



ANNUAL REPORT
2018

Unilever Pakistan Foods Limited





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VISION

“Our vision is to grow our business, while decoupling our environmental footprint from our growth and increasing our positive social 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.

UNILEVER PAKISTAN FOODS LIMITED

COMPANY INFORMATION

Board of Directors

Mr. Kamran Y. Mirza	Independent Director & Chairman of the Board
Ms. Shazia Syed	Executive Director & Chief Executive Officer
Mr. Sohail Hanif Baig	Executive Director & Chief Financial Officer
Ms. Farheen Salman Amir	Executive Director
Mr. Zulfikar Monnoo	Non-Executive Director
Mr. Muhammad Adil Monnoo	Non-Executive Director
Mr. Kamal Monnoo	Non-Executive Director
Mr. Badaruddin F. Vellani	Non-Executive Director
Mr. Ali Tariq	Non-Executive Director
Mr. Khalid Mansoor	Independent Director

Company Secretary

Mr. Aman Ghanchi

Audit Committee

Mr. Khalid Mansoor	Chairman & Member
Mr. Muhammad Adil Monnoo	Member
Mr. Badaruddin F. Vellani	Member
Mr. Zulfikar Monnoo	Member
Mr. Kamran Y. Mirza	Member
Ms. Mehwish Iqbal	Secretary & Head of Internal Audit

Human Resource & Remuneration Committee

Mr. Kamran Y. Mirza	Chairman & Member
Mr. Zulfikar Monnoo	Member
Mr. Kamal Monnoo	Member
Ms. Shazia Syed	Member
Ms. Kanize Fathema Zuberi	Secretary & Head of HR

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 Shahr-e-Faisal, Karachi - 74400

Website Address

www.unilever.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 Directors and served in that position for 29 years till 2006. He was also the CEO of the Pakistan Business Council. Kamran is also the Chairman of Philip Morris (Pakistan) Ltd and Karwan-e-Hayat as well as serving on the Boards of Abbott Laboratories (Pakistan), International Steel (ISL), Education Fund for Sindh (EFS), & Safari Club. Previously he served as Chairman of Karachi Stock Exchange, PMEX (formerly National Commodities Exchange), Education Fund for Sindh (EFS), Export Processing Zones Authority, Pharma Bureau – (Association of Pharmaceutical Multinationals); and as a President of Overseas Chamber of Commerce & Industry, American Business Council; as Director of State Bank of Pakistan, Bank Alfalah, Pakistan State Oil, National Bank of Pakistan, Pakistan Textile City Limited, Competitiveness Support Fund (CSF), Genco Holding Company, and NAVTEC. He lectures regularly at the Pakistan Institute of Corporate Governance (PICG).

Shazia Syed - CEO

Shazia joined the Board on April 20, 2014, and took over as CEO of Unilever Pakistan Foods Limited on March 07, 2016. Prior to this, Shazia was Chairperson, Unilever Sri Lanka Limited. She has held various senior management positions across most categories at Unilever Pakistan and other markets, including Unilever Vietnam as Business Unit Leader for Personal Care. She joined Unilever as a management trainee and has completed her 29th year in the organization. She is also the Chairman and Chief Executive Officer of Unilever Pakistan Limited, Director at the Pakistan Business Council, President of the Overseas Investors Chamber of Commerce and Industry, on the Advisory Council at the British Asian Trust, on the Advisory Board of the Male Champions of Change-Pakistan, Trustee at The Duke of Edinburgh's Award Foundation Pakistan and Member at the Board of Governors of the National Management Foundation. Shazia is an active advocate of diversity in the workplace and believes that enabling and facilitating working women from all backgrounds across all sectors should be every leader's top priority.

Sohail Baig - CFO

Sohail joined the Board on January 19, 2017 and is currently Director & Chief Financial Officer of Unilever Pakistan Limited and Unilever Pakistan Foods Limited. Sohail joined Unilever in 2002 and has held various country, regional and global finance roles in Singapore, The Netherlands and Pakistan. Sohail is a member of CFA Institute, USA and is involved in several volunteer programmes. He is also Co-opted board member for CFA Society Pakistan.

Farheen Salman Amir

Farheen joined the Board on March 7, 2016 and is currently the Director Foods & Refreshments. Farheen joined Unilever as a Management Trainee in 1998. In her 19 years' career with the Company, Farheen has worked in a number of categories across both Food & Refreshment and HPC. In her last two years as BD Director Ice Cream NAMET, Farheen worked for Unilever Turkey and crafted an innovation & communication program for the portfolio that was instrumental in bringing the Euro 450 million ice cream business back to sustained double-digit growth.

Zulfikar Monnoo

Zulfikar joined the Board when the Company was formed. He is also a member of the Audit and Human Resource & Remuneration Committees of Unilever Pakistan Foods Limited. He is an alumnus of The Wharton School, University of Pennsylvania and Aitchison College, Lahore. He is a Director and member of the Audit and HR committees of Rafhan Maize Products Limited and is also the Chief

Executive of Pakwest Industries (Pvt) Ltd., Lahore.

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, Samira Industries (Pvt) Limited, Kaarvan Crafts Foundation, CNM Textil a.s., Bata Pakistan Limited & IPRI.

Mohammad 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.

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.

Ali Tariq

Ali joined the Board as a non-executive Director in April 2017 and the Unilever group in 2003. He has since held several Global, Regional and Country leadership roles in Singapore, UK and Pakistan. He is currently based at Unilever's headquarters in the UK in a global role. Prior to Unilever, Ali held business advisory roles with PricewaterhouseCoopers UK where he also trained as a Chartered Accountant. Ali is a member of the Institute of Chartered Accountants in England & Wales.

Khalid Mansoor

Khalid Mansoor is a Graduate in Chemical Engineering with distinction and honors. He has been the Chief Executive Officer of Hubco, the first and largest Independent Power Producer (IPP) in Pakistan, since May 2013. The Company generates approximately 10% of the Country's electricity and is a leading private sector player in addressing the energy crisis currently being faced by Pakistan. After becoming the CEO of Hubco in May 2013, he has transformed the Company and has initiated growth initiatives with Projects worth over US\$ 3.5 billion under execution. He is also Chairman of the Boards of Laraib Energy Limited, Narowal Energy Limited, Hub Power Services Limited, Hub Power Holding Limited, and ThalNova Power Thar Private Limited. He is also a Director of Thar Energy Limited and International Brands Limited. Previously, he had also been the President of the Overseas Investors Chamber of Commerce & Industry (OICCI); CEO of Algeria Oman Fertilizer Company (AOA) and various Companies of the Engro Group, Director on the Boards of Engro Corp and various Engro subsidiaries including Engro Fertilizers, Engro Foods, Engro Polymers, Engro Vopak, Engro Powergen, Sind Engro Coal Mining Company and Sui Northern Gas Pipeline Limited. Mr. Mansoor has over 39 years of experience in Energy and Petrochemical Sectors in leading roles for mega size projects development, execution, management and operations.

Chairman's Review

BUSINESS AND INDUSTRY OVERVIEW

On behalf of the Board, it is my pleasure to present the Chairman's review report for the year ended December 31, 2018.

I am delighted to share that the Company has continued to deliver commendable results despite economic slowdown and currency devaluation. We have maintained our position of leadership across categories because of our global expertise, a long and proud history of consumer trust and nation-wide presence underlined by our sense of purpose.

The Board's role was instrumental in steering the Company forward in a challenging environment whilst discharging its statutory responsibilities for the benefit of all stakeholders. The Board has remained cognizant of its strategic role in achieving the Company's key objectives and enhancing the returns for all its stakeholders. Additionally, the Board also continued to monitor financial results on a quarterly basis, throughout the year.

In 2018, the business achieved a creditable growth rate of 10.7% through volume and pricing. Knorr and Raffan recorded growth because of relaunched categories and a renewed sales mix. Increased investment in innovative marketing helped drive consumer traction and brand reinforcement. Moreover, we recorded EPS growth of 25.6%, which reiterates our ongoing commitment to creating stakeholder value.

BOARD PERFORMANCE AND EFFECTIVENESS

In accordance with the Code of Corporate Governance and the Companies Act, 2017 the evaluation of the Board, its committees and individual directors, was conducted by PICG (Pakistan Institute of Corporate Governance) to ensure transparency.

The board was assisted by sub-committees, i.e. the Audit Committee and the HR&R Committee. These sub-committees held meetings during the year as per the stipulations of the code of corporate governance.

During the year Mr. Khalid Mansoor was appointed as an Independent Director of the Company, with effect from March 19, 2018, in place of the casual vacancy caused by the resignation of Mr. Noman Amjad Lutfi on December 31, 2017.

It is also important to recognize the key role played by the Sub-Committees (Audit Committee & Human Resources and Remuneration Committee) in highlighting areas of improvements and recommending practical solutions. Going forward, we will continue our efforts to adopt and implement best governance practices.

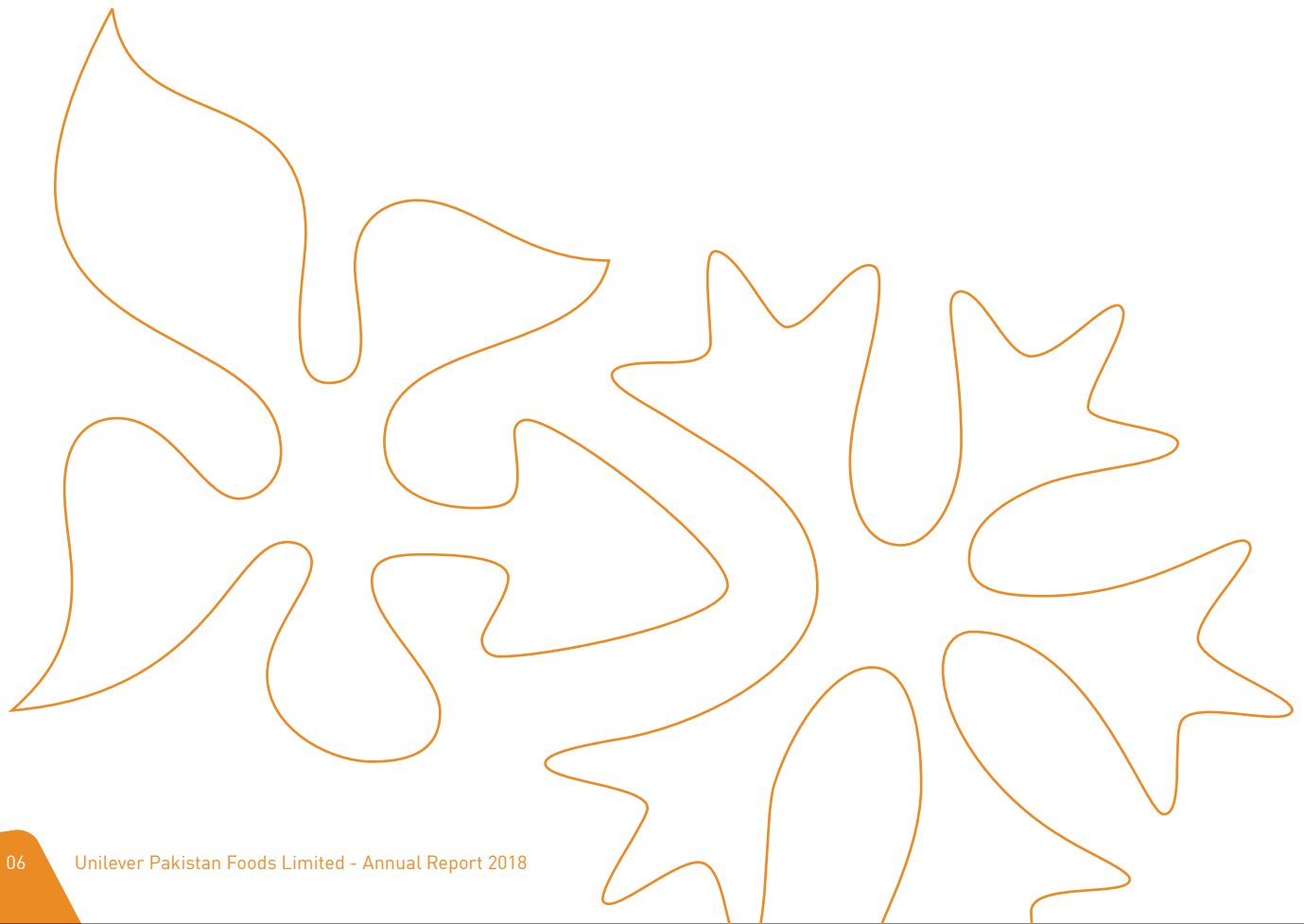
FUTURE PROSPECTS

The Company aims to deliver strong business growth supported by the expansion of manufacturing facilities and improved efficiency. Though the economy in the short term will remain under stress, the medium to long term economic indicators are positive as a result of the current government's policies. This will address structural imbalances, improved law and order situation, and robust local demand. We remain committed to our vision of making sustainable development commonplace through responsible value chains and purpose driven brands that consumers can trust.

ACKNOWLEDGMENTS

On behalf of the Board of Directors, I would like to express gratitude to our stakeholders for their continued support and encouragement. I would also like to appreciate the valuable services rendered by the employees of the Company. I also acknowledge the commitment and diligence of my fellow directors during 2018 and thank our CEO and her Executive Team for their valuable contributions towards the continued growth of the Company.

Mr. Kamran Y. Mirza
Chairman of the Board



DIRECTORS' REPORT



* اُردو کے لیے آخری صفحات ملاحظہ فرمائیے۔

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. ”

Summary of Business Performance

The directors present Unilever Pakistan Foods Limited's (UPFL) Annual Report together with audited financial statements for the year ended December 31, 2018.

Business Review:

Company's Principal Activities

The Company manufactures and sells consumer and commercial food products under the brand names of Raffhan, Knorr, Energile, Glaxose-D and Food Solutions. In 2018, the business grew by 10.7%, mainly led by volume growth. Growth was broad based, both within the Knorr and Raffhan portfolios.

The key growth drivers in 2018 were:

Knorr: Growth was led by the noodles and sauces categories. Noodles grew on the back of building brand equity and consumption in urban areas with successful campaigns like Knorr Boriyat Busters, along with enhancing penetration in rural areas. Sauces growth was driven by building excitement via a new thematic campaign along with product and pack changes.

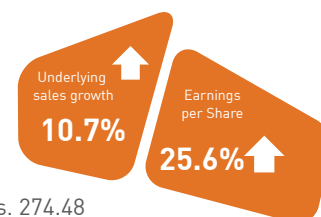
Raffhan: Corn oil grew on the back of new format launches and desserts was driven by consistent communication and on shelf excitement via promotions.

Gross margin remained constant at 45% due to difficult operating environment. Advertising and promotion were in line with business plans. EPS grew by 25.6% versus last year.

Operating Results

	2018	2017
	Rupees in million	
Sales	11,898	10,745
Gross Profit	5,359	4,834
Profit from Operations	2,561	1,947
Profit before tax	2,492	1,921
Profit after tax	1,732	1,356
EPS-basic (Rs.)	274.48	218.55*

* EPS for prior year is restated for effect of right issue



Key Financial Indicators

Financial Headlines • Turnover up by Rs. 1,153 Mn • Earnings per Share of Rs. 274.48

Dividends

First Interim Dividend 2018 (already paid): Rs. 105 per share (2017: Rs. 122 per share).

Second Interim Dividend 2018 (already paid): Rs. 44 per share (2017: Rs. 50 per share).

Third Interim Dividend 2018 (already paid): Rs. 55 per share (2017: Rs. 33 per share).

Final Dividend 2018: Rs.76 per share (2017: Rs. Nil per share)

Industry Review

The Foods market (including dairy, beverages and packaged goods) in Pakistan is currently estimated at Rs. 1.3 trillion (estimate as per Euromonitor). The market consists of several local and multinational companies, with numerous regional players as well. Packaged food is growing at 15% mainly led by edible oil and dressings.

Capital Expenditure

The Company, in the process of expanding capacity and increasing efficiency, invested Rs. 1,049 million during the year.

Liquidity Profile

The Company was able to generate Rs. 1,671 million from operating activities during the year. The Company had a net cash and cash equivalents of Rs. 176 million at year end.

Cashflow projections are prepared, reviewed and monitored on a periodic basis by your Company to devise the most effective strategy and to optimize returns.

Investment strategies are planned after careful consideration to risk profile and surplus funds are mostly kept in short-term bank deposits.

Evaluation of Company's Performance

There is a stringent mechanism for evaluating the performance of the Company. The management uses several indicators to assess the Company's performance including competitor position, previous year performance, market growth, macroeconomic and other factors.

Budgets are designed to set targets for the management and used to measure progress against actual results periodically allowing corrective actions to be taken proactively.

Principal Risks and Uncertainties

Company is faced with the following principal risks:

- Erratic economic policy, a volatile currency and trade imbalance has slowed down economic activity and increased risk aversion, low tax to GDP ratio and high fiscal deficit will increase inflationary pressures.
- A slow-down of economic momentum and rising inflation rate will reduce household consumption and negatively affect growth.
- Enforcement measures by the Central Bank are expected to impact FOREX outflow, thereby, causing potential delays in remittances to our principal and consequently potential exchanges losses.

Our People

We believe that our people are our most valuable asset. Empowering employees with meaningful roles, challenging assignments and world class learning platforms, has paved the way for a more purpose driven organisation. Honest conversations, coaching and mentoring continue to equip our people to grow and drive the business. In 2018, AC Nielsen rated the Company as the No.1 Employer of Choice, a position Unilever Pakistan has now held for more than a decade.

The Unilever Future Leaders Programme (UFLP) is the organisation's flagship platform for the recruitment of young talent from across the country. The UFLP is considered one of the most competitive amongst other graduate programmes.

Diversity and inclusion remains at the heart of our business. Our female employees form an integral part of our workforce and perform a variety of challenging roles across different functions in the Company. As part of our inclusive business agenda, we are also driving recruitment efforts for differently abled individuals in the organisation.

Additionally, we focus continually on encouraging vitality and wellbeing amongst our employees. The Company has taken several initiatives in this regard including the provision of fitness and gym amenities, daycare facilities, yoga classes and healthy eating options at the workplace. We encourage flexible working hours and maternity and paternity leaves to help ensure that our employees maintain work life balance.

Corporate Social Responsibility (CSR)

UPFL continued to drive its ambition for sustainable growth whilst striving to reduce its environmental impact. The Company partnered with various external stakeholders to further its vision of making sustainable development commonplace.

During 2018, main initiatives included:

Energy Conservation and Environment Protection: Rs. 17 million

Environmentally sustainable production drives the core of the UPFL manufacturing strategy. The Company plans to achieve sustainable development through environmentally

friendly operations whilst upholding the vision of the United Nation's Sustainable Development Goals. UPFL is also a certified "WWF Green Office" member, based on its various sustainability initiatives.

In 2018, the journey of our sustainable consumption of energy has made further headway with the addition of the following initiatives:

i. Energy Conservation:

- Installation of VFDs at Cooling Towers and Chilled Water pumps conserved 629.78 GJ/Annum and ensured carbon foot print reduction by 68,540 KgCO₂/GJ.
- Waste Water Motor Load reduction by 497 GJ/Annum and carbon foot print reduction by 54,090 KgCO₂/GJ.
- 4% reduction in line losses in steam network by improvements in measuring and monitoring systems. The replacement of leaked steam traps and bypass valves resulted in conservation of 885.49 GJ of Energy.

ii. Environmental Protection Measures:

Key environmental protection measures have been taken to ensure water conservation. Our operations have successfully treated waste water effluence through our Ultraviolet, Ultrafiltration and Reverse Osmosis plant projects. The savings have been re-used in our cooling towers.

Some strategic steps were taken to further re-use effluent discharge as flush water. Colloidal mill sealing water saving automation was executed and sand filter backwash reuse in cooling tower was also implemented. Furthermore, through the installation of water optimizing nozzles across the plant, UPFL managed to save 3,000,000 litres of water, which is equivalent to the water consumption of 3,000 households.

Community Investment and Welfare Schemes: Rs. 147 million

a) Knorr continued to engage schools through its message on nutritious snacking. As part of its school programmes, the brand also worked on enhancing awareness on the subject in rural parts of the country where undernutrition is widespread.

b) Knorr further extended livelihood opportunities to over 1,100 unemployed youth as part of its mobile noodle vending programme. In addition to this, the cart provides quality and hygienic snacking options to people in communities that are rife with subpar food alternatives.

Occupational Safety and Health

Safety remains a top priority across all UPFL operations. Adhering to our Vision Zero has ensured that unsafe behaviours are treated as completely non-negotiable in the Company. UPFL continues to persist in mainstreaming a safety mind-set through reinforced leadership messaging, responsible employee behaviour, safety focused plant designs, facilities and products in addition to the implementation of safe procedures and systems across

UPFL. The Company also sustains focus on safety through routine awareness campaigns, including sessions held by the site leadership. These initiatives have contributed towards zero incidents.

Employee Involvement

As people whose purpose drives the organisation, our employees remain committed to action on community development through volunteering and philanthropy. This is helping improve the lives of people in low-income communities. As part of our voluntary Employee Payroll Programme, our employees raised over Rs. 2 million for social partners including The Citizens Foundation, Aga Khan University Hospital and the World Food Programme. These funds will enable easier access to education, improved health and nutrition for underprivileged children.

Value of investments of Employees in Retirement Funds

UPFL contributed Rs. 19.74 million to the staff retirement funds during the year. The value of investments made by the staff retirement funds operated by the Company as per their financial statements as at December 31, 2018 is as follows:

	Rs. in million
Provident Fund	197
Gratuity Fund	26
Total – 2018	223
Total – 2017	211

Corporate Governance

The management of UPFL is committed to good corporate governance and complying with 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, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies, as applicable in Pakistan, have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards have been followed in the preparation of the financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- 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 Rule Book of Stock Exchange.

Statements regarding the following are annexed or are disclosed in the notes to the financial statements.

- Number of meetings of Board of Directors and its committees held and attendance by directors.

- Key financial data for the last six years
- Pattern of shareholding

Directors

The following persons are the directors of the Company:

- Mr. Kamran Y. Mirza (Chairman of the Board)
- Ms. Shazia Syed (CEO)
- Mr. Sohail Hanif Baig (CFO)
- Ms. Farheen Salman Amir
- Mr. Zulfikar Monnoo
- Mr. Muhammad Adil Monnoo
- Mr. Kamal Monnoo
- Mr. Badaruddin F. Vellani
- Mr. Ali Tariq
- Mr. Khalid Mansoor
(appointed with effect from March 19, 2018)

The election of directors was held at the AGM of 2017. The term of the present directors will expire on April 19, 2020.

Mr. Khalid Mansoor was appointed as Independent Director of the Company with effect from March 19, 2018, in place of the casual vacancy caused by the resignation of Mr. Noman Amjad Lutfi on December 31, 2017.

Internal Financial Controls

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

Board Evaluation

In accordance with the Code of Corporate Governance and the Companies Act, 2017 the evaluation of the Board, its committees and individual directors was conducted by PICG (Pakistan Institute of Corporate Governance) to ensure transparency. The Board is assisted by sub-committees, i.e. the Audit Committee and the HR&R Committee, and these sub-committees held meetings during the year as per the stipulations of the code of corporate governance. It is also important to highlight the key role played by the sub-committees (Audit Committee & Human Resources and Remuneration Committee) in highlighting areas of improvements and recommending practical solutions. Going forward, we will continue our efforts to make our consumers happy whilst complying with our best governance practices.

Directors' Remuneration Policy

Directors' fee is paid in line with Board approval and the Company has approved a formal policy in this regard in accordance with the Companies Act, 2017 and the CCG. The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

Auditors

The Auditors, KPMG Taseer Hadi & Co., Chartered Accountants, were appointed for the year ended December 31, 2018. The Board has recommended the appointment of

KPMG Taseer Hadi & Co. as the Auditors of the Company for the year 2019, subject to Shareholders' approval at the next AGM to be held on April 09, 2019.

shares in UPFL, and is the Company's ultimate parent company.

Holding Company

Through its wholly owned subsidiary Conopco Inc., USA, Unilever N.V., Netherlands, has a holding of 76.5% of the

Subsequent Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

Reserve Appropriations

	Share Capital	Reserves			Total	
	Issued, subscribed and paid up capital	Capital Share Premium	Special	General	Revenue Un-appropriated Profit	
	(Rupees in thousand)					
Balance as at January 01, 2018	61,576	24,630	628	138	94,498	181,470
Total comprehensive income for the year ended 31 December 2018						
- Profit for the year ended December 31, 2018					1,731,570	1,731,570
- Other comprehensive income for the year ended December 31, 2018					27	27
					1,731,597	1,731,597
First Interim dividend for the year ended December 31, 2018 @ Rs. 105 per share					(646,550)	(646,550)
Second Interim dividend for the year ended December 31, 2018 @ Rs. 44 per share					(280,278)	(280,278)
Third Interim dividend for the year ended December 31, 2018 @ Rs. 55 per share					(350,347)	(350,347)
Issue of right shares	2,123	1,271,869	-	-	-	1,273,992
Balance as at December 31, 2018	63,699	1,296,499	628	138	548,920	1,909,884

Acknowledgement

Our people are the key drivers behind the sustained growth of UPFL. The directors acknowledge the contribution of each 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

Despite challenging economic and operating environment, the business has continued to deliver positive results. We are committed to deal with the challenges that lie ahead with our access to global expertise, superior consumer understanding, powerful innovations and world class customer service. We believe that our dedicated and focused efforts will allow us to provide better value to meet consumers' everyday needs and deliver sustained profitable growth for the benefit of all stakeholders.

Thanking you all.
On behalf of the Board

Kamran Y. Mirza
Chairman
Karachi
February 28, 2019

Shazia Syed
Chief Executive Officer
Karachi
February 28, 2019

Board Meetings Attendance

During the year 2018, five 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	5	5
Ms. Shazia Syed	5	5
Ms. Farheen Salman Amir	5	4
Mr. Sohail Hanif Baig	5	5
Mr. Zulfikar Monnoo	5	5
Mr. Muhammad Adil Monnoo	5	5
Mr. Kamal Monnoo	5	5
Mr. Badaruddin F. Vellani	5	4
Mr. Ali Tariq	5	3
Mr. Khalid Mansoor**	4	2

Notes:

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

** Appointed w.e.f. March 19, 2018.

Board Committee Meetings Held During the Year

Audit Committee

Name of Member	Total No. of Meetings Held*	No. of Meetings Attended
Mr. Khalid Mansoor** Chairman	3	1
Mr. Zulfikar Monnoo ** Member	4	4
Mr. Kamran Y. Mirza Member	4	4
Mr. Muhammad Adil Monnoo Member	4	4
Mr. Badaruddin F. Vellani Member	4	4
Ms. Mehwish Iqbal Secretary	4	4

Notes:

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

** During the year, Mr. Khalid Mansoor was appointed as Chairman of the Committee in place of Mr. Zulfikar Monnoo with effect from April 23, 2018.

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 five members, two Independent Directors and three Non-Executive Directors. All employees of the Company have access to the Committee. The Committee met four times during 2018. 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
Ms. Shazia Syed Chairman	12	9
Mr. Sohail Hanif Baig Member	12	12
Ms. Farheen Salman Amir Member	12	12
Mr. Aman Ghanchi Secretary	12	12

Terms of Reference

The Committee comprises of three 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. Kamran Y. Mirza** Chairman	-	-
Mr. Zulfikar Monnoo Member	1	1
Mr. Kamal Monnoo Member	1	1
Ms. Shazia Syed Member	1	1
Mr. Aman Ghanchi*** Secretary	1	1
Ms. Kanize Fathema Zuberi*** Secretary	-	-

Notes:

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

** Mr. Kamran Y. Mirza has been appointed as Chairman of the Committee with effect from April 23, 2018.

*** Ms. Kanize Fathema Zuberi has been appointed as Secretary of the Committee in place of Mr. Aman Ghanchi with effect from November 26, 2018.

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 four members, two of whom are Non-Executive Directors and one Independent Director.

Performance Indicators for 6 years

2018 2017 2016 2015 2014 2013

← (Rupees in thousand) →

Financial Position

Property, plant and equipment	2,783,549	1,992,974	2,084,856	2,040,339	1,803,992	1,020,414
Other non-current assets	95,955	94,842	96,544	119,386	101,268	100,900
Current assets	3,059,468	1,993,132	2,436,695	2,257,568	1,560,692	1,204,872
Total assets	5,938,972	4,080,948	4,618,095	4,417,293	3,465,952	2,326,186
Share capital	63,699	61,576	61,576	61,576	61,576	61,576
Reserves	1,846,185	119,894	1,743,342	1,617,018	721,822	388,153
Total equity	1,909,884	181,470	1,804,918	1,678,594	783,398	449,729
Non-current liabilities	155,590	213,130	215,694	220,644	112,239	111,922
Current liabilities	3,873,498	3,686,348	2,597,483	2,518,055	2,570,315	1,764,535
Total liabilities	4,029,088	3,899,478	2,813,177	2,738,699	2,682,554	1,876,457
Total equity and liabilities	5,938,972	4,080,948	4,618,095	4,417,293	3,465,952	2,326,186
Net current liabilities	(814,030)	(1,693,216)	(160,788)	(260,487)	(1,009,623)	(559,663)

OPERATING AND FINANCIAL TRENDS

Profit or loss

Net sales	11,898,430	10,745,260	9,466,836	8,571,097	7,787,059	6,958,846
Cost of sales	(6,539,088)	(5,911,696)	(5,264,621)	(4,738,804)	(4,426,989)	(4,051,302)
Gross profit	5,359,342	4,833,564	4,202,215	3,832,293	3,360,070	2,907,544
Operating profit	2,561,391	1,946,726	1,802,228	1,701,775	1,739,722	1,472,898
Profit before tax	2,491,716	1,920,706	1,767,758	1,665,685	1,689,929	1,463,855
Profit after tax	1,731,570	1,355,673	1,276,089	1,232,128	1,171,821	1,004,755
Cash ordinary dividends	1,490,332	2,737,580	1,152,012	457,309	771,089	1,133,265

Cash flows

Operating activities	1,670,790	1,883,709	1,517,410	1,191,568	1,405,243	1,652,146
Investing activities	(1,042,445)	(77,091)	(182,195)	(330,757)	(784,673)	(397,293)
Financing activities	(216,340)	(2,737,580)	(1,152,012)	(457,309)	(771,089)	(1,133,265)
Cash and cash equivalents at the end of the year	175,822	(236,183)	694,779	511,576	108,074	258,593

Performance Indicators for 6 years

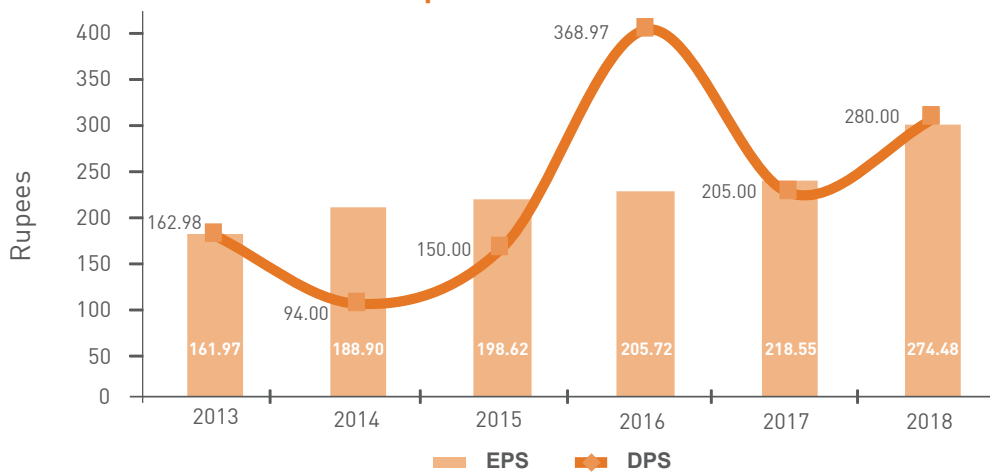
	Unit	2018	2017	2016	2015	2014	2013
FINANCIAL RATIOS							
Profitability Ratios							
Gross profit ratio	%	45.04	44.98	44.39	44.71	43.15	41.78
Net profit to sales	%	14.55	12.62	13.48	14.38	15.05	14.44
EBITDA margin to sales	%	22.82	19.54	20.45	20.88	22.59	21.84
Operating leverage ratio	Times	4.78	0.66	0.54	(0.10)	1.34	1.95
Pre tax return on equity	%	238.29	193.39	101.49	135.31	274.09	280.03
Post tax return on equity	%	165.59	136.50	70.70	100.09	149.58	192.20
Return on capital employed	%	165.59	136.50	70.70	100.09	149.58	192.20
Liquidity Ratios							
Current ratio	Times	0.79	0.54	0.94	0.90	0.61	0.68
Quick / Acid test ratio	Times	0.54	0.27	0.57	0.52	0.28	0.35
Cash to current liabilities	Times	0.29	0.09	0.27	0.24	0.05	0.16
Cash flow from operations to sales	Times	0.14	0.18	0.16	0.14	0.18	0.24
Activity / Operating Performance Ratios							
Inventory turnover ratio	Days	55	61	66	70	59	61
Debtor turnover ratio	Days	15	13	10	9	9	9
Creditor turnover ratio	Days	164	168	165	187	175	132
Total assets turnover ratio	Times	2	3	2	2	2	3
Fixed assets turnover ratio	Times	4	5	5	4	4	7
Operating cycle	Days	(94)	(95)	(89)	(108)	(107)	(62)
Investment / Market Ratios							
Earnings per share (EPS)*	Rs.	274.48	218.55	205.72	198.62	188.90	161.97
Price earning ratio*	Times	25.96	27.22	28.44	29.96	47.01	57.42
Dividend yield ratio	Times	0.04	0.03	0.06	0.03	0.01	0.02
Dividend payout ratio - earnings*	Times	1.02	0.93	1.79	0.76	0.50	1.01
Dividend payout ratio - par value	Times	28.00	20.50	36.90	15.00	9.40	16.30
Dividend cover ratio*	Times	0.98	1.07	0.56	1.33	2.02	1.00
Cash dividend**	Rs.	280.00	205.00	368.97	150.00	94.00	162.98
Market value - low	Rs.	6,935	5,400	4,800	5,890	7,676	3,800
Market value - high	Rs.	9,999	7,500	6,200	10,395	10,150	11,735
Market value - year end	Rs.	7,125	7,315	5,850	5,950	8,880	9,300
Breakup value per share without surplus on revaluation of fixed assets	Rs.	299.83	29.47	293.12	272.60	127.22	73.04
Capital Structure Ratios							
Financial leverage ratio	Times	0.33	0.01	0.00	0.05	0.04	0.05
Interest cover ratio	Times	46.91	135.66	180.74	101.01	167.32	470.94

*EPS for prior year is restated for effect of right issue

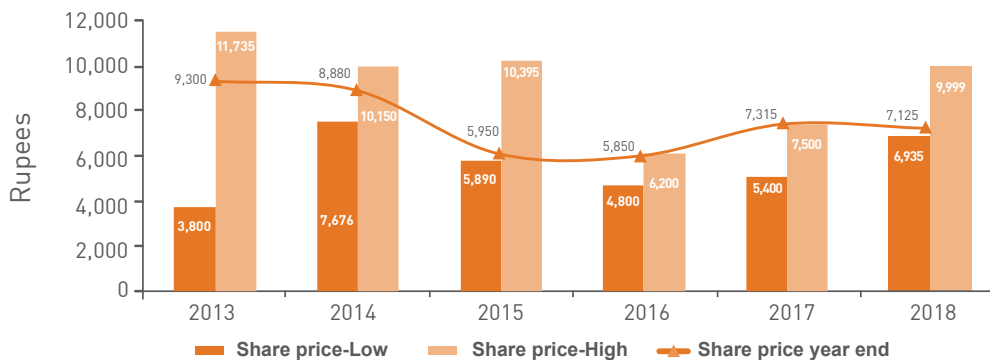
**This includes interim and proposed final dividend for the year

Performance Indicators for 6 years

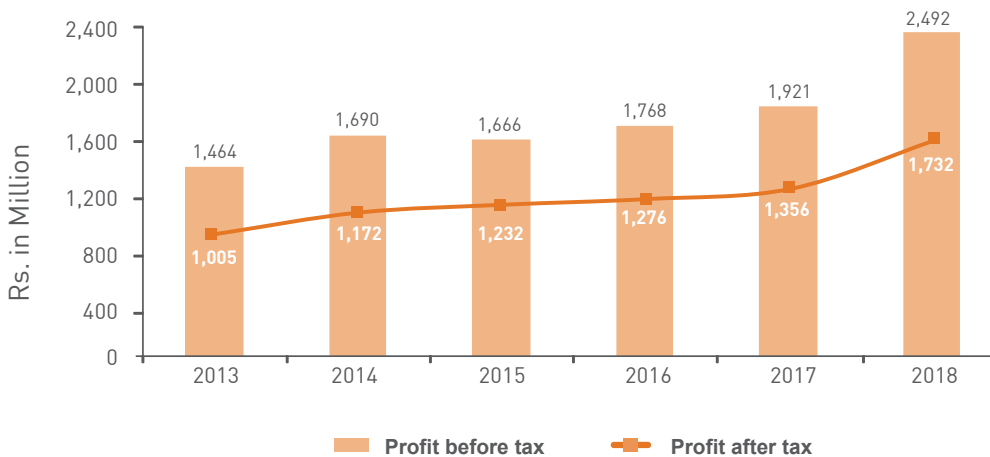
Comparison of EPS and DPS



Share Price Trend



Comparison of PBT and PAT



Statement of Financial Position Horizontal Analysis for 6 years

(Rs. in thousand)

	2018	18 Vs.17	2017	17 Vs.16	2016	16 Vs.15	2015	15 Vs.14	2014	14 Vs.13	2013	13 Vs.12
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES												
Capital and reserves												
Share capital	63,699	3.45	61,576	-	61,576	-	61,576	-	61,576	-	61,576	-
Reserves	1,846,185	1,439.85	119,894	(93.12)	1,743,342	7.81	1,617,018	124.02	721,822	85.96	388,153	(27.34)
	1,909,884	952.45	181,470	(89.95)	1,804,918	7.53	1,678,594	114.27	783,398	74.19	449,729	(24.51)
Non-current liabilities												
Staff retirement benefits	14,000	49.81	9,345	281.12	2,452	(56.91)	5,691	315.70	1,369	(68.37)	4,328	10.32
Deferred taxation	141,590	(30.52)	203,785	(4.43)	213,242	(0.80)	214,953	93.88	110,870	3.04	107,594	4.39
	155,590	(27.00)	213,130	(1.19)	215,694	(2.24)	220,644	96.58	112,239	0.28	111,922	4.61
Current liabilities												
Trade and other payables*	2,867,577	(5.00)	3,018,467	24.49	2,424,678	3.24	2,348,513	(6.76)	2,518,817	46.75	1,716,409	41.49
Provisions	53,536	(11.74)	60,659	5.27	57,623	51.90	37,935	74.09	21,791	36.69	15,942	112.33
Accrued interest / mark-up	13,391	485.27	2,288	100.00	-	(100.00)	1,119	47.82	757	(12.28)	863	(3.58)
Taxation - net	-	-	-	-	-	-	-	-	-	(100.00)	6,160	(47.31)
Sales tax payable	-	(100.00)	21,193	(81.60)	115,182	135.97	48,812	100.00	-	-	-	(100.00)
Short term borrowings	938,994	60.86	583,741	100.00	-	(100.00)	81,676	182.13	28,950	15.06	25,161	(61.23)
	3,873,498	5.08	3,686,348	41.92	2,597,483	3.15	2,518,055	(2.03)	2,570,315	45.67	1,764,535	35.45
	5,938,972	45.53	4,080,948	(11.63)	4,618,095	4.55	4,417,293	27.45	3,465,952	49.00	2,326,186	15.99

ASSETS

Non-current assets

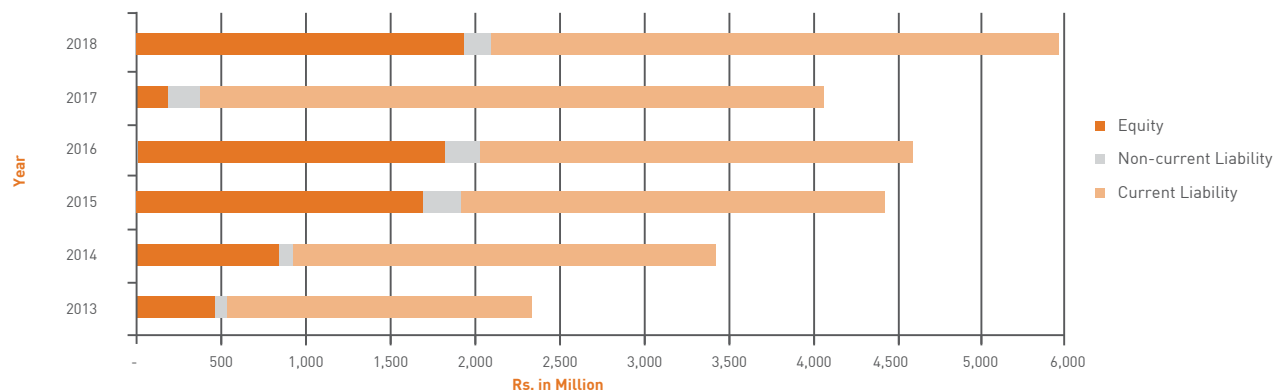
Property, plant and equipment	2,783,549	39.67	1,992,974	(4.41)	2,084,856	2.18	2,040,339	13.10	1,803,992	76.79	1,020,414	57.15
Intangible assets	81,637	-	81,637	-	81,637	-	81,637	-	81,637	-	81,637	-
Long term loans and advances	11,338	(14.14)	13,205	7.34	12,302	(67.41)	37,749	111.42	17,855	(3.79)	18,558	(17.44)
Long term deposit and prepayment	2,980	100.00	-	(100.00)	2,605	100.00	-	-	-	-	-	-
Staff retirement benefits	-	-	-	-	-	-	-	(100.00)	1,776	151.91	705	(79.62)
	2,879,504	37.92	2,087,816	(4.29)	2,181,400	1.00	2,159,725	13.36	1,905,260	69.91	1,121,314	48.14

Current assets

Stores and spares	49,055	38.39	35,446	12.78	31,429	39.79	22,483	(12.46)	25,682	15.53	22,229	30.89
Stock in trade	963,034	(4.44)	1,007,742	5.17	958,171	(0.12)	959,276	12.98	849,057	42.91	594,105	(20.83)
Trade debts	509,288	16.07	438,767	45.32	301,929	44.42	209,064	2.31	204,351	11.79	182,797	25.11
Loans and advances	13,107	7.58	12,184	(48.94)	23,864	57.21	15,180	(5.58)	16,077	(4.67)	16,865	32.98
Trade deposits and short term prepayments	36,938	(56.32)	84,566	14.20	74,049	46.68	50,484	(15.95)	60,067	22.06	49,212	24.26
Other receivables	47,136	143.65	19,346	78.88	10,815	(64.96)	30,868	(40.53)	51,901	161.56	19,843	(75.48)
Taxation - net	263,869	455.24	47,523	(86.09)	341,659	(9.36)	376,961	116.84	173,843	100.00	-	-
Cash and bank balances	1,114,816	220.76	347,558	(49.98)	694,779	17.11	593,252	332.95	137,024	(51.71)	283,754	40.54
Sales tax refundable	62,225	100.00	-	-	-	-	-	(100.00)	42,690	18.36	36,067	100.00
	3,059,468	53.50	1,993,132	(18.20)	2,436,695	7.93	2,257,568	44.65	1,560,692	29.53	1,204,872	(3.50)
	5,938,972	45.53	4,080,948	(11.63)	4,618,095	4.55	4,417,293	27.45	3,465,952	49.00	2,326,186	15.99

*This includes Unclaimed & Unpaid dividends

Statement of Financial Position Analysis - Equity & Liabilities



Statement of Financial Position Vertical Analysis for 6 years

(Rs. in thousand)

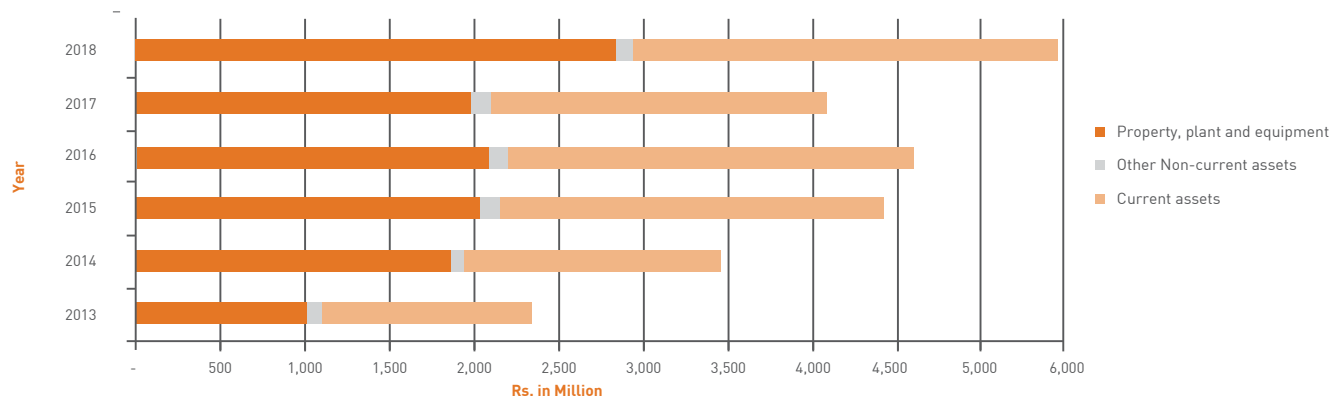
	2018		2017		2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES												
Capital and reserves												
Share capital	63,699	1.07	61,576	1.51	61,576	1.33	61,576	1.39	61,576	1.77	61,576	2.64
Reserves	1,846,185	31.09	119,894	2.94	1,743,342	37.75	1,617,018	36.61	721,822	20.83	388,153	16.69
	1,909,884	32.16	181,470	4.45	1,804,918	39.08	1,678,594	38.00	783,398	22.60	449,729	19.33
Non-current liabilities												
Staff retirement benefits	14,000	0.24	9,345	0.23	2,452	0.05	5,691	0.13	1,369	0.04	4,328	0.19
Deferred taxation	141,590	2.38	203,785	4.99	213,242	4.62	214,953	4.87	110,870	3.20	107,594	4.62
	155,590	2.62	213,130	5.22	215,694	4.67	220,644	5.00	112,239	3.24	111,922	4.81
Current liabilities												
Trade and other payables	2,867,577	48.28	3,018,467	73.96	2,424,678	52.50	2,348,513	53.16	2,518,817	72.67	1,716,409	73.79
Provisions	53,536	0.90	60,659	1.49	57,623	1.26	37,935	0.86	21,791	0.63	15,942	0.69
Accrued interest / mark-up	13,391	0.23	2,288	0.06	-	-	1,119	0.02	757	0.02	863	0.04
Taxation - net	-	-	-	-	-	-	-	-	-	-	6,160	0.26
Sales tax payable	-	-	21,193	0.52	115,182	2.49	48,812	1.11	-	-	-	-
Short term borrowings	938,994	15.81	583,741	14.30	-	-	81,676	1.85	28,950	0.84	25,161	1.08
	3,873,498	65.22	3,686,348	90.33	2,597,483	56.25	2,518,055	57.00	2,570,315	74.16	1,764,535	75.86
	5,938,972	100.00	4,080,948	100.00	4,618,095	100.00	4,417,293	100.00	3,465,952	100.00	2,326,186	100.00

ASSETS

Non-current assets

Property, plant and equipment	2,783,549	46.87	1,992,974	48.84	2,084,856	45.15	2,040,339	46.19	1,803,992	52.05	1,020,414	43.86
Intangible assets	81,637	1.37	81,637	2.00	81,637	1.77	81,637	1.85	81,637	2.36	81,637	3.51
Long term loans and advances	11,338	0.19	13,205	0.32	12,302	0.27	37,749	0.85	17,855	0.52	18,558	0.80
Long term deposit and prepayment	2,980	0.05	-	-	2,605	0.05	-	-	-	-	-	-
Staff retirement benefits	-	-	-	-	-	-	-	-	1,776	0.04	705	0.03
	2,879,504	48.48	2,087,816	51.16	2,181,400	47.24	2,159,725	48.89	1,905,260	54.97	1,121,314	48.20
Current assets												
Stores and spares	49,055	0.83	35,446	0.87	31,429	0.68	22,483	0.51	25,682	0.74	22,229	0.96
Stock in trade	963,034	16.22	1,007,742	24.69	958,171	20.75	959,276	21.72	849,057	24.50	594,105	25.54
Trade debts	509,288	8.58	438,767	10.75	301,929	6.54	209,064	4.73	204,351	5.90	182,797	7.86
Loans and advances	13,107	0.22	12,184	0.30	23,864	0.52	15,180	0.34	16,077	0.46	16,865	0.73
Trade deposits and short term prepayments	36,938	0.62	84,566	2.07	74,049	1.60	50,484	1.14	60,067	1.73	49,212	2.12
Other receivables	47,136	0.79	19,346	0.47	10,815	0.23	30,868	0.71	51,901	1.50	19,843	0.84
Taxation - net	263,869	4.44	47,523	1.17	341,659	7.40	376,961	8.53	173,843	5.02	-	-
Cash and bank balances	1,114,816	18.77	347,558	8.52	694,779	15.04	593,252	13.43	137,024	3.95	283,754	12.20
Sales tax refundable	62,225	1.05	-	-	-	-	-	-	42,690	1.23	36,067	1.55
	3,059,468	51.52	1,993,132	48.84	2,436,695	52.76	2,257,568	51.11	1,560,692	45.03	1,204,872	51.80
	5,938,972	100.00	4,080,948	100.00	4,618,095	100.00	4,417,293	100.00	3,465,952	100.00	2,326,186	100.00

Statement of Financial Position Analysis - Assets



Profit or Loss Account and Other Comprehensive Income

Horizontal Analysis for 6 years

(Rs. in thousand)

	2018 Rs.	18 Vs.17 %	2017 Rs.	17 Vs.16 %	2016 Rs.	16 Vs.15 %	2015 Rs.	15 Vs.14 %	2014 Rs.	14 Vs.13 %	2013 Rs.	13 Vs.12 %
Sales	11,898,430	10.73	10,745,260	13.50	9,466,836	10.45	8,571,097	10.07	7,787,059	11.90	6,958,846	18.73
Cost of sales	(6,539,088)	10.61	(5,911,696)	12.29	(5,264,621)	11.10	(4,738,804)	7.04	(4,426,989)	9.27	(4,051,302)	11.59
Gross profit	5,359,342	10.88	4,833,564	15.02	4,202,215	9.65	3,832,293	14.05	3,360,070	15.56	2,907,544	30.36
Distribution cost	(2,682,658)	1.26	(2,649,320)	18.35	(2,238,606)	14.56	(1,954,022)	35.13	(1,445,978)	17.10	(1,234,866)	24.25
Administrative expenses	(315,392)	4.17	(302,756)	95.15	(155,137)	0.54	(154,298)	(4.01)	(160,740)	2.73	(156,472)	5.09
Other operating expenses	(142,016)	3.26	(137,533)	8.65	(126,587)	0.97	(125,372)	(1.45)	(127,212)	9.80	(115,857)	42.48
Other income	342,115	68.72	202,771	68.49	120,343	16.64	103,174	(9.16)	113,582	56.56	72,549	(1.72)
Profit from operations	2,561,391	31.57	1,946,726	8.02	1,802,228	5.90	1,701,775	(2.18)	1,739,722	18.12	1,472,898	36.35
Finance costs	(69,675)	167.77	(26,020)	(24.51)	(34,470)	(4.49)	(36,090)	(27.52)	(49,793)	450.62	(9,043)	12.11
Profit before taxation	2,491,716	29.73	1,920,706	8.65	1,767,758	6.13	1,665,685	(1.43)	1,689,929	15.44	1,463,855	36.53
Taxation	(760,146)	34.53	(565,033)	14.92	(491,669)	13.40	(433,557)	(16.32)	(518,108)	12.85	(459,100)	33.77
Profit after taxation	1,731,570	27.73	1,355,673	6.24	1,276,089	3.57	1,232,128	5.15	1,171,821	16.63	1,004,755	37.83
Other comprehensive income / (loss)	27	(100.54)	(4,992)	(427.34)	1,525	(134.49)	(4,421)	(538.59)	1,008	(185.79)	(1,175)	(230.85)
Total comprehensive income	1,731,597	28.20	1,350,681	5.72	1,277,614	4.07	1,227,707	4.68	1,172,829	16.86	1,003,580	37.50

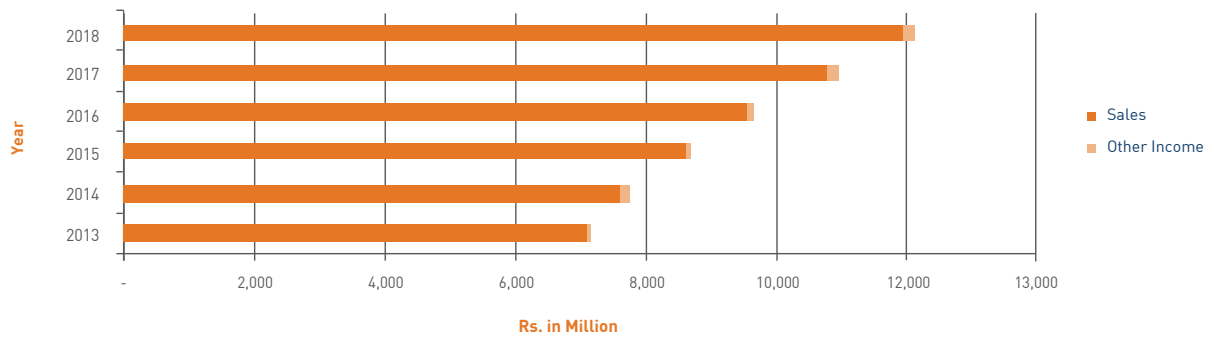
Vertical Analysis for 6 years

(Rs. in thousand)

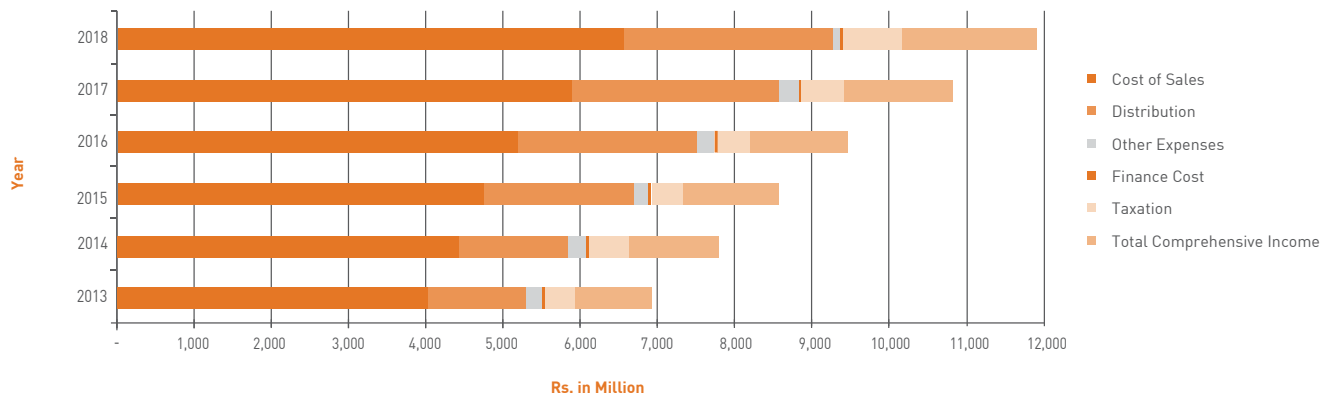
	2018		2017		2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Sales	11,898,430	100.00	10,745,260	100.00	9,466,836	100.00	8,571,097	100.00	7,787,059	100.00	6,958,846	100.00
Cost of sales	(6,539,088)	(54.96)	(5,911,696)	(55.02)	(5,264,621)	(55.61)	(4,738,804)	(55.29)	(4,426,989)	(56.85)	(4,051,302)	(58.22)
Gross profit	5,359,342	45.04	4,833,564	44.98	4,202,215	44.39	3,832,293	44.71	3,360,070	43.15	2,907,544	41.78
Distribution cost	(2,682,658)	(22.55)	(2,649,320)	(24.66)	(2,238,606)	(23.65)	(1,954,022)	(22.80)	(1,445,978)	(18.57)	(1,234,866)	(17.75)
Administrative expenses	(315,392)	(2.65)	(302,756)	(2.82)	(155,137)	(1.64)	(154,298)	(1.80)	(160,740)	(2.06)	(156,472)	(2.25)
Other operating expenses	(142,016)	(1.19)	(137,533)	(1.28)	(126,587)	(1.34)	(125,372)	(1.46)	(127,212)	(1.63)	(115,857)	(1.66)
Other income	342,115	2.88	202,771	1.89	120,343	1.27	103,174	1.20	113,582	1.46	72,549	1.04
Profit from operations	2,561,391	21.53	1,946,726	18.12	1,802,228	19.04	1,701,775	19.85	1,739,722	22.34	1,472,898	21.17
Finance costs	(69,675)	(0.59)	(26,020)	(0.24)	(34,470)	(0.36)	(36,090)	(0.42)	(49,793)	(0.64)	(9,043)	(0.13)
Profit before taxation	2,491,716	20.94	1,920,706	17.87	1,767,758	18.67	1,665,685	19.43	1,689,929	21.70	1,463,855	21.04
Taxation	(760,146)	(6.39)	(565,033)	(5.26)	(491,669)	(5.19)	(433,557)	(5.06)	(518,108)	(6.65)	(459,100)	(6.60)
Profit after taxation	1,731,570	14.55	1,355,673	12.62	1,276,089	13.48	1,232,128	14.38	1,171,821	15.05	1,004,755	14.44
Other comprehensive income / (loss)	27	0.00	(4,992)	(0.05)	1,525	0.02	(4,421)	(0.05)	1,008	0.01	(1,175)	(0.02)
Total comprehensive income	1,731,597	14.55	1,350,681	12.57	1,277,614	13.50	1,227,707	14.32	1,172,829	15.06	1,003,580	14.42

Graphical Analysis

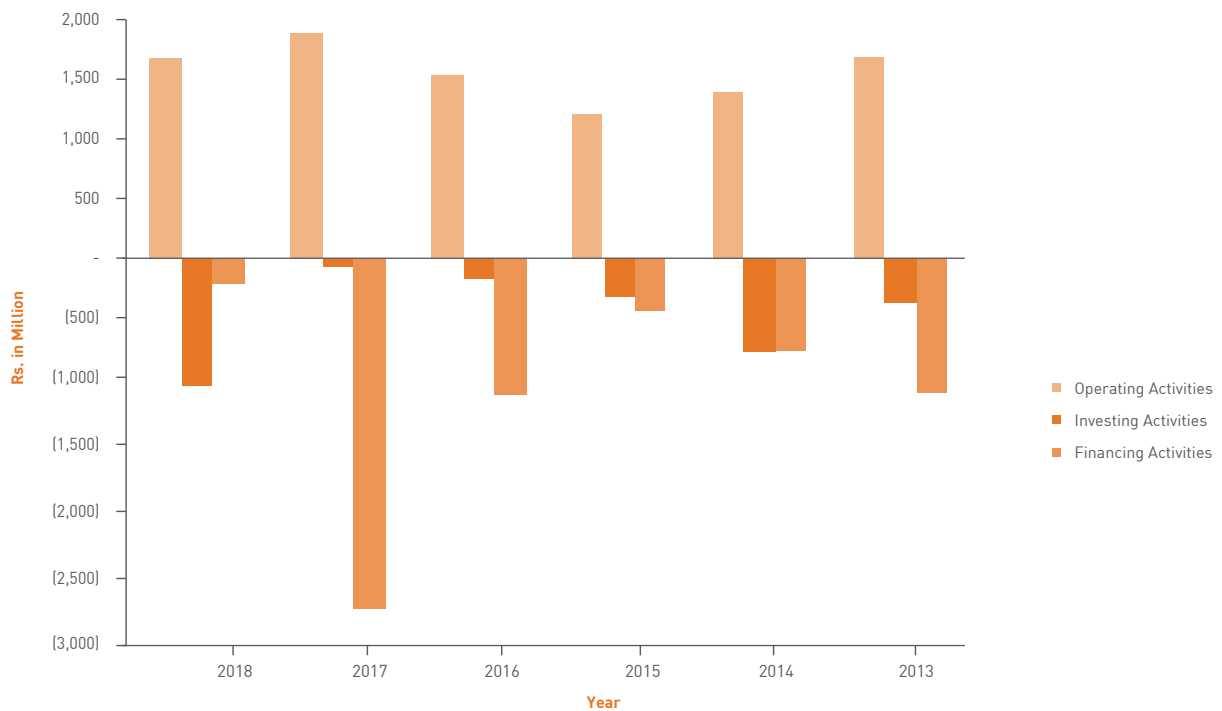
Profit or Loss Analysis - Income



Profit or Loss Analysis - Expenses



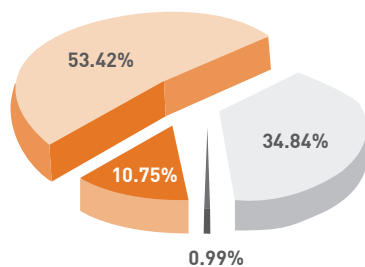
Cash Flows Analysis



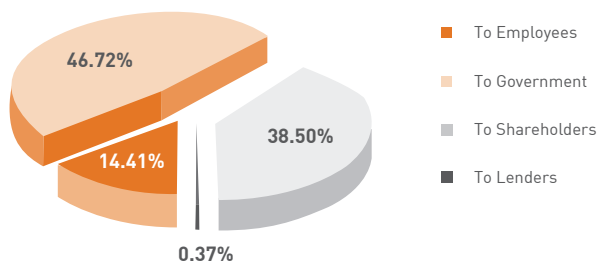
Statement of Wealth Generated and Distributed

	2018		2017	
	Rs. in thousand	%	Rs. in thousand	%
WEALTH GENERATED				
Total Revenue inclusive of sales tax and other Income	13,348,467		11,902,261	
Bought in material	(7,893,287)		(7,954,325)	
	<u>5,455,180</u>	<u>100</u>	<u>3,947,936</u>	<u>100</u>
WEALTH DISTRIBUTION				
To Employees Salaries, benefits and other costs	586,352	10.75	569,065	14.41
To Government Income tax, sales tax, excise duty, custom duty, WWF and WPPF	2,913,913	53.42	1,844,518	46.72
To Providers of Capital Dividend to shareholders*	1,900,637	34.84	1,520,090	38.50
Mark-up / interest expense on borrowed funds	54,278	0.99	14,263	0.36
	<u>5,455,180</u>	<u>100</u>	<u>3,947,936</u>	<u>100</u>

WEALTH DISTRIBUTION 2018



WEALTH DISTRIBUTION 2017



*Total dividend for the year 2018 was Rs. 1,761 million which was partly funded by reserves.

Pattern of Shareholding

As at December 31, 2018

Number of Shareholders	Shareholdings' Slab		Total Shares Held
680	1	to 100	20,487
101	101	to 500	19,256
19	501	to 1,000	11,692
15	1,001	to 5,000	29,148
4	5,001	to 10,000	24,617
2	10,001	to 15,000	25,158
2	25,001	to 30,000	59,751
2	35,001	to 40,000	75,084
3	45,001	to 50,000	145,816
2	50,001	to 55,000	108,096
1	60,001	to 65,000	63,796
1	65,001	to 70,000	69,500
1	75,001	to 80,000	78,524
1	80,001	to 85,000	80,344
3	95,001	to 100,000	296,058
1	115,001	to 120,000	117,786
1	125,001	to 130,000	129,028
1	135,001	to 140,000	139,515
1	4,875,001	to 4,880,000	4,876,294
841			6,369,950

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies, undertakings and related parties	1	4,876,294	76.55
Directors, CEO and their spouse(s) and minor children	12	396,970	6.23
Public Sector Companies and Corporations	2	64	0.00
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	2	1,107	0.02
General Public			
a. Local	806	1,093,438	17.17
b. Foreign	6	9	0.00
Foreign Companies	2	239	0.00
Others	10	1,829	0.03
Totals	841	6,369,950	100.00

Shareholders holding 5% or more	Shares Held	Percentage
CONOPCO, INC.	4,876,294	76.55

Pattern of Shareholding Additional Information

As at December 31, 2018

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	4,876,294
ii) Directors, CEO and their spouse(s) and minor children		
Mr. Kamran Y. Mirza	1	1,823
Ms. Shazia Syed	1	1
Mr. Sohail Hanif Baig	1	1
Ms. Farheen Salman Amir	1	1
Mr. Zulfikar Monnoo	1	159,173
Mr. Mohammad Adil Monnoo	1	112,184
Mr. Kamal Monnoo	1	118,034
Mr. Badaruddin F. Vellani	1	104
Mr. Ali Tariq	1	1
Mr. Khalid Mansoor	1	1
Ms. Amna Monnoo D/o Mr. Zulfikar Monnoo	1	30
Mrs. Sarwat Zulfikar W/o Mr. Zulfikar Monnoo	1	5,617
iii) Public Sector Companies and Corporations	2	64
iv) Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	2	1,107
v) Shareholders holding 5% or more voting rights (name-wise details)		
CONOPCO Inc.	1	4,876,294

Dealings in Shares by Directors, Executives, and their spouses and minor children

During January 01, 2018 to December 31, 2018

S.No.	Name	Acquired during the year
1.	Mr. Zulfikar Monnoo	5,345
2.	Mr. Mohammad Adil Monnoo	15,938
3.	Mr. Kamal Monnoo	3,974
4.	Mrs. Sarwat Zulfikar W/o Mr. Zulfikar Monnoo	187
5.	Mr. Kamran Y. Mirza	63
6.	Mr. Badaruddin F. Vellani	4
7.	Ms. Amna Monnoo D/o Mr. Zulfikar Monnoo	1

Statement of Compliance with the Code of Corporate Governance

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 10 as per the following:
 - a. Male: 8
 - b. Female: 2
2. The composition of the Board is as follows:

Category	Names
Independent Directors	<ul style="list-style-type: none"> • Mr. Kamran Y. Mirza (Chairman of the Board) • Mr. Khalid Mansoor (appointed w.e.f. March 19, 2018)
Executive Directors	<ul style="list-style-type: none"> • Ms. Shazia Syed (CEO) • Mr. Sohail Hanif Baig (CFO) • Ms. Farheen Salman Amir
Non-Executive Directors	<ul style="list-style-type: none"> • Mr. Zulfikar Monnoo • Mr. Muhammad Adil Monnoo • Mr. Kamal Monnoo • Mr. Badaruddin F. Vellani • Mr. Ali Tariq

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.
4. The Company has adopted "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.
5. The Company has a Vision / Mission 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the Board.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the Directors of the Company have completed Directors' Training Program. The Board arranged Directors' Training program for Mr. Ali Tariq (Non-Executive Director), Mr. Aman Ghanchi (Company Secretary) and Mr. Aly Yousuf (Senior Manager).
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the Financial Statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
 - a) Audit Committee
 - Mr. Khalid Mansoor (Chairman of the Committee appointed w.e.f. April 23, 2018)
 - Mr. Kamran Y. Mirza
 - Mr. Zulfikar Monnoo
 - Mr. Muhammad Adil Monnoo
 - Mr. Badaruddin F. Vellani
 - b) HR and Remuneration Committee
 - Mr. Kamran Y. Mirza (Chairman of the Committee appointed w.e.f. April 23, 2018)
 - Mr. Zulfikar Monnoo
 - Mr. Kamal Monnoo
 - Ms. Shazia Syed
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:
 - a) Audit Committee- 04 Meetings during the year
 - b) HR and Remuneration Committee - 01 Meeting during the year
15. The internal audit function is managed by the Head of Internal Audit, who is a full time employee of the Company, and who is assisted by requisite teams provided by A.F. Ferguson & Co. (a member firm of PricewaterHouseCoopers) & Deloitte Yousuf Adil, which teams are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Shazia Syed

Chief Executive Officer

Karachi

February 28, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Unilever Pakistan Foods Limited

**Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Unilever Pakistan Foods Limited (the Company) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a 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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

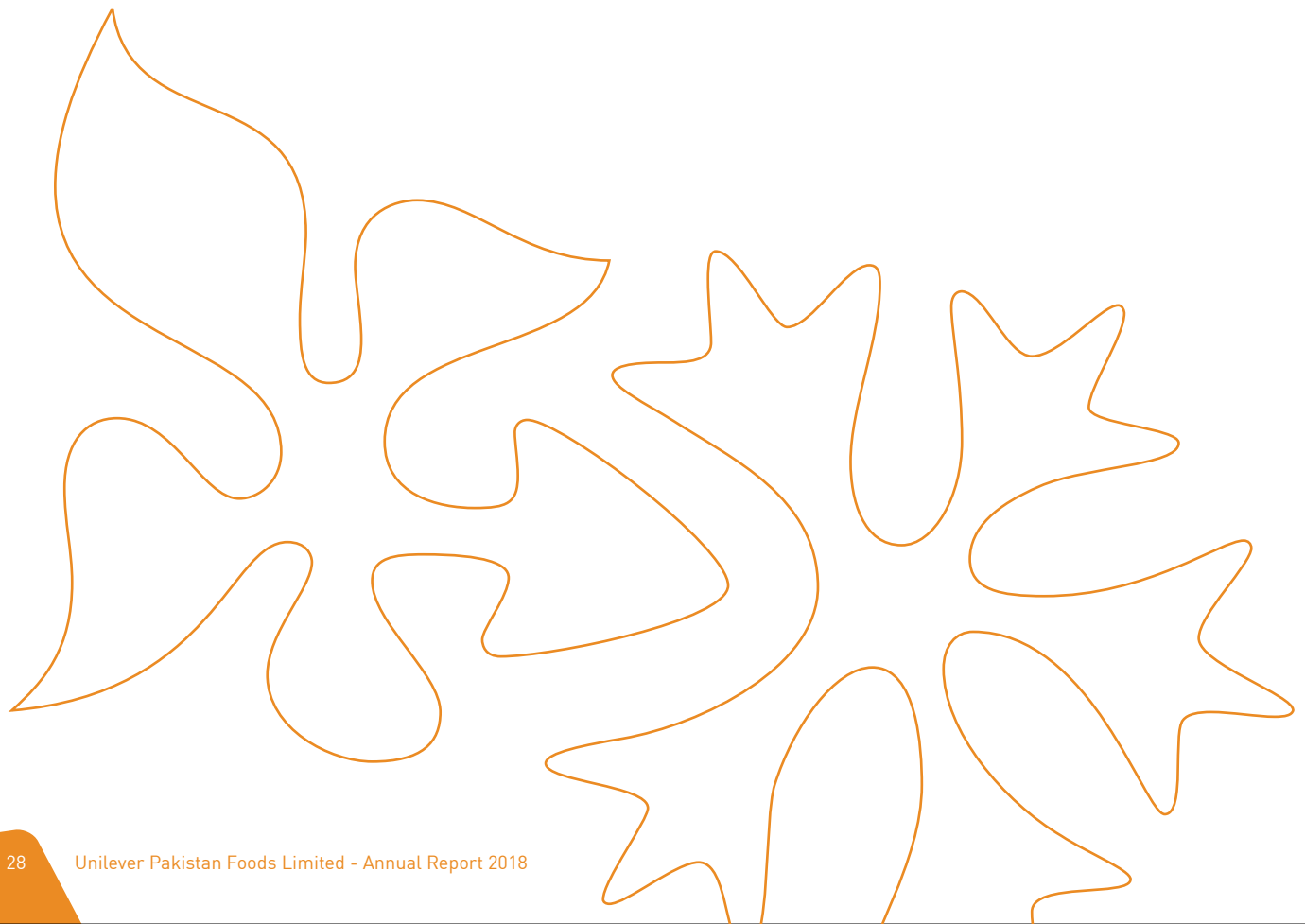
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

Date: February 28, 2019
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

FINANCIAL STATEMENTS 2018





KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of Unilever Pakistan Foods Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Unilever Pakistan Foods Limited** (the Company), which comprise the statement of financial position as at **December 31, 2018**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1.	Revenue Recognition	
	<p>Refer notes 3.3, 4.18 & 24 to the financial statements.</p> <p>Revenue is recognized when control of the underlying products has been transferred to the customer. We identified revenue recognition as a key audit matter because there is a potential risk of revenue being overstated due to revenue transactions not being recognized in the appropriate period. This could be resulting from the pressure local management may feel to achieve performance targets.</p>	<p>Our audit procedures in respect of recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the Company's revenue recognition accounting policies by comparing with applicable accounting standards; • Obtaining an understanding of and testing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; • Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; and • Testing, on a sample basis, invoices and inspecting credit notes issued subsequent to year end for accuracy of revenue.

S. No.	Key audit matters	How the matters were addressed in our audit
2.	Valuation of stock-in-trade	
	<p>Refer notes 4.7, 5.1.3 & 10 to the financial statements.</p> <p>Stock-in-trade forms a significant part of the Company's total assets. Stock-in-trade comprise of raw and packing materials, work in process and finished goods which are stated at lower of cost and estimated net realizable value.</p> <p>We identified the valuation of stock-in-trade as a key audit matter because there is a potential risk of inappropriate valuation as determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost and provisions for slow moving and obsolete stock-in-trade involve significant management judgment and estimation.</p>	<p>Our audit procedures in respect of valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design and testing implementation of management's controls over valuation of stock-in-trade including identification of slow moving and / or obsolete stock-in-trade and estimation of NRV; • Evaluating and testing, on a sample basis, management's determination of NRV and the key estimates adopted, including future selling prices and costs necessary to make the sales and their basis of calculation; and • Assessing compliance of management's policies with regards to provisioning of slow moving and / or obsolete stock-in-trade; aging analysis of stock-in-trade and forecasted sales determined by management.
3.	Capitalization of Property, Plant and Equipment	
	<p>Refer notes 4.1 and 6 to the financial statements.</p> <p>The Company has incurred significant capital expenditure on expansion of manufacturing facilities.</p>	<p>Our audit procedures in respect of capitalization of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of and assessing the design and testing implementation of management controls over capitalization of property, plant and equipment and timely transfers from capital work-in-progress to operating fixed assets as per applicable accounting standards;

S. No.	Key audit matters	How the matters were addressed in our audit
	<p>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that capitalization criteria as per applicable accounting standards may not be appropriately followed and transfer of assets from capital work-in-progress to operating fixed assets may not be done on timely basis resulting in understatement of depreciation charge for the year.</p>	<ul style="list-style-type: none"> • Testing, on sample basis, capital expenditure incurred with supporting documentation and assessing whether the expenditure meets the criteria for capitalization as per applicable accounting standards; and • Performing substantive procedures over timely transfer of assets from capital work-in-progress to operating fixed assets which included assessing status of items in capital work-in-progress at year end and evaluating whether transfer of assets were made on a timely basis.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

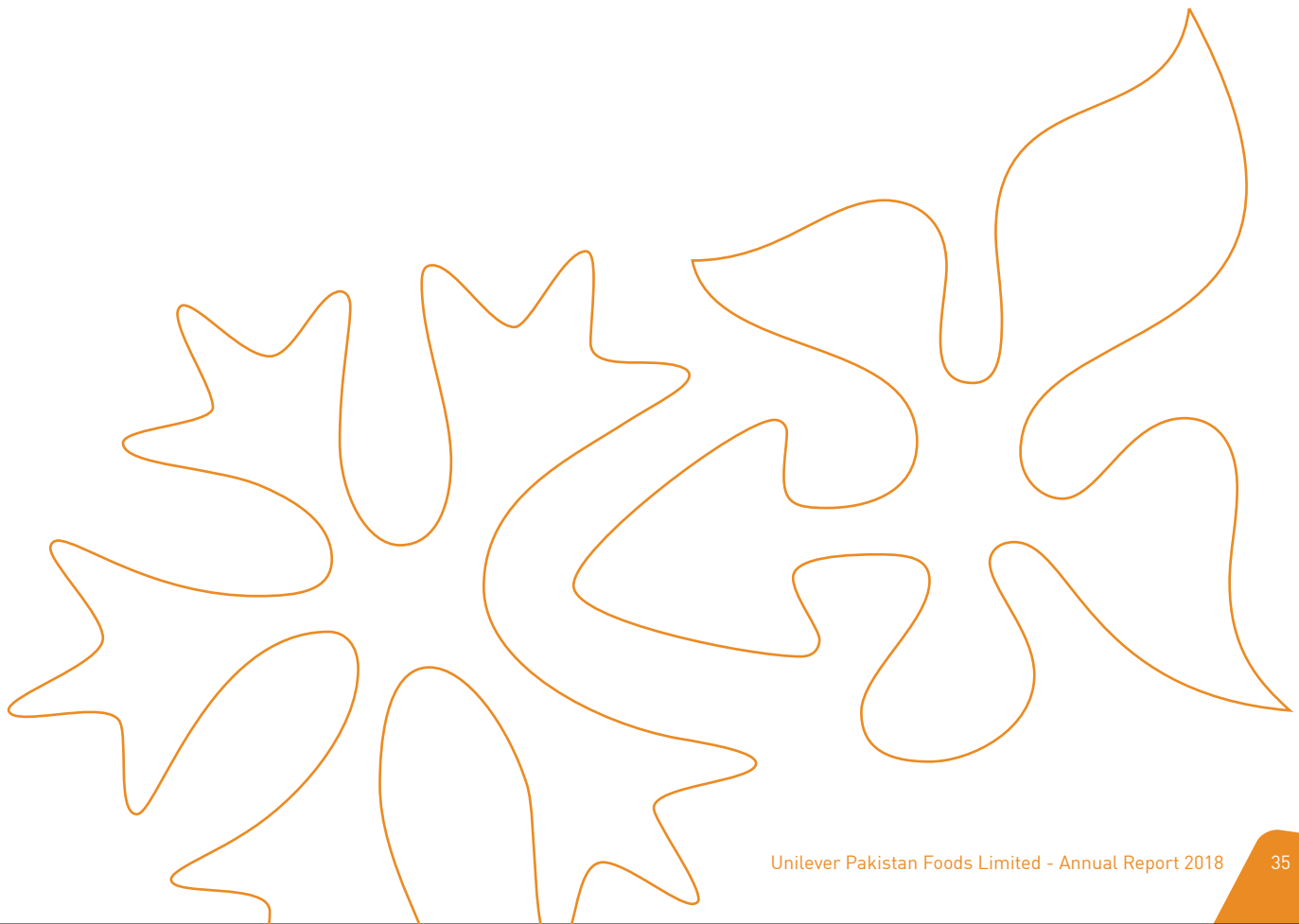
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 engagement partner on the audit resulting in this independent auditor's report is **Mohammad Mahmood Hussain.**

Date: February 28, 2019
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



Statement of Financial Position

As at December 31, 2018

	Note	2018 (Rupees in thousand)	2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,783,549	1,992,974
Intangible assets	7	81,637	81,637
Long term deposit and prepayment		2,980	-
Long term loans and advances	8	11,338	13,205
		2,879,504	2,087,816
Current assets			
Stores and spares	9	49,055	35,446
Stock in trade	10	963,034	1,007,742
Trade debts	11	509,288	438,767
Loans and advances	12	13,107	12,184
Trade deposits and short term prepayments	13	36,938	84,566
Other receivables	14	47,136	19,346
Sales tax refundable		62,225	-
Taxation - net		263,869	47,523
Cash and bank balances	15	1,114,816	347,558
		3,059,468	1,993,132
Total assets		5,938,972	4,080,948

Statement of Financial Position

As at December 31, 2018

	Note	2018 (Rupees in thousand)	2017
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	63,699	61,576
Reserves	17	1,846,185	119,894
		1,909,884	181,470
LIABILITIES			
Non-current liabilities			
Staff retirement benefits	18	14,000	9,345
Deferred taxation	19	141,590	203,785
		155,590	213,130
Current liabilities			
Trade and other payables	20	2,835,390	2,773,124
Unpaid dividend		21,310	172,685
Unclaimed dividend		10,877	72,658
Provisions	21	53,536	60,659
Accrued interest / mark up		13,391	2,288
Sales tax payable		-	21,193
Short term borrowings	22	938,994	583,741
		3,873,498	3,686,348
Total liabilities		4,029,088	3,899,478
Total equity and liabilities		5,938,972	4,080,948
Contingency and commitments	23		

The annexed notes 1 to 43 form an integral part of these financial statements.

Shazia Syed
Chief Executive

Farheen Salman
Director

Sohail Hanif Baig
Director and Chief Financial Officer

Statement Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2018

	Note	2018 (Rupees in thousand)	2017
Sales	24	11,898,430	10,745,260
Cost of sales	25	(6,539,088)	(5,911,696)
Gross profit		5,359,342	4,833,564
Distribution cost	26	(2,682,658)	(2,649,320)
Administrative expenses	27	(315,392)	(302,756)
Other operating expenses	28	(142,016)	(137,533)
Other income	29	342,115	202,771
		2,561,391	1,946,726
Finance costs	30	(69,675)	(26,020)
Profit before taxation		2,491,716	1,920,706
Taxation	31	(760,146)	(565,033)
Profit after taxation		1,731,570	1,355,673
Other comprehensive income:			
Items that will not be reclassified to Profit or Loss			
Gain / (Loss) on remeasurements of post employment defined benefit obligations		38	(7,132)
Impact of deferred tax		(11)	2,140
		27	(4,992)
Items that may be subsequently reclassified to Profit or Loss		-	-
Total comprehensive income		1,731,597	1,350,681
Basic and diluted earnings per share (Rupees)	32	274.48	218.55*

The annexed notes 1 to 43 form an integral part of these financial statements.

* EPS for prior year is restated for effect of right issue

Shazia Syed
Chief Executive

Farheen Salman
Director

Sohail Hanif Baig
Director and Chief Financial Officer

Statement of Cash Flows

For the year ended December 31, 2018

	2018 ← (Rupees in thousand) →	2017
Cash flows from operating activities		
Profit before taxation	2,491,716	1,920,706
Adjustments for non-cash charges and other items		
Depreciation	169,067	164,417
Gain on disposal of property, plant and equipment	(460)	-
Provision for staff retirement benefits	4,694	3,052
Provision for impairment of fixed assets	89,800	22,167
Mark-up on short term borrowings	54,278	14,263
Return on savings accounts	(6,537)	(17,611)
	310,842	186,288
	2,802,558	2,106,994
Effect on cash flows due to working capital changes		
Decrease / (Increase) in current assets		
Stores and spares	(13,609)	(4,017)
Stock in trade	44,708	(49,571)
Trade debts	(70,521)	(136,838)
Loans and advances	(923)	11,680
Trade deposits and short term prepayments	47,628	(10,517)
Sales tax refundable	(83,418)	-
Other receivables	(27,790)	(8,531)
	(103,925)	(197,794)
Increase / (Decrease) in current liabilities		
Trade and other payables	62,266	357,240
Provisions	(7,123)	3,036
Sales tax payable	-	(93,989)
	55,143	266,287
Cash generated from operations (carried forward)	2,753,776	2,175,487

Statement of Cash Flows

For the year ended December 31, 2018

	Note	2018 ← (Rupees in thousand) →	2017
Cash generated from operations (brought forward)		2,753,776	2,175,487
Mark-up paid		(43,175)	(11,975)
Income tax paid		(1,038,698)	(278,214)
Staff retirement benefits - contributions paid		-	(3,291)
Long term deposit and prepayment		(2,980)	2,605
Decrease / (Increase) in long term loans		1,867	(903)
Net cash from operating activities		1,670,790	1,883,709
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,049,442)	(94,702)
Proceeds from disposal of property, plant and equipment		460	-
Return received on savings accounts		6,537	17,611
Net cash used in investing activities		(1,042,445)	(77,091)
Cash flows from financing activities			
Proceeds from issue of right shares		1,273,992	-
Dividends paid		(1,490,332)	(2,737,580)
Net increase / (decrease) in cash and cash equivalents		(216,340)	(2,737,580)
Cash and cash equivalents at beginning of the year		412,005	(930,962)
Cash and cash equivalents at beginning of the year		(236,183)	694,779
Cash and cash equivalents at end of the year	40	175,822	(236,183)

The annexed notes 1 to 43 form an integral part of these financial statements.

Shazia Syed
Chief Executive

Farheen Salman
Director

Sohail Hanif Baig
Director and Chief Financial Officer

Statement of Changes in Equity

For the year ended December 31, 2018

	SHARE CAPITAL		RESERVES			SUB TOTAL	TOTAL
	Issued, subscribed and paid up capital	Share Premium	Special	REVENUE			
				General	Unappropriated Profit		
(Rupees in thousand)							
Balance as at January 1, 2017	61,576	24,630	628	138	1,717,946	1,743,342	1,804,918
Transactions with owners of the Company							
Final dividend for the year ended December 31, 2016 @ Rs. 278 per share	-	-	-	-	(1,711,818)	(1,711,818)	(1,711,818)
First Interim dividend for the year ended December 31, 2017 @ Rs 122 per share	-	-	-	-	(751,229)	(751,229)	(751,229)
Second Interim dividend for the year ended December 31, 2017 @ Rs 50 per share	-	-	-	-	(307,881)	(307,881)	(307,881)
Third Interim dividend for the year ended December 31, 2017 @ Rs 33 per share	-	-	-	-	(203,201)	(203,201)	(203,201)
Total comprehensive income for the year ended December 31, 2017							
- Profit for the year ended December 31, 2017	-	-	-	-	1,355,673	1,355,673	1,355,673
- Other comprehensive income for the year ended December 31, 2017	-	-	-	-	(4,992)	(4,992)	(4,992)
	-	-	-	-	1,350,681	1,350,681	1,350,681
Balance as at December 31, 2017	61,576	24,630	628	138	94,498	119,894	181,470
Transactions with owners of the Company							
First Interim dividend for the year ended December 31, 2018 @ Rs 105 per share	-	-	-	-	(646,550)	(646,550)	(646,550)
Second Interim dividend for the year ended December 31, 2018 @ Rs 44 per share	-	-	-	-	(280,278)	(280,278)	(280,278)
Third Interim dividend for the year ended December 31, 2018 @ Rs 55 per share	-	-	-	-	(350,347)	(350,347)	(350,347)
Issue of right shares (Note 16)	2,123	1,271,869	-	-	-	1,271,869	1,273,992
Total comprehensive income for the year ended December 31, 2018							
- Profit for the year ended December 31, 2018	-	-	-	-	1,731,570	1,731,570	1,731,570
- Other comprehensive income for the year ended December 31, 2018	-	-	-	-	27	27	27
	-	-	-	-	1,731,597	1,731,597	1,731,597
Balance as at December 31, 2018	63,699	1,296,499	628	138	548,920	1,846,185	1,909,884

The annexed notes 1 to 43 form an integral part of these financial statements.

Shazia Syed
Chief Executive

Farheen Salman
Director

Sohail Hanif Baig
Director and Chief Financial Officer

Notes to and forming part of the Financial Statements

For the year ended December 31, 2018

1. THE COMPANY AND ITS OPERATIONS

The Company is a limited liability company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. 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. Netherlands.

The manufacturing facilities and sales offices of the Company are situated at the following locations:

Factory

- 52km, Multan Road, Phool Nagar, Tehsil Pattoki, District Kasur, Lahore

Sales Offices

- 4th Floor, Siddique Center, Shapes Building Abdali Road, Multan
- SNC Center, 12 D East, Blue Area, Islamabad
- Shahpur Interchange, 4km Multan Road, Lahore
- Beacon Impex Plaza, Bilal Road, New Civil Lines, Faisalabad
- 4th Floor, Shafi Court Building, Mereweather Road, Karachi
- House # 25/A, Block A, Unit # 9, Latifabad, Hyderabad

2. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

During the year, the Company issued 212,332 right shares against a total consideration of Rs. 1,274 million for implementation of expansion projects at Lahore Foods Factory in respect of which capital expenditure of Rs. 1,049 million has been incurred.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting and reporting standards which became effective during the year

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 :

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2
- Amendments to IAS 40 'Investment Property'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 1, 2019. Management is in the process of evaluating the impact of these amendments and new standards:

- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IFRS 16 'Leases'
- Amendments to IFRS 3 'Business Combinations'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- Amendments to IAS 19 'Employee Benefits'
- Amendments to IAS 1 'Presentation of Financial Statements'
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle

3.3 Changes in accounting policies resulting from adoption of standards during the year

The Company has early adopted IFRS 15 'Revenue from Contracts with Customers' with a date of initial application of January 01, 2018. As a result, the Company has changed its accounting policy for revenue recognition as detailed in note 4.18 with no material impact resulting from such adoption.

The Company has early adopted IFRS 9 'Financial Instruments' with a date of initial application of January 01, 2018 which replaced IAS 39 'Financial Instruments – Recognition and Measurement'. The Company has not restated prior period due to no material change to corresponding financial statements.

i) Classification and Measurement

On January 01, 2018, we reclassified our financial assets to the new categories based on the Company's reason for holding the assets and the nature of the cash flows from the assets. There were no changes to the carrying values of the Company's financial assets from adopting the new classification model. There have been no changes to the classification or measurement of the Company's financial liabilities. Cash and cash equivalent, trade debts, trade deposits, and other receivables which were classified as loans and

other receivables under IAS 39, will now be classified as amortized cost under IFRS 9.

ii Impairment

From January 01, 2018 the Company implemented an expected credit loss impairment model for financial assets. For trade receivables, our calculation methodology has been updated to consider expected losses based on ageing profile. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

3.4 Measurement basis

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

4.1 Property, plant and equipment

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

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

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Individual assets costing up to Rs. 10,000 are charged to statement of profit or loss. Major renewals and improvements are capitalized 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 recognized in the statement of profit or loss.

4.2 Intangible assets

Intangible assets having indefinite useful life are stated at cost less impairment, if any. Carrying amounts of intangibles are subject to impairment review at each reporting date and where conditions exist, impairment is recognized. 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 reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

4.3 Taxation

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

4.3.1 Current

Provision for 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.

4.3.2 Deferred

Deferred tax is recognized using the financial position 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 recognized 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 recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. 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 realized.

4.4 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.5 Staff retirement benefits

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

4.5.1 Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized 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 base salary plus cost of living allowance in respect of management employees and unionized 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.

4.5.2 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized 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 plans.

The present values of the defined benefit obligations are 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 scheme:

- i) 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, 2018, using the 'Projected Unit Credit Method'.

The amount arising as a result of remeasurements are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Past-service costs are recognized immediately in statement of profit or loss.

4.5.3 Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in statement of profit or loss in the period in which they arise.

The Company provides long term service awards for staff completing specified years of service. All full-time permanent employees are eligible for these awards. Contributions are made on the basis of actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2018.

4.6 Stores and spares

These are valued at average cost less impairment loss, if any, except for items in transit which are stated at invoice value plus other charges incurred thereon. Cost comprises invoice value and other direct costs but excludes borrowing costs. Provision is made for obsolete / slow moving items where necessary and is recognized in the statement of profit or loss.

4.7 Stock in trade

Stock in trade is valued at the lower of cost and net realizable 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 realizable 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 recognized in the statement of profit or loss.

4.8 Trade and other receivables

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

4.9 Cash and cash equivalents

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

4.10 Impairment

4.10.1 Financial assets

In addition to the impairment of financial assets under expected credit loss method under IFRS 9 as disclosed in note 3.3(ii), 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 recognized as an expense in the statement of profit or loss. When a subsequent event causes the amount of impairment loss to decrease, this reduction is reversed through the statement of profit or loss.

4.10.2 Non-financial assets

The carrying amounts of non-financial assets other than inventories, 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 recognized as an expense in the statement of profit or 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 amortization, if no impairment loss had been recognized. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

4.11 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.

4.12 Borrowings and their cost

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

Borrowing costs are recognized 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 capitalized as part of the cost of that qualifying asset.

4.13 Provisions

Provisions, if any, are recognized 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 recognized in the period in which the Company becomes legally or constructively committed to incur.

4.14 Financial assets and liabilities

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual rights that comprise the financial asset or a portion of financial assets. While a financial liability or part of financial liability is derecognized from the statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or derecognition of the financial assets and liabilities is taken to statement of profit or loss or other comprehensive income.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI or FVTPL and financial liabilities are classified as measured at amortised cost or FVTPL.

4.15 Derivative financial instruments

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

4.16 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.

4.17 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 reporting 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 recognized in the statement of profit or loss.

4.18 Revenue recognition

Revenue is recognized 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 for goods sold, net of discounts and sales tax and is recognized on the following basis:

- sale of goods is recognized when customer obtains control of the goods;
- return on savings accounts and deposit accounts is recognized on time proportion basis, taking effect of the effective interest rate.

4.19 Dividend and appropriations

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognized in the year in which these are approved.

4.20 Share based payment

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

The liability is remeasured at each reporting date and at settlement date based on the fair value of the equity instruments granted. Any changes in the liability are recognised in the statement of profit or loss.

4.21 Offsetting

Financial 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 recognized amounts and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.22 Operating segment

The financial statements are prepared on the basis of single reporting segment consistent with the information reviewed by the chief operating decision maker of the Company.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates and judgments 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.

- 5.1** 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:

5.1.1 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.

5.1.2 Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 18 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

5.1.3 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 reporting date and reliable estimate can be made of the likely outcome. The nature of these costs is such that judgment is involved in estimating the timing and amount of cash flows.

Significant assumptions are also involved while calculating the provisions which are adjustments to the carrying amount of the assets such as impairment of assets, provision for obsolescence of stock in trade / stores and spares and allowance for impairment of trade debts.

Estimates and judgments 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.

	Note	2018 (Rupees in thousand)	2017
6. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	6.1	1,728,165	1,904,964
Capital work in progress	6.2	1,055,384	88,010
		<u>2,783,549</u>	<u>1,992,974</u>

6.1 Operating assets

	Freehold land	Building on freehold land	Leasehold improvements	Plant and machinery	Electrical, mechanical and office equipment	Furniture and fittings	Motor vehicles	Total
← (Rupees in thousand) →								
Net carrying value basis								
Year ended December 31, 2018								
Opening Net Book Value (NBV)	8,179	522,574	-	1,313,497	56,239	4,475	-	1,904,964
Additions (at cost)	-	16,203	-	65,185	610	70	-	82,068
Disposals								
Cost	-	(3,411)	-	(28,264)	(2,760)	(9)	-	(34,444)
Accumulated depreciation	-	486	-	16,394	2,760	9	-	19,649
Reversal of provision for impairment of fixed assets	-	2,925	-	11,870	-	-	-	14,795
Disposals (NBV)	-	-	-	-	-	-	-	-
Depreciation charge	-	(18,656)	-	(147,456)	(2,224)	(731)	-	(169,067)
Net charge of provision for impairment of fixed assets	-	(39,295)	-	(50,087)	(267)	(151)	-	(89,800)
Closing NBV	8,179	480,826	-	1,181,139	54,358	3,663	-	1,728,165
Gross carrying value basis								
At December 31, 2018								
Cost	8,179	696,473	14,918	2,090,575	127,862	16,029	1,405	2,955,441
Provision for impairment of fixed assets	-	(37,571)	-	(61,578)	(267)	(151)	-	(99,567)
Accumulated depreciation	-	(178,076)	(14,918)	(847,858)	(73,237)	(12,215)	(1,405)	(1,127,709)
Closing NBV	8,179	480,826	-	1,181,139	54,358	3,663	-	1,728,165
Net carrying value basis								
Year ended December 31, 2017								
Opening Net Book Value (NBV)	8,179	491,440	-	1,392,138	55,556	5,007	-	1,952,320
Additions (at cost)	-	49,969	-	85,682	3,410	167	-	139,228
Disposals								
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Disposals (NBV)	-	-	-	-	-	-	-	-
Depreciation charge	-	(17,634)	-	(143,357)	(2,727)	(699)	-	(164,417)
Net charge of provision for impairment of fixed assets	-	(1,201)	-	(20,966)	-	-	-	(22,167)
Closing NBV	8,179	522,574	-	1,313,497	56,239	4,475	-	1,904,964
Gross carrying value basis								
At December 31, 2017								
Cost	8,179	683,681	14,918	2,053,654	130,012	15,968	1,405	2,907,817
Provision for impairment of fixed assets	-	(1,201)	-	(23,361)	-	-	-	(24,562)
Accumulated depreciation	-	(159,906)	(14,918)	(716,796)	(73,773)	(11,493)	(1,405)	(978,291)
Closing NBV	8,179	522,574	-	1,313,497	56,239	4,475	-	1,904,964
Depreciation rate % per annum	-	2.5	25	7 to 10	10 to 25	20	20	

6.2 Capital Work in Progress – at cost

	2018	2017
	(Rupees in thousand)	
Plant and machinery	852,387	86,465
Civil works	172,179	-
Advances to suppliers	30,818	1,545
	<u>1,055,384</u>	<u>88,010</u>

6.3 Particulars of immovable asset of the Company are as follows

Location	Address	Usage of immovable property	Covered area (sq. ft)
Foods Factory	52KM, Multan Road, Phool Nagar, Tehsil Pattoki, District Kasur, Lahore	Manufacturing Plant	717300 sq. feet

7. INTANGIBLE ASSETS

Gross carrying value basis	2018	2017
	(Rupees in thousand)	
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 amortization 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.

For impairment testing, the estimated recoverable amount has been determined using the discounted cash flows for a period of five years. Key assumptions used in estimation of recoverable amount includes profit forecasts (based on both internal and external market information and past performance) and discount rate.

The discount rate used is 10.03% (2017: 7.5%), a pre-tax measure based on government bonds rate. The valuation exceeds the carrying amount sufficiently such that a reasonably possible change to key assumptions is unlikely to result in an impairment of Glaxose-D.

8. LONG TERM LOANS AND ADVANCES - considered good

	Note	2018	2017
		(Rupees in thousand)	
Executives	8.1	17,309	20,003
Recoverable within one year	12	<u>(5,971)</u>	<u>(6,798)</u>
		<u>11,338</u>	<u>13,205</u>

8.1 Reconciliation of carrying amount of loans to executives:	2018	2017
	(Rupees in thousand)	
- Opening balances	20,003	17,549
- Disbursements	9,692	12,755
- Repayments	(12,386)	(10,301)
	17,309	20,003

8.2 Loans to employees have been provided to facilitate purchase of houses and vehicles in accordance with the Company's policy which are repayable over a period of five years and are interest free.

8.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 21.08 million (2017: Rs. 22.91 million).

9. STORES AND SPARES	2018	2017
	(Rupees in thousand)	
Stores	13,092	26,844
Spares (including in transit Rs. 1.01 million; 2017: Rs. 0.76 million)	38,943	10,842
	52,035	37,686
Provision for obsolescence	(2,980)	(2,240)
	49,055	35,446

9.1 Stores and spares of Rs. Nil (2017: Rs. Nil) were written off during the year.

10. STOCK IN TRADE	2018	2017
	(Rupees in thousand)	
Raw and packing materials (including in transit Rs. 72.23 million; 2017: Rs. 102.12 million)	606,776	560,142
Provision for obsolescence	(40,510)	(38,642)
	566,266	521,500
Work in process	25,021	25,997
Finished goods	431,146	484,589
Provision for obsolescence	(59,399)	(24,344)
	371,747	460,245
	963,034	1,007,742

10.1 Stock in trade includes Rs. 787.74 million (2017: Rs. 460.95 million) held with third parties.

10.2 The Company made a provision of Rs. 101.996 million (2017: Rs. 62.65 million) for obsolescence and has written off inventory of Rs. 65.07 million (2017: Rs. 65.59 million) by utilizing the provision during the year.

	Note	2018 (Rupees in thousand)	2017
11. TRADE DEBTS			
Trade debts		536,952	463,471
Less: Allowance for impairment of trade debts	11.1	(27,664)	(24,704)
		509,288	438,767

11.1 The Company has charged a provision of Rs. 2.96 million (2017: Rs. 0.90 million) and has not written off any debtors during the year (2017: Nil).

11.2 As of December 31, 2018, trade debts of Rs. 16.09 million (2017: Rs. 126.30 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The age analysis of these trade debts is as follows:

	Note	2018 (Rupees in thousand)	2017
Up to 3 months		-	112,516
More than 3 months to not later than 6 months		9,272	8,206
More than 6 months		6,823	5,579
		16,095	126,301

12. LOANS AND ADVANCES - considered good

Current portion of loans to executives	8	5,971	6,798
Advances to:			
- executives	12.1	864	864
- other employees		331	155
- suppliers and others		5,941	4,367
		7,136	5,386
		13,107	12,184

12.1 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.

	Note	2018 (Rupees in thousand)	2017
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		5,491	8,529
Prepayments	13.1	28,505	73,326
Prepaid rent		2,942	2,711
		36,938	84,566

13.1 This includes media bulk discount on airing TV commercials .

	Note	2018 (Rupees in thousand)	2017
14. OTHER RECEIVABLES			
Receivable from Workers' Profit Participation Fund	14.1	44,766	12,476
Rafhan Best Foods Limited Employees Gratuity Fund		-	1,244
Forward foreign exchange contract		-	2,930
Others		2,370	2,696
		47,136	19,346

14.1 Workers' Profits Participation Fund

Balance as at January 1	12,476	2,449
Allocation for the year	(91,135)	(103,292)
	(78,659)	(100,843)
Paid to trustees of the fund	135,901	113,319
Refunded by the fund	(12,476)	-
Balance as at December 31	44,766	12,476

	Note	2018 (Rupees in thousand)	2017
15. CASH AND BANK BALANCES			
With banks on:			
- savings accounts	15.1	-	135,422
- current accounts	15.2	1,114,670	211,918
		1,114,670	347,340
Cash in hand		146	218
		1,114,816	347,558

15.1 Mark-up on savings accounts was at rates ranging from 3.90% to 9.40% per annum (2017: 4.36% to 5.81% per annum).

15.2 This includes an amount of Rs. 56.203 million in respect of cash margin on imports kept with commercial banks.

16. SHARE CAPITAL

		2018	2017
		(Rupees in thousand)	
Authorised share capital			
Number of shares			
20,000,000	Ordinary shares of Rs. 10 each	200,000	200,000
Issued, subscribed and paid up capital			
Number of shares			
1,451,659	Ordinary shares of Rs. 10 each allotted: for consideration paid in cash	14,516	12,393
24,196	for consideration other than cash	242	242
4,894,095	as bonus shares	48,941	48,941
6,369,950		63,699	61,576

16.1 As at December 31, 2018, Conopco Inc. USA, subsidiary of Unilever N.V. Netherlands, held 4.88 million (2017: 4.67 million) ordinary shares of Rs. 10 each.

16.2 During the year, the Company issued 212,332 right shares in the proportion of 1 share for every 29 ordinary shares held in the Company (i.e. 3.45%) as on March 26, 2018 at a premium of Rs. 5,990 per share.

17. RESERVES

		2018	2017
		(Rupees in thousand)	
Capital reserves			
- Share premium		1,296,499	24,630
- Special		628	628
		1,297,127	25,258
Revenue reserves			
- General		138	138
- Unappropriated profit		548,920	94,498
		549,058	94,636
		1,846,185	119,894

18. STAFF RETIREMENT BENEFITS

18.1 As stated in note 4.5, the Company operates a retirement benefit plan (The Plan) namely approved funded defined benefit gratuity scheme for all management and non-management employees subject to minimum service of prescribed period in the respective trust deed. Actuarial valuation of the plan is carried out every year and the latest actuarial valuation was carried out as at December 31, 2018.

- 18.2** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, Companies Act, 2017, Income Tax Rules, 2002, Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018 and Rules under the Trust deed of the Plan. Responsibility for governance of the Plan, 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.
- 18.3** The latest actuarial valuation of the Fund as at December 31, 2018 was carried out using the 'Projected Unit Credit Method'. Details of the Fund as per the actuarial valuation are as follows:

	Note	2018	2017
		Funded Gratuity	
		(Rupees in thousand)	
18.4 Financial Position reconciliation			
Present value of defined benefit obligation at December 31	18.5	(40,098)	(35,158)
Fair value of plan assets at December 31	18.6	26,098	25,813
Deficit		(14,000)	(9,345)
18.5 Movement in the present value of defined benefit obligation			
Balances as at January 1		35,158	26,269
Benefits paid by the plan		-	(1,244)
Current service costs		3,925	2,985
Interest cost		2,900	2,116
Remeasurement on obligation		(1,885)	5,032
Balance as at December 31		40,098	35,158
18.6 Movement in the fair value of plan assets			
Fair value of plan assets at January 1		25,813	23,817
Contributions paid into the plan		-	3,291
Benefits paid by the plan		-	(1,244)
Interest income		2,131	2,049
Remeasurement on plan assets		(1,846)	(2,100)
Fair value of plan assets at December 31		26,098	25,813

	2018	2017
	Funded Gratuity	
	(Rupees in thousand)	
18.7 Expense recognised in statement of profit or loss		
Current service costs	3,925	2,985
Net interest cost	769	67
Expense recognised in statement of profit or loss	<u>4,694</u>	<u>3,052</u>
18.8 Remeasurements recognised in Other Comprehensive Income		
Experience loss / (gain)	(1,885)	5,032
Remeasurement of fair value of plan assets	1,846	2,100
Remeasurements	<u>(39)</u>	<u>7,132</u>
18.9 Net recognised liability		
Net liability at January 1		
Charge for the year	9,345	2,452
Contribution made during the year to the Fund	4,694	3,052
	-	(3,291)
Remeasurements recognised in Other Comprehensive Income	(39)	7,132
Recognised liability / (asset) as at December 31	<u>14,000</u>	<u>9,345</u>
18.10 Plan assets comprise of following:		
Government Bonds	4,812	12,050
National Savings	11,295	8,201
Shares	6,330	6,544
Cash at bank	4,905	262
Due to the Company	(1,244)	(1,244)
Total as at December 31	<u>26,098</u>	<u>25,813</u>
18.11 Actuarial assumptions		
Discount rate at December 31	13.25%	8.25%
Future salary increases	11.25%	6.25%
Future pension increases	0.00%	0.00%

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

18.13 In case of the funded plan, 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 2018 consists of national savings and shares. The Company believes that national saving and shares offer the best returns over the long term with an acceptable level of risk.

18.14 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 reporting date.

The Company's contribution to the gratuity fund in 2019 is expected to amount to Rs: 6.00 million.

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the 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, 2018.

18.15 Sensitivity analysis for actuarial assumptions

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

	Impact on defined benefit obligation		
	Change in assumption (Percentage)	Increase in assumption (Rupees in thousand)	Decrease in assumption
Discount rate at December 31	1.00 %	(4,541)	5,371
Future salary increases	1.00 %	5,424	(4,654)

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 when calculating the pension liability recognized within the statement of financial position.

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

- 18.16** 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.
- 18.17** 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, 2018 amounted to Rs. Nil (2017: Rs. 3.29 million).
- 18.18** The weighted average duration of the defined benefit obligation is 14.2 years.

Expected maturity analysis of undiscounted retirement benefit plans:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
At December 31, 2018	← (Rupees in thousand) →				
Retirement benefit plans	202	1,861	7,162	24,311	33,536

- 18.19** The Company also operates a couple of defined contribution plans which receive fixed contributions. The expense recognised in the current year in relation to these contributions was Rs. 19.743 million (2017: Rs. 20.579 million).

19. DEFERRED TAXATION

Note

2018
2017
(Rupees in thousand)

Credit balance arising in respect of:

- accelerated tax depreciation allowance
- amortisation of intangible assets

182,850	237,656
19,268	22,965
202,118	260,621

Debit balance arising in respect of:

- provision for stock in trade
- allowance for impairment of trade debts
- provision for restructuring
- provision for staff retirement benefits
- other provisions

(27,199)	(18,905)
(7,999)	(6,949)
(3,397)	(7,980)
(3,720)	(4,039)
(18,213)	(18,963)
(60,528)	(56,836)

141,590	203,785
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20. TRADE AND OTHER PAYABLES

Creditors		599,622	562,170
Bills payable	20.1	474,633	231,912
Accrued liabilities		1,067,891	1,349,228
Royalty and technology fee		548,595	374,503
Advances from customers		52,214	153,823
Withholding tax		6,304	35,059
Workers' Welfare Fund	20.2	72,894	55,958
Payable to Employee Retirement Benefit funds		4,128	5,011
Liability for share-based compensation	20.3	2,045	-
Payable to provident and contributory pension fund		1,730	434
Others		5,334	5,026

2,835,390	2,773,124
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20.1 Bills payable represents inland letters of credit under vendor financing arrangements which includes interest cost as per Company's negotiated rates.

2018 **2017**
(Rupees in thousand)

20.2 Workers' Welfare Fund

Balance as at January 1	55,958	53,347
Charge for the year	50,881	34,241
	106,839	87,588
Payment during the year	(33,945)	(31,630)
Balance as at December 31	72,894	55,958

20.3 The Company has a buy 3 get 1 free share plan, which gives eligible employees an opportunity to invest in Unilever PLC shares. After a holding period of 3 years, the Company will award 1 free share for every 3 shares bought.

During the current year, 425 shares were awarded which are outstanding as at December 31, 2018.

Share price	2018
Unilever PLC	£ 41.09

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

	Note	2018	2017
		(Rupees in thousand)	
Holding company		237,088	20,084
Other related parties		403,373	382,186

21. PROVISIONS

Sindh Infrastructure Cess	21.1	40,684	32,293
Restructuring	21.2	12,852	28,366
		53,536	60,659

21.1 Sindh Infrastructure Cess

Balance as at January 1	32,293	25,417
Charge for the year	8,391	6,876
Balance as at December 31	40,684	32,293

21.2 Restructuring

Balance as at January 1	28,366	32,206
Provision during the year	-	7,078
Payments during the year	(15,514)	(10,918)
Balance as at December 31	12,852	28,366

22. SHORT TERM BORROWINGS

Running finance under mark-up arrangements - secured

The facilities for running finance available from various banks amount to Rs. 2.68 billion (2017: Rs. 1.33 billion). The rates of mark-up range between 1-month KIBOR to 3-month KIBOR + 0.15% per annum (2017: 1-month KIBOR to 3-month KIBOR + 0.15% per annum).

The arrangements are secured by way of hypothecation over the Company's current assets amounting to Rs. 1.00 billion (2017: Rs. 1.00 billion).

The facilities for opening letters of credit and guarantees as at December 31, 2018 amounted to Rs. 5.12 billion (2017: Rs. 3.28 billion) of which the amount that remained unutilized at year end was Rs. 4.26 billion (2017: Rs. 2.67 billion).

23. CONTINGENCY AND COMMITMENTS

23.1 Contingency

There were no contingencies as at 31 December 2018.

23.2 Commitments

Aggregate commitments outstanding for capital expenditure as at December 31, 2018 amounted to Rs. 653.1 million (2017: Rs. 35.6 million).

24. SALES

2018
2017
(Rupees in thousand)

Gross sales	15,790,887	14,305,269
Sales tax	(2,059,010)	(1,832,344)
	13,731,877	12,472,925
Returns, rebates and allowances	(1,833,447)	(1,727,665)
	11,898,430	10,745,260

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

Products used by end consumers	9,702,293	8,726,020
Products used by entities	2,196,137	2,019,240
	11,898,430	10,745,260

24.2 Sales to domestic customers in Pakistan are 95.9% (2017: 94.7%) and to customers outside Pakistan are 4.1% (2017: 5.3%) of the revenue during the year.

24.3 Revenue from one customer approximates 8.4% (2017: 14%) of the total revenue of the Company.

	Note	2018 (Rupees in thousand)	2017
25. COST OF SALES			
Raw and packing materials consumed		5,111,060	4,842,698
Manufacturing charges paid to third party		61,131	65,176
Stores and spares consumed		35,109	17,292
Staff costs		431,519	402,847
Utilities		132,712	120,792
Depreciation		164,672	160,142
Provision for impairment of fixed assets		90,160	22,167
Repairs and maintenance		29,776	51,952
Rent, rates and taxes		17,772	16,728
Travelling and entertainment		4,384	5,369
Insurance		12,028	4,422
Stationery and office expenses		2,147	2,421
Other expenses		6,243	8,007
Charges by related party	25.1	116,586	108,061
		6,215,299	5,828,074
Opening work in process		25,997	26,409
Closing work in process		(25,021)	(25,997)
Cost of goods manufactured		6,216,275	5,828,486
Opening stock of finished goods		460,245	431,777
Purchase of finished goods		234,315	111,678
Closing stock of finished goods		(371,747)	(460,245)
		6,539,088	5,911,696

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

	Note	2018 (Rupees in thousand)	2017
26. DISTRIBUTION COST			
Staff costs		147,019	157,910
Advertisement and sales promotion		1,392,789	1,444,484
Outward freight and handling		313,041	237,103
Royalty, technology fee and related duties	26.1	506,663	498,034
Travelling and entertainment		20,973	20,156
Depreciation		3,550	3,453
Repairs and maintenance		3,765	1,540
Stationery and office expenses		1,591	1,119
Other expenses		16,765	9,795
Charges by related party	26.2	276,502	275,726
		2,682,658	2,649,320

26.1 This includes amount payable to Conopco Inc. (Holding Company) and Unilever Plc (Associated Company).

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

	Note	2018 (Rupees in thousand)	2017
27. ADMINISTRATIVE EXPENSES			
Staff costs		7,814	8,308
Depreciation		845	822
Travelling and entertainment		7,146	614
Auditors' remuneration	27.1	2,561	1,885
Allowance for impairment of trade debts		2,960	903
Legal and professional charges		12,161	9,567
Other expenses	27.2	2,132	1,670
Charges by related party	27.3	279,773	278,987
		315,392	302,756

27.1 Auditors' remuneration

Annual audit fee	1,000	1,000
Half yearly review	300	300
Certifications for regulatory purposes	1,000	415
Out of pocket expenses	261	170
	2,561	1,885

27.2 This includes donation of Rs. Nil (2017: Rs. 0.37 million).

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

	Note	2018 (Rupees in thousand)	2017
28. OTHER OPERATING EXPENSES			
Workers' Profits Participation Fund	14.1	91,135	103,292
Workers' Welfare Fund	20.2	50,881	34,241
		142,016	137,533

29. OTHER INCOME	Note	2018	2017
		(Rupees in thousand)	
Income from financial assets			
Return on savings accounts		6,537	17,611
Income from non-financial assets			
Scrap sales		37,169	32,734
Gain on disposal of property, plant and equipment		460	-
Reversal of provision for impairment of fixed assets		360	-
		37,989	32,734
Others			
Service fee	29.1	89,529	101,737
Exchange gain		195,549	1,072
Others		12,511	49,617
		342,115	202,771

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

30. FINANCE COSTS	Note	2018	2017
		(Rupees in thousand)	
Mark-up on short term borrowings		54,278	14,263
Bank charges		15,397	11,757
		69,675	26,020
31. TAXATION - charge			
Current year:			
-Current tax		761,588	513,374
-Deferred tax		(62,206)	(7,317)
		699,382	506,057
Prior year:			
-Current tax		60,764	58,976
		760,146	565,033

	2018 (Rupees in thousand)	2017
31.1 Reconciliation between tax expense and accounting profit:		
Accounting profit before tax	<u>2,491,716</u>	<u>1,920,706</u>
Tax at the applicable tax rate of 29% (2017: 30%)	722,598	576,212
Tax effect of credits	(6,551)	(7,920)
Tax effect of final tax	(42,796)	(60,833)
Tax effect of change in tax rate	(27,608)	-
Tax effect of super tax	51,176	-
Tax effect of prior years	60,764	58,976
Others	2,563	(1,402)
Tax expense for the year	<u>760,146</u>	<u>565,033</u>

31.2 The current year tax provision on taxable income is at 29% (2017: 30%). Finance Act 2018 enacted gradual reduction in the corporate tax rates for companies from 29% (current tax rate) to 25% over a period of five years. The Company computes current tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with income tax as per assessment is presented below:

	2017	2016	2015
	(Rupees in thousand)		
Income tax provision for the year	<u>550,437</u>	<u>529,624</u>	<u>351,793</u>
Income tax as per assessment	<u>546,888</u>	<u>528,287</u>	<u>351,793</u>

The above provisions are inclusive of prior year tax charge booked in subsequent years, if any. Moreover, the amounts are also inclusive of super tax paid under protest for respective years.

	2018 (Rupees in thousand)	2017
32. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholders	<u>1,731,570</u>	<u>1,355,673</u>
Weighted average number of shares in issue during the year	<u>6,309</u>	<u>6,203</u>
	(Rupees)	
Basic earnings per share (restated)	<u>274.48</u>	<u>218.55*</u>

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

33. 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:

33.1 Relationship with the Company	Nature of transactions	2018 (Rupees in thousand)	2017
i) Holding company	Royalty	3,963	219,679
ii) Associated companies	Royalty and technology fee	502,700	235,345
	Purchase of goods	2,116,816	1,907,940
	Sale of goods	38,391	156,740
	Fee for receiving of services from related parties	672,861	663,262
	Fee for providing of services to related parties	89,529	101,737
iii) Staff retirement funds	Contribution to:		
	- Defined contribution plans	20,267	20,377
	- Defined benefit plans	-	3,291
	Settlement on behalf of:		
	- Defined contribution plans	108	-
- Defined benefit plans	-	-	
iv) Key management personnel	Salaries and other short-term employee benefits	15,262	9,767

33.2 The following are the related parties with whom the Company had entered into transaction or have arrangement / agreement in place

Name of the Related Party	Basis of association	Aggregate % of Shareholding	Particulars of Common director(s)
Rafhan Maize Products Co. Limited	Associated Company due to common directorship	4.26%	Mr. Zulfiqar Monnoo and Mr. Mian Mohammad Adil Monnoo

33.3 Details of related parties, including those incorporated outside Pakistan, with whom the Company had entered into transactions or have arrangement / agreement in place are as below:

Name and country of Incorporation	Registered Address	Basis of Association	Aggregate % of shareholding	Name of CEO
Unilever Asia Private Limited (Singapore)	20 Pasir Panjang Rd, #06-22 Mapletree Business City, Singapore 117439	Associated Company	N/A	Peter Frank Ter Kulve
Unilever Bangladesh Limited (Bangladesh)	ZN Tower, Plot#, 02 Rd 08, Dhaka 1212, Bangladesh	Associated Company	N/A	Kedar Lele
Unilever Lipton Ceylon Limited (Sri Lanka)	258 M. Vincent Perera Mawatha, Colombo 01400, Sri Lanka	Associated Company	N/A	Carl Cruz
Unilever Europe BV	Weena 455, 3013 Rotter- dam Netherlands	Associated Company	N/A	Hanneke Faber
Conopco Inc.	Port Sunlight, Wirral, Merseyside CH62 4ZD, England	Holding Company	76.55%	Amanda Sourry
Unilever Plc	700 Sylven Avenue, Englewood Cliffs, N.J.07632, USA	Associated Company	N/A	Marijn Dekkers

All above entities are operational and further, the independent auditor of the above entities has issued an unqualified opinion on the latest available financial statements.

Royalty and technology fee are paid in accordance with the agreements duly acknowledged by the State Bank of Pakistan. The purchase and sale of goods and services from related parties are made on agreed terms and conditions. However, in the current year both agreements are in the process of approval by the State Bank of Pakistan.

The Company has entered into agreement with its associate, Unilever Pakistan Limited to share various administrative and other resources. Service fee from the associate has been disclosed in note 29.

The related party status of outstanding balances as at December 31, 2018 is included in other receivables and trade and other payables respectively. These are settled in ordinary course of business.

34. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

	Note	Executive Directors		Chief Executive		Executives	
		2018	2017	2018	2017	2018	2017
← (Rupees in thousand) →							
Managerial remuneration and allowances		5,508	3,974	4,354	3,209	96,535	94,457
Retirement benefits	34.2	-	-	-	-	13,791	13,766
Other long term benefits		-	-	-	-	1,266	254
Medical expenses		-	-	-	-	2,052	1,926
Other expenses		-	-	-	-	2,534	3,811
Share based compensation		-	-	-	-	2,045	-
		5,508	3,974	4,354	3,209	118,223	114,214
Number of persons		2	2	1	1	39	45

In addition to this, a lump sum amount of Rs. 17.61 million (2017: Rs. 22.90 million) on account of variable pay has been accounted for in financial statements for the current year payable in 2019 after verification of target achievement.

Out of the variable pay recognized for 2017 and 2016 following payments were made:

	Paid in 2018 relating to 2017	Paid in 2017 relating to 2016
Executive Directors	1,714	765
Chief Executive	3,686	1,819
Executives	21,782	17,051
Other employees	792	265
	27,974	19,900

Aggregate amount charged in these financial statements for the year for fee to seven non-executive directors was Rs. 3.83 million (2017: six non-executive directors Rs. 2.35 million).

Certain executives of the Company are also provided with the 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.

34.1 Comparative figures have been restated to reflect changes in the definition of Executive as per Companies Act, 2017.

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

2018 **2017**

35. PLANT CAPACITY AND PRODUCTION

Actual production of the plant in metric tons

38,276	36,763
---------------	---------------

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

36. PROVIDENT FUND RELATED DISCLOSURE

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

	2018	2017
	(Rupees in thousand)	
Size of the Fund - Total Assets	196,910	185,414
Fair value of investments	188,468	182,541
Percentage of investments made	95.71%	98.45%

36.1 The cost of above investments amounted to Rs.154.36 million (2017: Rs. 148.92 million).

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

	2018	2017	2018	2017
	(Percentage)		(Rupees in thousand)	
National Savings Schemes	41.45%	41.57%	78,093	75,862
Government Securities	33.92%	32.30%	63,932	58,962
Equity Securities	24.63%	26.13%	46,443	47,717
	100%	100%	188,468	182,541

36.3 All investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act 2017 and the conditions specified thereunder.

	2018	2017
	(Number)	
37. NUMBER OF EMPLOYEES		
Total number of employees including contractual employees as at the reporting date	<u>271</u>	<u>279</u>
Average number of employees including contractual employees during the year	<u>275</u>	<u>283</u>
Total number of Factory employees as at the reporting date	<u>231</u>	<u>234</u>
Average number of Factory employees during the year	<u>233</u>	<u>233</u>

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

38.1 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.

38.2 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							
<i>Amortized Cost</i>							
Loans and advances	-	-	-	5,971	11,338	17,309	17,309
Trade debts	-	-	-	509,288	-	509,288	509,288
Long term deposits	-	-	-	-	2,980	2,980	2,980
Trade deposits	-	-	-	5,491	-	5,491	5,491
Other receivables	-	-	-	47,136	-	47,136	47,136
Cash and bank balances	-	-	-	1,114,816	-	1,114,816	1,114,816
December 31, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,682,702</u>	<u>14,318</u>	<u>1,697,020</u>	<u>1,697,020</u>
December 31, 2017	<u>135,422</u>	<u>-</u>	<u>135,422</u>	<u>685,576</u>	<u>13,205</u>	<u>698,781</u>	<u>834,203</u>

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 LIABILITIES

Other financial liabilities- not

measured at fair value

Trade and other payables	474,633	-	474,633	2,221,442	-	2,221,442	2,696,075
Unpaid dividend	-	-	-	21,310	-	21,310	21,310
Unclaimed dividend	-	-	-	10,877	-	10,877	10,877
Short term borrowings	938,994	-	938,994	-	-	-	938,994
Accrued interest / mark up	-	-	-	13,391	-	13,391	13,391
December 31, 2018	1,413,627	-	1,413,627	2,267,020	-	2,267,020	3,680,647
December 31, 2017	815,653	-	815,653	2,538,992	-	2,538,992	3,354,645

FINANCIAL POSITION GAP

December 31, 2018	(1,413,627)	-	(1,413,627)	(584,318)	14,318	(570,000)	(1,983,627)
December 31, 2017	(680,231)	-	(680,231)	(1,853,416)	13,205	(1,840,211)	(2,520,442)

NON FINANCIAL POSITION ITEMS

Letters of credit / guarantee:

December 31, 2018	857,959
December 31, 2017	603,892

The carrying value of financial assets and financial liabilities approximate their fair value.

For valuation of derivative (forward foreign exchange contract: refer note 13) at reporting date, the relevant rate has been taken from financial institution and has been classified in to level 2 fair value measurement hierarchy as defined in IFRS 13.

(i) Credit risk

Credit risk represents the accounting loss that would be recognized 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. 1,697.02 million (2017: Rs. 834.20 million), the financial assets which are subject to credit risk amounted to Rs. 526.60 million (2017: Rs. 458.77 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, 2018 trade debts of Rs. 16.09 million (2017: Rs. 126.30 million) were past due but not impaired. The carrying amount of trade debts relates to a number of independent customers for whom there is no recent history of default.

For trade debts, the Company applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 1 January 2018 and the corresponding historical credit losses experienced within this period.

For current year, the Company has booked an additional charge on account of allowance for impairment of trade debts as required under IFRS 9, of Rs. 0.73 million.

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

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

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

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

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 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 effect the Company's income or value of its holding in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

a) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2018, financial assets of Rs. 1,180.48 million (2017: Rs. Nil) and financial liabilities of Rs. 180.81 million (2017: Rs. 191.54 million) were in foreign currency which were exposed to foreign currency risk.

All foreign currency financial assets are in USD. Foreign currency liabilities are approx. 57% in USD, 10% in EURO & 33% in CNY.

As at December 31, 2018, 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. 0.89 million (2017: Rs. 1.28 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial liabilities.

As at December 31, 2018, 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 higher / lower by Rs. 58.77 million (2017: Rs. 7.87 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial liabilities.

As at December 31, 2018, if the Pakistan Rupee had weakened / strengthened by 5% against Japanese yen with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. Nil (2017: Rs. 0.6 million), mainly as a result of foreign exchange losses / gains on translation of Japanese Yen denominated financial liabilities.

As at December 31, 2018, if the Pakistan Rupee had weakened / strengthened by 5% against CNY with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 2.98 million (2017: Rs. Nil), mainly as a result of foreign exchange losses / gains on translation of CNY denominated financial liabilities.

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

b) Interest rate risk

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

At December 31, 2018, the Company had variable interest bearing financial assets of Rs. Nil (2017: Rs. 135.42 million) and financial liabilities of Rs. 1,413.63 million (2017: Rs 815.65 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. 28.27 million (2017: 13.60 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

39. 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, 2018 and 2017 were as follows:

	2018	2017
	(Rupees in thousand)	
Long - term debt	-	-
Cash and bank	(1,114,816)	(347,558)
Net cash surplus	(1,114,816)	(347,558)
Total equity	1,909,884	181,470
Total capital	1,909,884	181,470
Gearing ratio	0.00%	0.00%

Gearing ratio

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

	Note	2018 (Rupees in thousand)	2017
40. CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	1,114,816	347,558
Short term borrowings - running finance under mark-up arrangements	22	(938,994)	(583,741)
		<u>175,822</u>	<u>(236,183)</u>

41. PROPOSED AND DECLARED DIVIDENDS

At the Board of Directors' meeting held on February 28, 2019, a final dividend of Rs. 76 per share amounting to Rs. 484.12 million in respect of 2018 is proposed (2017: Rs. Nil per share amounting to Rs. Nil). This is in addition to the cumulative interim cash dividend of Rs. 204 per share amounting to Rs. 1,277 million (2017: Rs. 205 per share amounting to Rs. 1,262 million) declared during the year.

42. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary and to comply with the requirements of Companies Act, 2017.

43. DATE OF AUTHORISATION

These financial statements were authorized for issue on February 28, 2019 by the Board of Directors of the Company.

Shazia Syed
Chief Executive

Farheen Salman
Director

Sohail Hanif Baig
Director and Chief Financial Officer

Notice of Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of Unilever Pakistan Foods Limited will be held at Pearl Continental Hotel, Club Road, Karachi, on Tuesday, April 09, 2019, 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 2018, together with the Reports of the Auditors and Directors thereon.
2. To approve and declare dividend (2018) on the Ordinary Shares of the Company.
The Directors have recommended a final cash dividend of 760% (or Rs.76.00 per share) on the Ordinary Shares. Together with the First Interim dividend of 1050 % (or Rs. 105.00) per ordinary share, Second Interim Dividend of 440% (or Rs. 44.00) per ordinary share and Third Interim Dividend of 550% (or Rs. 55.00) per ordinary share, already paid, the total dividend for 2018 will thus amount to 2800% (or Rs.280.00) per ordinary share.
3. To appoint Auditors for the ensuing year, and to fix their remuneration.
Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

Karachi
March 15, 2019

By Order of the Board

Aman Ghanchi
Company Secretary

Notes:

1. Share Transfer Books will be closed from April 02, 2019 to April 09, 2019 (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 Shahra-e-Faisal, Karachi-74400 by the close of the business on April 01, 2019 will be treated in time for the purpose of payment of final dividend to the transferees and for 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. The Individuals (Member/Proxy), shall authenticate his / her identity by showing his her original valid Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
4. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (1st Floor, Avari Plaza, Fatima Jinnah Road, Karachi) at least 48 hours before the time of the meeting.
5. 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.
- 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 and attested copy of valid CNIC of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.
6. In accordance with the directives of the SECP, the dividends of shareholders whose CNIC copies have not been received by the Company shall not be electronically credited until receipt thereof. Therefore, the individual shareholders who have not submitted their CNIC copies are requested to send the same at the earliest to the share registrar of the Company. Corporate entities are requested to provide their NTN. While providing their CNIC/NTN, shareholders must quote their respective folio numbers.
7. (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. Now these rates as per the Finance Act -2018 are as under:
- | | |
|-----------------------------------------|-----|
| (a) For Filers of Income Tax Return | 15% |
| (b) For Non-Filers of Income Tax Return | 20% |

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of book closure date i.e. April 02, 2019 for entitlement to final dividend to be paid on April 22, 2019 otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

- (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 it's 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 code 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 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 Shahra-e-Faisal, Karachi-74400, in writing as follows:

Name of Company	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)

Otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint -Holder(s).

8. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Shareholders having physical holding should 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. The dividend mandate form is available in the Annual Report and also uploaded on our Company's website.
9. Under and pursuant to the Circular No. 10 of 2014 dated 21 May 2014 issued by the Securities and Exchange Commission of Pakistan, members can also avail video conference facility at Lahore, subject to the following conditions.

The video conferencing facility will be provided only if the Company receives consent from members holding in aggregate 10% or more shareholding residing at Lahore, to participate in the meeting through video conference at least 10 days prior to the date of general meeting.

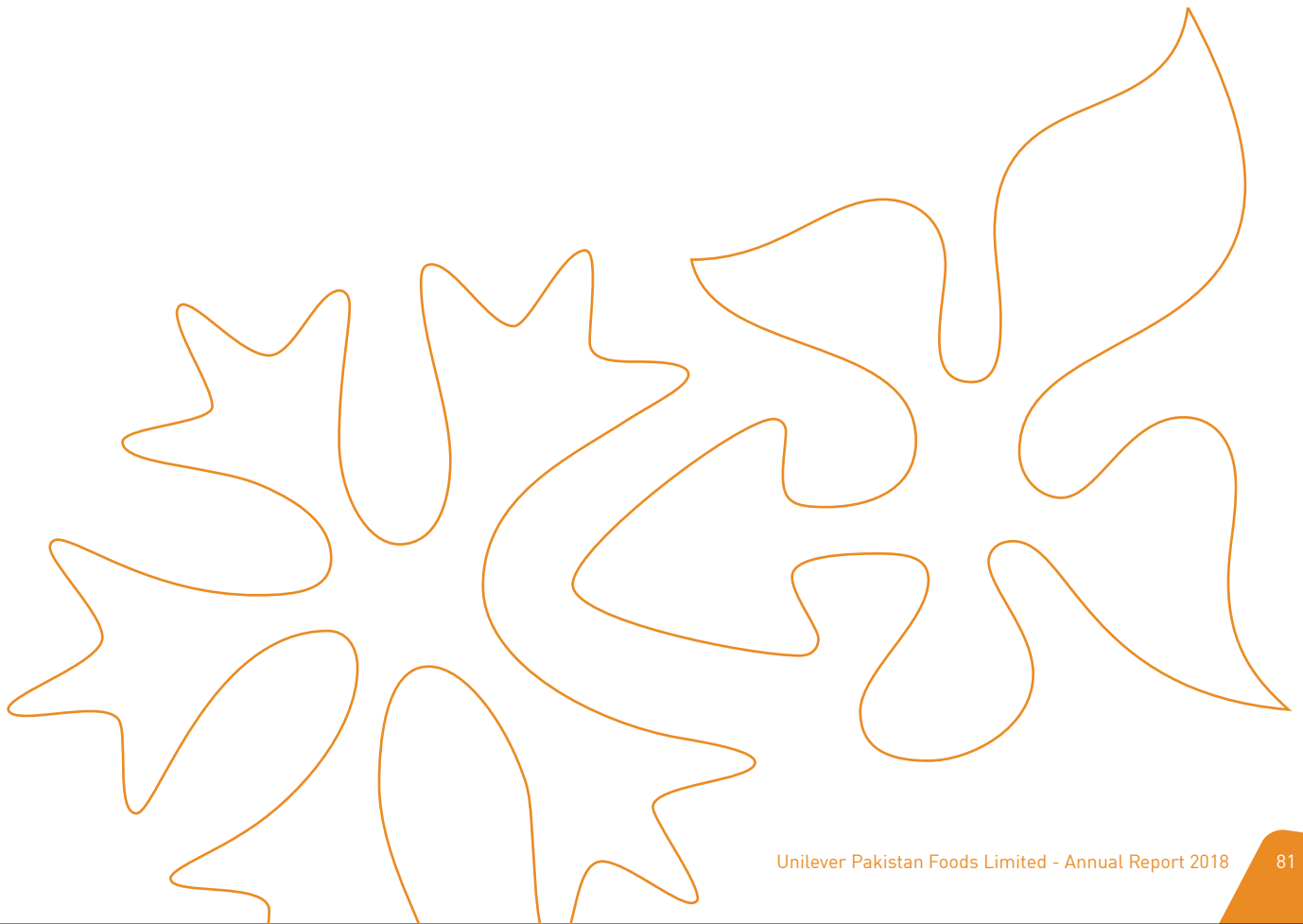
The Company will intimate to the members regarding venue of video conference facility 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

In this regard, members who wish to participate through video conference facility at Lahore should send a duly signed request as follows:

I/We, _____ S/o, D/o, W/o _____
_____ being a member of Unilever Pakistan Foods Limited, holder of _____ Ordinary Share(s) as
per Register Folio No. _____ hereby opt for video conferencing facility at _____
(Name of City).

Signature of Member

10. 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.





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 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

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 Mr./Ms. _____ having CNIC No. _____ 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 and on my / our behalf at the 21st Annual General Meeting of the Company to be held on April 09, 2019 and / or any adjournment thereof.

Signed this _____ day of _____ 2019.

Witness 1:

Signature: _____

Name: _____

CNIC #: _____

Address : _____

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

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

Witness 2:

Signature of Member(s)

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 Form 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.
- Shareholders or their Proxies should bring their original valid Computerised National Identity Card or original valid Passport for their identification, CDC shareholders should also bring their Participant's ID Number and their Account Number.
- Detailed procedure is given in the Notes to the Notice of AGM.

پراکسی فارم

جناب سیکریٹری صاحب
یونی لیور پاکستان فوڈز لمیٹڈ
آداری پلازہ، فاطمہ جناح روڈ
کراچی۔ 75530، پاکستان۔

میں/ہم _____ ولد/خاوند _____
یونی لیور پاکستان فوڈز لمیٹڈ کا شیئر ہولڈر ہوں اور _____ عمومی شیئرز کی تحویل رکھتا ہوں، میں بذریعہ لہذا
جناب/محترمہ _____ ولد/خاوند _____،
سی این آئی سی نمبر: _____ جو تعلق میں میرے _____ ہیں (رشتہ داری واضح کریں
اگر کوئی ہو یہ حکومتی ضابطوں کے تحت درکار ہے) یہ کمپنی میں _____ عمومی شیئرز،
فولیو نمبر _____ کے تحت رکھتے ہیں [یہ حکومتی ضابطوں کے تحت درکار ہے، پراکسی کے کمپنی کا شیئر ہولڈر نہ ہونے کی صورت میں کراس (X) لگادیں] کو اپنا
پراکسی (مقتار) نامزد کرتا/کرتی ہوں جو میری/ہماری جانب سے کمپنی کے 21 ویں سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کے اہل ہیں۔ جو کہ
09 اپریل 2019 کو یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقدہ ہوگا۔

آج بتاریخ _____ 2019 کو دستخط کیا۔

گواہ نمبر 1:

(دستخط کمپنی کے پاس رجسٹر کردہ دستخط
کے جیسا ہونا چاہیے)

5 روپے کارسیدی ٹکٹ
چسپاں کر کے دستخط کریں

ممبر (ز) کا/کے دستخط:

دستخط: _____

نام: _____

سی این آئی سی نمبر: _____

پتہ: _____

گواہ نمبر 2:

شیئر ہولڈر کا فولیو نمبر: _____

نام: _____ اور/یا CDC میں شرکت کا آئی ڈی نمبر: _____

اور ذیلی اکاؤنٹ نمبر: _____

شیئر ہولڈر کا سی این آئی سی نمبر: _____

دستخط: _____

نام: _____

سی این آئی سی نمبر: _____

پتہ: _____

نوٹ:

- ممبر سے درخواست ہے کہ:
 - درج بالا واضح کردہ جگہ پر 5 روپے کارسیدی ٹکٹ چسپاں کریں۔
 - رسیدی ٹکٹ پر دستخط کریں جیسے کہ کمپنی کے ریکارڈ میں ہیں۔
 - اپنا فولیو نمبر لکھیں۔
 - شیئر ہولڈر (ز) کے کارآمد سی این آئی سی / پاسپورٹ / بورڈ کی قرارداد اور پراکسی کے کارآمد سی این آئی سی کی تصدیق شدہ کاپی فارم کے ساتھ منسلک کریں۔
- باضابطہ مکمل شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل موصول ہو جانا چاہیے۔
- شیئر ہولڈر (ز) اور ان کے پراکسی سے درخواست ہے کہ سالانہ اجلاس میں شرکت کے وقت شناخت کے لیے وہ اپنا اصل کارآمد شناختی کارڈ یا اصل کارآمد پاسپورٹ دکھائیں۔ CDC شیئر ہولڈرز CDC میں شرکت کا آئی ڈی نمبر اور اکاؤنٹ نمبر بھی ہمراہ لائیں۔
- تفصیلی طریقہ کار سالانہ اجلاس عام کی اطلاع کے نوٹس میں درج ہے۔

Bank Account Details of Shareholder for Payment of Cash Dividend (Dividend Mandate Form)

(Mandatory Requirement as per the Companies Act, 2017)

Company: _____

Folio No./CDS Account No. _____

Name of Shareholder: _____

Father’s / Husband’s Name: _____

Address: _____

CNIC #: _____

Cell #: _____

Land Line #: _____

Email: _____

It is requested that all my cash dividend amounts declared by the Company, may be credited into the following bank account:

International Bank Account Number (IBAN) – Mandatory:

P	K																				
---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Bank’s Name Branch Name Branch Address	
----------------------------------------------	--

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 the concerned Share Registrar as soon as these occur.

Name of Shareholder (s)

Encl: Photocopy of CNIC

Note:

This form duly filled and signed along with legible photocopy of valid Computerised National Identity Card (CNIC) will be sent to the 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, Pakistan.

منافع منقسمہ کی نقد ادائیگی کے لیے شیئر ہولڈرز کے بینک اکاؤنٹ کی تفصیل (ڈیویڈنڈ مینڈیٹ فارم)
(کمپنیز ایکٹ 2017 کے مطابق لازمی طور پر مطلوب)

کمپنی: _____

فولیو نمبر/CDS اکاؤنٹ نمبر _____

شیئر ہولڈر کا نام: _____

والد/شوہر کا نام: _____

ایڈریس: _____

قومی شناختی کارڈ نمبر: _____

موبائل نمبر: _____

فون نمبر: _____

ای میل: _____

گزارش کی جاتی ہے کہ کمپنی کی جانب سے دیئے جانے والے میرے منافع منقسمہ کی تمام رقم مندرجہ ذیل بینک اکاؤنٹ میں جمع کر دی جائے۔

انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN): لازمی:

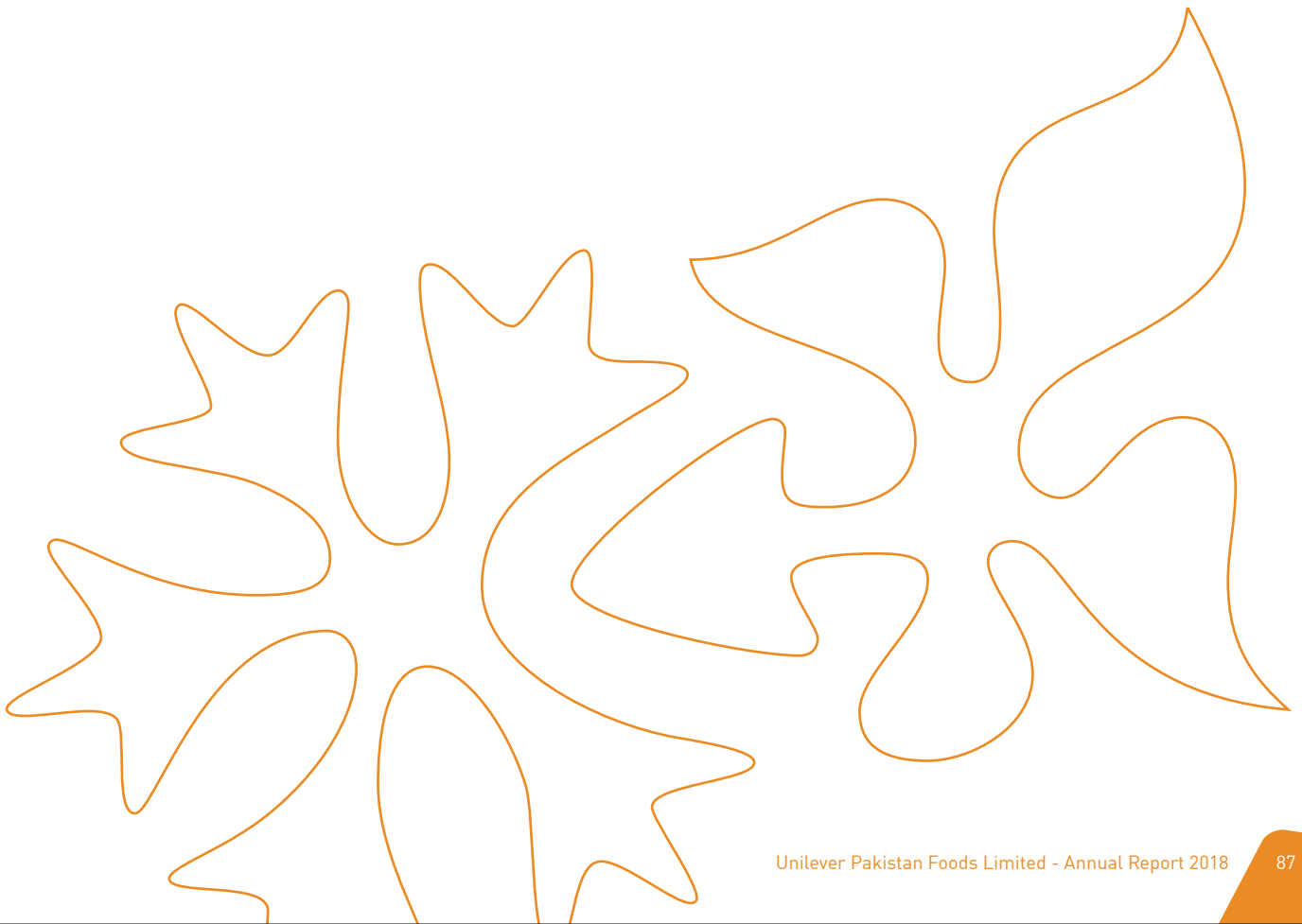
P	K																			
---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

بینک کا نام برانچ کا نام برانچ کا ایڈریس

بیان کیا جاتا ہے کہ کمپنی اور متعلقہ شیئر رجسٹر اکوڈی جانے والی مندرجہ بالا معلومات درست ہے اور اس میں ہونے والی کسی طرح کی بھی تبدیلی سے متعلق آپ کو آگاہ کیا جائے گا۔

شیئر ہولڈر کے دستخط
بشمول سی این سی کی کاپی

نوٹ: مکمل اور دستخط شدہ یہ فارم بشمول فعال کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی (سی این سی) شیئر رجسٹرارڈ پارٹنٹ، سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، 99-B، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی، 74400 پاکستان کو بھیجی ہوگی۔



توثیقی بیان

ہمارے ملازمین کا UPFL کی مستحکم ترقی میں اہم کردار ہے اور ہمارے ڈائریکٹرز اپنے ہر ایک ملازم کی کاوشوں کو تسلیم کرتے ہیں۔ ہم اپنے تمام صارفین کا ہماری پروڈکٹس پر بھروسہ کرنے کیلئے شکرگزار ہیں۔ ہم اپنے شیئر ہولڈرز کے بھی ان کی سپورٹ اور ہماری انتظامیہ پر اعتماد کرنے کیلئے مشکور ہیں۔

مستقبل پر نظر

مشکل اقتصادی و انتظامی حالات کے باوجود کاروبار نے منافع بخش ترقی کا سفر جاری رکھا ہے۔ مشکلات پر تقابلاً پانے میں ہماری عالمی مہارت، صارفین کا بھروسہ، مصنوعات کے معیار و جدت اور عالمی سطح کی کسٹمر سروس پر سرمایہ کاری اہم کردار ادا کرتے ہیں۔ ہم پر اعتماد ہیں کہ اپنے عزم اور بھرپور کوششوں سے اپنے صارفین کی روزمرہ کی ضروریات کی فراہمی اور مستحکم و منافع بخش ترقی جاری رکھیں گے۔

آپ سب کا شکریہ۔
برائے بورڈ

شازیہ سید
چیف ایگزیکٹو آفیسر
کراچی
28 فروری، 2019

کامران مرزا
چیرمین
کراچی
28 فروری، 2019

	Share Capital	Reserves			Total	
	Issued, subscribed and paid up capital	Capital		Revenue		
		Share Premium	Special	General	Un- appropriated Profit	
	(Rupees in thousand)					
Balance as at January 01, 2018	61,576	24,630	628	138	94,498	181,470
Total comprehensive income for the year ended 31 December 2018						
- Profit for the year ended December 31, 2018					1,731,570	1,731,570
- Other comprehensive income for the year ended December 31, 2018					27	27
					1,731,597	1,731,597
First Interim dividend for the year ended December 31, 2018 @ Rs. 105 per share					(646,550)	(646,550)
Second Interim dividend for the year ended December 31, 2018 @ Rs. 44 per share					(280,278)	(280,278)
Third Interim dividend for the year ended December 31, 2018 @ Rs. 55 per share					(350,347)	(350,347)
Issue of right shares	2,123	1,271,869	-	-	-	1,273,992
Balance as at December 31, 2018	63,699	1,296,499	628	138	548,920	1,909,884

ڈائریکٹرز

مندرجہ ذیل شخصیات کمپنی کے ڈائریکٹرز ہیں:

- جناب کامران مرزا (چیئرمین آف بورڈ)
- محترمہ شازیہ سید (سی ای او)
- جناب سہیل حنیف بیگ (سی ایف او)
- محترمہ فرہین سلمان عامر
- جناب ذوالفقار متو
- میاں محمد عادل متو
- جناب کمال متو
- جناب بدرالدین ایف۔ ویلانی
- جناب علی طارق
- جناب خالد منصور (مورخہ 19 مارچ، 2018 کو منتخب)

ڈائریکٹرز کا انتخاب 2017 کی AGM میں کیا گیا تھا اور موجودہ ڈائریکٹرز کی مدت 19 اپریل 2020 کو ختم ہوگی۔

جناب خالد منصور کمپنی کے انڈی پیڈنٹ ڈائریکٹر کے طور پر 19 مارچ 2018 کو منتخب کئے گئے۔ ان کا انتخاب جناب نعمان امجد لطفی کے 31 دسمبر 2017 کو مستعفی ہونے کے بعد خالی ہونے والی جگہ کو پر کرنے کے لیے کیا گیا۔

انٹرنل فنانشل کنٹرولرز

انٹرنل فنانشل کنٹرول کے حوالے سے ڈائریکٹرز اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں۔ یہ منجمنٹ، اور آڈیٹرز کے ساتھ (انٹرنل اور ایکسٹرنل) بات چیت کے ذریعے تصدیق کرتے رہتے ہیں کہ کمپنی کی جانب سے مناسب کنٹرولز پر عمل درآمد کیا جا رہا ہے۔

بورڈ کا جائزہ

کوڈ آف کارپوریٹ گورننس اوکیپینز ایکٹ 2017 کی ہدایات کے تحت بورڈ، اس کی کمیٹیوں اور بورڈ کے ڈائریکٹرز کی انفرادی کارکردگی کا جائزہ پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے زیر انتظام لیا گیا تاکہ شفافیت کو یقینی بنایا جاسکے۔

بورڈ کو اس کی ذیلی کمیٹیوں بشمول آڈٹ کمیٹی اور ہیومن اینڈ ریورس کمیٹیوں نے مدد فراہم کی۔ ان ذیلی کمیٹیوں نے سال کے دوران کارپوریٹ گورننس کے قواعد و ضوابط کے تحت اپنے اجلاسوں کا انعقاد کیا۔ یہاں یہ ضروری ہے کہ کمیٹیوں (آڈٹ کمیٹی اور ہیومن ریورس اینڈ ریویژن کمیٹی) کی جانب سے بہتری کے شعبوں کی نشاندہی اور سفارشات برائے عملی اقدامات کے لیے ان کے اہم کردار کو سراہا جائے۔ ہم آئندہ بھی صارفین کے اعطمان کو قائم اور بہترین گورننس کے اقدامات کے تسلسل کے لیے اپنی کوششوں کو جاری رکھیں گے۔

ڈائریکٹرز ریویژن پالیسی

ڈائریکٹرز کی فیس بورڈ کی منظوری سے ادا کی جاتی ہے کمپنی نے اس سلسلے میں کمپنیز ایکٹ 2017 اور CCG کے مطابق ایک رسمی پالیسی کی منظوری دی ہے۔ نان ایگزیکٹو اور انڈی پیڈنٹ ڈائریکٹرز جو کمپنی کے بورڈ اور کمیٹی کی مینٹننگز میں حاضر ہوتے ہیں بورڈ وقتاً فوقتاً ان کی فیس کا تعین کرتا ہے۔

آڈیٹرز

KPMG Taseer Hadi & Co.، چارٹرڈ اکاؤنٹنٹس کو اختتام سال برائے 31 دسمبر 2018 میں بطور آڈیٹرز تقرر کیا گیا تھا۔

بورڈ نے KPMG Taseer Hadi & Co. کو سال 2019 کے لئے کمپنی کے آڈیٹرز کے طور پر تقرری کی سفارش کی ہے، جس کا فیصلہ 09 اپریل 2019 کو ہونے والی سالانہ اجلاس عام میں شیئرز ہولڈرز کی منظوری سے ہوگا۔

ہولڈنگ کمپنی

اپنی مکمل ماتحت کمپنی Conopco Inc امریکہ کے توسط سے یونی لیور NV نیدر لینڈز یونی لیور پاکستان فوڈز لمیٹڈ میں 76.5% حصص رکھتی ہے۔ یہ یونی لیور کی واحد پیئرٹ کمپنی ہے۔

مابعد تفصیلات

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کوئی بھی ایسا واقعہ پیش نہیں آیا جو کمپنی کے مالی نتائج پر اثر انداز ہو۔

ii۔ ماحولیاتی تحفظ کے اقدامات

ریٹائرمنٹ فنڈز میں ملازمین کی سرمایہ کاری

UPFL نے سال 2018 میں اسٹاف ریٹائرمنٹ فنڈز میں 19.74 ملین روپے ادا کیے۔ مالیاتی گوشوارے برائے اختتام سال 31 دسمبر 2018 کے مطابق کمپنی کے زیر اہتمام چلائے جانے والے اسٹاف ریٹائرمنٹ فنڈز کی سرمایہ کاری مندرجہ ذیل ہے:

ملین روپے	
197	پراویڈنٹ فنڈ
26	گریجویٹ فنڈ
223	ٹوٹل: 2018
211	ٹوٹل: 2017

کارپوریٹ گورننس

UPFL کی انتظامیہ کارپوریٹ گورننس کی پیروی اور بہترین تجربات پر عمل درآمد کے لیے پرعزم ہے۔ کوڈ آف کارپوریٹ گورننس کے عین مطابق، ڈائریکٹرز درج ذیل کے بیانات پر مطمئن ہیں:

- کمپنی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشواروں میں معاملات کی واضح صورت، اس کے انتظامی نتائج، کیش فلوز اور ایکویٹی کی تبدیلیوں کو واضح انداز میں پیش کیا گیا ہے۔
- کمپنی کے اکاؤنٹ بکس درست انداز میں برقرار رکھے گئے ہیں۔
- مالیاتی گوشواروں اور اکاؤنٹنگ تخمینہ جات کی تیاری مناسب اور محتاط انداز کی بنیاد پر متعلقہ اکاؤنٹنگ پالیسیز کے تحت کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز (IFRS) کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔
- انٹرنل کنٹرول کا سسٹم مؤثر ہے اور اس پر مناسب انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک و شبہ کی کوئی گنجائش نہیں۔
- اسٹاک ایکسچینج کے رول بک میں مفصل کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔
- درج ذیل سے متعلق اسٹیٹمنٹ مالیاتی گوشواروں کے نوٹس کے ساتھ ہیں یا ان میں وضاحت کی گئی ہے۔
- بورڈ آف ڈائریکٹرز، کمیٹیوں کے اجلاسوں کی تعداد، ڈائریکٹرز کی حاضری،
- گزشتہ 6 سالوں پر مشتمل اہم مالیاتی تفصیل
- پیٹرن آف شیئر ہولڈنگ

پانی کے استعمال میں اہم حفاظتی اقدامات اٹھائے گئے ہیں، اس میں ہم نے الٹرا وائیوٹ، الٹرا فیلٹریشن اور ریورس اوسموس پلانٹ پروجیکٹ کے ذریعے کامیابی کے ساتھ آلودہ پانی کو قابل استعمال بنایا ہے اور اس کو ہمارے کولنگ ٹاورز میں بھی استعمال کیا گیا ہے۔

آلودہ پانی کو دوبارہ استعمال کے قابل بنانے کے لیے کئی اقدامات بھی اٹھائے گئے ہیں۔ کولونڈل مل سیلنگ وائرسٹیونگ آٹومیشن کے استعمال سے پانی کو استعمال کے قابل بنا کر کولنگ ٹاورز میں دوبارہ استعمال کیا گیا۔ مزید برآں، پورے پلانٹ میں وائٹ آپٹیمائزیشن نوزل کی تنصیب کے ذریعے UPFL تین ملین لٹر پانی بچانے میں کامیاب رہی جس سے 3 ہزار خاندانوں کی پانی کی ضروریات کے مساوی بچت ہوئی۔

سماجی سرمایہ کاری اور فلاحی کام: مبلغ 147 ملین روپے

الف) کنور نے اپنے اسکول پروگرامز کے ذریعے غذائیت بھری خوراک کے پیغام کو پھیلا یا خاص طور پر ملک کے دیہی علاقوں میں یہ سرگرمیاں جاری رکھیں جہاں خوراک کی کمی ایک بہت بڑا مسئلہ ہے۔

ب) کنور نے اپنے موبائل نوڈل اینڈنگ پروگرام کی بدولت 1,100 بے روزگار افراد کو روزگار کے مواقع فراہم کئے۔ جس سے دیہی صارفین کو خوراک کے دیگر غذائیت بھرے متبادل بھی ملے۔

پیشہ ورانہ حفاظت اور صحت

تحفظ UPFL کی سرگرمیوں کا اہم حصہ ہے۔ ہمارے Vision Zero نے کمپنی میں غیر محفوظ اقدامات اور تجربات کو ناقابل رخصت بنا دیا ہے۔ UPFL وسیع نظر رہنماؤں، ذمہ دار ملازمین، سیفٹی کی بنیاد پر ڈیزائن کیے گئے پلانٹ، پیداواری سہولیات اور مصنوعات اور پورے ادارے میں تحفظ نظام اور طریقوں پر عمل درآمد کی بدولت حفاظت میں بہتری کے لیے مستعد ہے۔ مزید برآں، UPFL تربیت اور ہمت افزا اقدامات کے ذریعے تحفظ کی اہمیت کو اجاگر کیا ہے۔ سائٹ انتظامیہ کی جانب سے کئی حفاظتی سیشن ایسے اقدامات ہیں کہ جن سے حادثات صفر رہے۔

ملازمین کی شمولیت

ہمارے ملازمین اپنی رفاہی کوششوں اور رضا کارانہ اقدامات کے ذریعے مستحکم ترقی کے قیام کے عزم پر یقین رکھتے ہیں تاکہ غریب عوام کی زندگیوں میں بہتری لانے میں اپنا حصہ ادا کر سکیں۔ ہمارے ملازمین نے 2 ملین روپے سے زائد سے مختلف سماجی اداروں کی مدد کی تاکہ مستحق بچوں کو معیاری تعلیم صحت اور کھانا فراہم کیا جاسکے، اس سلسلے میں سٹیزن فاؤنڈیشن، آغا خان یونیورسٹی ہسپتال اور ورلڈ فوڈ پروگرام سے تعاون کیا گیا۔

لیکچر ڈیٹا بینجمنٹ کا انتظام

Unilever Future Leaders Program (UFLP) کمپنی کا ممتاز پلیٹ فارم ہے جہاں پر ملک کے باصلاحیت نوجوانوں کو ملازمت کے مواقع میسر آتے ہیں۔ UFLP کو دیگر شاندار گریجویٹ پروگراموں میں شامل ہونے کا درجہ حاصل ہے۔

کاروباری امور میں افرادی تنوع اور شمولیت ہمارے کاروبار کے لیے بہت اہم ہیں۔ خواتین ملازمین ہمارے ادارے کا ناگزیر حصہ ہیں اور کمپنی کی مختلف ذمہ داریوں میں مایہ ناز کردار ادا کر رہی ہیں۔ ہمارے جامع کاروباری ایجنڈا کے تحت، ہم خصوصی افراد کی بھرتی کے لیے بھی کوشاں ہیں۔

مزید برآں، ہم اپنے ملازمین کی صحت اور معیار زندگی میں بہتری لانے کا عزم رکھتے ہیں۔ کمپنی نے اس حوالے سے کئی طرح کے اقدامات اٹھائے ہیں جن میں کام کرنے کی جگہ پر ورزش کی سہولیات، ڈے کیئر سینٹر، یوگا کلاسز اور کھانے پینے کے صحت مند متبادل موجود ہیں۔ اس کے علاوہ میٹریٹٹی اور پیٹریٹٹی کی چھٹیاں اور مناسب کام کے اوقات زندگی کو متوازن رکھنے میں مددگار ثابت ہوتے ہیں۔

سماجی سرگرمیاں

UPFL مستحکم کاروباری ترقی کے ساتھ ماحولیاتی اثرات کو زیادہ سے زیادہ کم کرنے کی کوشش جاری رکھی ہوئی ہے۔ ہر جگہ خوشحالی پھیلانے کے ہمارے نظریہ کو آگے بڑھانے کے لیے کمپنی کوشاں ہے۔

2018 کے دوران ہمارے اہم اقدامات درج ذیل ہیں:

توانائی کا استعمال اور ماحول کا تحفظ: 17 ملین روپے

UPFL میں ماحولیاتی اعتبار سے پائیدار پروڈکشن ہماری منصوبہ بندی میں اہمیت رکھتی ہے۔ اس حوالے سے کمپنی ماحول دوست آپریٹنگ کے ذریعے مستحکم ترقی کے عزم پر کار بند ہے۔ یہ آپریٹنگ اقوام متحدہ کے مستحکم ترقی کے مقاصد کے تحت انجام دیئے جاتے ہیں۔ UPFL اپنے ماحول دوست اقدامات کی بدولت "WWF Green Office" کا تصدیق شدہ ممبر بھی ہے۔

2018 میں توانائی کے بہتر استعمال کے ہمارے سفر میں مزید نکھار کے لیے درج ذیل اقدامات بھی اٹھائے گئے:

ا۔ توانائی کا استعمال

- کولنگ ٹاورز اور ٹھنڈے پانی کے پمپس پر VFDs کی تخصیص سے سالانہ 629.78GJ بجلی کی کھپت میں کمی کے ساتھ 68,540CO2/GJ تک ماحولیاتی اثرات بھی کم ہوئے۔
- ویسٹ واٹر موٹر کا لوڈ 497GJ سالانہ کم کرنے کے ساتھ کاربن سے ہونے والے ماحولیاتی اثرات میں 54,090KgCO2/GJ تک کمی لائی گئی۔
- امور میں مزید بہتری کے ساتھ جانچ پڑتال کے نظام کو موثر بنانے سے اسٹیم نیٹ ورک کے لائن کے نقصانات میں 4 فیصد کمی ہوئی ہے۔ ان اقدامات سے مجموعی طور پر اسٹیم کے استعمال میں 885.49GJ کمی ہوئی ہے۔

کمپنی نے کاروباری سرگرمیوں سے 1,671 ملین روپے کی آمدنی حاصل کی۔ سال کے اختتام پر کمپنی کے پاس 176 ملین روپے کی نقد رقم موجود تھی۔

متواتر طور پر کمپنی کی نقدی تخمینے تیار کئے جاتے ہیں اور ان تخمینوں کی بھرپور نگرانی کی جاتی ہے تاکہ موثر منصوبہ بندی اور منافع کا تعین کیا جاسکے۔

سرمایہ کاری کی حکمت عملی مرتب کرتے وقت ممکنہ خطرات کا بغور جائزہ لیا جاتا ہے۔ زائد رقم زیادہ تر قلیل مدتی بینک ڈپازٹس میں رکھی جاتی ہے۔

کمپنی کی کارکردگی کی قدر پیمائی

کمپنی میں کارکردگی کو پرکھنے کا ایک کڑا انتظام موجود ہے۔ آپ کی انتظامیہ کمپنی کی کارکردگی کو جانچنے کے لیے کئی طریقہ کار اپناتی ہے، جن میں مد مقابل کمپنی کی پوزیشن، گزشتہ سال کی کارکردگی، معاشی صورتحال اور مارکیٹ کی بڑھوتری اور دیگر عوامل شامل ہے۔

انتظامیہ کے لیے ٹارگٹ کے تعین کے پیش نظر بجٹ تیار کیا جاتا ہے اور موثر انداز میں اٹھائے جانے والے درست اقدامات کے بعد حاصل نتائج سے آمدنی کا تقابل کیا جاتا ہے۔

بنیادی خطرات اور غیر یقینی حالات

کمپنی کو درج ذیل بنیادی خطرات کا سامنا ہے:

- روپے کی گرتی قدر، غیر مستحکم معیشت اور تجارتی عدم توازن سے معاشی سرگرمیاں سست روی کا شکار ہیں۔ بڑھتی ہوئی غیر یقینی صورتحال، مجموعی قومی پیداوار (GDP) کی شرح سے کم ٹیکس اور بڑھتے ہوئے مالیاتی خسارے سے افراتر میں اضافے کا خدشہ ہے۔
- معاشی سرگرمیوں کی سست روی اور بڑھتی ہوئی مہنگائی گھریلو خریداری میں کمی کا سبب بنیں گے جس سے ترقی پر منفی اثرات مرتب ہوں گے۔
- مرکزی بینک کی جانب سے ضابطے کے اقدامات اٹھائے جانے سے غیر ملکی زرمبادلہ کی ترسیلات متاثر ہونے کا خطرہ ہے۔ نتیجتاً ہماری ترسیلات زر میں تاخیر اور تبادلے پر نقصان کا خدشہ ہے۔

ہمارے ملازمین

ہمارا یہ کامل یقین ہے کہ ہمارے ملازمین ہمارا اہم اثاثہ ہیں۔ با معنی کرداروں، مشکل امور کی تفویض اور بین الاقوامی سطح کا سیکھنے کا ماحول ملازمین کی صلاحیتوں کو نکھارنے کے ساتھ ہمارے لیے ایک با مقصد ادارہ بننے کی راہ ہموار کرتا ہے۔ دیانت دارانہ تبادلہ خیال، سکھانے اور سیکھنے کا ماحول، ہمارے ملازمین اور کاروبار کی ترقی کا باعث ہیں۔ 2018 میں ایپیل آف چوائس (پسندیدہ آجر) کے حوالے سے AC Nielsen کی طرف سے ہمیں پہلی پوزیشن سے سرفراز کیا گیا جو مسلسل ایک دہائی سے زائد عرصے سے ہم جیت رہے ہیں۔

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز نے کمپنی کی سالانہ رپورٹ برائے 31 دسمبر 2018 اور کمپنی کے تشخیص شدہ مالیاتی گوشوارے پیش کئے ہیں۔

کاروباری جائزہ:

کمپنی کے بنیادی امور

کمپنی اپنے، رفغان، کنور، انرجائل، گلکسو زڈی اور نوڈلز سلسلوں کے برانڈ ناموں سے کنزیومر اور کمرشل نوڈلز پروڈکٹس کی تیاری اور ان کی فروخت کے امور انجام دیتی ہے۔ سال 2018 کے دوران حجم میں اضافہ کی بدولت کاروبار میں 10.7 فیصد اضافہ ہوا۔ رفغان اور کنور کے کاروبار میں ترقی سے یہ بہترین نتائج حاصل ہوئے ہیں۔

2018 کے نتائج کی کلیدی خصوصیات مندرجہ ذیل ہیں:

کنور: ترقی میں نوڈلز اور سائز کا کردار سرفہرست رہا۔ نوڈلز کی فروخت میں اضافہ کے پیچھے برانڈ کی مضبوط ساکھ، ”کنور بوریت بسٹرز“ جیسی کامیاب مہم کے ذریعے شہری علاقوں میں بڑھتی کھپت اور دیگر علاقوں تک بہتر رسائی کا اہم کردار ہے۔ سوسز برانڈ میں پروڈکٹ اور پیک کی خوشنما تبدیلی کے ساتھ نئی شاندار کمپین کے نتیجے سے سیلز میں اضافہ ہوا۔

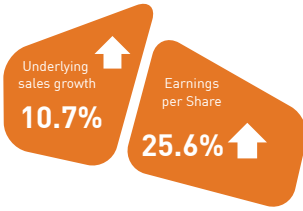
رفغان: کارن آئل میں نئے پیک کے تعارف اور ڈیزائن میں دلچسپ مارکیٹنگ کے ذریعے رفغان کی فروخت میں اضافہ ہوا۔

مشکل کاروباری حالات کے سبب سالانہ مجموعی منافع 4.5 فیصد پر مستحکم رہا۔ ایڈورٹائزنگ اور پروموشن تجارتی منصوبہ بندی کو مد نظر رکھتے ہوئے کی گئی۔ فی حصص آمدنی (EPS) میں گزشتہ سال کے مقابلے میں 25.6 فیصد اضافہ ہوا۔

ہماری مالیاتی کارکردگی کا خلاصہ:

2017	2018	
10,745	11,898	سیلز
4,834	5,359	مجموعی منافع
1,947	2,561	آپریٹنگ منافع
1,921	2,492	ٹیکس سے پہلے منافع
1,356	1,732	ٹیکس کے بعد منافع
218.55*	274.48	EPS basic (روپے)

روپے بلین میں



* گزشتہ سال کے فی حصص آمدنی کو ری اسٹایٹ (RESTATE) نظر کیا گیا ہے۔

اہم مالیاتی اشارے:

مالیاتی سرخیاں • فروخت میں اضافہ 1,153 ملین روپے • فی حصص آمدنی 274.48 روپے

صنعت کا عمومی جائزہ

ڈیویڈنڈ (منافع منقسمہ)

پاکستان کی نوڈل مارکیٹ (بشمول ڈیری، کولڈ بیورج اور بیکیجڈ آئلز) کا موجودہ تخمینہ (یورومانیٹر کے مطابق) 1.3 ٹریلین روپے بنتا ہے۔ مارکیٹ کئی مقامی اور ملٹی نیشنل کمپنیوں پر مشتمل ہے، جس میں کئی علاقائی کمپنیاں بھی شامل ہیں۔ مجموعی مارکیٹ میں سے بیکیجڈ نوڈل (Packaged Food) میں 15 فیصد اضافہ دیکھا جا رہا ہے جس میں کھانے کا تیل اور ڈریٹنگ نمایاں ہیں۔

پہلا عبوری منافع منقسمہ برائے 2018 (پہلے ہی دیا جا چکا ہے) 105 روپے فی حصص (2017: 122 روپے فی حصص)۔

دوسرا عبوری منافع منقسمہ برائے 2018 (پہلے ہی دیا جا چکا ہے) 44 روپے فی حصص (2017: 50 روپے فی حصص)۔

تیسرا عبوری منافع منقسمہ برائے 2018: 55 روپے فی حصص (پہلے ہی دیا جا چکا ہے) (2017: 33 روپے فی حصص)۔

حتمی منافع منقسمہ برائے 2018 فی حصص 76 روپے (2017: صفر روپے فی حصص)۔

سرمایہ کاری

رواسال کمپنی نے پیداواری گنجائش میں اضافے اور معیار کی بہتری پر 1,049 ملین روپے کی سرمایہ کاری کی۔

چیرمین کا جائزہ

تجارتی اور صنعتی جائزہ

بورڈ کی جانب سے چیرمین جائزہ رپورٹ برائے اختتام سال 31 دسمبر 2018 پیش کرنا میرے لیے خوشی کا باعث ہے۔

معاشی سست روی اور روپے کی قدر میں کمی کے باوجود کمپنی کی نمایاں کارکردگی میرے لیے باعث مسرت ہے۔ کامیابیوں کے نتائج اچھے اور نمایاں رہے ہیں۔ ہماری عالمی مہارت، صارفین کے اعتماد اور ملک بھر میں دستیابی نے تمام کیٹیگریز میں ہماری سربراہانہ حیثیت کو برقرار رکھا۔

اس مشکل اقتصادی صورتحال میں بورڈ کا کلیدی کردار رہا۔ بورڈ نے احسن طریقے سے اپنے انتظامی امور کو نبھاتے ہوئے تمام شراکت داران کے مفادات کا خیال رکھا۔ کمپنی کے نمایاں مقاصد کے حصول اور شراکت داروں کے منافع میں اضافے کے لیے بورڈ نے اپنا ذمہ دارانہ اور قابل فہم کردار برقرار رکھا۔ اس کے علاوہ، زیر جائزہ سال کے دوران، بورڈ نے مالیاتی نتائج کی سبب ماہی بنیادوں پر نگرانی کو جاری رکھا۔

2018 میں کاروبار میں بالحاظ حجم اور قیمت میں 10.7 فیصد کا قابل قدر اضافہ ہوا۔ یہ نتائج کنور اور رفان کی کیٹیگریز کی ری لانچ اور سلیزکس میں تجدید کے باعث حاصل ہوئے۔ مارکیٹنگ کی جدید مہموں میں سرمایہ کاری کے اضافے سے صارفین کی پسندیدگی اور برانڈ کی ساکھ مزید بہتر کرنے میں مدد ملی۔ اس کے علاوہ شیئر ہولڈرز کی قدر بڑھانے کے لیے ہمارے عزم کے تسلسل کے تحت شراکت داروں کی فی حصص آمدنی (EPS) میں 25.6 فیصد اضافہ ریکارڈ کیا گیا۔

بورڈ کی کارکردگی اور صلاحیت

کوڈ آف کارپوریٹ گورننس اوپینیز ایکٹ 2017 کے ضوابط کے تحت بورڈ، اس کی کمیٹیوں اور بورڈ کے ڈائریکٹرز کی انفرادی کارکردگی کا جائزہ پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے زیر انتظام لیا گیا تاکہ شفافیت کو یقینی بنایا جاسکے۔

بورڈ کو اس کی ذیلی کمیٹیوں بشمول آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونیشن کمیٹی (Audit Committee and the HR&R Committee) نے مدد فراہم کی۔ ان ذیلی کمیٹیوں نے سال کے دوران کارپوریٹ گورننس کے قواعد و ضوابط کے تحت اپنی میٹنگز کا انعقاد کیا۔

سال کے دوران جناب خالد منصور کو کمپنی کا انڈی پینڈنٹ ڈائریکٹر مقرر کیا گیا۔ ان کا تقرر 18 مارچ 2018 کو جناب نعمان امجد لطفی کے 31 دسمبر 2017 کو استعفادینے کے باعث عارضی خالی آسامی پر کیا گیا۔

یہاں یہ ضروری ہے کہ کمیٹیوں (آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونیشن کمیٹی) کی جانب سے بہتری کے شعبوں کی نشاندہی اور سفارشات برائے عملی اقدامات کے لیے ان کے اہم کردار کو سراہا جائے۔ ہم آئندہ بھی بہترین گورننس کے اقدامات کے تسلسل کو جاری رکھیں گے۔

مستقبل پر نظر

کمپنی کا عزم ہے کہ اپنی پیداواری صلاحیتوں میں اضافے اور کارکردگی میں بہتری کی مدد سے اپنے کاروبار میں مستحکم ترقی اور مزید کامیابیاں حاصل کرے۔ اگرچہ قلیل المیعاد معیشت بدستور مشکلات میں رہے گی، موجودہ گورنمنٹ کی حالیہ پالیسیوں سے معاشی عدم توازن، امن وامان کی صورتحال اور مقامی طلب میں بہتری سے متوسط المیعاد اور طویل المیعاد معیشت میں مثبت اشارے ملتے ہیں۔ ہم اپنے صارفین کے بھروسے اور مصنوعات کی ذمہ دارانہ فراہمی میں مسلسل بہتری کے لیے پرعزم ہیں۔

توثیقی بیان

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے شراکت داران کے مسلسل تعاون اور حوصلہ افزائی پر ان کا تہہ دل سے شکر گزار ہوں اور کمپنی کے ملازمین کی قابل قدر خدمات کو سراہتا ہوں۔ ڈائریکٹرز کی جانب سے، زیر جائزہ سال کے دوران ان کی پرعزم کوششوں کو قدر کی نگاہ سے دیکھتا ہوں اور ہماری سی ای او (CEO) اور ان کی ایگزیکٹیو ٹیم کی پر خلوص اور قابل ستائش خدمات پر ان کا مشکور ہوں۔

کامران مرزا

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