhouseCoopers London.

Ehsan A. Malik

Ehsan joined the Board on August 31, 2006 and is also the Chairman and CEO of Unilever Pakistan 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 the UK. Ehsan is a Fellow of the Institute of Chartered Accountants in England and Wales and alumni of the Wharton and Harvard Business Schools.

Zulfikar Monnoo

Zulfikar joined the Board when the Company was formed. He is also the Chairman of the Audit Committee and the Human Resource & Remuneration Committee of Unilever Pakistan Foods Limited. He is an alumni of The Wharton School, University of Pennsylvania and Aitchison College, Lahore. He is a Director and Audit Committee member in Rafhan Maize Products Limited and is also the Chief Executive of Pakwest Industries (Private) Ltd., Lahore.

Mian M. Adil Monnoo

Adil joined the Board on May 5, 2002 as a Non-Executive Director. He is also the Member of the Audit Committee of Unilever Pakistan Foods Limited. He holds directorship in Rafhan Maize Products Limited and is in the business of textile trade as the sole proprietor of HN Enterprises.

Kamal Monnoo

Kamal joined the Board on December 19, 2006 as a Non-Executive Director. Having done his schooling from Aitchison College and graduation from Syracuse University and Yale University, USA, he is also the Member of the Human Resource & Remuneration Committee of Unilever Pakistan Foods Limited. He holds directorships in Samira Fabrics (Pvt) Limited, Pakland Chemical Industries (Pvt) Limited, Kaarvan Crafts Foundation, Institute of Public Policy and Islamabad Policy Research Institute.

Badaruddin F. Vellani

Badaruddin joined the Board on May 5, 2002. Currently, he is enrolled as an Advocate of the Supreme Court of Pakistan and is a partner in the law firm 'Vellani & Vellani'. In addition to his legal practice, Badaruddin is a member of the Board of Directors in several multinational companies covering the FMCG, manufacturing, medical and philanthropy sectors.

Shazia Syed

Shazia joined the Board on April 20, 2014. She has a long association with Unilever and has lead the Customer Development and Home & Personal Care teams at Unilever Pakistan, and Unilever Vietnam. Currently, she is the Chairman of the Unilever Business in Sri Lanka.

Directors' Report



Winning with Brands and Innovations

“ 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. ”

Directors' Report

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

Business Review:

In 2014 the Company delivered EPS growth of 17%. Sales grew by 12%, with underlying volume growth of 7%. Gross margin improved by 137 bps on the back of cost efficiencies and improved sales mix. Advertising and promotion spend increased by 59 bps, reinforcing our commitment to build brands for the long term. Profit from operations increased by 118 bps to 22% of Sales.

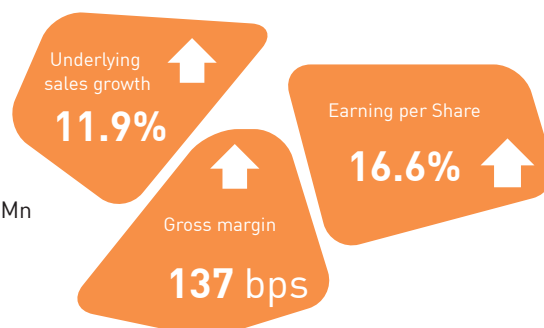
Summary of Financial Performance

	2014	2013
	Rupees in million	
Sales	7,787	6,959
Gross Profit	3,360	2,908
Profit from Operations	1,740	1,473
Profit before tax	1,690	1,464
Profit after tax	1,172	1,005
EPS-basic (Rs.)	190.29	163.17

Key Financial Indicators

Financial Headlines

- Turnover up by Rs. 828 Mn
- Profit from operations up by Rs. 267 Mn
- Earnings per share of Rs. 190.3



Dividends

Interim Dividend 2014 (already paid): Rs.94 per share (2013: Rs. 120.7 per share).

Final Dividend 2014: NIL. (2013: Rs. 42.28 per share).

The key business milestones for 2014 were:

Knorr, the brand grew by 17%, with all formats growing. Noodles, the volume driver in savoury, enjoyed substantial growth on the back of successful launch of two new variants. This drove excitement in the category resulting in organic growth on core variants. Knorr being the main sponsor of Master Chef program, gained top of mind awareness and drove usage of cubes in traditional meals.

Rafhan, has strong brand equity and a rich heritage. The brand grew on the back of the desserts portfolio. The advertising campaign for the year continued to leverage the birthday celebration platform which has proven to be popular amongst children.

Our People

At Unilever Pakistan Foods Limited, we believe that the way to grow as a business is to grow our people, enabling personal development and ambitious business results. This investment in our people is what sets us apart in the industry and drives us towards our goals with the right people on board. The Standards of Leadership (SOL) of the Company, i.e. a set of behaviors that are deemed vital to be a good leader, are ingrained strongly in our people and drive their remarkable performance year after year.

Unilever Pakistan Foods Limited is a learning organization where employees are continuously groomed to challenge themselves and make real time decisions. The Company leverages the global Unilever Network to develop talent in Marketing, Sales, Supply Chain, Finance and Human Resource Management through our E-learning programs. Personal development is facilitated through empowering people with bigger as well as challenging assignments, coaching, mentoring and a robust appraisal system.

Diversity is at the heart of our agenda. We encourage our employees to work from agile locations and offer flexi-work hours. In order to cater to the needs of the female employees, the Unilever Day Care Centre was started in 2003 and is now also used by male employees,

whose spouses work elsewhere. In 2014, we have also revised our maternity leave policy and extended it to 6 months fully paid. Simultaneously, we have also introduced a Maternity and Paternity support portal which employees are encouraged to utilize in order to manage their work-life balance when going through this crucial family planning stage.

We focus continually on encouraging vitality and work-life balance among the employees. The Company has taken several initiatives in this regard e.g. vitality health passport, gym facility and healthy eating options available at the workplace.

All our efforts are directed towards ensuring that our people remain committed and fulfilled, with the right opportunities to develop themselves and build a brighter future with us.

Corporate Social Responsibility (CSR)

Unilever Pakistan Foods Limited, a multi-local multinational believes that the highest standards of corporate behaviour are essential for sustainable growth. Our brands and functions work rigorously on the Unilever Sustainable Living Plan (USLP) which was launched in 2011 to achieve our ambitious sustainability targets under the pillars of improving health & well-being, reducing environmental impact and enhancing livelihoods.

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

During 2014, our main initiatives included:

i. Energy Conservation:

The Company Head Office achieved the "WWF Green Office" certification in 2011 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 at the factories, depots and in transportation to conserve energy. Some of these are:

- Ambient temperature measurement and monitoring to effectively switch ON / OFF AC units, as per need and reduce idle time cooling.
- Replacement of tube lights with LED lights and energy savers.
- Replacement of motors with IE2 and IE3 energy efficient motors in all factories.
- Installation of Biomass boiler to reduce SOX and CO₂ emission.

ii. Environmental Protection Measures:

Unilever Pakistan Foods Limited has been continually endeavoring to make "sustainable living a common place" through various initiatives across its value chain under the framework of Unilever Sustainability Living Plan. The Company is a certified "WWF Green Office" member based on its sustainability initiatives

through a structured program of measuring, monitoring and reducing energy, paper consumption, waste generation & CO₂ emission.

The key environmental protection initiatives include:

- Reduced travelling and using technological options such as video and teleconferencing & promoting group travel.
- Water metering and sensor taps to create a monitoring system and a culture of water reduction in the head office.
- Re-cycling treated water for watering factory green belts & wash rooms.
- Eliminating 100+ tons packaging material through structure optimisation & right sizing of packs.
- Using the 'right sized' vehicles for each route.

iii. Community Investment and Welfare Schemes: Rs. 25 million

- Knorr continued to work with school networks around the country engaging 350,000 children through specially designed sampling vans and trikes, giving children a healthier snacking option than traditional offerings.
- Knorr also reached an additional 300,000 people in rural Pakistan with the same proposition, continuing its efforts to build healthy eating habits in the youth.
- Unilever Food Solutions also conducted a Ramadan Campaign through which our customers earned Rs. 100 for every carton they purchased. At the end of the promotion, they had the option to either redeem the cash or opt to donate their entire / partial earnings to our partner UN World Food Programme towards feeding a child.

iv. Consumer Protection Measures:

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

v. Occupational Safety and Health:

Unilever places Safety, Health and Environment (SHE) at the heart of its business agenda. The Company's management has been continually improving its management system & standards not only at the workplace but also through "Off-The-Job Safety" initiative to inculcate this consciousness amongst its employees round the clock.

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.

On the way to continuous improvement, Unilever Pakistan Foods Limited moves a step forward by launching Contractors & Outsourcing Safety subcommittee. This subcommittee aims to ensure ZERO injury operation in UPFL's 3P/ outsourcing operations by defining appropriate systems & standards and implementing them through effective management of SHE practices.

Moreover, initiatives from “Beyond Work” subcommittee kept employees engaged on safety and security aspects, to cope up with heightened risks and develop safe working habits off the job also.

Unilever also conducts annual health check-ups for all employees to ensure that they are in perfect health. The Company provides employees with gym, swimming pool and table tennis facilities to encourage physical exercise.

vi. Business Ethics and Anti-Corruption Measures:

Unilever Pakistan Foods Limited holds frequent activities to ensure that the employees are working within the Code of Business Principles (CoBP). The CoBP is rigorously followed throughout the organization. Employees are also required to sign off compliance with the CoBP. There is a 24 hour call line and e-mail service to lodge complaints.

vii. Contribution to National Exchequer:

Unilever Pakistan Foods Limited contributed Rs. 1,888 million in 2014 (2013: Rs. 1,630 million) to the national exchequer by way of import duties, general sales tax, income tax and other government levies.

Employee Involvement

Community and environment support at Unilever Pakistan Foods Limited is extended through Company initiatives, for its people. Our employees contribute monetary, skill and volunteer support to various organizations through multiple activities and programmes held in the Company. Contributions through the ongoing Employee Payroll Programme were collected for the Aga Khan University Hospital, The Citizens Foundation and the UN World Food Programme. Employees also participated in fund raising activities within the organization to support mother and child health care with ‘Save the Children’, the UN World Food Programme’s Fight Against Hunger Campaign during World Food Day and volunteered to teach children the importance of handwashing with soap at ‘The Citizens Foundation’ schools during the Global Handwashing Day. Employees also participated in a fun Family Day with their children at the office through activities aimed at teaching children the importance of recycling and healthy eating.

Value of Investments of Employees in Retirement Funds

Unilever Pakistan Foods Limited contributed Rs 20.1 million to the staff retirement funds during the year. The value of investments made by the staff retirement funds operated by the Company as at December 31, 2014 is as follows:

Rs. in million

Provident Fund	141
Pension Fund	19
Gratuity Fund	4

Corporate Governance

The management of Unilever Pakistan Foods Limited 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 the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.

The Board has reconstituted the Audit Committee, which comprises of four Members; three Non-Executive Directors and one Independent Director.

- 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 or are disclosed in the notes to the financial statements.
 - a Number of Board and its committee meetings held and attendance by directors.
 - b Key financial data for the last six years.
 - c Pattern of shareholding.

There was no dealing in shares of the Company by its Directors, Chief Executive, Chief Financial Officer and Company Secretary and their spouses and minor children.

Directors

The election of directors was held at the AGM of 2014. The term of the present directors will expire on April 19, 2017.

Auditors

The Auditors, KPMG Taseer Hadi & Co. were appointed for the year ending December 31, 2014 in place of A. F. Ferguson & Co.

The Board has recommended the appointment of KPMG Taseer Hadi & Co. as the Auditors of the Company for the year 2015, subject to Shareholders’ approval at the next AGM to be held on April 16, 2015.

Holding Company

Through its wholly owned subsidiary Conopco Inc., USA, Unilever N.V., a company incorporated in Holland, has a holding of 75.85% of the shares in Unilever Pakistan Foods Limited.

Reserve Appropriations

	Share Capital		Reserves			Total
		Capital		Revenue		
		Share Premium	Special	General	Unappropriated	
	← (Rupees in thousand) →					
Balance as at January 01, 2014	61,576	24,630	628	138	362,757	449,729
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	1,172,829	1,172,829
- Profit for the year ended December 31, 2014	-	-	-	-	1,171,821	1,171,821
- Other comprehensive income for the year ended December 31, 2014	-	-	-	-	1,008	1,008
Final dividend for the year ended December 31, 2013 @ Rs. 42.28 per share	-	-	-	-	(260,344)	(260,344)
Interim dividend for the year ended December 31, 2014 @ Rs. 94 per share	-	-	-	-	(578,816)	(578,816)
Balance as at December 31, 2014	61,576	24,630	628	138	696,426	783,398

Acknowledgement

Our people are the key drivers behind the sustained growth of Unilever Pakistan Foods Limited. The directors acknowledge the contribution of each and every employee of the Company. We would also like to express our thanks to our customers for the trust shown in our products. We are also grateful to our shareholders for their support and confidence in our management.

Future Outlook

Superior consumer understanding, global R&D capability, strong brands, deep distribution reach, operational scale and the country's best talent are the ongoing basis of success. Aside from general business challenges, our industry is impacted by pure food rules and regulations on use of bio-degradable plastics. Following the 18th constitutional amendment, both these subjects have devolved to the provinces. Together with others we are advocating a pragmatic, effective and harmonised approach between the provinces that takes account of the concerns of all stakeholders.

Thanking you all.

On behalf of the Board

Kamran Y. Mirza

Chairman

Karachi
March 4, 2015

Board Meetings Attendance

During the year 2014, four Board Meetings were held and the attendance of each director is given below:

Directors	Total No. of Meetings Held*	No. of Meetings Attended
Mr. Kamran Y. Mirza**	3	3
Ms. Fariyha Subhani	4	4
Mr. Ali Tariq	4	4
Mr. Ehsan A. Malik	4	4
Mr. Zulfikar Monnoo	4	4
Mian M. Adil Monnoo	4	4
Mr. Kamal Monnoo	4	4
Mr. Badaruddin F. Vellani	4	4
Ms. Shazia Syed**	3	3
Mr. Noman A. Lutfi***	1	-

Notes:

* Meetings held during the period when concerned Director was on the Board.

** Appointed with effect from April 20, 2014, after election of Directors

*** Term as Director completed on April 19, 2014.

Board Committee Meetings Held During The Year

Audit Committee

Name of Member	Total No. of Meetings Held*	No. of Meetings Attended
Mr. Zulfikar Monnoo Chairman	4	4
Mian M. Adil Monnoo Member	4	4
Mr. Badaruddin F. Vellani** Member	3	2
Mr. Noman A. Lutfi** Member	1	-
Mr. Azhar Shahid Secretary	4	4

Notes:

* Meetings held during the period when concerned Director was on the Board.

** During the year Mr. Badaruddin F. Vellani has been appointed in place of Mr. Noman A. Lutfi, after election of Directors.

Terms of Reference

Committee has been constituted 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 and when required. 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 of three Non-Executive Directors. All employees of the Company have access to the Committee. The Committee met four times during 2014. Minutes of the meetings are drawn up expeditiously and circulated for the information and consideration of the Board.

Committee of Directors

Name of Member	Total No. of Meetings Held*	No. of Meetings Attended
Mr. Ehsan A. Malik** Chairman	8	6
Ms. Fariyha Subhani Member	10	8
Mr. Ali Tariq Member	10	10
Mr. Noman A. Lutfi*** Member	2	2
Mr. Amar Naseer Member & Secretary	10	10

Notes:

* Meetings held during the period when concerned Member was in the Committee.

** During the year, Mr. Ehsan A. Malik has been appointed as Chairman of the Committee of Directors.

*** Term as Director completed on April 19, 2014.

Terms of Reference

The Committee comprises of four members. 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.

Human Resource & Remuneration Committee

Name of Member	Total No. of Meetings Held*	No. of Meetings Attended
Mr. Zulfikar Monnoo Chairman	2	2
Mr. Kamal Monnoo Member	2	2
Mr. Ehsan A. Malik Member	2	2
Mr. Amar Naseer Secretary	2	2

Note:

* Meetings held during the period when concerned Member was in the Committee.

Terms of Reference

The Committee has been constituted by the Board to recommend human resource management policies to the Board and fulfil the requirements of the Code of Corporate Governance. It comprises of three members, two of whom are Non-Executive Directors

Performance Indicators for 6 years

2014 2013 2012 2011 2010 2009

(Rupees in Thousand)

FINANCIAL POSITION

Balance sheet

Property, plant and equipment	1,803,992	1,020,414	649,333	620,702	300,726	288,872
Other non-current assets	101,268	100,900	107,574	110,152	83,922	85,281
Current assets	1,560,692	1,204,872	1,248,575	1,036,314	704,825	600,683
Total assets	3,465,952	2,326,186	2,005,482	1,767,168	1,089,473	974,836
Share capital - ordinary	61,576	61,576	61,576	61,576	61,576	61,576
Reserves	721,822	388,153	534,202	420,085	342,819	207,080
Total equity	783,398	449,729	595,778	481,661	404,395	268,656
Non-current liabilities	112,239	111,922	106,989	114,403	38,182	25,497
Current liabilities	2,570,315	1,764,535	1,302,715	1,171,104	646,896	680,683
Total liabilities	2,682,554	1,876,457	1,409,704	1,285,507	685,078	706,180
Total equity and liabilities	3,465,952	2,326,186	2,005,482	1,767,168	1,089,473	974,836
Net current (liabilities) / assets	(1,009,623)	(559,663)	(54,140)	(134,790)	57,929	(80,000)

OPERATING AND FINANCIAL TRENDS

Profit and loss

Net sales	7,787,059	6,958,846	5,861,096	4,940,251	4,040,887	3,376,511
Cost of sales	(4,426,989)	(4,051,302)	(3,630,636)	(3,015,502)	(2,506,003)	(2,122,144)
Gross profit	3,360,070	2,907,544	2,230,460	1,924,749	1,534,884	1,254,367
Operating profit	1,739,722	1,472,898	1,080,241	916,995	658,308	264,173
Profit before tax	1,689,929	1,463,855	1,072,175	910,132	645,859	241,656
Profit after tax	1,171,821	1,004,755	728,981	616,695	437,463	176,792
Cash ordinary dividends	771,089	1,133,265	614,356	529,800	301,517	208,610

Cash flows

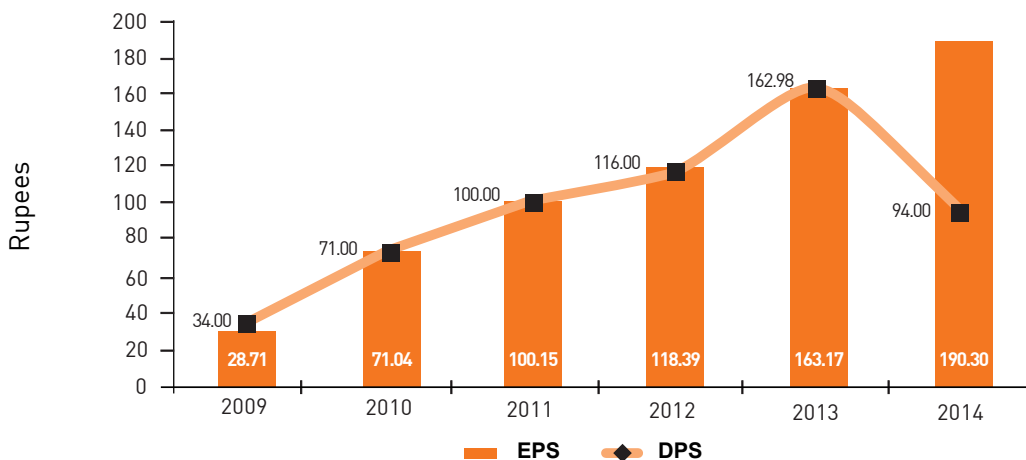
Operating activities	1,405,243	1,652,146	806,912	964,204	368,273	351,377
Investing activities	(784,673)	(397,293)	(54,237)	(345,950)	(48,445)	(16,277)
Financing activities	(771,089)	(1,133,265)	(614,356)	(529,800)	(301,517)	(208,610)
Cash and cash equivalents at the end of the year	108,074	258,593	137,005	(1,314)	(89,768)	(108,079)

Performance Indicators for 6 years

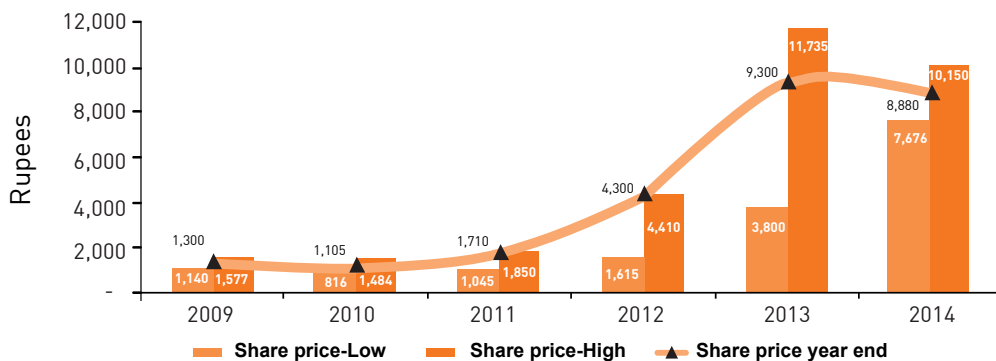
	Unit	2014	2013	2012	2011	2010	2009
FINANCIAL RATIOS							
Profitability Ratios							
Gross profit ratio	Times	43.15	41.78	38.06	38.96	37.98	37.15
Net profit to sales	%	15.05	14.44	12.44	12.48	11.00	5.24
EBITDA margin to sales	%	22.59	21.84	19.23	19.40	17.00	12.00
Operating leverage ratio	%	1.34	1.95	0.94	1.72	7.45	(5.20)
Pre tax return on equity	%	215.72	325.50	179.96	188.96	160.00	89.95
Post tax return on equity	%	149.58	223.41	122.36	128.04	108.00	65.81
Return on capital employed	%	149.58	223.41	122.36	128.04	88.20	37.00
Liquidity Ratios							
Current Ratio	Times	0.61	0.68	0.96	0.88	1.09	0.88
Quick / Acid test ratio	Times	0.28	0.35	0.38	0.36	0.51	0.37
Cash to current liabilities	Times	0.05	0.16	0.15	0.08	0.12	0.06
Cash flow from operations to sales	Times	0.18	0.24	0.14	0.20	0.09	0.10
Activity / Operating Performance Ratios							
Inventory turnover ratio	Days	59	61	68	58	50	59
Debtor turnover ratio	Days	9	9	10	11	8	7
Creditor turnover ratio	Days	175	132	113	89	69	80
Total assets turnover ratio	Times	2	3	3	3	4	3
Fixed assets turnover ratio	Times	4	7	9	8	13	12
Operating cycle	Days	(106)	(63)	(35)	(20)	(11)	(14)
Investment / Market Ratios							
Earnings per share (EPS)	Rs.	190.30	163.17	118.39	100.15	71.04	28.71
Price earning ratio	Times	46.66	56.99	36.32	17.07	15.56	45.82
Dividend yield ratio	Times	0.01	0.02	0.03	0.06	0.06	0.03
Dividend payout ratio - earnings	Times	0.49	1.00	0.98	1.00	1.00	1.18
Dividend payout ratio - par value	Times	9.40	16.30	11.60	10.00	7.10	3.40
Dividend cover ratio	Times	2.02	1.00	1.02	1.00	1.00	0.84
Cash dividend	Rs.	94	162.98	116.00	100.00	71.00	34.00
Market value - low	Rs.	7,676	3,800	1,615	1,045	816	1,140
Market value - high	Rs.	10,150	11,735	4,410	1,850	1,484	1,577
Market value - year end	Rs.	8,880	9,300	4,300	1,710	1,105	1,300
Breakup value per share without surplus on revaluation of fixed assets	Rs.	127.22	73.04	96.75	79.83	65.67	43.63
Capital Structure Ratios							
Financial leverage ratio	Times	0.04	0.05	0.10	0.19	0.42	0.55
Interest cover ratio	Times	167.32	470.94	551.12	271.00	71.00	13.00

Performance Indicators for 6 years

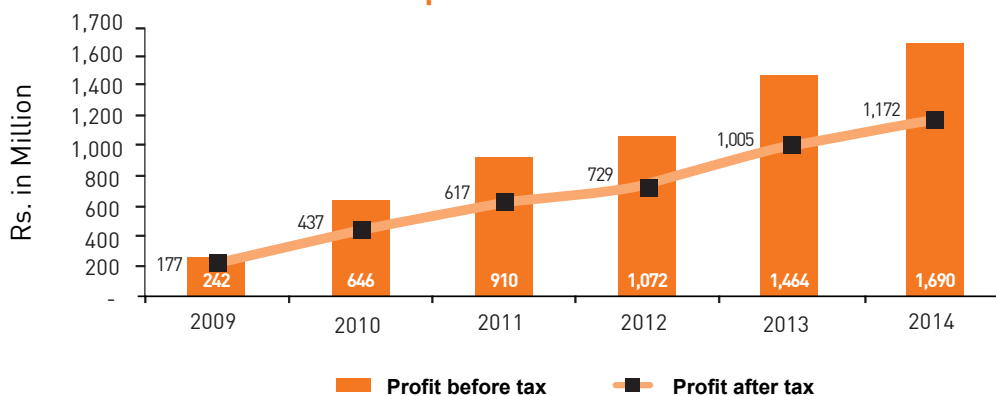
Comparison of EPS and DPS



Share Price Trend



Comparison of PBT and PAT



Balance Sheet Horizontal Analysis for 6 years

(Rs. in thousand)

	2014	14 Vs.13	2013	13 Vs.12	2012	12 Vs.11	2011	11 Vs.10	2010	10 Vs.09	2009	09 Vs.08
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES												
Capital and reserves												
Share capital	61,576	-	61,576	-	61,576	-	61,576	-	61,576	-	61,576	-
Reserves	721,822	85.96	388,153	[27.34]	534,202	24.24	429,959	25.42	342,819	65.55	207,080	[13.59]
	783,398	74.19	449,729	[24.51]	595,778	21.21	491,535	21.55	404,395	50.53	268,656	[10.81]
Non-current liabilities												
Retirement benefits - obligation	1,369	[68.37]	4,328	10.32	3,923	[77.61]	17,519	95.98	8,939	11.82	7,994	63.51
Deferred taxation	110,870	3.04	107,594	4.39	103,066	18.45	87,010	197.54	29,243	67.07	17,503	[52.94]
	112,239	0.28	111,922	4.61	106,989	2.35	104,529	173.77	38,182	49.75	25,497	[39.41]
Current liabilities												
Trade and other payables	2,518,817	46.75	1,716,409	41.49	1,213,083	17.73	1,030,383	137.94	433,047	[15.45]	512,182	23.22
Provision	21,791	36.69	15,942	112.33	7,508	[70.92]	25,817	158.17	10,000	100.00	-	-
Accrued interest / mark up	757	[12.28]	863	[3.58]	895	492.72	151	[92.52]	2,020	113.08	948	[87.05]
Taxation - provision less payments	-	-	6,160	[47.31]	11,692	100.00	-	-	-	-	-	-
Sales tax payable	-	[100.00]	-	[100.00]	4,640	[77.06]	20,227	[36.04]	31,625	68.42	18,778	179.06
Short term borrowings	28,950	-	25,161	[61.23]	64,897	[31.34]	94,526	[44.46]	170,204	14.40	148,775	[38.67]
	2,570,315	15.06	1,764,535	35.45	1,302,715	11.24	1,171,104	81.03	646,896	[4.96]	680,683	1.25
	3,465,952	45.67	2,326,186	15.99	2,005,482	13.49	1,767,168	62.20	1,089,473	11.76	974,836	[4.02]

ASSETS

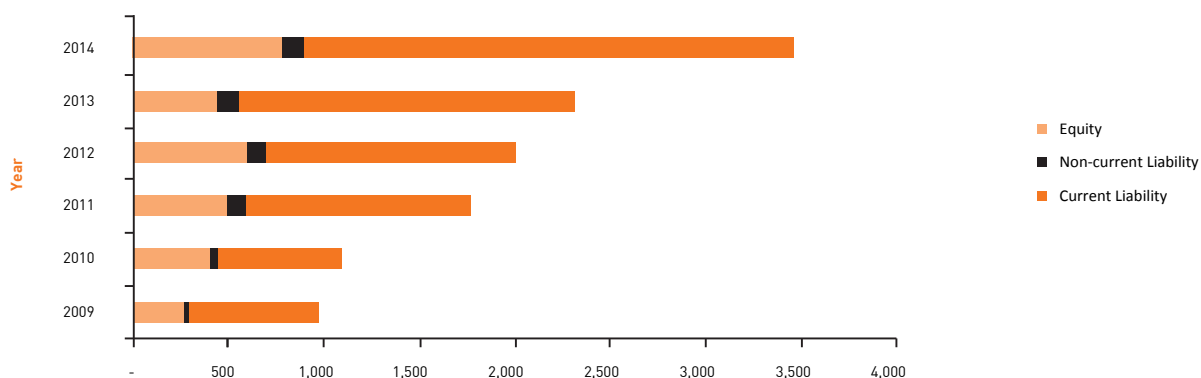
Non-current assets

Property, plant and equipment	1,803,992	76.79	1,020,414	57.15	649,333	4.61	620,702	106.40	300,726	4.10	288,872	[6.12]
Intangible assets	81,637	-	81,637	-	81,637	-	81,637	-	81,637	-	81,637	[54.93]
Long term loans	17,855	[3.79]	18,558	[17.44]	22,477	[12.27]	25,621	1,087.81	2,157	[34.42]	3,289	[31.99]
Long term prepayment	-	-	-	-	-	[100.00]	2,894	2,160.94	128	[63.94]	355	[93.53]
Retirement benefit - prepayment	1,776	151.91	705	[79.62]	3,460	100.00	-	-	-	-	-	-
	1,905,260	69.91	1,121,314	48.14	756,907	3.56	730,854	90.01	384,648	2.81	374,153	[25.05]

Current assets

Stores and spares	25,682	15.53	22,229	30.89	16,983	1.69	16,700	[4.34]	17,458	19.28	14,636	6.03
Stock in trade	849,057	42.91	594,105	[20.83]	750,374	26.50	593,162	65.64	358,094	7.27	333,840	[5.27]
Trade debts	204,351	11.79	182,797	25.11	146,113	[22.51]	188,563	95.19	96,606	21.29	79,649	59.37
Loans and advances	16,077	[4.67]	16,865	32.98	12,682	[34.51]	19,366	31.66	14,709	22.95	11,963	[36.69]
Trade deposits and short term prepayments	60,067	22.06	49,212	24.26	39,603	[24.98]	52,793	160.96	20,230	12.15	18,039	[47.15]
Other receivables	51,901	161.56	19,843	[75.48]	80,918	180.30	28,868	199.51	9,638	[36.95]	15,287	506.87
Taxation - payments less provision	173,843	100.00	-	-	-	[100.00]	43,650	[59.45]	107,654	24.35	86,573	135.94
Cash and bank balances	137,024	[51.71]	283,754	40.54	201,902	116.61	93,212	15.88	80,436	97.65	40,696	407.30
Accrued interest / mark up	-	-	-	-	-	-	-	-	-	-	-	-
Sales tax refundable	42,690	18.36	36,067	100.00	-	-	-	-	-	-	-	-
	1,560,692	29.53	1,204,872	[3.50]	1,248,575	20.48	1,036,314	47.03	704,825	17.34	600,683	16.31
	3,465,952	49.00	2,326,186	15.99	2,005,482	13.49	1,767,168	62.20	1,089,473	11.76	974,836	[4.02]

Balance Sheet Analysis - Equity & Liabilities



Balance Sheet Vertical Analysis for 6 years

(Rs. in thousand)

	2014		2013		2012		2011		2010		2009	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES												
Capital and reserves												
Share capital	61,576	1.78	61,576	2.65	61,576	3.07	61,576	3.48	61,576	5.65	61,576	6.32
Reserves	721,822	20.83	388,153	16.69	534,202	26.64	429,959	24.33	342,819	31.47	207,080	21.24
	783,398	22.60	449,729	19.33	595,778	29.71	491,535	27.81	404,395	37.12	268,656	27.56
Non-current liabilities												
Retirement benefits - obligation	1,369	0.04	4,328	0.19	3,923	0.20	17,519	0.99	8,939	0.82	7,994	0.82
Deferred taxation	110,870	3.20	107,594	4.63	103,066	5.14	87,010	4.92	29,243	2.68	17,503	1.80
	112,239	3.24	111,922	4.81	106,989	5.33	104,529	5.92	38,182	3.50	25,497	2.62
Current liabilities												
Trade and other payables	2,518,817	72.67	1,716,409	73.79	1,213,083	60.49	1,030,383	58.31	433,047	39.75	512,182	52.54
Provision	21,791	0.63	15,942	0.69	7,508	0.37	25,817	1.46	10,000	0.92	-	-
Accrued interest / mark up	757	0.02	863	0.04	895	0.04	151	0.01	2,020	0.19	948	0.10
Taxation - provision less payments	-	-	6,160	0.26	11,692	0.58	-	-	-	-	-	-
Sales tax payable	-	-	-	-	4,640	0.23	20,227	1.14	31,625	2.90	18,778	1.93
Short term borrowings	28,950	0.84	25,161	1.08	64,897	3.24	94,526	5.35	170,204	15.62	148,775	15.26
Provision	-	-	-	-	-	-	-	-	-	-	-	-
	2,570,315	74.16	1,764,535	75.86	1,302,715	64.96	1,171,104	66.27	646,896	59.38	680,683	69.83
	3,465,952	100.00	2,326,186	100.00	2,005,482	100.00	1,767,168	100.00	1,089,473	100.00	974,836	100.00

ASSETS

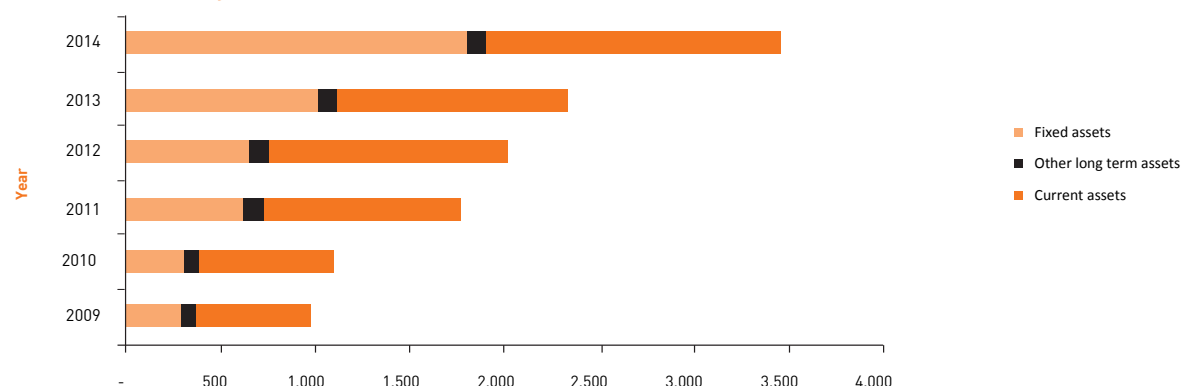
Non-current assets

Property, plant and equipment	1,803,992	52.05	1,020,414	43.87	649,333	32.38	620,702	35.12	300,726	27.60	288,872	29.63
Intangible assets	81,637	2.36	81,637	3.51	81,637	4.07	81,637	4.62	81,637	7.49	81,637	8.37
Long term loans	17,855	0.52	18,558	0.80	22,477	1.12	25,621	1.45	2,157	0.20	3,289	0.34
Long term prepayment	-	-	-	-	-	-	2,894	0.16	128	0.01	355	0.04
Retirement benefit - prepayment	1,776	0.05	705	0.03	3,460	0.17	-	-	-	-	-	-
	1,905,260	54.97	1,121,314	48.20	756,907	37.74	730,854	41.36	384,648	35.31	374,153	38.38

Current assets

Stores and spares	25,682	0.74	22,229	0.96	16,983	0.85	16,700	0.95	17,458	1.60	14,636	1.50
Stock in trade	849,057	24.50	594,105	25.54	750,374	37.42	593,162	33.57	358,094	32.87	333,840	34.25
Trade debts	204,351	5.90	182,797	7.86	146,113	7.29	188,563	10.67	96,606	8.87	79,649	8.17
Loans and advances	16,077	0.46	16,865	0.73	12,682	0.63	19,366	1.10	14,709	1.35	11,963	1.23
Trade deposits and short term prepayments	60,067	1.73	49,212	2.12	39,603	1.97	52,793	2.99	20,230	1.86	18,039	1.85
Other receivables	51,901	1.50	19,843	0.85	80,918	4.03	28,868	1.63	9,638	0.88	15,287	1.57
Taxation - payments less provision	173,843	5.02	-	-	-	-	43,650	2.47	107,654	9.88	86,573	8.88
Cash and bank balances	137,024	3.95	283,754	12.20	201,902	10.07	93,212	5.27	80,436	7.38	40,696	4.17
Accrued interest / mark up	-	-	-	-	-	-	-	-	-	-	-	-
Sales tax refundable	42,690	1.23	36,067	1.55	-	-	-	-	-	-	-	-
	1,560,692	45.03	1,204,872	51.80	1,248,575	62.26	1,036,314	58.64	704,825	64.69	600,683	61.62
	3,465,952	100.00	2,326,186	100.00	2,005,482	100.00	1,767,168	100.00	1,089,473	100.00	974,836	100.00

Balance Sheet Analysis - Assets



Profit and Loss Account

Horizontal Analysis for 6 years

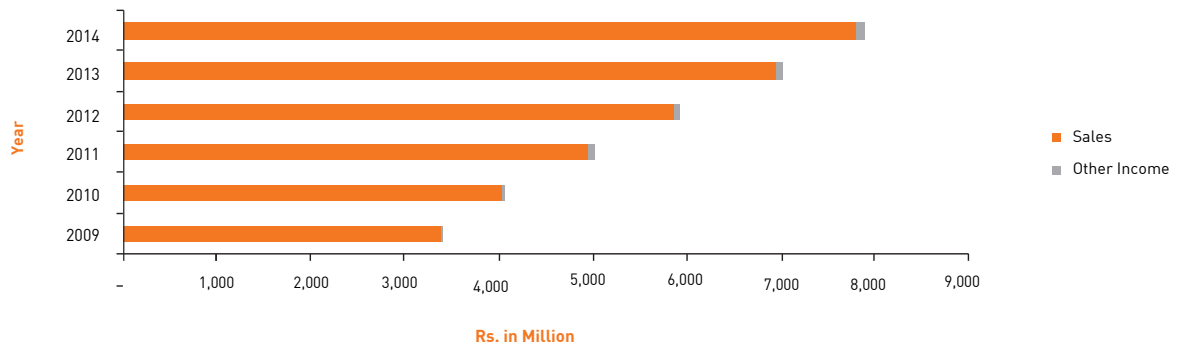
	2014		2013		2012		2011		2010		2009	
	Rs.	14 Vs.13 %	Rs.	13 Vs.12 %	Rs.	12 Vs.11 %	Rs.	11 Vs.10 %	Rs.	10 Vs.09 %	Rs.	09 Vs.08 %
Sales	7,787,059	11.90	6,958,846	18.73	5,861,096	18.64	4,940,251	22.26	4,040,887	19.68	3,376,511	9.56
Cost of sales	(4,426,989)	9.27	(4,051,302)	11.59	(3,630,636)	20.40	(3,015,502)	20.33	(2,506,003)	18.09	(2,122,144)	13.19
Gross profit	3,360,070	15.56	2,907,544	30.36	2,230,460	15.88	1,924,749	25.40	1,534,884	22.36	1,254,367	3.93
Distribution cost	(1,445,978)	17.10	(1,234,866)	24.25	(993,825)	16.92	(850,012)	8.06	(786,593)	(1.34)	(797,304)	38.49
Administrative expenses	(160,740)	2.73	(156,472)	5.09	(148,898)	6.97	(139,198)	170.04	(51,547)	2.64	(50,219)	(13.45)
Other operating expenses	(127,212)	9.80	(115,857)	42.48	(81,316)	14.91	(70,767)	36.59	(51,810)	(56.92)	(120,275)	189.10
Other operating income	113,582	56.56	72,549	(1.72)	73,820	(10.61)	82,582	250.28	23,576	(21.83)	30,161	44.06
	1,739,722	18.12	1,472,898	36.35	1,080,241	14.03	947,354	41.71	668,510	111.07	316,730	(42.68)
Restructuring cost	-	-	-	-	-	(100.00)	(30,359)	197.58	(10,202)	(80.59)	(52,557)	100.00
Profit from operations	1,739,722	18.12	1,472,898	36.35	1,080,241	17.80	916,995	39.30	658,308	149.20	264,173	(52.19)
Finance cost	(49,793)	450.62	(9,043)	12.11	(8,066)	17.53	(6,863)	(44.87)	(12,449)	(44.71)	(22,517)	1.28
Profit before taxation	1,689,929	15.44	1,463,855	36.53	1,072,175	17.80	910,132	40.92	645,859	167.26	241,656	(54.43)
Taxation	(518,108)	12.85	(459,100)	33.77	(343,194)	16.96	(293,437)	40.81	(208,396)	221.28	(64,864)	(64.31)
Profit after taxation	1,171,821	16.63	1,004,755	37.83	728,981	18.21	616,695	40.97	437,463	147.45	176,792	(49.28)
Other comprehensive income	1,008	(185.79)	(1,175)	(230.85)	898	100.00	-	-	-	-	-	-
Total comprehensive income	1,172,829	16.86	1,003,580	37.50	729,879	18.35	616,695	40.97	437,463	147.45	176,792	(49.28)

Vertical Analysis for 6 years

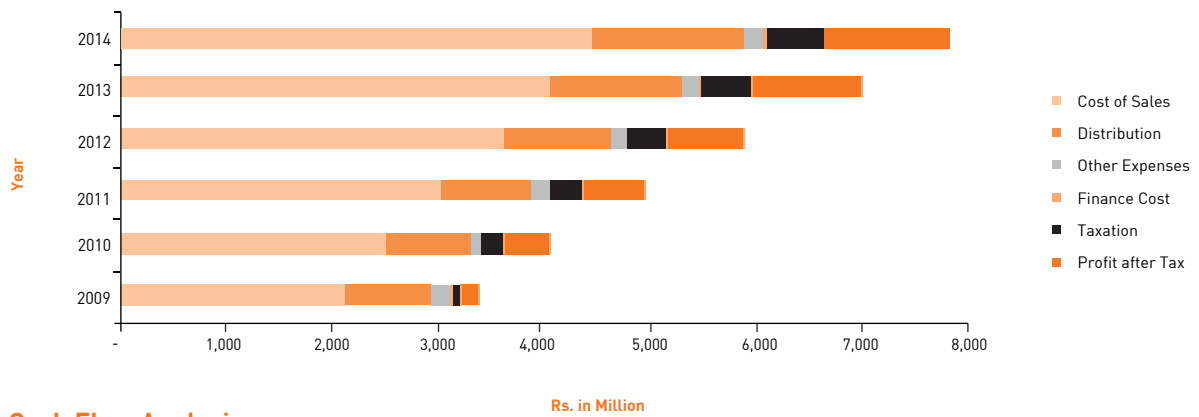
	2014		2013		2012		2011		2010		2009	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Sales	7,787,059	100.00	6,958,846	100.00	5,861,096	100.00	4,940,251	100.00	4,040,887	100.00	3,376,511	100.00
Cost of sales	(4,426,989)	(56.85)	(4,051,302)	(58.22)	(3,630,636)	(61.94)	(3,015,502)	(61.04)	(2,506,003)	(62.02)	(2,122,144)	(62.85)
Gross profit	3,360,070	43.15	2,907,544	41.78	2,230,460	38.06	1,924,749	38.96	1,534,884	37.98	1,254,367	37.15
Distribution cost	(1,445,978)	(18.57)	(1,234,866)	(17.75)	(993,825)	(16.96)	(850,012)	(17.21)	(786,593)	(19.47)	(797,304)	(23.61)
Administrative expenses	(160,740)	(2.06)	(156,472)	(2.25)	(148,898)	(2.54)	(139,198)	(2.82)	(51,547)	(1.28)	(50,219)	(1.49)
Other operating expenses	(127,212)	(1.63)	(115,857)	(1.66)	(81,316)	(1.39)	(70,767)	(1.43)	(51,810)	(1.28)	(120,275)	(3.56)
Other operating income	113,582	1.46	72,549	1.04	73,820	1.26	82,582	1.67	23,576	0.58	30,161	0.89
	1,739,722	22.34	1,472,898	21.17	1,080,241	18.43	947,354	19.18	668,510	16.54	316,730	9.38
Restructuring cost	-	-	-	-	-	-	(30,359)	(0.61)	(10,202)	(0.25)	(52,557)	(1.56)
Profit from operations	1,739,722	22.34	1,472,898	21.17	1,080,241	18.43	916,995	18.56	658,308	16.29	264,173	7.82
Finance cost	(49,793)	(0.64)	(9,043)	(0.13)	(8,066)	(0.14)	(6,863)	(0.14)	(12,449)	(0.31)	(22,517)	(0.67)
Profit before taxation	1,689,929	21.70	1,463,855	21.04	1,072,175	18.29	910,132	18.42	645,859	15.98	241,656	7.16
Taxation	(518,108)	(6.65)	(459,100)	(6.60)	(343,194)	(5.86)	(293,437)	(5.94)	(208,396)	(5.16)	(64,864)	(1.92)
Profit after taxation	1,171,821	15.05	1,004,755	14.44	728,981	12.44	616,695	12.48	437,463	10.83	176,792	5.24
Other comprehensive income	1,008	0.01	(1,175)	(0.02)	898	0.02	-	-	-	-	-	-
Total comprehensive income	1,172,829	15.06	1,003,580	14.42	729,879	12.45	616,695	12.48	437,463	10.83	176,792	5.24

Graphical Analysis

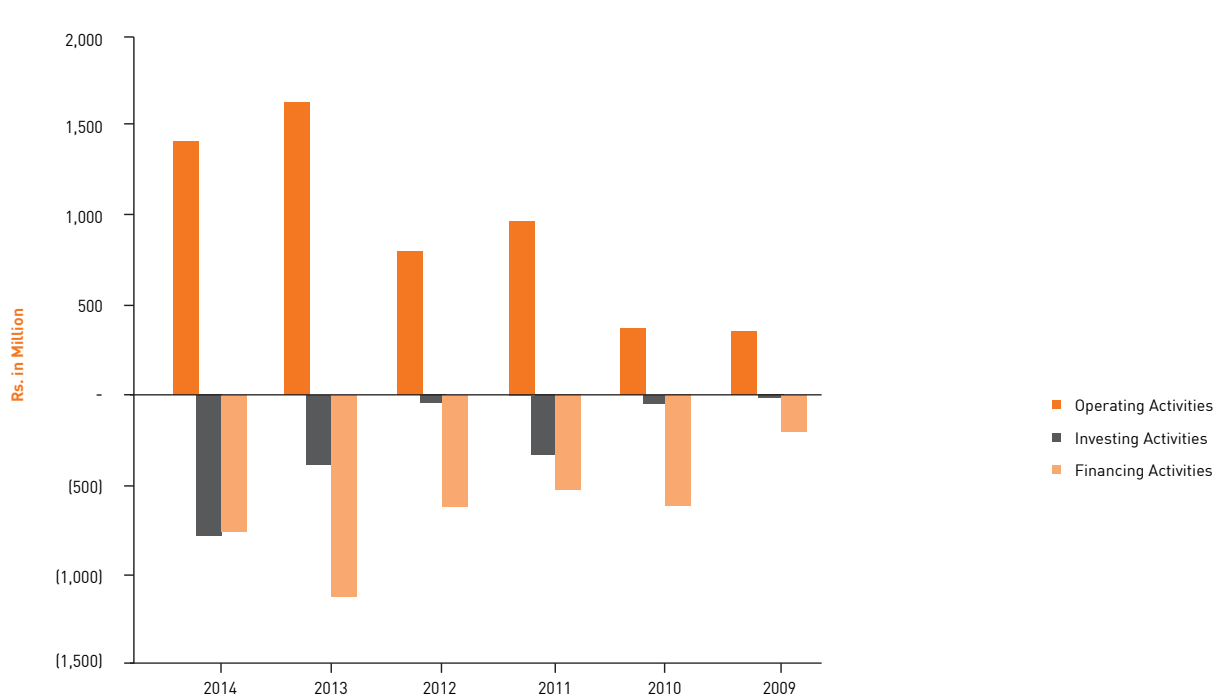
Profit and Loss Analysis - Income



Profit and Loss Analysis - Expenses



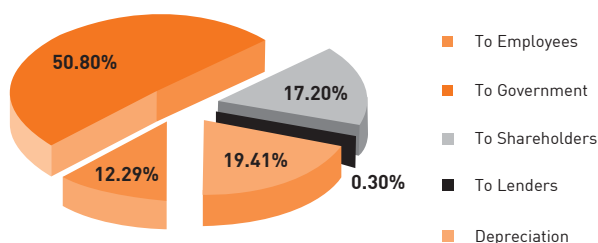
Cash Flow Analysis



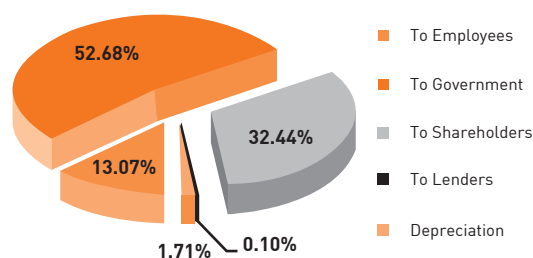
Statement of Wealth Generated and Distributed

	2014 Rs. in '000	%	2013 Rs. in '000	%
WEALTH GENERATED				
Total Revenue inclusive of sales tax and other Income	8,548,935		7,794,394	
Bought in material	(5,184,669)		(4,701,049)	
	<u>3,364,266</u>	<u>100</u>	<u>3,093,345</u>	<u>100</u>
WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	413,399	12.29	404,296	13.07
To Government				
Income tax, sales tax, excise duty, custom duty, WWF and WPPF	1,708,776	50.80	1,629,505	52.68
To Society				
Donation towards education, health and environment	-	0.00	-	0.00
To Providers of Capital				
Dividend to shareholders	578,816	17.20	1,003,569	32.44
Mark-up/ interest expenses on borrowed funds	10,161	0.30	3,115	0.10
To Company				
Depreciation, amortization and retained profit	653,114	19.41	52,860	1.71
	<u>3,364,266</u>	<u>100</u>	<u>3,093,345</u>	<u>100</u>

WEALTH DISTRIBUTION 2014



WEALTH DISTRIBUTION 2013



Pattern of Shareholding

As at December 31, 2014

Number of Shareholders	Shareholdings' Slab		Total Shares Held
665	1	100	22,403
102	101	500	19,080
20	501	1000	12,723
8	1001	5000	19,170
2	20001	25000	44,581
1	25001	30000	28,760
1	35001	40000	37,080
3	40001	45000	131,552
1	60001	65000	61,670
1	65001	70000	67,180
2	75001	80000	153,573
1	90001	95000	94,344
2	95001	100000	191,847
1	110001	115000	113,860
1	130001	135000	134,865
1	150001	155000	153,728
1	200001	205000	200,947
1	4670001	4675000	4,670,255
814			6,157,618

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies, undertakings and related parties	1	4,670,255	75.85
Directors, CEO and their spouse(s) and minor children	10	371,457	6.03
Public Sector Companies and Corporations	2	64	0.00
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance companies, Takaful, Modarabas and Pension Funds	1	867	0.01
General Public			
a. Local	779	1,113,250	18.08
b. Foreign	8	12	0.00
Foreign Companies	2	672	0.01
Others	11	1,041	0.02
Totals	814	6,157,618	100.00

Shareholders holding 5% or more	Shares Held	Percentage
CONOPCO, INC.	4,670,255	75.85

Pattern of Shareholding Additional Information

As at December 31, 2014

Information on shareholding required under reporting framework of Code of Corporate Governance is as follows:

Shareholders' Category	Number of Shareholders	Number of Shares Held
i) Associated Companies, undertakings and related parties (name-wise details)		
CONOPCO, INC.	1	4,670,255
ii) Directors, CEO and their spouse(s) and minor children		
Mr. Kamran Y. Mirza	1	1,760
Ms. Fariyha Subhani	1	1
Mr. Ehsan Ali Malik	1	1
Mr. Ali Tariq	1	1
Mr. Zulfikar Monnoo	1	153,828
Mian M. Adil Monnoo	1	96,246
Mr. Kamal Monnoo	1	114,060
Mr. Badaruddin F. Vellani	1	101
Mrs. Sarwat Zulfikar W/o Mr. Zulfikar Monnoo	1	5,430
Mrs. Amna Monnoo D/o Mr. Zulfikar Monnoo	1	29
iii) Public Sector Companies and Corporations	2	64
iv) Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	1	867
v) Shareholders holding 5% or more voting rights (name-wise details)		
CONOPCO Inc.	1	4,670,255

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code), set out in the listing regulations of Karachi and Lahore Stock Exchanges 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 and non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	1- Mr. Kamran Y. Mirza (Chairman of the Board)
Executive Directors	1- Ms. Fariyha Subhani (CEO) 2- Mr. Ali Tariq (CFO) 3- Mr. Ehsan A. Malik
Non-Executive Directors	1- Mr. Zulfikar Monnoo (Chairman Audit Committee) 2- Mian M. Adil Monnoo 3- Mr. Kamal Monnoo 4- Mr. Badaruddin F. Vellani 5- Ms. Shazia Syed

The independent director meets the criteria of independence under clause i (b) of the Code.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member/broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy in the Board of Directors occurred during the year, after the election of Directors, held at last AGM.
5. The Company has adopted a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Company has a Vision Statement and overall corporate strategy. The Company, traditionally, maintains and follows policies designed to align with the Unilever group of companies and global best practices. The Board considers any significant amendments to the policies, as and when required.
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 and Non-Executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least 7 days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchanges; the Company's Memorandum and Articles of Association and the code of

Corporate Governance and are well conversant with their duties and responsibilities. All the directors except one have completed Directors Training Program.

10. 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.
11. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. 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.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board had formed an Audit Committee comprising of three Non-Executive Directors. Subsequently, the Board has reconstituted the Audit Committee. Now it comprises of four Members; three Non-Executive Directors and one Independent Director.
15. 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.
16. The Board has formed a Human Resource and Remuneration (HR&R) Committee. It comprises of three members, two of whom are Non-Executive Directors and the Chairman of the Committee is a Non-Executive Director.
17. The Internal Audit function of the Company is performed by Unilever Pakistan Limited (an associated Company) through shared service arrangements, which has employed suitably qualified and experienced audit staff for the purpose. The said audit staff are conversant with the policies and procedures of the Company and involved in the Internal Audit function on a full time basis. The Company has applied to obtain the concurrence of SECP on these arrangements.
18. 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.
19. 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.
20. The "closed period", prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of Company's Securities, was determined and intimated to Directors, employees and Stock Exchanges.
21. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
22. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.
23. We confirm that all material principles enshrined in the Code have been complied with except for any exception already disclosed hereinabove.

Fariyha Subhani

Chief Executive

Karachi

March 04, 2015

Auditors' Review Report

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Unilever Pakistan Foods Limited ("the Company") for the year ended 31 December 2014 to comply with the requirements of Listing Regulations of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended 31 December 2014.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph reference	Description
----------------------------	--------------------

- | | |
|-----------|---|
| 17 | The Internal Audit function of the Company is performed by Unilever Pakistan Limited (an associated Company) through shared service arrangements, which has employed suitably qualified and experienced audit staff for the purpose. The said audit staff are conversant with the policies and procedures of the Company and involved in the Internal Audit function on a full time basis. The Company has applied to obtain the concurrence of SECP on these arrangements. |
|-----------|---|

Dated: March 4, 2015
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Financial Statements 2014



Auditors' Report to the Members

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

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

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2014 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Dated: March 4, 2015
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Balance Sheet

as at December 31, 2014

	Note	2014 (Rupees in thousand)	2013
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,803,992	1,020,414
Intangible assets	6	81,637	81,637
Long term loans	7	17,855	18,558
Staff retirement benefit	17	1,776	705
		1,905,260	1,121,314
Current assets			
Stores and spares	8	25,682	22,229
Stock in trade	9	849,057	594,105
Trade debts	10	204,351	182,797
Loans and advances	11	16,077	16,865
Trade deposits and short term prepayments	12	60,067	49,212
Other receivables	13	51,901	19,843
Taxation - net		173,843	-
Sales tax refundable		42,690	36,067
Cash and bank balances	14	137,024	283,754
		1,560,692	1,204,872
Total assets		3,465,952	2,326,186

Balance Sheet

as at December 31, 2014

	Note	2014 (Rupees in thousand)	2013
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	15	61,576	61,576
Reserves	16	721,822	388,153
		783,398	449,729
LIABILITIES			
Non-current liabilities			
Staff retirement benefit	17	1,369	4,328
Deferred taxation	18	110,870	107,594
		112,239	111,922
Current liabilities			
Trade and other payables	19	2,518,817	1,716,409
Provisions	20	21,791	15,942
Accrued interest / mark up		757	863
Short term borrowings	21	28,950	25,161
Taxation - net		-	6,160
		2,570,315	1,764,535
Total liabilities		2,682,554	1,876,457
Total equity and liabilities		3,465,952	2,326,186
Contingency and commitments	22		

The annexed notes 1 to 41 form an integral part of these financial statements.

Fariyha Subhani
Chief Executive

Ali Tariq
Director and Chief Financial Officer

Profit and Loss Account

for the year ended December 31, 2014

	Note	2014 (Rupees in thousand)	2013
Sales	23	7,787,059	6,958,846
Cost of sales	24	(4,426,989)	(4,051,302)
Gross profit		3,360,070	2,907,544
Distribution cost	25	(1,445,978)	(1,234,866)
Administrative expenses	26	(160,740)	(156,472)
Other operating expenses	27	(127,212)	(115,857)
Other income	28	113,582	72,549
Profit from operations		1,739,722	1,472,898
Finance cost	29	(49,793)	(9,043)
Profit before taxation		1,689,929	1,463,855
Taxation	30	(518,108)	(459,100)
Profit after taxation		1,171,821	1,004,755
Other comprehensive income:			
Items that will not be reclassified to Profit or Loss			
Gain / (loss) on remeasurements of post employment benefit obligations		1,552	(1,781)
Impact of deferred tax		(544)	606
		1,008	(1,175)
Items that may be subsequently reclassified to Profit or Loss			
Total comprehensive income		1,172,829	1,003,580
Basic and diluted earnings per share (Rupees)	31	190.29	163.17

The annexed notes 1 to 41 form an integral part of these financial statements.

Fariyha Subhani
Chief Executive

Ali Tariq
Director and Chief Financial Officer

Cash Flow Statement

for the year ended December 31, 2014

	Note	2014 (Rupees in thousand)	2013
Cash flows from operating activities			
Profit before taxation		1,689,929	1,463,855
Adjustments for non-cash charges and other items			
Depreciation		59,101	52,849
Provision for fixed assets to be written off		13	5,716
Gain on disposal of property, plant and equipment		-	(558)
Provision for staff retirement benefits		2,061	5,796
Mark-up on short term borrowings		10,161	3,115
Return on savings accounts		(56,101)	(31,795)
		15,235	35,123
		1,705,164	1,498,978
Effect on cash flows due to working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(3,453)	(5,246)
Stock in trade		(254,952)	156,269
Trade debts		(21,554)	(36,684)
Loans and advances		788	(4,183)
Trade deposits and short term prepayments		(10,855)	(9,609)
Sales tax refundable		(6,623)	(36,067)
Other receivables		(32,058)	61,075
		(328,707)	125,555
Increase / (decrease) in current liabilities			
Trade and other payables		732,209	486,962
Provisions		5,849	8,434
Sales tax payable		-	(4,640)
		738,058	490,756
Cash generated from operations		2,114,515	2,115,289
Mark-up paid		(10,267)	(3,147)
Income tax paid		(695,383)	(459,498)
Staff retirement benefits - obligation paid		(4,325)	(4,417)
Decrease in long term loans		703	3,919
Net cash from operating activities (carried forward)		1,405,243	1,652,146

Cash Flow Statement

for the year ended December 31, 2014

	Note	2014 (Rupees in thousand)	2013
Net cash from operating activities (brought forward)		1,405,243	1,652,146
Cash used in investing activities			
Purchase of property, plant and equipment		(842,692)	(429,714)
Proceeds from disposal of property, plant and equipment		-	626
Return received on savings accounts		58,019	31,795
Net cash used in investing activities		(784,673)	(397,293)
Cash used in financing activities			
Dividends paid		(771,089)	(1,133,265)
Net (decrease) / increase in cash and cash equivalents		(150,519)	121,588
Cash and cash equivalents at beginning of the year		258,593	137,005
Cash and cash equivalents at end of the year	39	108,074	258,593

The annexed notes 1 to 41 form an integral part of these financial statements.

Fariyha Subhani
Chief Executive

Ali Tariq
Director and Chief Financial Officer

Statement of Changes in Equity

for the year ended December 31, 2014

	SHARE	RESERVES				SUB TOTAL	TOTAL
	CAPITAL	CAPITAL		REVENUE			
	Issued, subscribed and paid up capital	Share Premium	Special	General	Unappropriated Profit		
	(Rupees in thousand)						
Balance as at January 1, 2013	61,576	24,630	628	138	508,806	534,202	595,778
Transactions with owners of the Company							
Final dividend for the year ended December 31, 2012 @ Rs. 66 per share	-	-	-	-	(406,404)	(406,404)	(406,404)
First interim dividend for the year ended December 31, 2013 @ Rs. 76 per share	-	-	-	-	(467,979)	(467,979)	(467,979)
Second interim dividend for the year ended December 31, 2013 @ Rs. 44.7 per share	-	-	-	-	(275,246)	(275,246)	(275,246)
Total comprehensive income for the year ended December 31, 2013							
- Profit for the year ended December 31, 2013	-	-	-	-	1,004,755	1,004,755	1,004,755
- Other comprehensive income for the year ended December 31, 2013	-	-	-	-	(1,175)	(1,175)	(1,175)
	-	-	-	-	1,003,580	1,003,580	1,003,580
Balance as at December 31, 2013	61,576	24,630	628	138	362,757	388,153	449,729
Transactions with owners of the Company							
Final dividend for the year ended December 31, 2013 @ Rs. 42.28 per share	-	-	-	-	(260,344)	(260,344)	(260,344)
First interim dividend for the year ended December 31, 2014 @ Rs. 94 per share	-	-	-	-	(578,816)	(578,816)	(578,816)
Total comprehensive income for the year ended December 31, 2014							
- Profit for the year ended December 31, 2014	-	-	-	-	1,171,821	1,171,821	1,171,821
- Other comprehensive income for the year ended December 31, 2014	-	-	-	-	1,008	1,008	1,008
	-	-	-	-	1,172,829	1,172,829	1,172,829
Balance as at December 31, 2014	61,576	24,630	628	138	696,426	721,822	783,398

The annexed notes 1 to 41 form an integral part of these financial statements.

Fariyha Subhani
Chief Executive

Ali Tariq
Director and Chief Financial Officer

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2014

1. THE COMPANY AND ITS OPERATIONS

The Company is a limited liability company incorporated in Pakistan and is listed on the Karachi and Lahore Stock Exchanges. It manufactures and sells consumer and commercial food products under brand names of Rafhan, Knorr, Energile, Glaxose-D and Food solutions. The registered office of the Company is situated at Avari Plaza, Fatima Jinnah Road, Karachi.

The Company is a subsidiary of Conopco Inc. USA, whereas its ultimate parent Company is Unilever N.V. Holland.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Changes in accounting standards, interpretations and pronouncements

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

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

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32).
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36).
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39).
- IFRIC 21 Levies.

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

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

2.3 Measurement basis

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

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

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

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

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

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

3.2 Intangible assets

Intangible assets having indefinite useful life are stated at cost less accumulated amortisation and impairment, if any. Carrying amounts of intangibles are subject to impairment review at each balance sheet date and where conditions exist, impairment is recognised. The determination of recoverable amount is based on value-in-use calculations that require use of judgement to determine net cash flows arising from continuing use and applicable discount rate.

The useful lives of intangible assets are reviewed at each balance sheet date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

3.3 Taxation

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

3.3.1 Current

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

3.3.2 Deferred

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

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

3.4 Staff retirement benefits

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

3.4.1 Defined contribution plans

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

i) Provident Fund

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

ii) DC Pension Fund

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

- a) permanent employees who joined on or after April 1, 2012; and
- b) permanent employees who joined on or before March 31, 2012 and opted for DC Pension plan in lieu of future benefits under the existing pension and management gratuity.

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

3.4.2 Defined benefit plans

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

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

The Company operates the following schemes:

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

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

Past-service costs are recognised immediately in income.

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

3.5 Stores and spares

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

3.6 Stock in trade

Stock in trade is valued at the lower of cost and net realisable value. Cost is determined using the weighted average method except for those in transit where it represents invoice value and other charges paid thereon. Cost of work in process and finished goods include cost of raw and packing materials, direct labour and related production overheads. Net realisable value is the estimated selling price in the

ordinary course of business less cost necessary to be incurred in order to make the sale. Provision is made for obsolete / slow moving stocks where necessary and recognised in the profit and loss account.

3.7 Trade and other receivables

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

3.8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current and savings accounts and short term running finance.

3.9 Impairment

3.9.1 Financial assets

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

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

3.9.2 Non-financial assets

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

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

3.10 Ijarah

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

3.11 Trade and other payables

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

3.12 Borrowings and their cost

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

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

3.13 Provisions

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

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

3.14 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. The financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

3.15 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.16 Foreign currency transactions and translation

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

Monetary assets and liabilities in foreign currencies at balance sheet date are translated into Pakistan Rupees at exchange rates ruling on that date. Foreign exchange gains and losses resulting from the

settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

3.17 Functional and presentation currency

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

3.18 Revenue recognition

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

- sale of goods is recognised when significant risks and rewards are transferred.
- return on savings accounts and deposit accounts is recognised on time proportion basis, taking effect of the effective interest rate.

3.19 Dividend

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

3.20 Offsetting

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

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.

- 4.1** The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4.1.1 Income taxes

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

4.1.2 Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 17 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

4.1.3 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.

4.2 No critical judgement has been used in applying accounting policies.

2014 2013
(Rupees in thousand)

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	995,280	635,064
Capital work in progress - note 5.2	808,712	385,350
	<u>1,803,992</u>	<u>1,020,414</u>

5.1 Operating assets

	Freehold land	Building on freehold land	Leasehold improvements	Plant and machinery	Electrical, mechanical and office equipment	Furniture and fittings	Motor vehicles	Total
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← (Rupees in thousand) →

Net carrying value basis

Year ended December 31, 2014

Opening Net Book Value (NBV)	8,179	139,148	-	431,356	50,872	5,509	-	635,064
Additions (at cost)	-	139,639	-	275,350	2,896	1,445	-	419,330
Fixed assets written off (NBV)	-	-	-	(10)	-	(3)	-	(13)
Depreciation charge	-	(5,379)	-	(50,057)	(3,111)	(554)	-	(59,101)
Closing NBV	8,179	273,408	-	656,639	50,657	6,397	-	995,280

Gross carrying value basis

At December 31, 2014

Cost	8,179	384,348	14,918	1,063,456	120,184	16,769	1,405	1,609,259
Provision for fixed assets to be written off	-	(12)	-	(4,853)	(851)	-	-	(5,716)
Accumulated depreciation	-	(110,928)	(14,918)	(401,964)	(68,676)	(10,372)	(1,405)	(608,263)
NBV	8,179	273,408	-	656,639	50,657	6,397	-	995,280

Net carrying value basis

Year ended December 31, 2013

Opening Net Book Value (NBV)	8,179	141,954	-	395,565	57,852	4,575	1,278	609,403
Additions (at cost)	-	2,947	-	78,477	1,429	1,441	-	84,294
Disposals (NBV)	-	-	-	-	-	-	(68)	(68)
Provision for fixed assets to be written off	-	(12)	-	(4,853)	(851)	-	-	(5,716)
Depreciation charge	-	(5,741)	-	(37,833)	(7,558)	(507)	(1,210)	(52,849)
Closing NBV	8,179	139,148	-	431,356	50,872	5,509	-	635,064

Gross carrying value basis

At December 31, 2013

Cost	8,179	244,890	14,918	794,026	141,876	20,148	10,389	1,234,426
Provision for fixed assets to be written off	-	(12)	-	(4,853)	(851)	-	-	(5,716)
Accumulated depreciation	-	(105,730)	(14,918)	(357,817)	(90,153)	(14,639)	(10,389)	(593,646)
NBV	8,179	139,148	-	431,356	50,872	5,509	-	635,064

Depreciation rate % per annum

-	2.5	25	7 to 10	10 to 25	20	20
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	2014 (Rupees in thousand)	2013
5.2 Capital work in progress – at cost		
Civil work	198,524	51,399
Plant and machinery	589,226	257,629
Advances to suppliers	20,962	76,322
	<u>808,712</u>	<u>385,350</u>

6. INTANGIBLE ASSETS

Gross carrying value basis

Cost		
- Goodwill	94,578	94,578
- Agreement in restraint of trade	139,661	139,661
- Trademark	20,000	20,000
	<u>254,239</u>	<u>254,239</u>
Accumulated amortisation and impairment	<u>(172,602)</u>	<u>(172,602)</u>
Net book value	<u>81,637</u>	<u>81,637</u>

The above represents amount paid for the acquisition of Glaxose-D in 1999 to Glaxo Wellcome Pakistan Limited (now GlaxoSmithKline Pakistan Limited).

The management has assessed the useful life of the intangible as indefinite, since it is expected that the underlying brand, Glaxose-D, will operate in the market for an indefinite period of time.

	2014 (Rupees in thousand)	2013
7. LONG TERM LOANS - considered good		
Executives - note 7.1	28,259	26,542
Recoverable within one year - note 11	<u>(10,404)</u>	<u>(7,984)</u>
	<u>17,855</u>	<u>18,558</u>
7.1 Reconciliation of carrying amount of loans to executives:		
- Opening balances	26,542	30,559
- Disbursements	16,391	10,327
- Repayments	<u>(14,674)</u>	<u>(14,344)</u>
	<u>28,259</u>	<u>26,542</u>

7.2 Loans to employees have been provided to facilitate purchase of houses, vehicles and computers in accordance with the Company's policy and are repayable over a period of five years. These loans are interest free and secured against retirement benefits of the employees.

7.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 31.08 million (2013: Rs. 29.57 million).

	2014	2013
	(Rupees in thousand)	
8. STORES AND SPARES		
Stores	12,879	10,287
Spares (including in transit nil; 2013: Rs. 2.22 million)	14,410	14,276
	<u>27,289</u>	<u>24,563</u>
Provision for obsolescence	(1,607)	(2,334)
	<u>25,682</u>	<u>22,229</u>

9. STOCK IN TRADE

Raw and packing materials (including in transit Rs. 64.98 million; 2013: Rs. 50.67 million)	544,797	367,917
Provision for obsolescence	(46,768)	(9,322)
	<u>498,029</u>	<u>358,595</u>
Work in process	20,782	15,878
Finished goods	349,744	235,214
Provision for obsolescence	(19,498)	(15,582)
	<u>330,246</u>	<u>219,632</u>
	<u>849,057</u>	<u>594,105</u>

9.1 Stock in trade includes Rs. 646.86 million (2013: Rs. 241.70 million) held with third parties.

9.2 The Company made a provision of Rs. 58.18 million (2013: Rs. 28 million) for obsolescence and has written off inventory of Rs. 16.83 million (2013: Rs. 49.25 million) by utilising the provision during the year.

	2014	2013
	(Rupees in thousand)	
10. TRADE DEBTS		
Considered good	204,351	182,797
Considered doubtful	25,398	22,174
	<u>229,749</u>	<u>204,971</u>
Provision for doubtful debts - note 10.1	(25,398)	(22,174)
	<u>204,351</u>	<u>182,797</u>

10.1 The Company has charged a provision of Rs. 3.51 million (2013: Rs. 8.96 million) and has written off debtors of Rs. 0.28 million during the year (2013: nil).

- 10.2** As of December 31, 2014 trade debts of Rs. 37.57 million (2013: Rs. 31 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2014	2013
	(Rupees in thousand)	
Up to 3 months	30,168	24,814
3 to 6 months	7,252	2,248
More than 6 months	153	3,940
	<u>37,573</u>	<u>31,002</u>

11. LOANS AND ADVANCES - considered good

Current portion of loans to employees - note 7	10,404	7,984
Advances to:		
executives - note 11.1	824	824
other employees	2,180	3,870
suppliers and others	2,669	4,187
	<u>5,673</u>	<u>8,881</u>
	<u>16,077</u>	<u>16,865</u>

- 11.1** The advances to executives are given to meet business expenses and are settled as and when the expenses are incurred. Further, the Company provides advance house rent to its employees.

	2014	2013
	(Rupees in thousand)	
12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits	3,650	3,740
Prepayments	52,417	42,538
Prepaid rent	4,000	2,934
	<u>60,067</u>	<u>49,212</u>

2014 **2013**
(Rupees in thousand)

13. OTHER RECEIVABLES

Due from associated undertakings	41,500	1,999
Pension Fund - unsecured	307	-
Rafhan Best Foods Gratuity Fund	-	1,028
Rafhan Best Foods Provident Fund	-	458
Duties refundable	-	10,348
Others	10,094	6,010
	51,901	19,843

14. CASH AND BANK BALANCES

With banks on:		
savings accounts - note 14.1	88,706	276,017
current accounts	48,210	7,594
	136,916	283,611
Cash in hand	108	143
	137,024	283,754

14.1 Mark-up on savings accounts was at rates ranging from 6% to 9% per annum (2013: 5% to 9% per annum).

2014 **2013**
(Rupees in thousand)

15. SHARE CAPITAL

Authorised share capital

Number of shares

<u>20,000,000</u>	Ordinary shares of Rs. 10 each	<u>200,000</u>	<u>200,000</u>
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Issued, subscribed and paid up capital

Number of shares

	Ordinary shares of Rs. 10 each allotted:		
1,239,327	for consideration paid in cash	12,393	12,393
24,196	for consideration other than cash	242	242
<u>4,894,095</u>	as bonus shares	<u>48,941</u>	<u>48,941</u>
<u>6,157,618</u>		<u>61,576</u>	<u>61,576</u>

- 15.1** As at December 31, 2014 and 2013 Conopco Inc. USA, subsidiary of Unilever N.V. Holland, held 4.67 million ordinary shares of Rs. 10 each.

2014 **2013**
(Rupees in thousand)

16. RESERVES

Capital reserves

Share premium	24,630	24,630
Special	628	628
	25,258	25,258

Revenue reserves

General	138	138
Unappropriated profit	696,426	362,757
	696,564	362,895
	721,822	388,153

17. STAFF RETIREMENT BENEFITS

- 17.1** As stated in note 3.4, the Company operates two retirement benefit plans (The Plans) namely approved funded defined benefit gratuity scheme for all management and non-management employees and approved funded defined benefit pension scheme for all management employees subject to minimum service of prescribed period in the respective trust deed. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at December 31, 2014.

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

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

<u>2014</u>		<u>2013</u>	
<u>Funded</u>		<u>Funded</u>	
Pension	Gratuity	Pension	Gratuity
(Rupees in thousand)			

17.4 Balance sheet reconciliation

Present value of defined benefit obligation at December 31 - note 17.5	(29,470)	(17,016)	(30,313)	(14,994)
Fair value of plan assets at December 31 - note 17.6	31,246	15,647	25,985	15,699
Surplus / (deficit)	1,776	(1,369)	(4,328)	705

	2014		2013	
	Funded		Funded	
	Pension	Gratuity	Pension	Gratuity
	← (Rupees in thousand) →			
17.5 Movement in the present value of defined benefit obligation				
Balances as at January 1	30,313	14,994	30,916	10,735
Benefits paid by the plan	(2,840)	-	(2,840)	-
Current service costs	-	1,876	-	1,327
Interest cost	3,683	1,912	3,392	1,235
Remeasurement on obligation	(1,686)	(1,766)	(1,155)	1,697
Balance as at December 31	<u>29,470</u>	<u>17,016</u>	<u>30,313</u>	<u>14,994</u>
17.6 Movement in the fair value of plan assets				
Fair value of plan assets at January 1	25,985	15,699	26,993	14,195
Contributions paid into the plan	4,325	-	-	-
Benefits paid by the plan	(2,840)	-	(2,840)	-
Interest income	3,408	2,002	2,942	1,633
Remeasurement	368	(2,054)	(1,110)	(129)
Fair value of plan assets at December 31	<u>31,246</u>	<u>15,647</u>	<u>25,985</u>	<u>15,699</u>
17.7 Expense recognised in profit and loss account				
Current service costs	-	1,876	-	1,327
Net Interest cost	275	(90)	450	(398)
Expense recognised in profit and loss account	<u>275</u>	<u>1,786</u>	<u>450</u>	<u>929</u>
17.8 Remeasurement recognised in Other Comprehensive Income				
Loss from changes in demographic assumptions	-	-	-	-
Gain from changes in financial assumptions	-	-	-	-
Experience (gain) / losses	(1,686)	(1,766)	(1,155)	1,697
Remeasurement of fair value of plan assets	(368)	2,054	1,110	129
Remeasurements	<u>(2,054)</u>	<u>288</u>	<u>(45)</u>	<u>1,826</u>

	2014		2013	
	Funded		Funded	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in thousand)			
17.9 Net recognised (asset) / liability				
Net liability / (asset) at beginning of the year	4,328	(705)	3,923	(3,460)
Charge for the year	275	1,786	450	929
Contribution made during the year to the Fund	(4,325)	-	-	-
Remeasurements recognised in Other Comprehensive Income	(2,054)	288	(45)	1,826
Recognised (asset) / liability as at December 31	<u>(1,776)</u>	<u>1,369</u>	<u>4,328</u>	<u>(705)</u>
17.10 Plan assets comprise of following:				
Government bonds	18,717	3,865	28,298	3,646
Cash at Bank	13,073	11,782	5,271	841
Due (to) / from DC Pension Fund	(237)	-	(6,485)	10,433
Due (to) / from Company	(307)	-	(1,099)	779
Total as at December 31	<u>31,246</u>	<u>15,647</u>	<u>25,985</u>	<u>15,699</u>
17.11 Actuarial assumptions				
Discount rate at December 31	11.00%	11.00%	12.75%	12.75%
Future salary increases	8.50%	8.50%	10.25%	10.25%
Future pension increases	1.00%	1.00%	0.00%	0.00%

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

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

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

The Company's contribution to the pension funds in 2015 is expected to amount to Rs 2.0 million.

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

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

17.15 Sensitivity analysis for actuarial assumptions

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

	Impact on defined benefit obligation		
	Change in assumption (Percentage)	Increase in assumption (Rupees in thousand)	Decrease in assumption (Rupees in thousand)
Discount rate at December 31	1.00	(2,010)	2,369
Future salary increases	1.00	2,404	(2,071)

There is no significant change in the obligation if life expectancy increases by 1 year.

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

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

	← 2014	2013	2012	2011	2010 →
	(Rupees in thousand)				
17.16 Comparison for five years					
Present value of defined benefit obligation as at December 31	(46,485)	(45,307)	(41,651)	(152,933)	(136,374)
Fair value of plan assets	46,892	41,684	41,188	120,224	107,573
Surplus / (deficit) in the plan	407	(3,623)	(463)	(32,709)	(28,801)

Experience Adjustments

(Gain) / loss on obligation (as percentage of plan obligations)	(7.43)	1.20	(3.50)	(3.40)	6.00
(Loss) / gain on plan assets (as percentage of plan assets)	(3.60)	(2.97)	(0.20)	(1.20)	0.80

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

17.18 The Company's contributions towards the Rafhan Best Foods Superannuation Fund and Rafhan Best Foods Limited Employees Gratuity Fund for the year ended December 31, 2014 amounted to Rs. 4.33 million (2013: Rs. nil).

17.19 The weighted average duration of the defined benefit obligation is 14.4 years.

Expected maturity analysis of undiscounted retirement benefit plans:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
At December 31 2014	← (Rupees in thousand) →				
Retirement benefit plans	29,534	67	1,006	11,636	42,243

2014 **2013**
(Rupees in thousand)

18. DEFERRED TAXATION

Credit balance arising in respect of:

- accelerated tax depreciation allowance
- amortisation of intangible assets

Debit balance arising in respect of:

- provision for stock in trade
- provision for staff retirement benefits
- provision for doubtful debts
- provision for restructuring
- other provisions

128,885	109,783
27,757	27,757
156,642	137,540
(23,755)	(9,261)
(1,370)	(5,887)
(8,889)	(8,421)
(2,455)	(1,841)
(9,303)	(4,536)
(45,772)	(29,946)
110,870	107,594

19. TRADE AND OTHER PAYABLES

Creditors

Bills payable - note 19.1

Accrued liabilities

Royalty and technology fee - note 19.2

Advances from customers

Withholding tax

Workers' Welfare Fund

Workers' Profits Participation Fund - note 19.3

Unclaimed dividend

Others

331,662	178,494
156,331	66,913
1,469,812	1,146,795
341,762	122,247
66,119	59,202
1,100	5,332
42,742	35,048
88,495	76,438
10,984	19,088
9,810	6,852
2,518,817	1,716,409

19.1 Bills payable represents inland letters of credit under vendor financing arrangements which includes interest cost as per Company's negotiated rates.

19.2 Royalty and Technology fee agreements expired on June 30, 2013 and are in the process of renewal. However, the Company has accrued the charge for Royalty and Technology fee for the period from July 1, 2013 to December 31, 2014 on the basis of proposed agreements submitted to the State Bank of Pakistan for approval.

2014 **2013**
(Rupees in thousand)

19.3 Workers' Profits Participation Fund

Balance as at January 1	76,438	(2,234)
Allocation for the year	90,856	78,672
	<u>167,294</u>	<u>76,438</u>
Paid to trustees of the fund	(78,799)	-
Balance as at December 31	<u>88,495</u>	<u>76,438</u>

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

2014 **2013**
(Rupees in thousand)

Holding company	209,798	53,341
Other related parties	241,651	54,118

20. PROVISIONS

Sindh Infrastructure Cess - note 20.1	14,778	10,529
Restructuring - note 20.2	7,013	5,413
	<u>21,791</u>	<u>15,942</u>

20.1 Sindh Infrastructure Cess

Balance as at January 1	10,529	5,993
Charge for the year	4,249	4,536
Balance as at December 31	<u>14,778</u>	<u>10,529</u>

20.2 Restructuring

Balance as at January 1	5,413	1,515
Provision during the year	1,600	10,500
Utilised during the year	-	(6,602)
Balance as at December 31	<u>7,013</u>	<u>5,413</u>

21. SHORT TERM BORROWINGS

Running finance under mark-up arrangements - secured

The facilities for running finance available from various banks amount to Rs. 1.9 billion (2013: Rs. 1.05 billion). The rates of mark-up range between KIBOR to KIBOR + 1% per annum (2013: KIBOR to KIBOR + 1% per annum).

The arrangements are secured by way of hypothecation over the Company's current assets amounting to Rs. 1.4 billion.

The facilities for opening letters of credit and guarantees as at December 31, 2014 amounted to Rs. 2.7 billion (2013: Rs. 2.2 billion) of which the amount remained unutilised at year end was Rs. 2.1 billion (2013: Rs. 1.8 billion).

22. CONTINGENCY AND COMMITMENTS

22.1 CONTINGENCY

22.1.1 There were no contingencies as at December 31, 2014.

22.2 COMMITMENTS

22.2.1 Aggregate commitments outstanding for capital expenditure as at December 31, 2014 amounted to Rs. 166.72 million (2013: Rs. 94.39 million).

23. SALES

	2014 (Rupees in thousand)	2013 (Rupees in thousand)
Gross Sales	10,198,504	9,025,734
Sales tax	(1,370,649)	(1,232,972)
	8,827,855	7,792,762
Returns, rebates and allowances	(1,040,796)	(833,916)
	7,787,059	6,958,846

23.1 The Company analyses its net revenue by the following product groups:

	2014 (Rupees in thousand)	2013 (Rupees in thousand)
Products used by end consumers	6,575,835	5,730,044
Products used by entities	1,211,224	1,228,802
	7,787,059	6,958,846

23.2 Sales to domestic customers in Pakistan are 98.1% (2013: 97.68%) and to customers outside Pakistan are 1.9% (2013: 2.32%) of the revenue during the year.

23.3 Revenue from one customer approximates 14% of the total revenue of the Company.

	2014 (Rupees in thousand)	2013
24. COST OF SALES		
Raw and packing materials consumed	3,913,482	3,445,890
Manufacturing charges paid to third party	77,695	72,054
Stores and spares consumed	10,755	4,366
Staff costs - note 24.1	248,645	241,834
Utilities	136,963	137,809
Depreciation	57,548	51,459
Repairs and maintenance	24,843	29,182
Rent, rates and taxes	11,805	10,534
Ujrah payments	489	472
Travelling and entertainment	4,127	6,292
Insurance	2,175	2,765
Stationery and office expenses	1,507	567
Other expenses	3,530	6,168
Charges by related party	48,943	46,407
	<u>4,542,507</u>	<u>4,055,799</u>
Opening work in process	15,878	16,418
Closing work in process	(20,782)	(15,878)
Cost of goods manufactured	<u>4,537,603</u>	<u>4,056,339</u>
Opening stock of finished goods	219,632	214,595
Closing stock of finished goods	<u>(330,246)</u>	<u>(219,632)</u>
	<u><u>4,426,989</u></u>	<u><u>4,051,302</u></u>
24.1 Staff costs		
Salaries and wages	237,166	234,137
Medical expenses	5,091	3,742
Pension cost - defined benefit plan	65	108
Gratuity cost - defined benefit plan	428	223
Cost of defined contribution plan	5,895	3,624
	<u>248,645</u>	<u>241,834</u>

	2014	2013
	(Rupees in thousand)	
25. DISTRIBUTION COST		
Staff costs - note 25.1	149,136	147,536
Advertisement and sales promotion	790,959	664,996
Outward freight and handling	168,286	146,126
Royalty, technology fee and related duties	219,516	147,095
Travelling and entertainment	15,728	23,384
Rent, rates and taxes	10,587	10,524
Ujrah payments	10,808	9,144
Depreciation	1,233	1,103
Repairs and maintenance	1,549	1,262
Stationery and office expenses	1,944	3,335
Other expenses	1,790	8,212
Charges by related party	74,442	72,149
	<u>1,445,978</u>	<u>1,234,866</u>
25.1 Staff costs		
Salaries and wages	134,369	134,284
Medical expenses	3,781	3,475
Pension cost - defined benefit plan	204	333
Gratuity cost - defined benefit plan	1,321	687
Cost of defined contribution plan	9,461	8,757
	<u>149,136</u>	<u>147,536</u>
26. ADMINISTRATIVE EXPENSES		
Staff costs - note 26.1	15,618	14,926
Depreciation	320	286
Travelling and entertainment	1,202	3,901
Auditors' remuneration - note 26.2	1,351	2,137
Provision for doubtful debts	3,507	8,956
Legal and professional charges	5,168	2,985
Other expenses	3,452	3,422
Charges by related party - note 26.3	130,122	119,859
	<u>160,740</u>	<u>156,472</u>
26.1 Staff costs		
Salaries and wages	15,160	14,683
Pension cost - defined benefit plan	6	9
Gratuity cost - defined benefit plan	37	19
Cost of defined contribution plan	415	215
	<u>15,618</u>	<u>14,926</u>

	2014 (Rupees in thousand)	2013
26.2 Auditors' remuneration		
Audit fee	800	800
Interim review and other certifications	455	1,095
Out of pocket expenses	96	242
	1,351	2,137

26.3 This represents amount charged to the Company for certain management and other services received from its associated undertaking - Unilever Pakistan Limited.

	2014 (Rupees in thousand)	2013
27. OTHER OPERATING EXPENSES		
Fixed assets written off / provision for fixed assets to be written off	13	5,716
Workers' Profits Participation Fund - note 19.3	90,856	78,672
Workers' Welfare Fund	36,343	31,469
	127,212	115,857

28. OTHER INCOME

Income from financial assets

Return on savings accounts

	56,101	31,795
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Income from non-financial assets

Scrap sales	18,799	18,495
Gain on disposal of property, plant and equipment	-	558
	18,799	19,053

Others

Liabilities no longer payable written back	9,504	-
Service fee from related parties - note 28.1	27,685	21,701
Others	1,493	-
	113,582	72,549

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

	2014	2013
	(Rupees in thousand)	
29. FINANCE COST		
Mark up on short term borrowings	10,161	3,115
Exchange loss	32,933	-
Bank charges	6,699	5,928
	<u>49,793</u>	<u>9,043</u>
30. TAXATION - charge		
Current tax for the year	515,380	453,966
Deferred tax	2,728	5,134
	<u>518,108</u>	<u>459,100</u>
30.1 Reconciliation between tax expense and accounting profit.		
Accounting profit before tax	<u>1,689,929</u>	<u>1,463,855</u>
Tax at the applicable tax rate of 33% (2013: 34%)	557,677	497,711
Tax effect of credits	(23,972)	(19,781)
Tax effect of final tax	(21,015)	(19,795)
Tax effect of change in tax rate	6,335	2,944
Others	(917)	(1,979)
Tax expense for the year	<u>518,108</u>	<u>459,100</u>
31. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholders	<u>1,171,821</u>	<u>1,004,755</u>
Weighted average number of shares in issue during the year - in thousand	<u>6,158</u>	<u>6,158</u>
Basic earnings per share (Rupees)	<u>190.29</u>	<u>163.17</u>

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

32. RELATED PARTY DISCLOSURES

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

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

Relationship with the Company	Nature of transactions	2014 (Rupees in thousand)	2013
i) Holding company	Royalty	156,358	59,694
ii) Other related parties	Technology fee	85,952	70,558
	Purchase of goods	1,371,273	1,219,422
	Sale of goods	106,286	39,040
	Fee for receiving of services from related parties	253,894	238,415
	Fee for providing of services to related parties	27,685	21,701
	Contribution to:		
	- Defined Contribution plans	15,452	12,596
	- Defined Benefit plans	4,325	-
	Settlement on behalf of:		
	- Defined Contribution plans	19,156	-
	- Defined Benefit plans	2,840	2,840
	Receipts from Defined Benefit plans	779	-
iii) Key management personnel	Salaries and other short-term employee benefits	6,004	5,867

Royalty and technology fee are paid in accordance with the agreements duly acknowledged by the State Bank of Pakistan. Royalty and Technology fee agreements were expired on June 30, 2013 and are in process of renewal as disclosed in note 19.2. The purchase of goods and services from related parties are made on agreed terms and conditions.

The Company has entered into agreements with its associate, Unilever Pakistan Limited to share various administrative and other resources. Service fee from the associate have been disclosed in note 28.

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

33. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

	Executive Directors		Chief Executive		Executives	
	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)					
Managerial remuneration and allowances	1,704	1,850	3,786	3,263	108,168	107,480
Retirement benefits - note 33.1	-	-	-	-	13,014	13,269
Medical expenses	-	-	-	-	4,317	2,296
Other expenses	-	-	-	-	4,554	3,514
	<u>1,704</u>	<u>1,850</u>	<u>3,786</u>	<u>3,263</u>	<u>130,053</u>	<u>126,559</u>
Number of persons	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>70</u>	<u>82</u>

In addition to this, a lump sum amount of Rs. 12.67 million (2013: Rs. 15.5 million) on account of variable pay has been accounted for in financial statements for the current year payable in 2015 after verification of target achievement.

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

	Paid in 2014 relating to 2013	Paid in 2013 relating to 2012
	(Rupees in thousand)	
Executive Director	255	419
Chief Executive	231	327
Executives	12,489	17,603
Other employees	83	392
	<u>13,058</u>	<u>18,741</u>

Aggregate amount charged in these financial statements for the year for fee to four non-executive directors was Rs. 1.21 million (2013: four non executive directors Rs. 0.18 million).

Certain executives of the Company are also provided with Company maintained cars.

In respect of full time working Director, Chief Executive and Company Secretary, the Company is charged monthly by an associated undertaking (Unilever Pakistan Limited) on agreed basis.

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

	2014	2013
34. PLANT CAPACITY AND PRODUCTION		
Actual production of the plant in metric tons	28,362	26,160

34.1 The capacity of the plant is indeterminable as it is a multiproduct plant capable of producing several interchangeable products.

35. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on un-audited financial statements of the Fund:

	2014 (Rupees in thousand)	2013
Size of the Fund - Total Assets	158,977	138,354
Fair value of investments	140,927	133,444
Percentage of investments made	88.65	96.45

35.1 The cost of above investments amounted to Rs. 127.82 million (2013: Rs. 125.93 million).

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

	2014 (Percentage)	2013	2014 (Rupees in thousand)	2013
National Saving Schemes	37.23	31.47	52,470	42,000
Government Securities	48.92	52.13	68,934	69,570
Equity Securities	13.85	16.40	19,523	21,874
	100	100	140,927	133,444

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

	2014	2013
36. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at year end	248	251
Average number of employees including contractual employees during the year	250	259

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

37.1 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.

37.2 Financial assets and liabilities by category and their respective maturities

	Interest / Mark-up bearing			Non-interest / Non mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
(Rupees in thousand)							
FINANCIAL ASSETS							
Loans and advances	-	-	-	16,077	17,855	33,932	33,932
Trade debts	-	-	-	204,351	-	204,351	204,351
Trade deposits	-	-	-	3,650	-	3,650	3,650
Other receivables	-	-	-	51,901	-	51,901	51,901
Cash and bank balances	88,706	-	88,706	48,318	-	48,318	137,024
December 31, 2014	88,706	-	88,706	324,297	17,855	342,152	430,858
December 31, 2013	276,017	-	276,017	220,634	18,558	239,192	515,209
FINANCIAL LIABILITIES							
Trade and other payables	156,331	-	156,331	2,164,030	-	2,164,030	2,320,361
Short term borrowings	28,950	-	28,950	-	-	-	28,950
Accrued interest / mark up	-	-	-	757	-	757	757
December 31, 2014	185,281	-	185,281	2,164,787	-	2,164,787	2,350,068
December 31, 2013	92,074	-	92,074	1,474,339	-	1,474,339	1,566,413
ON BALANCE SHEET GAP							
December 31, 2014	(96,575)	-	(96,575)	(1,840,490)	17,855	(1,822,635)	(1,919,210)
December 31, 2013	183,943	-	183,943	(1,253,705)	18,558	(1,235,147)	(1,051,204)
OFF BALANCE SHEET ITEMS							
Letters of credit / guarantee:							
December 31, 2014							392,850
December 31, 2013							366,513

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 completely to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of total financial assets of Rs. 430.86 million (2013: Rs. 515.21 million), the financial assets which are subject to credit risk amounted to Rs. 204.4 million (2013: Rs. 182.8 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, 2014, trade debts of Rs. 38 million (2013: Rs. 31 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.

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

(ii) Liquidity risk

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

(iii) Market risk

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

a) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2014, financial assets of Rs. 101.35 million (2013: Rs. 2.32 million) and financial liabilities of Rs. 186.99 million (2013: Rs. 178.21 million) were in foreign currency which were exposed to foreign currency risk.

As at December 31, 2014, if the Pakistan Rupee had weakened / strengthened by 5% against Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.36 million (2013: Rs. 4.32 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial assets and liabilities.

The foreign currency assets are approximately 80.5% in USD and 19.5% in EURO. The foreign currency liabilities are approx 85.6% in USD and 14.4% in EURO.

As at December 31, 2014, if the Pakistan Rupee had weakened / strengthened by 5% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 3.92 million (2013: Rs. 5.92 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

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

b) Interest rate risk

The Company's interest rate risk arises from borrowings as the Company has no significant interest-bearing assets. Borrowings availed at variable rates expose the Company to cash flow interest rate risk.

At December 31, 2014, the Company had variable interest bearing financial assets of Rs. 88.71 million (2013: Rs. 276.02 million) and financial liabilities of Rs 185.28 million (2013: Rs. 92.07 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. 1.93 million (2013: Rs. 2.11 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

38. CAPITAL RISK MANAGEMENT

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

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

	2014 (Rupees in thousand)	2013
Total borrowings	28,950	25,161
Cash and bank	<u>(137,024)</u>	<u>(283,754)</u>
Net (Cash surplus) / debt	<u>(108,074)</u>	<u>(258,593)</u>
Total equity	783,398	449,729
Total capital	<u><u>783,398</u></u>	<u><u>449,729</u></u>
Gearing ratio	0.00%	0.00%

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.

	2014 (Rupees in thousand)	2013
39. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 14	137,024	283,754
Short term borrowings - running finance under mark up arrangements - note 21	<u>(28,950)</u>	<u>(25,161)</u>
	<u><u>108,074</u></u>	<u><u>258,593</u></u>

40. PROPOSED AND DECLARED DIVIDENDS

At the Board of Directors' meeting held on March 4, 2015, no final dividend in respect of 2014 is proposed (2013: Rs. 42.28 per share amounting to a total dividend of Rs. 260.34 million).

The Board of Directors in its meeting held on October 28, 2014 declared cash dividend in respect of quarter ended September 30, 2014 of Rs. 94 per share amounting to Rs. 578.82 million (Interim cash dividend for the six months period ended June 30, 2013: Rs. 76 per share amounting to Rs. 467.98 million and nine months period ended September 30, 2013: Rs. 44.7 per share amounting to Rs. 275.25 million).

41. DATE OF AUTHORISATION

These financial statements were authorised for issue on March 4, 2015 by the Board of Directors of the Company.

Fariyha Subhani
Chief Executive

Ali Tariq
Director and Chief Financial Officer

Notice of Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of Unilever Pakistan Foods Limited will be held at Pearl Continental Hotel, Club Road, Karachi, on Thursday, April 16, 2015, at 03:00 p.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Company's Financial Statements for the year ended 31 December 2014, together with the Reports of the Auditors and Directors thereon.
2. To approve Interim Dividend of Rs. 94.00 (940%) per Ordinary Share of the Company, already paid during 2014.
3. To appoint Auditors for the ensuing year, and to fix their remuneration.
Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

Karachi
March 24, 2015

By Order of the Board

Amar Naseer
Company Secretary

Notes:

1. Share Transfer Books will be closed from April 10, 2015 to April 16, 2015 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's Share Registrar M/s Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400 by the close of the Business on April 09, 2015 will be treated in time for the purpose of ascertaining the entitlement of Shareholders for attending the Annual General Meeting.
2. All Members / Shareholders are entitled to attend and vote at the meeting. A Member may appoint a proxy who need not be a Member of the Company.
3. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (1st Floor, Avari Plaza, Fatima Jinnah Road, Karachi) at least 48 hours before the time of the meeting.
4. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

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

Notice of Annual General Meeting

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

B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
 - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his / her original valid CNIC or original passport at the time of meeting.
 - v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.
5. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. The Shareholders who hold shares with Participants / Stock Brokers or with Central Depository Company may approach to provide the CNIC number / NTN details to their Participants / Stock Broker or to CDC to update the details in their electronic system. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with the said SROs of SECP and therefore will be constrained under Section 251 (2) (a) of the Companies Ordinance 1984 to withhold dividend warrants of such Shareholders.
6. (i) The Government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These rates are as under:
- | | |
|---|-----|
| (a) For Filers of Income Tax Return | 10% |
| (b) For Non-Filers of Income Tax Return | 15% |

To enable the Company to make tax deduction on the amount of cash dividend @ 10% instead of 15%, applicable from time to time, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL, otherwise tax on their cash dividend as announced from time to time, will be deducted @ 15% instead of 10%.

Notice of Annual General Meeting

- (ii) For any query/problem/information, the investor may contact the Share Registrar: The Manager, Share Registrar Department, Central Depository Company of Pakistan Limited, telephone number: 0800 - 23275 (Toll Free), e-mail address: info@cdcpak.com and /or the Company: Ms. Wajiha Khan, telephone number: +92- 21-35660062 e-mail address: wajiha.khan@unilever.com.
- (iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholder should send a copy of their NTN certificate to the company or its Share Registrar, M/s Central Depository Company of Pakistan Limited, Share Registrar Department. The Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint-Holder(s) based on their shareholding proportions, in case of joint holding / joint account. In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal Shareholder and Joint-Holder(s) in respect of shares held by them, to our Share Registrar, M/s Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, in writing, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint -Holder(s).

7. According to the SECP circular No. 8(4) SM/CDC 2008 of April 05, 2013, shareholders are entitled to receive their cash dividend directly in their bank accounts instead of receiving the dividend warrants physically. Shareholders having physical holding and desiring to avail this option may submit the prescribed Dividend Mandate Form, to the Company's Share Registrar. The shareholders who hold shares with participants / stock brokers or with Central Depository Company may approach to submit the prescribed Dividend Mandate details to their participants / stock broker or to CDC for this option, with a copy of the Dividend Mandate Form to Share Registrar of the Company.
8. Any change of address of Members should be immediately notified to the Company's Share Registrars, M/s Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400.

Dividend Mandate Form

SHARE REGISTRAR DEPARTMENT

Date: ___ / ___ / ___

The Central Depository Company of Pakistan Limited

CDC House

SHARE REGISTRAR DEPARTMENT

99-B, Block B, S.M.C.H.S.,

Main Shahrah-e-Faisal, Karachi.

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

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

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

Signature of Member: _____

Name: _____

(PLEASE WRITE NAME IN BLOCK LETTERS)

Form for Deduction of Tax on Dividend Income

SHARE REGISTRAR DEPARTMENT

Date: ___ / ___ / ___

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

CDC HOUSE, 99-B, BLOCK "B",
S.M.C.H.S., MAIN SHAHRA-E-FAISAL,
KARACHI-74400

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

In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, in writing.

Following is the details of shares held by Principal / Joint-Holder of the shares of **Unilever Pakistan Foods Limited**:

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

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

Signature of Member: _____

Name: _____

(PLEASE WRITE NAME IN BLOCK LETTERS)

Signature of Joint-Holder 1: _____

Signature of Joint-Holder 2: _____

Name: _____

Name: _____

(PLEASE WRITE NAME IN BLOCK LETTERS)

(PLEASE WRITE NAME IN BLOCK LETTERS)

Form of Proxy

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

I/ We _____ son/ daughter/ wife of _____ shareholder of Unilever Pakistan Foods Limited, holding _____ ordinary 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 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 on my / our behalf at the 17th Annual General Meeting of the Company to be held on April 16, 2015 and / or any adjournment thereof.

Signed this _____ day of _____ 2015.

[Signature should agree with the specimen signature registered with the Company]

Witness 1:

Signature: _____

Name: _____

CNIC #: _____

Address: _____

**Sign across Rs. 5/-
Revenue Stamp**

Signature of Member(s)

Witness 2 :

Signature: _____

Shareholder's Folio No.: _____

Name: _____

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

CNIC #: _____

and Sub-Account No.: _____

Address: _____

Shareholder's CNIC #: _____

Note:

- The Member is requested to:
 - Affix Revenue Stamp of Rs. 5/- at the place indicated above.
 - Sign across the Revenue Stamp in the same style of signature as is registered with the Company.
 - Write down his / her / their Folio Number.
 - Attach an attested photocopy of their valid Computerised National Identity Card / Passport / Board Resolution and the copy of CNIC of the proxy, with this proxy form before submission.
- 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.
- CDC Shareholders or their Proxies should bring their original Computerized National Identity Card or original Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the Notes to the Notice of AGM.



Unilever Pakistan Foods Limited

Avari Plaza, Fatima Jinnah Road,
Karachi-75530,

T: +92 21 35660062-9

F: +92 21 35681705

www.unileverpakistan.com.pk

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