Unilever Pakistan Limited
ANNUAL REPORT
2013

Creating a
better future
every day

Contents

Company Information

Board of Directors

Mr. Ehsan A. Malik
Chairman & Chief Executive

Mr. Ali Tariq
Director & CFO

Mr. Amir R. Paracha
Director

Ms. Fariyha Subhani
Director

Mr. Faheem Ahmed Khan
Director

Mr. Amar Naseer
Director

Mr. Zaffar A. Khan
Director

Mr. Khalid Rafi
Director

Company Secretary

Mr. Amar Naseer

Audit Committee

Mr. Khalid Rafi
Chairman

Mr. Zaffar A. Khan
Member

Mr. Faheem Ahmed Khan
Member

Mr. Azhar Shahid
Head of Internal Audit

Human Resource & Remuneration Committee

Mr. Zaffar A. Khan
Chairman

Mr. Ehsan A. Malik
Member

Mr. Khalid Rafi
Member

Mr. Amar Naseer
Company Secretary

Auditors

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

Registered Office

Avari Plaza
Fatima Jinnah Road
Karachi - 75530

Share Registration Office

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

Website Address

www.unileverpakistan.com.pk

Directors’ Report

Summary of Business Performance

The directors present the 2013 Annual Report together with audited financial statements of the Company for the year ended December 31, 2013.

Profit after tax improved by 11.2% on the back of higher margins. Due to a positive change in the mix, better cost absorption and savings initiatives, gross margin improved by 406 bps. This enabled the business to invest strategically behind our key brands, in an increasingly competitive environment.

Sales growth was low at 1.3%, due mainly to volume decline in Tea. The reinstatement of GST on tea at full rate forced a market dry out to reflect higher taxes in consumer price. This coupled with declining raw tea prices widened the gap between branded, mushroom and loose tea players, which hampered sales. Consumer spending slowed generally. The election year was marked by adverse security environment, frequent market closures, low GDP growth and continuing energy shortages. On the positive side, the emerging categories, representing a third of our business, continued to post double digit growth. This strengthens our belief to drive future growth from these categories.

Key Financial Highlights

	2013	(Restated) 2012
	Rupees in million	
Sales	**60,535**	59,741
Gross Profit	**24,422**	21,673
Profit from Operations	**9,223**	8,495
Profit before tax	**8,905**	8,065
Profit after tax	**6,117**	5,502

Dividend

The Board of Directors has recommended a final cash dividend of Rs. 116.09 per share. With the interim dividend of Rs. 340.39 per share already paid during the year, the total dividend for the year 2013 amounts to Rs. 456.48 (2012: Rs. 413) per ordinary share of Rs. 50 each. Total profit distributed by way of dividend amounts to 99% (2012: 100%).

Our People

Unilever Pakistan Limited takes pride in the courage and ability of its people to deliver ambitious results in a sustainable fashion. The Company continued to hold the employer of choice position for the 6th consecutive year.

The Standards of Leadership (SOL) of the Company, i.e. a set of behaviours that are deemed vital to be a good leader, are ingrained strongly in our people. Personal development is facilitated through empowering the people with bigger as well as challenging assignments, coaching, mentoring and the appraisal system. This investment in our people is what will set us apart in the industry and drive us towards our goals with the right people on-board.

The Company encourages its employees to work from agile locations and offers flexible work hours. Diversity is at the heart of our agenda with more than 150 females performing various roles across the functions in the Company. In order to cater to the needs of the female employees, the Unilever Day Care centre was started in 2003 and it is now also used by male employees, whose spouses work elsewhere.

There is continued focus on encouraging healthy life and work life balance among the employees. The Company has taken several initiatives in this regard e.g. vitality health passport, gym facility and healthy eating options available in the office.

Unilever Pakistan Limited is a learning organization where employees are continuously groomed to challenge themselves and make real time decisions. The Company leverages the global Unilever Network to develop talent in Marketing, Sales, Supply Chain, Finance and Human Resource Management through its E-learning programmes.

Community Involvement

Unilever Pakistan Limited is a multi-local multinational which believes that the highest standards of corporate behaviour are essential to long term success. To achieve our sustainability targets we launched the Unilever Foundation in 2012, which has been working alongside the Unilever Sustainable Living Plan launched in 2011.

The Unilever Sustainable Living Plan (USLP) sets out to decouple our growth from our environmental impact, while at the same time increasing our positive social impact. In order to realise sustainable growth, we have integrated sustainability into our strategy, brands and innovation. We are working with our customers and suppliers, engaging employees and fostering new partnerships.

The Unilever Foundation is a key action the company has taken globally to help meet our ambitious goal of helping more than one billion people improve their health and well-being and, in turn, create a sustainable future with our 5 global partners; Unicef, United Nations World Food Programme, Save the Children, Population Services International and Oxfam. Unilever Pakistan partners with both local and global partners in order to execute its sustainability agenda.

During 2013, our main initiatives included:

i. Corporate Philanthropy: Rs. 29.5 million

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

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

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

ii. Community Investment and Welfare Schemes: Rs. 93.5 million

a) The Lifebuoy brand continues its partnership with Idara-e-Taleem-o-Aagahi (ITA) for a school programme educating children on the 5 key occasions of hand-washing across the country. Lifebuoy also partnered with TCF and Teach for Pakistan to hold activities across Pakistan for Global Handwashing Day. In addition, new partnerships with Special Talent Exchange Programme and Ida Rieu were also developed to take the handwashing messages to the visually impaired students.

b) Pond's once again partnered with Shaukat Khanum Hospital to raise awareness about Breast Cancer.

c) Lux continued to sponsor students from four fashion institutes in Pakistan through the iconic Lux Style Awards platform.

d) Pureit supported World Water Day with Hissar Foundation in its efforts to create awareness and make safe drinking water accessible to all.

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

f) Blue Band scaled up its school programme initiated in 2012 to educate students on healthy eating habits across Pakistan.

g) Fair & Lovely's partnership with Depilex to train small salon owners to improve their services and standards ensured entrepreneurial growth of many new women.

h) Fair & Lovely, Sunsilk and Lux continued to provide rural women vocational training and basic management skills through the Guddi Baji Programme, which engaged more than 1,000 women in 2013 as Unilever Brand Ambassadors in their towns and villages.

i) Rahbar, our small scale distributor programme launched in 2011 which provided rural men employment opportunities and added them to the Unilever distribution channel, also continued to grow in 2013.

iii. Other Initiatives: Rs. 307 million

a) Vim's behavioural change consumer programme to minimize water usage in an effort towards water conservation continued in 2013.

b) Lipton Talent Hunt once again encouraged thousands of under-graduate students nationwide to explore their potential and present their skills.

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

Employee Involvement:

Our people share the company's commitment towards sustainable development, which is evident through the support received by them during multiple volunteer programmes held throughout the year. Employees contributed to various organizations throughout the year in the form of monetary support and skill development. Contributions through the payroll programme for Aga Khan University Hospital, The Citizens Foundation and UN World Food Programme resulted in a collection of over Rs. 1.8 million.

Employees also participated in an internal fund raiser to support child health care programmes run by Save the Children and raised PKR over 150,000. Additionally our employees also spent time with TCF students to educate them about the importance of handwashing with soap on the occasion of Global Handwashing Day which falls on October 15th every year. Unilever employees also volunteered at TCF and other environment activities during the year. Over 600 employees participated in one or more activities during the year.

Investments in Retirement Benefits

The investments made by the staff retirement funds operated by the Company as per their financial statements at December 31, 2013 are as follows:

	Rs. in million
The Union Pakistan Provident Fund	1,056
DC Pension Fund	560
Unilever Pension Plan	418
Unilever Gratuity Plan	-
Unilever Non Management Staff Gratuity Fund	62
Total	**2,069**
Total – 2012	3,098

Directors

The election of directors was held at the AGM of 2011. During the year 2013 Mr. Imran Hussain and Ms. Shazia Syed retired and were replaced by Mr. Ali Tariq and Mr. Amar Naseer. The term of the present directors will expire on April 19, 2014.

Subsidiary Companies and Consolidated Financial Statements

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

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

Holding Company

Through its wholly owned subsidiary, Unilever Overseas Holdings Limited (UOHL), UK, Unilever PLC, a company incorporated in the United Kingdom, is the holding company, owning 97.65% of the shares in Unilever Pakistan Limited.

Auditors

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, were appointed for the year ended December 31, 2013.

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

The Board has recommended the appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants, as the Auditors of the Company for the year 2014, for the Shareholders approval at the next AGM to be held on April 14, 2014.

Reserve appropriations

	Share Capital	Reserves				Total
		Capital		Revenue	Sub Total	
		Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
	(Rupees in thousand)					
Balance as at January 01, 2013-restated	669,477	70,929	321,471	4,215,120	4,607,520	5,276,997
Total comprehensive income for the year ended December 31, 2013						
- Profit for the year ended December 31, 2013	-	-	-	6,116,734	6,116,734	6,116,734
- Other comprehensive income for the year ended December 31, 2013	-	-	-	(48,257)	(48,257)	(48,257)
				6,068,477	6,068,477	6,068,477
Dividends						
For the year ended December 31, 2012						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 283 per share	-	-	-	(3,762,165)	(3,762,165)	(3,762,165)
For the year ended December 31, 2013						
- First interim dividend on ordinary shares @ Rs. 51.24 per share	-	-	-	(681,178)	(681,178)	(681,178)
- Second interim dividend on ordinary shares @ Rs. 123.25 per share	-	-	-	(1,638,469)	(1,638,469)	(1,638,469)
- Third interim dividend on ordinary shares @ Rs. 165.90 per share	-	-	-	(2,205,453)	(2,205,453)	(2,205,453)
Balance as at December 31, 2013	**669,477**	**70,929**	**321,471**	**1,996,093**	**2,388,493**	**3,057,970**

Acknowledgement

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

Business Risk and Future Outlook

Through its diverse portfolio the business aspires to continue on its journey of profitable growth. Prevailing economic and operating challenges are expected to remain. Additionally, counterfeiting remains a problem as brands become more popular. Evasion of taxes in tea, which represents a significant part of our business, is an ongoing issue made particularly tough after the increase in sales tax.

We are confident that we will be able to respond to such challenges successfully through a combination of better consumer understanding, global expertise, R&D capability, innovations and world class customer service. Our biggest strength lies in strong brand equities as we provide better value which meets consumers' everyday needs. As a means to achieve this, we will continue to leverage our ability to attract, develop and retain the best talent in the country.

Thanking you all

On behalf of the Board

Ehsan A. Malik
Chairman and Chief Executive

Karachi
March 6, 2014

Performance Indicators for 6 years

	2013	2012	2011	2010	2009	2008
	(Rupees in million)					
FINANCIAL POSITION						
Balance Sheet						
Property, plant and equipment	7,865	7,226	5,717	4,897	4,737	4,428
Other non-current assets	2,052	1,356	1,530	1,177	1,132	1,110
Current assets	11,848	9,855	8,619	7,427	5,557	5,848
Total assets	21,765	18,437	15,866	13,501	11,426	11,386
Share capital - ordinary	664	664	664	664	664	664
Share capital - Preference	5	5	5	5	5	5
Reserves	2,389	4,608	3,404	2,891	2,622	1,547
Total equity	3,058	5,277	4,073	3,560	3,291	2,216
Surplus on revaluation of fixed assets	-	-	12	12	13	13
Non-current liabilities	912	1,093	835	955	1,020	687
Current liabilities	17,795	12,067	10,946	8,974	7,102	8,470
Total liabilities	18,707	13,160	11,781	9,929	8,122	9,157
Total equity and liabilities	21,765	18,437	15,866	13,501	11,426	11,386
Net current liabilities	(5,947)	(2,212)	(2,327)	(1,547)	(1,546)	(2,622)
OPERATING AND FINANCIAL TRENDS						
Profit and Loss						
Net sales	60,535	59,741	51,876	44,672	38,188	30,957
Cost of sales	(36,114)	(38,068)	(33,792)	(30,094)	(24,853)	(20,219)
Gross profit	24,422	21,673	18,084	14,577	13,335	10,738
Operating profit	9,223	8,495	6,456	5,060	4,943	3,391
Profit before tax	8,905	8,065	5,925	4,780	4,516	2,925
Profit after tax	6,117	5,502	4,094	3,273	3,056	1,984
Cash ordinary dividends	6,068	5,490	4,081	3,270	3,044	1,635
Capital expenditure	1,548	2,190	2,023	921	872	1,369
Cash Flows						
Operating activities	11,053	6,338	4,659	6,182	5,216	97
Investing activities	(1,466)	(2,028)	(1,948)	(885)	(878)	(1,246)
Financing activities	(6,080)	(4,390)	(3,507)	(3,038)	(2,011)	(1,742)
Cash and cash equivalents at the end of the year	4,091	586	665	1,461	(798)	(3,126)

Performance Indicators for 6 years

FINANCIAL RATIOS

	Unit	2013	2012	2011	2010	2009	2008
Profitability Ratios							
Gross profit margin	%	40	36	35	33	35	35
Net profit to sales	%	10	9	8	7	8	6
EBITDA Margin to sales	%	16	15	13	12	14	11
Operating leverage ratio	Times	8.55	2.36	1.32	0.21	2.30	0.64
Pre tax return on equity	%	291	153	145	134	137	132
Post tax return on equity	%	200	104	101	92	93	90
Return on capital employed	%	147	117	103	80	62	49
Liquidity Ratios							
Current ratio	Times	0.67	0.82	0.79	0.83	0.78	0.69
Quick / Acid test ratio	Times	0.30	0.30	0.30	0.40	0.27	0.19
Cash to current liabilities	Times	0.25	0.05	0.09	0.20	0.03	0.01
Cash flow from operations to sales	Times	0.18	0.11	0.09	0.14	0.13	0.00
Capital Efficiency Ratios							
Inventory turnover	days	43	59	49	46	58	64
Debtors turnover	days	5	6	5	4	4	3
Creditor turnover ratio	days	(168)	(108)	(98)	(84)	(75)	(83)
Total assets turnover	%	278	324	327	331	334	272
Property, plant and equipment turnover	times	8	8	9	9	8	7
Operating cycle	days	(120)	(43)	(44)	(34)	(13)	(16)
Investment / Market Ratios							
Earnings per share (EPS)	Rs	460	413	308	246	230	149
Dividend payout ratio - earnings	Times	0.99	1.00	1.00	1.00	1.00	0.83
Dividend payout ratio - par value	Times	9.14	8.26	6.14	4.92	4.58	2.46
Dividend cover ratio	Times	0.99	1.00	1.00	1.00	1.00	1.21
Cash dividend	Rs	457	413	307	246	229	123
Capital Structure Ratios							
Financial leverage ratio	Times	0.11	-	0.07	0.09	0.32	1.48
Interest cover ratio	Times	70	130	124	34	20	18

Pattern of Shareholding
As at December 31, 2013

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held*
1,768	1	100	48,081
294	101	500	59,774
40	501	1,000	29,379
34	1,001	7,000	66,346
1	10,001	15,000	10,142
1	15,001	20,000	18,078
1	30,001	35,000	31,201
1	50,001	55,000	54,541
1	10,100,001	13,025,000	13,024,162
2,141			13,341,704

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies, and related parties*	1	13,024,162	97.62
Directors, Executives and spouses*	2	133	0.00
Provincial Governments	2	85,742	0.64
NIT & ICP*	4	185	0.00
Banks and Financial Institutions	3	287	0.00
General Public			
a. Local*	2,092	209,213	1.57
b. Foreign	6	2,205	0.02
Others*	31	19,777	0.15
Totals	2,141	13,341,704	100.00

Shareholders holding 5% or more voting rights:	Shares Held	Percentage
Unilever Overseas Holdings Ltd.	13,024,162	97.62

*Includes Voting Preference Shares.

Financial Statements 2013

Auditors' Report to the Members

We have audited the annexed balance sheet of Unilever Pakistan Limited as at December 31, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the change as stated in note 4 with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

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

A. F. Ferguson & Co.
Chartered Accountants

Karachi
Dated: March 17, 2014
Name of Engagement Partner: Farrukh Rehman

Balance Sheet

as at December 31, 2013

	Note	2013	(Re-stated) 2012	(Re-stated) January 1, 2012
		(Rupees in thousand)		
ASSETS				
Non-current assets				
Property, plant and equipment	5	**7,864,440**	7,225,779	5,717,231
Intangible - computer software	6	**754,055**	936,797	1,288,730
Long term investments	7	**95,202**	95,202	95,202
Long term loans	8	**155,266**	135,586	115,256
Long term deposits and prepayments	9	**995,784**	20,070	25,761
Staff Retirement benefits - prepayments	10	**52,069**	168,812	5,089
		9,916,816	8,582,246	7,247,269
Current assets				
Stores and spares	11	**528,211**	421,656	347,520
Stock in trade	12	**4,335,309**	6,244,203	5,204,390
Trade debts	13	**855,771**	1,018,561	833,179
Loans and advances	14	**150,045**	181,003	160,194
Trade deposits and short term prepayments	15	**987,273**	547,671	574,205
Accrued interest / mark up		**6,781**	-	-
Other receivables	16	**167,133**	108,680	147,583
Tax refunds due from the Government	17	**351,728**	748,493	394,715
Cash and bank balances	18	**4,466,231**	584,546	957,459
		11,848,482	9,854,813	8,619,245
Total assets		**21,765,298**	18,437,059	15,866,514

Balance Sheet

as at December 31, 2013

	Note	2013	(Re-stated) 2012	(Re-stated) January 1, 2012
		(Rupees in thousand)		
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	19	669,477	669,477	669,477
Reserves	20	2,388,493	4,607,520	3,403,960
		3,057,970	5,276,997	4,073,437
Surplus on revaluation of fixed assets		-	-	11,669
LIABILITIES				
Non-current liabilities				
Liabilities against assets subject to finance leases		-	-	3,291
Deferred taxation	21	520,948	691,570	328,010
Staff Retirement benefits - obligations	10	391,281	401,969	503,901
		912,229	1,093,539	835,202
Current liabilities				
Trade and other payables	22	16,840,660	11,444,514	10,096,698
Accrued interest / mark up		951	7,003	9,630
Short term borrowings	23	375,401	-	292,534
Current maturity of liabilities against assets subject to finance leases		-	-	13,229
Provisions	24	578,087	615,006	534,115
		17,795,099	12,066,523	10,946,206
Total liabilities		18,707,328	13,160,062	11,781,408
Contingencies and commitments	25			
Total equity and liabilities		21,765,298	18,437,059	15,866,514

The annexed notes 1 to 44 form an integral part of these financial statements.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Profit and Loss Account

for the year ended December 31, 2013

	Note	2013	(Re-stated) 2012
		(Rupees in thousand)	
Sales	26	**60,535,320**	59,740,969
Cost of sales	27	**(36,113,538)**	(38,067,577)
Gross profit		**24,421,782**	21,673,392
Distribution costs	28	**(12,672,494)**	(11,140,440)
Administrative expenses	29	**(2,258,122)**	(1,984,867)
Other operating expenses	30	**(679,545)**	(614,929)
Other income	31	**410,936**	561,377
Profit from operations		**9,222,557**	8,494,533
Finance cost	32	**(317,922)**	(429,474)
Profit before taxation		**8,904,635**	8,065,059
Taxation	33	**(2,787,901)**	(2,563,104)
Profit after taxation		**6,116,734**	5,501,955
Other comprehensive income:			
Items that will not be reclassified to Profit or Loss			
(Loss) / gain on remeasurements of post employment benefit obligations	10	**(73,117)**	177,551
Impact of deferred tax		**24,860**	(62,143)
		(48,257)	115,408
Items that may be subsequently reclassified to Profit or Loss		**-**	-
Total comprehensive income		**6,068,477**	5,617,363

The annexed notes 1 to 44 form an integral part of these financial statements.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Cash Flow Statement

for the year ended December 31, 2013

	2013	(Re-stated) 2012
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	**8,904,635**	8,065,059
Adjustments for non-cash charges and other items		
Depreciation	**737,038**	645,378
Amortisation of intangible - computer software	**182,742**	249,055
Gain on disposal of property, plant and equipment	**(4,561)**	(104,944)
Dividend income	**(12)**	(12)
Mark-up on short term borrowings	**131,675**	64,991
Provision of fixed assets to be written off	**133,728**	-
Finance charge on finance leases	**-**	269
Provision for staff retirement benefits	**47,986**	164,462
Return on savings accounts and deposit accounts	**(45,181)**	(32,272)
	1,183,415	986,927
	10,088,050	9,051,986
Effect on cash flows due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	**(106,555)**	(74,136)
Stock in trade	**1,908,894**	(1,039,813)
Trade debts	**162,790**	(185,382)
Loans and advances	**30,958**	(20,809)
Trade deposits and short term prepayments	**(439,602)**	26,534
Other receivables	**(58,453)**	38,903
	1,498,032	(1,254,703)
Increase / (decrease) in current liabilities		
Trade and other payables	**3,188,590**	1,410,023
Provisions	**(36,919)**	80,891
	3,151,671	1,490,914
	4,649,703	236,211
Cash generated from operations (carried forward)	**14,737,753**	9,288,197

Cash Flow Statement

for the year ended December 31, 2013

	Note	2013	(Re-stated) 2012
		(Rupees in thousand)	
Cash generated from operations (brought forward)		14,737,753	9,288,197
Mark-up on short term borrowings		(137,727)	(67,618)
Income tax paid		(2,536,898)	(2,615,465)
Staff retirement benefits obligations paid		(15,048)	(252,566)
Increase in long term loans		(19,680)	(20,330)
(Increase) / decrease in long term deposits and prepayments		(975,714)	5,691
Net cash from operating activities		11,052,686	6,337,909
Cash used in investing activities			
Purchase of property, plant and equipment		(1,547,803)	(2,189,886)
Sale proceeds on disposal of property, plant and equipment		42,937	129,235
Return received on savings accounts and deposit accounts		38,400	32,272
Dividend received		12	12
Net cash used in investing activities		(1,466,454)	(2,028,367)
Cash used in financing activities			
Dividends paid		(6,079,948)	(4,373,132)
Finance lease obligation paid		-	(16,789)
Net cash used in financing activities		(6,079,948)	(4,389,921)
Net increase / (decrease) in cash and cash equivalents		3,506,284	(80,379)
Cash and cash equivalents at the beginning of the year		584,546	664,925
Cash and cash equivalents at the end of the year	34	4,090,830	584,546

The annexed notes 1 to 44 form an integral part of these financial statements.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Statement of Changes in Equity

for the year ended December 31, 2013

	SHARE CAPITAL	RESERVES				TOTAL
		CAPITAL		REVENUE	SUB TOTAL	
		Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
	(Rupees in thousand)					
Balance as at January 1, 2012 - as previously reported	669,477	70,929	321,471	3,110,089	3,502,489	4,171,966
Effect of change in accounting policy with respect to accounting for recognition of actuarial gains/(losses) on defined benefit plan - net of tax (note 4)	-	-	-	(98,529)	(98,529)	(98,529)
Balance as at January 1, 2012 - as re-stated	669,477	70,929	321,471	3,011,560	3,403,960	4,073,437
Total comprehensive income for the year ended December 31, 2012						
- Profit for the year ended December 31, 2012	-	-	-	5,501,955	5,501,955	5,501,955
- Other comprehensive income for the year ended December 31, 2012	-	-	-	115,408	115,408	115,408
	-	-	-	5,617,363	5,617,363	5,617,363
Dividends						
For the year ended December 31, 2011						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 202 per share	-	-	-	(2,685,362)	(2,685,362)	(2,685,362)
For the year ended December 31, 2012						
- First interim dividend on ordinary shares @ Rs. 65 per share	-	-	-	(864,101)	(864,101)	(864,101)
- Second interim dividend on ordinary shares @ Rs. 65 per share	-	-	-	(864,101)	(864,101)	(864,101)
Balance as at January 01, 2013 - restated	669,477	70,929	321,471	4,215,120	4,607,520	5,276,997
Total comprehensive income for the year ended December 31, 2013						
- Profit for the year ended December 31, 2013	-	-	-	6,116,734	6,116,734	6,116,734
- Other comprehensive income for the year ended December 31, 2013	-	-	-	(48,257)	(48,257)	(48,257)
	-	-	-	6,068,477	6,068,477	6,068,477
Dividends						
For the year ended December 31, 2012						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 283 per share	-	-	-	(3,762,165)	(3,762,165)	(3,762,165)
For the year ended December 31, 2013						
- First interim dividend on ordinary shares @ Rs. 51.24 per share	-	-	-	(681,178)	(681,178)	(681,178)
- Second interim dividend on ordinary shares @ Rs. 123.25 per share	-	-	-	(1,638,469)	(1,638,469)	(1,638,469)
- Third interim dividend on ordinary shares @ Rs. 165.90 per share	-	-	-	(2,205,453)	(2,205,453)	(2,205,453)
Balance as at December 31, 2013	**669,477**	**70,929**	**321,471**	**1,996,093**	**2,388,493**	**3,057,970**

The annexed notes 1 to 44 form an integral part of these financial statements.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2013

1. THE COMPANY AND ITS OPERATIONS

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except as stated in note 4.

These are separate financial statements of the Company.

2.1 Basis of preparation

2.1.1 Statement of compliance

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The amendments to following standards have been adopted by the Company for the first time for the financial year beginning on January 1, 2013:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The new amendment is not expected to materially affect the disclosures in the financial statements of the Company.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the Company's accounting policies are to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 4 for the impact on the financial statements.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2013 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

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

2.2 Overall valuation policy

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

2.3 Property, plant and equipment and depreciation

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

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

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

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

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

2.4 Intangible assets and amortisation

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

2.5 Investments

i. In subsidiaries

These are stated at cost.

ii. In unlisted entity not being subsidiary

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

2.6 Taxation

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

2.6.1 Current

Provision for current taxation is based on taxable income / turnover at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

2.6.2 Deferred

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

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

2.7 Staff retirement benefits

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

2.7.1 Defined contribution plans

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

i) Provident fund

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

ii) DC Pension fund

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

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

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

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

2.7.2 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

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

The Company operates the following schemes:

i) Funded pension scheme for management employees of the Company. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2013, using the 'Projected Unit Credit Method'.

ii) Funded gratuity scheme for management employees of the Company. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2013, using the 'Projected Unit Credit Method'.

iii) Funded gratuity scheme for non-management employees of the Company. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2013, using the 'Projected Unit Credit Method'.

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

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

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

Past-service costs are recognised immediately in income.

2.8 Stores and spares

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

2.9 Stock in trade

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

2.10 Trade and other receivables

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

2.11 Cash and cash equivalents

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

2.12 Impairment

2.12.1 Financial assets

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

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

2.12.2 Non-financial assets

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

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

2.13 Operating leases / Ijarah

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

2.14 Trade and other payables

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

2.15 Borrowings and their cost

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

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

2.16 Provisions

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

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

2.17 Financial assets and liabilities

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

2.18 Foreign currency transactions and translation

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

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

2.19 Functional and presentation currency

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

2.20 Revenue recognition

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

- sale is recognised when the product is despatched to customers;

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

- return on savings accounts and deposit accounts is recognised on accrual basis.

2.21 Dividend

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

2.22 Share based payment

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

2.23 Offsetting

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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:

i) Income taxes

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

ii) Defined benefit plans

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

iii) Provisions

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

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

No critical judgement has been used in applying accounting policies.

4. CHANGE IN ACCOUNTING POLICY

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (revised), the Company's policy for Staff Retirement Benefits - Defined Benefit Plans stands amended as follows:

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

- The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's financial statements are affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

	December 31, 2012	January 1, 2012
	(Rupees in thousand)	
Impact on Balance Sheet		
Increase / (decrease) in retirement benefits - prepayments	66,043	(109,788)
Increase in retirement benefits - obligations	(23,614)	(41,795)
(Increase) / decrease in deferred taxation	(14,850)	53,054
(Increase) / decrease in unappropriated profit	(27,579)	98,529
Impact on Statement of Changes in Equity		
Increase / (decrease) in Unappropriated profit		
Cumulative effect from prior years	-	128,677
Impact for the year ended	126,108	(30,148)
Impact on Profit & Loss		
Decrease in cost of sales	3,416	
Decrease in distribution and selling expenses	8,737	
Decrease in administrative expenses	4,308	
Increase in taxation	5,761	
Impact on Other Comprehensive Income		
Items that will not be reclassified to Profit or Loss Account	115,408	

There is no cash flow impact as a result of the retrospective application of change in accounting policy, due to adoption of IAS 19 (revised).

	2013	2012
	(Rupees in thousand)	

5. PROPERTY, PLANT AND EQUIPMENT

	2013	2012
Operating assets - at net book value - note 5.1	**6,577,072**	6,029,015
Capital work in progress - at cost - note 5.2	**1,287,368**	1,196,764
	7,864,440	7,225,779

5.1 Operating assets

	Land		Buildings		Plant and machinery	Electrical, mechanical and office equipment	Furniture and fittings	Motor vehicles		TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land				Owned	Held under finance leases	
	(Rupees in thousand)									
Net carrying value basis										
Year ended December 31, 2013										
Opening net book value (NBV)	25,575	221	579,809	25,177	4,842,935	449,234	24,237	81,827	-	6,029,015
Additions (at cost)	-	-	169,455	2,105	1,252,552	10,293	22,780	14	-	1,457,199
Disposals (at NBV)	-	-	-	(1,593)	(36,761)	-	(3)	(19)	-	(38,376)
Provision of fixed assets to be written off	-	-	(2,286)	(351)	(118,265)	(10,536)	(2,290)	-	-	(133,728)
Depreciation charge	-	(4)	(19,828)	(792)	(673,118)	(26,715)	(2,954)	(13,627)	-	(737,038)
Closing net book value (NBV)	25,575	217	727,150	24,546	5,267,343	422,276	41,770	68,195	-	6,577,072
Gross carrying value basis										
At December 31, 2013										
Cost	25,575	529	951,728	87,096	9,056,533	828,754	74,186	125,738	-	11,150,139
Provision of fixed assets to be written off	-	-	(2,286)	(351)	(118,265)	(10,536)	(2,290)	-	-	(133,728)
Accumulated depreciation	-	(312)	(222,292)	(62,199)	(3,670,925)	(395,942)	(30,126)	(57,543)	-	(4,439,339)
Net book value (NBV)	25,575	217	727,150	24,546	5,267,343	422,276	41,770	68,195	-	6,577,072
Net carrying value basis										
Year ended December 31, 2012										
Opening net book value (NBV)	25,575	225	588,615	18,954	3,520,117	325,705	23,564	14,539	8,896	4,526,190
Additions (at cost)	-	-	10,864	6,770	1,946,118	145,676	3,435	71,300	-	2,184,163
Disposals (at NBV)	-	-	-	-	(23,962)	(65)	-	(264)	-	(24,291)
Transfers (at NBV)	-	-	-	-	-	-	-	8,896	(8,896)	-
Reversal of surplus on revaluation of fixed assets	-	-	-	-	(11,669)	-	-	-	-	(11,669)
Depreciation charge	-	(4)	(19,670)	(547)	(587,669)	(22,082)	(2,762)	(12,644)	-	(645,378)
Closing net book value (NBV)	**25,575**	**221**	**579,809**	**25,177**	**4,842,935**	**449,234**	**24,237**	**81,827**	**-**	**6,029,015**
Gross carrying value basis										
At December 31, 2012										
Cost	25,575	529	782,273	87,693	8,032,720	850,780	51,481	143,197	-	9,974,248
Reversal of surplus on revaluation of fixed assets	-	-	-	-	(11,669)	-	-	-	-	(11,669)
Accumulated depreciation	-	(308)	(202,464)	(62,516)	(3,178,116)	(401,546)	(27,244)	(61,370)	-	(3,933,564)
Net book value (NBV)	**25,575**	**221**	**579,809**	**25,177**	**4,842,935**	**449,234**	**24,237**	**81,827**	**-**	**6,029,015**
Depreciation rate % per annum	-	1.05	2.5	2.5	7 to 33	7 to 25	7	20 to 25	20 to 25	

	2013	2012
	(Rupees in thousand)	

5.2 Capital Work In Progress – at cost

	2013	2012
Civil works	26,608	24,912
Plant and machinery	1,260,760	1,171,852
	1,287,368	1,196,764

6. INTANGIBLES - Computer Software

Net carrying value basis

	2013	2012
Opening net book value (NBV)	936,797	1,288,730
Amortisation charge	(182,742)	(249,055)
Reversal	-	(102,878)
Closing net book value (NBV)	754,055	936,797

Gross carrying value basis

	2013	2012
Cost	1,266,276	1,369,154
Accumulated amortisation	(512,221)	(329,479)
Reversal	-	(102,878)
Net book value (NBV)	754,055	936,797
Remaining useful life in years - note 6.1	7.00	3.75

6.1 During the year ended December 31, 2013, the Company reviewed the estimated useful economic life of its intangibles, i.e. computer software - SAP. The remaining useful life has been increased from 3.25 to 7.5 years with effect from July 1, 2013. The effect of these changes on amortisation expense, recognised in cost of sales, distribution costs and administrative expenses in the year and in future years is a decrease in annual charge of Rs. 35.68 million, Rs. 14.39 million, Rs. 16.25 million and Rs. 71.36 million, Rs. 28.78 million, Rs. 32.5 million respectively.

7. LONG TERM INVESTMENTS

Investments in related parties

	2013	2012
	(Rupees in thousand)	
In unquoted wholly owned subsidiary companies - at cost		
Lever Chemicals (Private) Limited		
9,500,000 fully paid ordinary shares of Rs. 10 each	95,000	95,000
Levers Associated Pakistan Trust (Private) Limited		
100 fully paid ordinary shares of Rs. 10 each	1	1
Sadiq (Private) Limited		
100 fully paid ordinary shares of Rs. 10 each	1	1
Investment available for sale - at cost		
Futehally Chemicals (Private) Limited		
2,000 6% redeemable cumulative preference shares of Rs. 100 each	200	200
	95,202	95,202

8. LONG TERM LOANS - considered good

	2013	2012
Executives (Note 8.1)	207,648	190,848
Other employees (Note 8.1)	8,752	5,414
	216,400	196,262
Recoverable within one year - note 14	(61,134)	(60,676)
Long term portion	155,266	135,586

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

9. LONG TERM DEPOSITS AND PREPAYMENTS

	2013	2012
	(Rupees in thousand)	
Security deposits	13,649	14,492
Prepaid rent - Note 9.1	985,060	8,503
	998,709	22,995
Less: Provision for doubtful deposits	(2,925)	(2,925)
	995,784	20,070

9.1 This includes advance rent paid for a period of five years for Head Office premises. The long term portion of advance rent amounting to Rs. 950.9 million is included in the year end balances.

10. STAFF RETIREMENT BENEFITS

10.1 As stated in note 2.7.2, the Company operates four defined benefit plans (The Plans) namely approved funded defined benefit pension scheme for management employees, approved funded defined benefit gratuity scheme for management employees, approved funded defined benefit gratuity scheme for non-management employees and unfunded medical scheme for members of its pension fund subject to minimum service of prescribed period in the respective trust deed. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at December 31, 2013.

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

10.3 The latest actuarial valuation of the Fund as at December 31, 2013 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	Pension Fund		Gratuity Funds				Pensioners' Medical Plan	
			Management Staff Gratuity Fund		Non - Management Staff Gratuity Fund			
	2013	(Re-stated) 2012	2013	(Re-stated) 2012	2013	(Re-stated) 2012	2013	(Re-stated) 2012
	(Rupees in thousand)							
10.4 Balance Sheet Reconciliation								
Fair value of plan assets	(376,995)	(1,875,133)	96,929	(17,151)	(57,342)	(57,005)	-	-
Present value of defined benefit obligations	324,926	1,706,321	27,826	179,575	75,386	63,314	248,482	233,236
Recognised (asset) / liability	(52,069)	(168,812)	124,755	162,424	18,044	6,309	248,482	233,236
10.5 Movement in the fair value of plan assets								
Fair value as at January 1	1,875,133	1,686,778	17,151	18,097	57,005	43,317		
Interest Income	199,788	216,297	(4,671)	2,431	6,328	5,638		
Remeasurement	(108,342)	160,824	2,666	(4,469)	(630)	2,106		
Employer contributions	-	-	-	229,473	-	7,576		
Transferred to DC Pension Fund	(172,882)	-	(110,913)	-	-	-		
Inter Fund transfer	(58,914)	-	58,914	-	-	-		
Benefits paid	(1,357,788)	(188,766)	(60,076)	(228,381)	(5,361)	(1,632)		
Fair value as at December 31	376,995	1,875,133	(96,929)	17,151	57,342	57,005		

	Pension Fund		Gratuity Funds				Pensioners' Medical Plan	
			Management Staff Gratuity Fund		Non - Management Staff Gratuity Fund			
	2013	(Re-stated) 2012	2013	(Re-stated) 2012	2013	(Re-stated) 2012	2013	(Re-stated) 2012
	(Rupees in thousand)							
10.6 Movement in the present value of defined benefit obligations								
Obligation as at January 1	1,706,321	1,681,689	179,575	288,662	63,314	60,329	233,236	216,324
Current service cost	8,711	9,373	6,727	7,524	5,870	5,826	732	635
Interest cost	180,375	207,098	14,007	25,323	7,052	8,060	25,957	27,008
Past service cost and curtailment	-	-	-	97,981	-	-	-	-
Transferred to DC Pension Fund	(172,882)	-	(110,913)	-	-	-	-	-
Remeasurement	(39,811)	(3,073)	(1,494)	(11,534)	4,511	(9,269)	3,605	4,786
Benefits paid	(1,357,788)	(188,766)	(60,076)	(228,381)	(5,361)	(1,632)	(15,048)	(15,517)
Obligation as at December 31	324,926	1,706,321	27,826	179,575	75,386	63,314	248,482	233,236
10.7 Expense / (income) recognised in profit and loss account								
Current service cost	8,711	9,373	6,727	7,524	5,870	5,826	732	635
Interest (income) / cost	(19,413)	(9,199)	18,678	22,892	724	2,422	25,957	27,008
Settlement and curtailment	-	-	-	97,981	-	-	-	-
(Income) / Expense for the year	(10,702)	174	25,405	128,397	6,594	8,248	26,689	27,643
10.8 Remeasurements recognised in Other Comprehensive Income								
Loss from changes in demographic assumptions	-	-	-	-	-	-	-	-
Experience (gain) / losses	(39,811)	(3,073)	(1,494)	(11,534)	4,511	(9,269)	3,605	4,786
Remeasurement of fair value of plan assets	108,342	(160,824)	(2,666)	4,469	630	(2,106)	-	-
Remeasurements	68,531	(163,897)	(4,160)	(7,065)	5,141	(11,375)	3,605	4,786
10.9 Net recognised liability / (asset)								
Net liability at beginning of the year	(168,812)	(5,089)	162,424	270,565	6,309	17,012	233,236	216,324
Charge for the year	(10,702)	174	25,405	128,397	6,594	8,248	26,689	27,643
Inter Fund transfer	58,914	-	(58,914)	-	-	-	-	-
Employer contributions	-	-	-	(229,473)	-	(7,576)	(15,048)	(15,517)
Remeasurements recognised in Other Comprehensive Income	68,531	(163,897)	(4,160)	(7,065)	5,141	(11,375)	3,605	4,786
Recognised liability / (asset) as at December 31	(52,069)	(168,812)	124,755	162,424	18,044	6,309	248,482	233,236
10.10 Plan assets comprises of following:								
Government bonds	-	1,612,568	-	2,685	33,792	45,112		
National Saving Certificates	417,742	-	-	-	21,534	-		
Other bonds (TFCs)	-	-	-	3,433	-	-		
Shares	-	202,635	-	-	6,818	4,488		
Mutual Funds	-	21,208	-	2,621	-	-		
Cash at Bank	738,586	44,358	688	15,306	528	9,037		
Benefits due	(593,793)	-	(1,368)	-	(1,375)	(23)		
Due from / (to) DC Pension Fund	(171,132)	-	(104,295)	-	-	-		
Due from / (to) Company	(14,408)	(5,636)	8,046	(6,894)	(3,955)	(1,609)		
Total as at December 31	376,995	1,875,133	(96,929)	17,151	57,342	57,005		

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

10.12 During the year, the Company has offered cash settlements in lieu of pensions to pensioners while offering migration to the Defined Contribution Pension Fund for continuing Defined Benefit Pension members. Most pensioners and employees have accepted the offers and there has been a large reduction of actuarial risk as a result. The conversion exercise is in its second phase, where the remaining members and pensioners are being addressed individually. There is a fair chance that Pension and Management Staff Gratuity may be wound up at the end of this exercise. If these two plans are not wound up, there will be a considerable reduction in liability as the Pension plan will no longer increase pensions on a regular basis. The valuations of Pension and Management Staff Gratuity use the value of the offers made to these employees and pensioners as the obligations at December 31, 2013.

There was a large experience gain in the Pension Plan because no pension increase was granted during the year. This was partially offset by experience loss on changes in salary data.

10.13 Principal actuarial assumptions used are as follows:

	2013	2012
Discount rate & expected return on plan assets	**12.75%**	11.50%
Future salary increases	**10.25%**	9.00%
Future pension increases	**0.00%**	5.75%
Medical cost trend rates	**7.50%**	6.25%

10.14 In case of the funded plans, the Company ensures that the investment positions are managed within an Asset-Liability Matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the Retirement Benefit Plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the Retirement Benefit Plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2013 consists of government bonds and term deposits. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

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

The Company's contribution to the pension and gratuity funds in 2014 is expected to amount to Rs. 75.8 million.

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

Figures in this note are based on the latest actuarial valuation carried out as at December 31, 2013.

10.16 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	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate at 31 December	1.00%	(27,711)	32,459
Future salary increases	1.00%	9,544	(8,123)
Future pension increases	1.00%	-	-

If longevity increases by 1 year, obligation increases by Rs. 18.8 million.

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

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

	Increase	Decrease
	(Rupees in thousand)	
Effect on the defined benefit obligations	24,060	(20,917)

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

10.17 Comparison for five years:

	2013	2012	2011	2010	2009
			(Rupees in thousand)		
As at December 31					
Fair value of plan assets	**337,408**	1,949,290	1,748,191	1,691,542	1,520,562
Present value of defined benefit obligations	**(676,620)**	(2,182,447)	(2,247,003)	(2,099,508)	(2,002,877)
(Deficit)	**(339,212)**	(233,157)	(498,812)	(407,966)	(482,315)
Experience adjustments					
Gain / (Loss) on plan assets (as percentage of plan assets)	**(32.0)**	8.0	1.3	6.6	(0.3)
(Gain) / Loss on obligations (as percentage of plan obligations)	**(4.9)**	(0.9)	(0.1)	(0.03)	9.7

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

10.19 During the year the Company contributed Rs. 64.71 million (2012: Rs. 73.52 million) to the provident fund and Rs. 82.79 million (2012: Rs. 54.02 million) to the DC pension fund.

10.20 The weighted average duration of the defined benefit obligation is 10.8 years.

10.21 Expected maturity analysis of undiscounted retirement benefit plans.

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	(Rupees in thousand)				
Retirement benefit plans	374,688	25,843	118,319	200,965	719,815

11. STORES AND SPARES

	2013	2012
	(Rupees in thousand)	
Stores (including in transit Rs. 21.6 million; 2012: Rs. Nil)	**142,257**	115,096
Spares (including in transit Rs. 20 million; 2012: Rs. Nil)	**464,653**	346,174
	606,910	461,270
Provision for slow moving and obsolete stores and spares	**(78,699)**	(39,614)
	528,211	421,656

11.1 The Company has charged provision of Rs. 39.09 million (2012: reversal of Rs. 5.53 million) for obsolescence.

12. STOCK IN TRADE

	2013	2012
	(Rupees in thousand)	
Raw and packing materials at cost (including in transit Rs. 421 million; 2012: Rs. 779 million)	**2,263,347**	3,433,135
Provision for obsolescence	**(109,859)**	(135,421)
	2,153,488	3,297,714
Work in process	**243,838**	321,999
Finished goods (including in transit Rs. 38 million; 2012: Rs. 326 million)	**2,107,140**	2,692,442
Provision for obsolescence	**(169,157)**	(67,952)
	1,937,983	2,624,490
	4,335,309	6,244,203

12.1 Stock in trade includes Rs. 1.01 billion (2012: Rs. 1.40 billion) held with third parties.

12.2 The above balances include items costing Rs. 1.323 billion (2012: Rs. 431.11 million) valued at net realisable value of Rs. 1.044 billion (2012: Rs. 227.73 million).

12.3 The Company made a provision of Rs. 157.28 million for obsolescence (2012: Rs. 133.15 million) and has written off inventory amounting to Rs. 81.64 million (2012: Rs. 142.73 million) by utilising the provision during the year.

13. TRADE DEBTS

	2013	2012
	(Rupees in thousand)	
Considered good	855,771	1,018,561
Considered doubtful	46,486	33,464
	902,257	1,052,025
Provision for doubtful debts - note 13.1	(46,486)	(33,464)
	855,771	1,018,561

13.1 The Company made a provision of Rs. 13.02 million (2012: provision of Rs. 5.89 million) and has written off debts by utilising the provision amounting to Rs. Nil (2012: Rs. 9.59 million) during the year.

13.2 As of December 31, 2013 trade debts of Rs. 34.30 million (2012: Rs. 48.73 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:

	2013	2012
	(Rupees in thousand)	
Up to 3 months	22,427	42,977
3 to 6 months	2,132	1,544
More than 6 months	9,737	4,204
	34,296	48,725

14. LOANS AND ADVANCES

	2013	2012
Considered good		
Current portion of loans to employees - note 8	61,134	60,676
Advances to:		
Executives - note 14.1	65,226	56,198
Suppliers and others	23,685	64,129
	150,045	181,003
Considered doubtful		
Advances to suppliers and others	2,610	2,588
	152,655	183,591
Provision for doubtful advances to suppliers and others	(2,610)	(2,588)
	150,045	181,003

14.1 This includes advances given to meet business expenses and are settled as and when the expenses are incurred.

14.2 Advance to supplier includes amount of Rs. 5.41 million paid to a Company in which close family member of a Director is holding directorship.

15. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2013	2012
	(Rupees in thousand)	
Trade and margin deposits	26,380	31,290
Prepayments		
- Rent - note 9.1	232,581	20,678
- Advertisement - note 15.1	517,738	366,268
- Others	210,574	129,435
	987,273	547,671

15.1 This includes media bulk discount on airing TV commercials amounting to Rs. 397 million (2012: Rs. 350 million).

16. OTHER RECEIVABLES

	2013	2012
	(Rupees in thousand)	
Receivable from related parties		
Defined contribution plans	17,652	14,569
Defined benefit plans	45,193	8,408
Associated undertakings	56,236	41,791
Workers' Profits Participation Fund - note 22.4	-	7,280
Others	61,986	50,566
	181,067	122,614
Provision for doubtful receivables	(13,934)	(13,934)
	167,133	108,680

17. TAX REFUNDS DUE FROM THE GOVERNMENT

	2013	2012
Sales tax refundable - amounts paid under protest	66,529	91,897
Taxation - payments less provision	285,199	656,596
	351,728	748,493

	2013	2012
	(Rupees in thousand)	

18. CASH AND BANK BALANCES

	2013	2012
With banks on:		
current accounts	1,161	4,163
savings accounts - note 18.1	2,564,124	579,602
deposit accounts - note 18.2	1,900,000	-
In hand:		
cash	946	781
	4,466,231	584,546

18.1 Mark-up on savings accounts was at the rates ranging from 5% to 9% (2012: 5% to 10.2%) per annum.

18.2 Term deposits carry mark-up ranging from 8.2% to 9.2% per annum and will mature by January 2014.

	2013	2012
	(Rupees in thousand)	

19. SHARE CAPITAL

Authorised share capital

		2013	2012
47,835	5% cumulative preference shares of Rs. 100 each	4,783	4,783
15,904,330	Ordinary shares of Rs. 50 each	795,217	795,217
		800,000	800,000

Issued, subscribed and paid up capital

5% cumulative preference shares of Rs. 100 each

		2013	2012
	Shares allotted:		
43,835	for consideration paid in cash	4,383	4,383
4,000	for acquisition of an undertaking	400	400
47,835		4,783	4,783

Ordinary shares of Rs. 50 each

		2013	2012
	Shares allotted:		
467,704	for consideration paid in cash	23,385	23,385
4,979,208	for consideration other than cash under schemes of arrangements for amalgamations	248,961	248,961
7,846,957	as bonus shares	392,348	392,348
13,293,869		664,694	664,694
		669,477	669,477

At December 31, 2013, Unilever Overseas Holdings Limited, UK, a wholly owned subsidiary of Unilever PLC, UK held 12,990,427 ordinary shares (2012: 9,981,417 ordinary shares) and 33,735 preference shares (2012: 33,735 preference shares) of Unilever Pakistan Limited.

20. RESERVES

	2013	(Re-stated) 2012	(Re-stated) January 1, 2012
	(Rupees in thousand)		
Capital reserves			
Arising under schemes of arrangements for amalgamations - note 20.1	**70,929**	70,929	70,929
Contingency - note 25.1.1	**321,471**	321,471	321,471
	392,400	392,400	392,400
Revenue reserve			
Unappropriated profit	**1,996,093**	4,215,120	3,011,560
	2,388,493	4,607,520	3,403,960

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

21. DEFERRED TAXATION

	2013	(Re-stated) 2012	(Re-stated) January 1, 2012
	(Rupees in thousand)		
Credit balance arising in respect of:			
- accelerated tax depreciation allowances	**1,176,406**	1,230,913	903,783
- surplus on revaluation of fixed assets	**-**	-	6,082
	1,176,406	1,230,913	909,865
Debit balance arising in respect of:			
- provision for retirement benefits	**(112,440)**	(81,605)	(170,687)
- share-based compensation	**(63,731)**	(42,501)	(31,281)
- provision for stock in trade and stores and spares	**(138,715)**	(84,027)	(87,437)
- provision for doubtful debts, advances and other receivables	**(15,764)**	(17,495)	(12,905)
- provision for restructuring	**(60,913)**	(31,432)	(76,518)
- provision for cess and marking fee	**(235,478)**	(262,509)	(182,875)
- others	**(28,417)**	(19,774)	(20,152)
	(655,458)	(539,343)	(581,855)
	520,948	691,570	328,010

22. TRADE AND OTHER PAYABLES

	2013	2012
	(Rupees in thousand)	
Creditors	878,952	845,315
Bills payable - note 22.1	2,932,809	3,932,855
Accrued liabilities	7,584,246	5,295,807
Dividend payable - note 22.2	2,205,453	-
Unclaimed dividend	185,208	183,105
Royalty and technical services fee - note 22.3	1,471,231	501,377
Advance payment from customers	150,940	144,826
Sales tax payable	391,997	159,224
Sindh Sales tax on services	147,123	49,853
Workers' Welfare Fund	191,844	173,088
Workers' Profits Participation Fund - note 22.4	478,762	-
Security deposits from dealers - note 22.5	24,217	24,217
Liability for share-based compensation plans - note 22.6	188,628	122,903
Others	9,250	11,944
	16,840,660	11,444,514

22.1 Bills payable includes Rs. 1.29 billion (2012: Rs. 1.96 billion) in relation to inland letters of credit under vendor financing arrangements which includes interest cost as per Company's negotiated rates.

22.2 The amount represents dividend declared for the third quarter ended September 30, 2013.

22.3 The services received by the Company from its Parent Company have increased in the recent years. Consequently, there is a significant gap between the costs incurred by the Parent on behalf of Unilever Pakistan and the agreed Royalty payment. The contract for the latter expired on April 30, 2013. In view of the above, the Board of Directors of the Company have approved a proposal to the State Bank of Pakistan to increase the Royalty payment, with effect from May 1, 2013. The proposal is in draft form and will be submitted to the State Bank of Pakistan by the end of March 2014. The Royalty charges for post expiry period amounting to Rs. 511 million have been accrued on the basis of the revised agreement.

22.4 Workers' Profits Participation Fund

	2013	2012
	(Rupees in thousand)	
Balance as at January 1	(7,280)	(31,294)
Allocation for the year	478,762	432,720
	471,482	401,426
Amount received from / (paid to) the trustees	7,280	(408,706)
Balance as at December 31	478,762	(7,280)

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

22.6 Share-based compensation plans

As at December 31, 2013 Company had share-based compensation plans in the form of performance shares.

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

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

A summary of the status of the Performance Share Plans as at December 31, 2013 and 2012 and changes during the years ended on these dates is presented below:

	2013	2012
	(Number of shares)	
Outstanding at January 1	**60,474**	49,920
Awarded	**20,781**	27,101
Vested	**(10,665)**	(12,732)
Forfeited	**(2,304)**	(3,815)
Outstanding at December 31	**68,286**	60,474

	2013	2012
Share price at grant date		
Unilever NV	**€ 28.83**	€ 28.86
Unilever PLC	**£ 24.36**	£ 23.88

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

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

	2013	2012
	(Number of shares)	
Ultimate parent company	**831,659**	459,233
Associated companies	**1,201,388**	1,502,826
Subsidiaries	**2**	2
Company in which close family member of a Director is holding directorship	**-**	64,122

23. SHORT TERM BORROWINGS

Running finance under mark-up arrangements - secured

The facilities for running finance available from various banks amount to Rs. 9.625 billion (2012: Rs. 9.625 billion). The rates of mark-up range between KIBOR to KIBOR + 1% per annum (2012: KIBOR to KIBOR + 1% per annum).

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

The facilities for opening letters of credit and guarantees as at December 31, 2013 amounted to Rs. 18.775 billion (2012: Rs. 15.89 billion), of which the amount remaining unutilised at the year end was Rs. 13.426 billion (2012: Rs. 8.81 billion).

24. PROVISIONS

	2013	2012
	(Rupees in thousand)	
Sindh Infrastructure Cess - note 24.1 & note 25.1.1	**424,695**	487,564
PSI marking fee - note 24.2	**37,250**	36,547
Restructuring - note 24.3	**116,142**	90,895
	578,087	615,006

24.1 Sindh Infrastructure Cess

	2013	2012
Balance as at January 1	**487,564**	396,357
Charge for the year	**91,643**	199,897
Reversal during the year	**(108,690)**	-
Payments made	**(45,822)**	(108,690)
Balance as at December 31	**424,695**	487,564

24.2 PSI marking fee

	2013	2012
Balance as at January 1	**36,547**	20,584
Provision during the year	**7,871**	15,963
Utilised during the year	**(7,168)**	-
Balance as at December 31	**37,250**	36,547

24.3 Restructuring

	2013	2012
Balance as at January 1	**90,895**	225,864
Provision / (Reversal) during the year	**204,617**	(18,349)
Utilised during the year	**(179,370)**	(116,620)
Balance as at December 31	**116,142**	90,895

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Government of Sindh through Finance Act, 1994 levied fee for services rendered in respect of development and maintenance of infrastructure on the import and export of goods. However, the Company filed a constitutional petition against the levy of such fee in the High Court of Sindh and the Court granted stay for the payment of the fee. During the year 2001, the Government of Sindh introduced Cess in place of infrastructure fee with retrospective effect. As a result, Unilever's petition became infractuous and a fresh suit was filed by Unilever to challenge the levy. A stay against recovery of the aforesaid levy of Cess was also obtained from the Court. In 2003 the High Court decided the issue against the Company. Against this order an intra court appeal was filed with the High Court. The appeal was disposed of in August 2008, whereby the levy imposed and collected with effect from December 28, 2006 was declared valid and all imposition and collection before such date as invalid. The Court further ordered that all bank guarantees / securities furnished for transactions before December 28, 2006 stand discharged and are liable to be returned back and those furnished in respect of transactions after December 28, 2006 are liable to be encashed. The Company as well as the Government of Sindh filed appeals in the Supreme Court against the said order. The appeals were heard by the Supreme Court in May 2011, and it was noted that the Government of Sindh had again enacted Infrastructure Fee through Act of 2009 with retrospective effect which had not been challenged in the last appeals. Accordingly, the Supreme Court allowed the petitioners to file fresh petitions at the High Court. Accordingly, fresh petition was filed by the Company in the High Court in May 2011. A provision amounting to Rs. 825.19 million concerning the levy with respect from December 28, 2006 has been recognised in the financial statements. Moreover, the Company has paid an amount of Rs. 400.5 million under protest against the said order.

As a matter of prudence, a total of Rs. 321.47 million as at December 31, 2013 (2012: Rs. 321.47 million) out of the revenue reserves has been earmarked as contingency reserve for the levy uptill December 2006.

25.1.2 The Deputy Commissioner Inland Revenue while passing amended assessment orders for tax years 2006 through 2012 has disallowed certain expenditures claimed resulting in tax exposure of Rs. 515 million.

The Company’s management is of the view that the disallowances made were erroneous and is already contesting these matters at various appellate forums. The management believes that the ultimate decision in appeals is likely to be in the Company’s favour, therefore, no provision has been made in the financial statements.

25.2 Commitments

25.2.1 Aggregate commitments outstanding for capital expenditures as at December 31, 2013 amounted to Rs. 567.76 million (2012: Rs. 701.11 million).

25.2.2 Commitments for rentals under operating lease agreements / Ijarah contracts as at December 31, 2013 are as follows:

	2013	2012
	(Rupees in thousand)	
Not later than one year	174,746	213,309
Over one year to five years	334,347	482,843
	509,093	696,152

26. SALES

Gross sales	79,582,887	77,006,724
Sales tax	(11,837,364)	(10,190,662)
Excise duty	-	(509,343)
	67,745,523	66,306,719
Rebates, and allowances	(7,210,203)	(6,565,750)
	60,535,320	59,740,969

Sales to domestic customers in Pakistan are 99.63% (2012: 99.35%) and to customers outside Pakistan are 0.37% (2012: 0.65%) of the revenue during the year.

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

27. COST OF SALES

	2013	(Re-stated) 2012
	(Rupees in thousand)	
Raw and packing materials consumed	29,799,596	33,297,709
Manufacturing charges paid to third parties	1,067,775	1,024,649
Stores and spares consumed	171,715	240,158
Staff costs - note 27.1	2,007,195	1,869,857
Provision for restructuring	106,586	-
Provision of fixed assets to be written off	120,444	-
Utilities	767,652	762,951
Depreciation	683,671	595,485
Repairs and maintenance	303,146	367,698
Rent, rates and taxes	27,334	40,172
Ujrah payments	17,180	23,710
Amortisation of computer software	98,316	133,992
Travelling and entertainment	51,866	58,289
Stationery and office expenses	45,400	48,602
Expenses on information technology	3,148	2,550
Other expenses	71,259	102,655
Charges by related party	6,587	5,879
	35,348,870	38,574,356
Opening work in process	321,999	291,891
	35,670,869	38,866,247
Closing work in process	(243,838)	(321,999)
Cost of goods manufactured	35,427,031	38,544,248
Opening stock of finished goods	2,624,490	2,147,819
Closing stock of finished goods	(1,937,983)	(2,624,490)
	36,113,538	38,067,577

	2013	(Re-stated) 2012
	(Rupees in thousand)	

27.1 Staff costs

	2013	2012
Salaries and wages	1,938,386	1,801,858
Medical	33,581	33,113
Pension costs - defined benefit plan	(2,109)	34
Gratuity costs - defined benefit plan	10,099	12,202
Pensioners' medical plan	5,268	5,457
Provident fund cost - defined contribution plan	5,908	6,712
Pension fund cost - defined contribution plan	16,062	10,481
	2,007,195	1,869,857

28. DISTRIBUTION COSTS

	2013	2012
Staff costs - note 28.1	1,091,619	1,012,921
Provision for restructuring	61,924	-
Advertisement and sales promotion	6,275,106	5,408,860
Outward freight and handling	1,860,566	1,904,684
Royalty and technical fee	2,743,899	2,120,007
Utilities	57,170	48,212
Depreciation	26,347	25,054
Repairs and maintenance	33,123	38,097
Rent, rates and taxes	98,068	97,702
Ujrah payments	80,515	145,222
Amortisation of computer software	39,655	54,043
Travelling and entertainment	109,319	109,474
Stationery and office expenses	46,586	45,168
Expenses on information technology	106	113
Provision for doubtful debts - trade	13,022	4,006
Other expenses	122,966	112,758
Charges by related party	12,503	14,119
	12,672,494	11,140,440

28.1 Staff costs

	2013	2012
Salaries and wages	906,793	859,290
Medical	114	113
Share based compensation	77,359	46,920
Pension costs - defined benefit plan	(5,754)	94
Gratuity costs - defined benefit plan	14,668	17,723
Pensioners' medical plan	14,348	14,861
Provident fund cost - defined contribution plan	39,391	44,752
Pension fund cost - defined contribution plan	44,700	29,168
	1,091,619	1,012,921

29. ADMINISTRATIVE EXPENSES

	2013	(Re-stated) 2012
	(Rupees in thousand)	
Staff costs - note 29.1	691,975	632,910
Provision for restructuring	36,107	-
Provision of fixed assets to be written off	13,284	-
Utilities	55,102	53,886
Depreciation	27,020	24,839
Repairs and maintenance	27,766	39,170
Rent, rates and taxes	225,710	220,898
Ujrah payments	70,244	38,529
Amortisation of computer software	44,771	61,020
Travelling and entertainment	61,782	59,886
Stationery and office expenses	79,770	76,221
Expenses on information technology	670,524	512,553
Legal, professional and other consultancy charges	137,335	120,893
Auditors' remuneration - note 29.2	13,151	14,861
Other expenses	100,970	126,818
Charges by related party	2,611	2,383
	2,258,122	1,984,867

29.1 Staff costs

	2013	2012
Salaries and wages	558,424	515,326
Medical	42,504	41,912
Share based compensation	38,136	23,131
Pension costs - defined benefit plan	(2,839)	46
Gratuity costs - defined benefit plan	7,232	8,739
Pensioners' medical plan	7,073	7,325
Provident fund cost - defined contribution plan	19,414	22,056
Pension fund cost - defined contribution plan	22,031	14,375
	691,975	632,910

29.2 Auditors' remuneration

	2013	2012
	(Rupees in thousand)	
Audit fee	3,950	5,450
Taxation services	3,650	3,650
Limited review, consolidation, pension, provident and gratuity funds and other certifications	3,975	4,511
Out of pocket expenses	1,576	1,250
	13,151	14,861

30. OTHER OPERATING EXPENSES

	2013	2012
	(Rupees in thousand)	
Donations	8,939	9,121
Workers' Profits Participation Fund - note 22.4	478,762	432,720
Workers' Welfare Fund	191,844	173,088
	679,545	614,929

30.1 No donation has been made to any of the related parties.

31. OTHER INCOME

	2013	2012
	(Rupees in thousand)	
Income from financial assets		
Dividend income	12	12
Return on savings accounts	33,014	23,410
Income on term deposit accounts	12,167	8,862
Income from non-financial assets		
Scrap sales	120,123	118,324
Profit on disposal of property, plant and equipment	4,561	104,944
Sundries	2,675	5,339
Others		
Service fee from related parties - note 31.1	238,384	282,137
Liabilities no longer payable written back	-	18,349
	410,936	561,377

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

32. FINANCE COST

	2013	2012
	(Rupees in thousand)	
Mark-up on short term borrowings	131,675	64,991
Bank charges	41,599	60,589
Exchange loss	144,648	303,625
Finance charge on finance leases	-	269
	317,922	429,474

	2013	(Re-stated) 2012
	(Rupees in thousand)	

33. TAXATION

Current - for the year		
Pakistan	2,885,258	2,219,493
Azad Kashmir	48,405	42,194
	2,933,663	2,261,687
Deferred tax - (credit) / charge	(145,762)	301,417
	2,787,901	2,563,104

33.1 Relationship between tax expense and accounting profit

Accounting profit before tax	8,904,635	8,065,059
Tax at the applicable tax rate of 34% (2012: 35%)	3,027,576	2,822,771
Tax effect of credits	(203,717)	(260,533)
Tax effect of final tax	(48,091)	(57,826)
Tax effect of change in tax rate	(19,759)	-
Others	31,892	58,692
Tax expense for the year	2,787,901	2,563,104

	2013	2012
	(Rupees in thousand)	

34. CASH AND CASH EQUIVALENTS

Cash and bank balances	4,466,231	584,546
Short term borrowings - running finance under mark-up arrangement	(375,401)	-
	4,090,830	584,546

35. RELATED PARTY TRANSACTIONS

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

	Relationship with the Company	Nature of transactions	2013	2012
			(Rupees in thousand)	
i.	Ultimate parent company	Royalty and technical fee	**2,233,189**	1,681,377
ii.	Associated companies	Purchase of goods	**9,963,612**	13,869,846
		Sale of goods	**4,105**	4,163
		Fee for providing of services to related party	**238,384**	282,137
		Fee for receiving of services from related party	**21,701**	22,381
		Payment made on behalf of related party	**-**	11,986
		Contribution to :		
		- Defined Contribution plans	**147,506**	127,544
		- Defined Benefit plans	**-**	237,049
		Settlement on behalf of:		
		- Defined Contribution plans	**119,826**	122,379
		- Defined Benefit plans	**842,324**	191,448
iii.	Key management personnel	Salaries and other short-term employee benefits	**296,590**	210,137
		Post-employment benefits	**10,779**	8,199

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

The Company has entered into agreements with its associate, Unilever Pakistan Foods Limited to share various administrative and other resources. The charges by and service fee from the associate have been disclosed in notes 27, 28, 29 and 31.

The related party status of outstanding balances as at December 31, 2013 is included in other receivables and trade and other payables respectively. These are settled in the ordinary course of business.

Arrangements with parent company and an associated company for granting of their shares to employees of Unilever Pakistan Limited are disclosed in note 22.6.

36. REMUNERATION OF EXECUTIVE DIRECTORS AND CHIEF EXECUTIVE

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

	EXECUTIVE DIRECTORS 2013	EXECUTIVE DIRECTORS 2012	CHIEF EXECUTIVE 2013	CHIEF EXECUTIVE 2012
	(Rupees in thousand)			
Managerial remuneration and allowances	60,209	52,551	40,596	37,650
Share based compensation	29,668	18,240	52,049	39,914
Retirement benefits *	6,720	6,076	3,286	3,118
Medical expenses	240	573	307	289
Other expenses	22,033	5,444	-	-
	118,870	82,884	96,238	80,971
Number of persons	7	6	1	1

In addition to this, a lump sum amount of Rs. 203.81 million (2012: Rs. 347.77 million) on account of variable pay has been accounted for in the financial statements for the current year payable in 2014 after verification of target achievement.

Out of the variable pay recognised for 2012 and 2011 following payments were made:

	Paid in 2013 relating to 2012	Paid in 2012 relating to 2011
	(Rupees in thousand)	
Executive Directors	19,108	11,950
Chief Executive	17,306	11,226
Executives	186,625	120,651
Other employees	3,017	11,014
	226,056	154,841

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

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

Aggregate amount charged in these financial statements for the year for fee to 2 non-executive directors was Rs. 550 thousand (2012: 2 non-executive directors Rs. 500 thousand).

37. CAPACITY

	Annual Capacity 2013	Annual Capacity 2012	Actual Production 2013	Actual Production 2012
	Metric Tons			
Own manufacture				
Home and Personal Care	70,584	69,200	53,150	53,476
Beverages	52,686	62,377	27,134	31,691
	Million Litres			
Ice Cream	78.0	67.5	34.3	39.6

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

38. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on un-audited financial statements of the Fund as at December 31, 2013:

	2013	2012
	(Rupees in thousand)	
Size of the Fund - Total Assets	1,124,535	1,091,456
Fair value of investments	1,056,142	1,088,913
Percentage of investments made	93.92	99.77

38.1 The Cost of above investments amounted to Rs. 984.69 million (2012: Rs. 1.03 billion)

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

	2013	2012	2013	2012
	(Percentage)		(Rupees in thousand)	
National Savings Schemes	21.08	0.00	222,629	-
Government Securities	62.48	75.68	659,832	824,105
Debts Securities	0.00	0.78	-	8,443
Equity Securities	15.99	20.20	168,837	219,964
Unit Trust Schemes	0.45	3.34	4,844	36,401
	100.00	100.00	1,056,142	1,088,913

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

39. NUMBER OF EMPLOYEES

	2013	2012
Number of employees including contractual employees at year end	1,854	1,885
Average number of employees including contractual employees during the year	1,890	1,851

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

40.1 Financial risk factors

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

40.2 Financial assets and liabilities by category and their respective maturities

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees in thousand)						
FINANCIAL ASSETS							
Loans and receivables							
Loans and advances to employees	-	-	-	61,134	155,266	216,400	216,400
Deposits	-	-	-	26,380	10,724	37,104	37,104
Trade debts	-	-	-	855,771	-	855,771	855,771
Accrued interest / mark up	-	-	-	6,781	-	6,781	6,781
Other receivables	-	-	-	167,133	-	167,133	167,133
Cash and bank balances	4,464,124	-	4,464,124	2,107	-	2,107	4,466,231
Long term investments at cost	-	-	-	-	95,202	95,202	95,202
December 31, 2013	**4,464,124**	**-**	**4,464,124**	**1,119,306**	**261,192**	**1,380,498**	**5,844,622**
December 31, 2012	579,602	-	579,602	1,216,871	242,355	1,459,226	2,038,828
FINANCIAL LIABILITIES							
At amortised cost							
Trade and other payables	1,286,042	-	1,286,042	14,193,952	-	14,193,952	15,479,994
Accrued interest / mark-up	-	-	-	951	-	951	951
short term borrowings	375,401	-	375,401	-	-	-	375,401
December 31, 2013	**1,661,443**	**-**	**1,661,443**	**14,194,903**	**-**	**14,194,903**	**15,856,346**
December 31, 2012	1,960,935	-	1,960,935	8,963,591	-	8,963,591	10,924,526
ON BALANCE SHEET GAP							
December 31, 2013	**2,802,681**	**-**	**2,802,681**	**(13,075,597)**	**261,192**	**(12,814,405)**	**(10,011,724)**
December 31, 2012	(1,381,333)	-	(1,381,333)	(7,746,720)	242,355	(7,504,365)	(8,885,698)
OFF BALANCE SHEET ITEMS							
Letters of credit / guarantees							
December 31, 2013							**5,348,917**
December 31, 2012							7,076,099

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

(i) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 5.8 billion (2012: Rs. 2.04 billion) the financial assets that are subject to credit risk amounted to Rs. 0.86 billion.

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. As of December 31, 2013 trade debts of Rs. 34.30 million (2012: Rs. 48.72 million) were past due but not impaired. The carrying amount of trade debts relates to a number of independent customers for whom there is no recent history of default.

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

Loans and advances to employees are not exposed to any material credit risk since these are secured against their retirement benefits.

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

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

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

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

(ii) Liquidity risk

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

(iii) Market risk

a) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2013, financial assets of Rs. 133.64 million (2012: Rs. 114.39 million) and financial liabilities of Rs. 1.75 billion (2012: Rs. 2.52 billion) were in foreign currency which were exposed to foreign currency risk.

As at December 31, 2013, if the Pakistan Rupee had weakened / strengthened by 6% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 70.14 million (2012: Rs. 173.11 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

As at December 31, 2013, if the Pakistan Rupee had weakened / strengthened by 6% against Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 22.52 million (2012: Rs. 10.68 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial assets and liabilities.

As at December 31, 2013, if the Pakistan Rupee had weakened / strengthened by 9% against Pound Sterling with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 6.79 million (2012: Rs. 28.74 million), mainly as a result of foreign exchange losses / gains on translation of Pound Sterling denominated financial assets and liabilities.

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

b) Interest rate risk

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

At December 31, 2013, the Company had variable interest bearing financial assets of Rs. 4.46 billion (2012: Rs. 579.6 million) and financial liabilities of Rs. 1.66 billion (2012: Rs. 1.96 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been approximately Rs. 56.05 million (2012: Rs. 27.63 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

41. CAPITAL RISK MANAGEMENT

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

The gearing ratio as at December 31, 2013 and 2012 were as follows:

	2013	(Re-stated) 2012
	(Rupees in thousand)	
Total Borrowings	375,401	-
Cash and Bank	(4,466,231)	(584,546)
Net (cash surplus) / debt	(4,090,830)	(584,546)
Total equity	3,057,970	5,276,997
Total Capital	3,057,970	5,276,997
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.

42. MONOPOLY CONTROL AUTHORITY ORDER

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

43. PROPOSED AND DECLARED DIVIDENDS

On 5% cumulative preference shares

At the Board meeting held on March 6, 2014, dividend in respect of 2013 of Rs. 239 thousand has been declared (2012: Rs. 239 thousand).

On ordinary shares

At the Board meeting held on March 6, 2014, a final dividend in respect of 2013 of Rs. 116.09 per share amounting to a total dividend of Rs. 1.54 billion is proposed (2012: Rs. 283 per share amounting to a total dividend of Rs. 3.76 billion).

Interim dividend declared and already paid in respect of half year ended June 30, 2013 was Rs. 123.45 per share amounting to Rs. 1.64 billion (Half year ended June 30, 2012: Rs. 65 per share amounting to Rs. 0.86 billion) in addition to first interim cash dividend declared and already paid in respect of quarter ended March 31, 2013 of Rs. 51.24 per share amounting to Rs. 0.68 billion (Quarter ended March 31, 2012: Rs. 65 per share amounting to Rs. 0.86 billion).

In addition to above an interim dividend declared in respect of quarter ended September 30, 2013 was Rs. 165.9 per share amounting to Rs. 2.2 billion (Quarter ended September 30, 2012: Rs. Nil per share amounting to Rs. Nil).

These financial statements do not reflect the proposed final dividend on ordinary shares and the dividend declared on cumulative preference shares as payable, which will be accounted for in the statement of changes in equity as an appropriation from the unappropriated profit in the year ending December 31, 2014.

44. DATE OF AUTHORISATION

These financial statements were authorised for issue on March 6, 2014 by the Board of Directors of the Company.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Consolidated Financial Statements 2013

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Unilever Pakistan Limited (the Holding Company) and its subsidiary companies Lever Chemicals (Private) Limited, Lever Associated Pakistan Trust (Private) Limited and Sadiq (Private) Limited as at December 31, 2013 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Unilever Pakistan Limited and its subsidiary companies. These financial statements are the responsibility of the Holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the consolidated financial statements present fairly the financial position of Unilever Pakistan Limited and its subsidiary companies as at December 31, 2013 and the results of their operations for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

A. F. Ferguson & Co.
Chartered Accountants

Karachi
Dated: March 17, 2014
Name of Engagement Partner: Farrukh Rehman

Consolidated Balance Sheet

as at December 31, 2013

	Note	2013	(Re-stated) 2012	(Re-stated) January 1, 2012
ASSETS		(Rupees in thousand)		
Non-current assets				
Property, plant and equipment	5	7,864,440	7,225,779	5,717,231
Intangible - computer software	6	754,055	936,797	1,288,730
Long term investments	7	200	200	200
Long term loans	8	155,266	135,586	115,256
Long term deposits and prepayments	9	995,784	20,070	25,761
Staff Retirement benefits - prepayments	10	52,069	168,812	5,089
		9,821,814	8,487,244	7,152,267
Current assets				
Stores and spares	11	528,211	421,656	347,520
Stock in trade	12	4,335,309	6,244,203	5,204,390
Trade debts	13	855,771	1,018,561	833,179
Loans and advances	14	150,045	181,003	160,194
Trade deposits and short term prepayments	15	987,273	547,671	574,205
Accrued interest / mark up		13,160	-	-
Other receivables	16	167,133	108,680	147,583
Tax refunds due from the Government	17	350,369	748,622	393,662
Investment - held to maturity		-	-	155,935
Cash and bank balances	18	4,637,027	751,129	962,086
		12,024,298	10,021,525	8,778,754
Total assets		21,846,112	18,508,769	15,931,021

Consolidated Balance Sheet

as at December 31, 2013

	Note	2013	(Re-stated) 2012	(Re-stated) January 1, 2012
EQUITY AND LIABILITIES		(Rupees in thousand)		
Capital and reserves				
Share capital	19	**669,477**	669,477	669,477
Reserves	20	**2,468,871**	4,679,141	3,466,790
		3,138,348	5,348,618	4,136,267
Surplus on revaluation of fixed assets		**-**	-	11,669
LIABILITIES				
Non-current liabilities				
Liabilities against assets subject to finance leases		**-**	-	3,291
Deferred taxation	21	**520,948**	691,570	328,010
Staff Retirement benefits - obligations	10	**391,281**	401,969	503,901
		912,229	1,093,539	835,202
Current liabilities				
Trade and other payables	22	**16,841,096**	11,444,900	10,098,375
Accrued interest / mark up		**951**	6,706	9,630
Short term borrowings	23	**375,401**	-	292,534
Current maturity of liabilities against assets subject to finance leases		**-**	-	13,229
Provisions	24	**578,087**	615,006	534,115
		17,795,535	12,066,612	10,947,883
Total liabilities		**18,707,764**	13,160,151	11,783,085
Contingencies and commitments	25			
Total equity and liabilities		**21,846,112**	18,508,769	15,931,021

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

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Consolidated Profit and Loss Account

for the year ended December 31, 2013

	Note	2013	(Re-stated) 2012
		(Rupees in thousand)	
Sales	26	60,535,320	59,740,969
Cost of sales	27	(36,113,538)	(38,067,577)
Gross profit		24,421,782	21,673,392
Distribution costs	28	(12,672,494)	(11,140,440)
Administrative expenses	29	(2,258,172)	(1,984,917)
Other operating expenses	30	(679,545)	(614,929)
Other income	31	424,254	574,952
Profit from operations		9,235,825	8,508,058
Finance cost	32	(317,922)	(429,474)
Profit before taxation		8,917,903	8,078,584
Taxation	33	(2,792,412)	(2,567,838)
Profit after taxation		6,125,491	5,510,746
Other comprehensive income:			
Items that will not be reclassified to Profit or Loss			
(Loss) / gain on remeasurements of post employment benefit obligations	10	(73,117)	177,551
Impact of deferred tax		24,860	(62,143)
		(48,257)	115,408
Items that may be subsequently reclassified to Profit or Loss		-	-
Total comprehensive income		6,077,234	5,626,154

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

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Consolidated Cash Flow Statement

for the year ended December 31, 2013

	2013	(Re-stated) 2012
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	8,917,903	8,078,584
Adjustments for non-cash charges and other items		
Depreciation	737,038	645,378
Amortisation of intangible - computer software	182,742	249,055
Gain on disposal of property, plant and equipment	(4,561)	(104,944)
Dividend income	(12)	(12)
Mark-up on short term borrowings	131,675	64,991
Provision of fixed assets to be written off	133,728	-
Finance charge on finance leases	-	269
Provision for staff retirement benefits	47,986	164,462
Return on savings accounts and deposit accounts	(58,499)	(39,196)
Return on investment - held to maturity	-	(6,651)
	1,170,097	973,352
	10,088,000	9,051,936
Effect on cash flows due to working capital changes		
Decrease / (Increase) in current assets		
Stores and spares	(106,555)	(74,136)
Stock in trade	1,908,894	(1,039,813)
Trade debts	162,790	(185,382)
Loans and advances	30,958	(20,809)
Trade deposits and short term prepayments	(439,602)	26,534
Other receivables	(58,453)	38,903
	1,498,032	(1,254,703)
Increase / (decrease) in current liabilities		
Trade and other payables	3,188,640	1,408,732
Provisions	(36,919)	80,891
	3,151,721	1,489,623
	4,649,753	234,920
Cash generated from operations (carried forward)	14,737,753	9,286,856

Consolidated Cash Flow Statement

for the year ended December 31, 2013

	Note	2013	(Re-stated) 2012
		(Rupees in thousand)	
Cash generated from operations (brought forward)		**14,737,753**	9,286,856
Mark-up on short term borrowings		**(137,430)**	(67,618)
Income tax paid		**(2,539,921)**	(2,621,381)
Staff Retirement benefits obligations paid		**(15,048)**	(252,566)
Increase in long term loans		**(19,680)**	(20,330)
(Increase) / decrease in long term deposits and prepayments		**(975,714)**	5,691
Net cash from operating activities		**11,049,960**	6,330,652
Cash used in investing activities			
Purchase of property, plant and equipment		**(1,547,803)**	(2,189,886)
Sale proceeds on disposal of property, plant and equipment		**42,937**	129,235
Return received on savings accounts and deposit accounts		**45,339**	39,196
Investment in treasury bills		**-**	162,289
Investment in term deposits - net		**(8,239)**	(160,000)
Dividend received		**12**	12
Net cash used in investing activities		**(1,467,754)**	(2,019,154)
Cash used in financing activities			
Dividends paid		**(6,079,948)**	(4,373,132)
Finance lease obligation paid		**-**	(16,789)
Net cash used in financing activities		**(6,079,948)**	(4,389,921)
Net increase / (decrease) in cash and cash equivalents		**3,502,258**	(78,423)
Cash and cash equivalents at the beginning of the year		**591,129**	669,552
Cash and cash equivalents at the end of the year	34	**4,093,387**	591,129

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

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended December 31, 2013

	SHARE CAPITAL	RESERVES				TOTAL
		CAPITAL		REVENUE	SUB TOTAL	
		Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
	(Rupees in thousand)					
Balance as at January 1, 2012 - as previously reported	669,477	70,929	321,471	3,172,919	3,565,319	4,234,796
Effect of change in accounting policy with respect to accounting for recognition of actuarial gains / (losses) on defined benefit plan - net of tax (note 4)	-	-	-	(98,529)	(98,529)	(98,529)
Balance as at January 1, 2012 - as re-stated	669,477	70,929	321,471	3,074,390	3,466,790	4,136,267
Total comprehensive income for the year ended December 31, 2012						
- Profit for the year ended December 31, 2012	-	-	-	5,510,746	5,510,746	5,510,746
- Other comprehensive income for the year ended December 31, 2012	-	-	-	115,408	115,408	115,408
	-	-	-	5,626,154	5,626,154	5,626,154
Dividends						
For the year ended December 31, 2011						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 202 per share	-	-	-	(2,685,362)	(2,685,362)	(2,685,362)
For the year ended December 31, 2012						
- First interim dividend on ordinary shares @ Rs. 65 per share	-	-	-	(864,101)	(864,101)	(864,101)
- Second interim dividend on ordinary shares @ Rs. 65 per share	-	-	-	(864,101)	(864,101)	(864,101)
Balance as at January 01, 2013 - re-stated	**669,477**	**70,929**	**321,471**	**4,286,741**	**4,679,141**	**5,348,618**
Total comprehensive income for the year ended December 31, 2013						
- Profit for the year ended December 31, 2013	-	-	-	6,125,491	6,125,491	6,125,491
- Other comprehensive income for the year ended December 31, 2013	-	-	-	(48,257)	(48,257)	(48,257)
	-	-	-	6,077,234	6,077,234	6,077,234
Dividends						
For the year ended December 31, 2012						
- On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 283 per share	-	-	-	(3,762,165)	(3,762,165)	(3,762,165)
For the year ended December 31, 2013						
- First interim dividend on ordinary shares @ Rs. 51.24 per share	-	-	-	(681,178)	(681,178)	(681,178)
- Second interim dividend on ordinary shares @ Rs. 123.25 per share	-	-	-	(1,638,469)	(1,638,469)	(1,638,469)
- Third interim dividend on ordinary shares @ Rs. 165.90 per share	-	-	-	(2,205,453)	(2,205,453)	(2,205,453)
Balance as at December 31, 2013	**669,477**	**70,929**	**321,471**	**2,076,471**	**2,468,871**	**3,138,348**

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

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

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

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

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

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

Lever Chemicals (Private) Limited (LCL) is not carrying on any business operations. LCL used to manufacture and sell Sulphonic Acid.

Lever Associated Pakistan Trust (Private) Limited and Sadiq (Private) Limited act as trustees of Union Pakistan Provident Fund (Unilever Provident Fund). All subsidiary companies are incorporated in Pakistan.

1.2 Basis of consolidation

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

All intercompany balances and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except as stated in note 4.

2.1 Basis of preparation

2.1.1 Statement of compliance

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The amendments to following standards have been adopted by the group for the first time for the financial year beginning on January 1, 2013:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The new amendment is not expected to materially affect the disclosures in the financial statements of the group.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the group's accounting policies are to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 4 for the impact on the financial statements.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2013 are considered not to be relevant for the group's financial statements and hence have not been detailed here.

c) **Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

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

2.2 Overall valuation policy

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

2.3 Property, plant and equipment and depreciation

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

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

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

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

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

2.4 Intangible assets and amortisation

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

2.5 Investments

i. In unlisted entity not being subsidiary

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

ii. Investment - held to maturity

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

2.6 Taxation

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

2.6.1 Current

Provision for current taxation is based on taxable income / turnover at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

2.6.2 Deferred

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

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

2.7 Staff retirement benefits

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

2.7.1 Defined contribution plans

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

i) Provident fund

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

ii) DC Pension fund

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

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

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

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

2.7.2 Defined benefit plans

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

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

The group operates the following schemes:

i) Funded pension scheme for management employees of the group. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2013, using the 'Projected Unit Credit Method'.

ii) Funded gratuity scheme for management employees of the group. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2013, using the 'Projected Unit Credit Method'.

iii) Funded gratuity scheme for non-management employees of the group. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2013, using the 'Projected Unit Credit Method'.

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

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

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

Past-service costs are recognised immediately in income.

2.8 Stores and spares

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

2.9 Stock in trade

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

2.10 Trade and other receivables

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

2.11 Cash and cash equivalents

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

2.12 Impairment

2.12.1 Financial assets

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

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

2.12.2 Non-financial assets

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

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

2.13 Operating leases / Ijarah

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

2.14 Trade and other payables

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

2.15 Borrowings and their cost

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

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

2.16 Provisions

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

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

2.17 Financial assets and liabilities

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

2.18 Foreign currency transactions and translation

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

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

2.19 Functional and presentation currency

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

2.20 Revenue recognition

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

- sale is recognised when the product is despatched to customers;
- dividend income is recognised when the group's right to receive the payment is established; and
- return on savings accounts and deposit accounts is recognised on accrual basis.

2.21 Dividend

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

2.22 Share based payment

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

2.23 Offsetting

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The group 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:

i) Income taxes

In making the estimates for income taxes, the group 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 group's view differs with the view taken by the income tax department at the assessment stage and where the group considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

ii) Defined benefit plans

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

iii) Provisions

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

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

No critical judgement has been used in applying accounting policies.

4. CHANGE IN ACCOUNTING POLICY

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (revised), the Group's policy for Staff Retirement Benefits - Defined Benefit Plans stands amended as follows:

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

- The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The group's financial statements are affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

	December 31, 2012	January 1, 2012
	(Rupees in thousand)	
Impact on Balance Sheet		
Increase / (decrease) in retirement benefits - prepayments	66,043	(109,788)
Increase in retirement benefits - obligations	(23,614)	(41,795)
(Increase) / decrease in deferred taxation	(14,850)	53,054
(Increase) / decrease in unappropriated profit	(27,579)	98,529
Impact on Statement of Changes in Equity		
Increase / (decrease) in Unappropriated profit		
Cumulative effect from prior years	-	128,677
Impact for the year ended	126,108	(30,148)
Impact on Profit & Loss		
Decrease in cost of sales	3,416	
Decrease in distribution and selling expenses	8,737	
Decrease in administrative expenses	4,308	
Increase in taxation	5,761	
Impact on Other Comprehensive Income		
Items that will not be reclassified to Profit or Loss Account	115,408	

There is no cash flow impact as a result of the retrospective application of change in accounting policy, due to adoption of IAS 19 (revised).

5. PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	(Rupees in thousand)	
Operating assets - at net book value - note 5.1	**6,577,072**	6,029,015
Capital work in progress - at cost - note 5.2	**1,287,368**	1,196,764
	7,864,440	7,225,779

5.1 Operating assets

	Land		Buildings		Plant and machinery	Electrical, mechanical and office equipment	Furniture and fittings	Motor vehicles		TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land				Owned	Held under finance leases	
	(Rupees in thousand)									
Net carrying value basis										
Year ended December 31, 2013										
Opening net book value (NBV)	25,575	221	579,809	25,177	4,842,935	449,234	24,237	81,827	-	6,029,015
Additions (at cost)	-	-	169,455	2,105	1,252,552	10,293	22,780	14	-	1,457,199
Disposals (at NBV)	-	-	-	(1,593)	(36,761)	-	(3)	(19)	-	(38,376)
Provision for fixed assets to be written off	-	-	(2,286)	(351)	(118,265)	(10,536)	(2,290)	-	-	(133,728)
Depreciation charge	-	(4)	(19,828)	(792)	(673,118)	(26,715)	(2,954)	(13,627)	-	(737,038)
Closing net book value (NBV)	25,575	217	727,150	24,546	5,267,343	422,276	41,770	68,195	-	6,577,072
Gross carrying value basis										
At December 31, 2013										
Cost	25,575	529	951,728	87,096	9,056,533	828,754	74,186	125,738	-	11,150,139
Provision for fixed assets to be written off	-	-	(2,286)	(351)	(118,265)	(10,536)	(2,290)	-	-	(133,728)
Accumulated depreciation	-	(312)	(222,292)	(62,199)	(3,670,925)	(395,942)	(30,126)	(57,543)	-	(4,439,339)
Net book value (NBV)	25,575	217	727,150	24,546	5,267,343	422,276	41,770	68,195	-	6,577,072
Net carrying value basis										
Year ended December 31, 2012										
Opening net book value (NBV)	25,575	225	588,615	18,954	3,520,117	325,705	23,564	14,539	8,896	4,526,190
Additions (at cost)	-	-	10,864	6,770	1,946,118	145,676	3,435	71,300	-	2,184,163
Disposals (at NBV)	-	-	-	-	(23,962)	(65)	-	(264)	-	(24,291)
Transfers (at NBV)	-	-	-	-	-	-	-	8,896	(8,896)	-
Reversal of surplus on revaluation of fixed assets	-	-	-	-	(11,669)	-	-	-	-	(11,669)
Depreciation charge	-	(4)	(19,670)	(547)	(587,669)	(22,082)	(2,762)	(12,644)	-	(645,378)
Closing net book value (NBV)	**25,575**	**221**	**579,809**	**25,177**	**4,842,935**	**449,234**	**24,237**	**81,827**	-	**6,029,015**
Gross carrying value basis										
At December 31, 2012										
Cost	25,575	529	782,273	87,693	8,032,720	850,780	51,481	143,197	-	9,974,248
Reversal of surplus on revaluation of fixed assets	-	-	-	-	(11,669)	-	-	-	-	(11,669)
Accumulated depreciation	-	(308)	(202,464)	(62,516)	(3,178,116)	(401,546)	(27,244)	(61,370)	-	(3,933,564)
Net book value (NBV)	**25,575**	**221**	**579,809**	**25,177**	**4,842,935**	**449,234**	**24,237**	**81,827**	-	**6,029,015**
Depreciation rate % per annum	-	1.05	2.5	2.5	7 to 33	7 to 25	7	20 to 25	20 to 25	

	2013	2012
	(Rupees in thousand)	

5.2 Capital Work In Progress – at cost

Civil works	**26,608**	24,912
Plant and machinery	**1,260,760**	1,171,852
	1,287,368	1,196,764

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

	2013	2012
	(Rupees in thousand)	

6. INTANGIBLES - Computer Software

Net carrying value basis

Opening net book value (NBV)	**936,797**	1,288,730
Amortisation charge	**(182,742)**	(249,055)
Reversal	**-**	(102,878)
Closing net book value (NBV)	**754,055**	936,797

Gross carrying value basis

Cost	**1,266,276**	1,369,154
Accumulated amortisation	**(512,221)**	(329,479)
Reversal	**-**	(102,878)
Net book value (NBV)	**754,055**	936,797
Remaining useful life in years - note 6.1	**7.00**	3.75

6.1 During the year ended December 31, 2013, the group reviewed the estimated useful economic life of its intangibles, i.e. computer software - SAP. The remaining useful life has been increased from 3.25 to 7.5 years with effect from July 1, 2013. The effect of these changes on amortisation expense, recognised in cost of sales, distribution costs and administrative expenses in the year and in future years is a decrease in annual charge of Rs. 35.68 million, Rs. 14.39 million, Rs. 16.25 million and Rs. 71.36 million, Rs. 28.78 million, Rs. 32.5 million respectively.

	2013	2012
	(Rupees in thousand)	

7. LONG TERM INVESTMENTS

Investment available for sale - at cost

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

8. LONG TERM LOANS - considered good

		2013	2012
		(Rupees in thousand)	
Executives	Note 8.1, 8.2 and 8.3	**207,648**	190,848
Other employees		**8,752**	5,414
		216,400	196,262
Recoverable within one year - note 14		**(61,134)**	(60,676)
Long term portion		**155,266**	135,586

8.1 Reconciliation of carrying amount of loans to Chief Executive and Executives:

	CHIEF EXECUTIVE		EXECUTIVES	
	2013	2012	2013	2012
	(Rupees in thousand)			
Balance as at January 1	**-**	2,289	**190,848**	120,760
Loans granted during the year	**-**	-	**105,579**	147,070
Recoveries	**-**	(2,289)	**(88,779)**	(76,982)
	-	-	**207,648**	190,848

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

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

	2013	2012
	(Rupees in thousand)	
Chief Executive	**-**	2,035
Executives	**211,142**	191,507

9. LONG TERM DEPOSITS AND PREPAYMENTS

	2013	2012
Security deposits	**13,649**	14,492
Prepaid rent - Note 9.1	**985,060**	8,503
	998,709	22,995
Less: Provision for doubtful deposits	**(2,925)**	(2,925)
	995,784	20,070

9.1 This includes advance rent paid for a period of five years for Head Office premises. The long term portion of advance rent amounting to Rs. 950.9 million is included in the year end balances.

10. STAFF RETIREMENT BENEFITS

10.1 As stated in note 2.7.2, the Group operates four defined benefit plans (The Plans) namely approved funded defined benefit pension scheme for management employees, approved funded defined benefit gratuity scheme for management employees, approved funded defined benefit gratuity scheme for non-management employees and unfunded medical scheme for members of its pension fund subject to minimum service of prescribed period in the respective trust deed. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at December 31, 2013.

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

10.3 The latest actuarial valuation of the Fund as at December 31, 2013 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	Pension Fund		Gratuity Funds				Pensioners' Medical Plan	
			Management Staff Gratuity Fund		Non-Management Staff Gratuity Fund			
	2013	(Re-stated) 2012	2013	(Re-stated) 2012	2013	(Re-stated) 2012	2013	(Re-stated) 2012
	(Rupees in thousand)							
10.4 Balance Sheet Reconciliation								
Fair value of plan assets	(376,995)	(1,875,133)	96,929	(17,151)	(57,342)	(57,005)	-	-
Present value of defined benefit obligations	324,926	1,706,321	27,826	179,575	75,386	63,314	248,482	233,236
Recognised (asset) / liability	(52,069)	(168,812)	124,755	162,424	18,044	6,309	248,482	233,236
10.5 Movement in the fair value of plan assets								
Fair value as at January 1	1,875,133	1,686,778	17,151	18,097	57,005	43,317		
Interest Income	199,788	216,297	(4,671)	2,431	6,328	5,638		
Remeasurement	(108,342)	160,824	2,666	(4,469)	(630)	2,106		
Employer contributions	-	-	-	229,473	-	7,576		
Transferred to DC Pension Fund	(172,882)	-	(110,913)	-	-	-		
Inter Fund transfer	(58,914)	-	58,914	-	-	-		
Benefits paid	(1,357,788)	(188,766)	(60,076)	(228,381)	(5,361)	(1,632)		
Fair value as at December 31	376,995	1,875,133	(96,929)	17,151	57,342	57,005		
10.6 Movement in the present value of defined benefit obligations								
Obligation as at January 1	1,706,321	1,681,689	179,575	288,662	63,314	60,329	233,236	216,324
Current service cost	8,711	9,373	6,727	7,524	5,870	5,826	732	635
Interest cost	180,375	207,098	14,007	25,323	7,052	8,060	25,957	27,008
Past service cost and curtailment	-	-	-	97,981	-	-	-	-
Transferred to DC Pension Fund	(172,882)	-	(110,913)	-	-	-	-	-
Remeasurement	(39,811)	(3,073)	(1,494)	(11,534)	4,511	(9,269)	3,605	4,786
Benefits paid	(1,357,788)	(188,766)	(60,076)	(228,381)	(5,361)	(1,632)	(15,048)	(15,517)
Obligation as at December 31	324,926	1,706,321	27,826	179,575	75,386	63,314	248,482	233,236

	Pension Fund		Gratuity Funds: Management Staff Gratuity Fund		Gratuity Funds: Non-Management Staff Gratuity Fund		Pensioners' Medical Plan	
	2013	(Re-stated) 2012	2013	(Re-stated) 2012	2013	(Re-stated) 2012	2013	(Re-stated) 2012
	(Rupees in thousand)							
10.7 Expense / (Income) recognised in profit and loss account								
Current service cost	8,711	9,373	6,727	7,524	5,870	5,826	732	635
Interest (income) / cost	(19,413)	(9,199)	18,678	22,892	724	2,422	25,957	27,008
Settlement and curtailment	-	-	-	97,981	-	-	-	-
(Income) / Expense for the year	(10,702)	174	25,405	128,397	6,594	8,248	26,689	27,643
10.8 Remeasurements recognised in Other Comprehensive Income								
Loss from changes in demographic assumptions	-	-	-	-	-	-	-	-
Experience (gain) / losses	(39,811)	(3,073)	(1,494)	(11,534)	4,511	(9,269)	3,605	4,786
Remeasurement of fair value of plan assets	108,342	(160,824)	(2,666)	4,469	630	(2,106)	-	-
Remeasurements	68,531	(163,897)	(4,160)	(7,065)	5,141	(11,375)	3,605	4,786
10.9 Net recognised liability / (asset)								
Net liability at beginning of the year	(168,812)	(5,089)	162,424	270,565	6,309	17,012	233,236	216,324
Charge for the year	(10,702)	174	25,405	128,397	6,594	8,248	26,689	27,643
Inter Fund transfer	58,914	-	(58,914)	-	-	-	-	-
Employer contributions	-	-	-	(229,473)	-	(7,576)	(15,048)	(15,517)
Remeasurements recognised in Other Comprehensive Income	68,531	(163,897)	(4,160)	(7,065)	5,141	(11,375)	3,605	4,786
Recognised liability / (asset) as at December 31	(52,069)	(168,812)	124,755	162,424	18,044	6,309	248,482	233,236
10.10 Plan assets comprises of following								
Government bonds	-	1,612,568	-	2,685	33,792	45,112		
National Saving Certificates	417,742	-	-	-	21,534	-		
Other bonds (TFCs)	-	-	-	3,433	-	-		
Shares	-	202,635	-	-	6,818	4,488		
Mutual Funds	-	21,208	-	2,621	-	-		
Cash at Bank	738,586	44,358	688	15,306	528	9,037		
Benefits due	(593,793)	-	(1,368)	-	(1,375)	(23)		
Due from / (to) DC Pension Fund	(171,132)	-	(104,295)	-	-	-		
Due from / (to) Company	(14,408)	(5,636)	8,046	(6,894)	(3,955)	(1,609)		
Total as at December 31	376,995	1,875,133	(96,929)	17,151	57,342	57,005		

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

10.12 During the year, the group has offered cash settlements in lieu of pensions to pensioners while offering migration to the Defined Contribution Pension Fund for continuing Defined Benefit Pension members. Most pensioners and employees have accepted the offers and there has been a large reduction of actuarial risk as a result. The conversion exercise is in its second phase, where the remaining members and pensioners are being addressed individually. There is a fair chance that Pension and Management Staff Gratuity may be wound up at the end of this exercise. If these two plans are not wound up, there will be a considerable reduction in liability as the Pension plan will no longer increase pensions on a regular basis. The valuations of Pension and Management Staff Gratuity use the value of the offers made to these employees and pensioners as the obligations at December 31, 2013.

There was a large experience gain in the Pension Plan because no pension increase was granted during the year. This was partially offset by experience loss on changes in salary data.

10.13 Principal actuarial assumptions used are as follows:

	2013	**2012**
Discount rate & expected return on plan assets	**12.75%**	11.50%
Future salary increases	**10.25%**	9.00%
Future pension increases	**0.00%**	5.75%
Medical cost trend rates	**7.50%**	6.25%

10.14 In case of the funded plans, the Group 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 Group'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 Group 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 Group has not changed the processes used to manage its risks from previous periods. The Group 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 2013 consists of government bonds and term deposits. The Group believes that government bond offer the best returns over the long term with an acceptable level of risk

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

The Group's contribution to the pension and gratuity funds in 2014 is expected to amount to Rs. 75.8 million.

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

Figures in this note are based on the latest actuarial valuation carried out as at December 31, 2013.

10.16 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	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate at 31 December	1%	(27,711)	32,459
Future salary increases	1%	9,544	(8,123)
Future pension increases	1%	-	-

If longevity increases by 1 year, obligation increases by Rs. 18.8 million.

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

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

	Increase	Decrease
	(Rupees in thousand)	
Effect on the defined benefit obligations	24,060	(20,917)

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

10.17 Comparison for five years:

As at December 31	2013	2012	2011	2010	2009
	(Rupees in thousand)				
Fair value of plan assets	**337,408**	1,949,290	1,748,191	1,691,542	1,520,562
Present value of defined benefit obligations	**(676,620)**	(2,182,447)	(2,247,003)	(2,099,508)	(2,002,877)
(Deficit)	**(339,212)**	(233,157)	(498,812)	(407,966)	(482,315)
Experience adjustments					
Gain / (Loss) on plan assets (as percentage of plan assets)	**(32)**	8.0	1.3	6.6	(0.3)
(Gain) / Loss on obligations (as percentage of plan obligations)	**(4.9)**	(0.9)	(0.1)	(0.03)	9.7

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

10.19 During the year the Group contributed Rs. 64.71 million (2012: Rs. 73.52 million) to the provident fund and Rs. 82.79 million (2012: Rs. 54.02 million) to the DC pension fund.

10.20 The weighted average duration of the defined benefit obligation is 10.8 years.

10.21 Expected maturity analysis of undiscounted retirement benefit plans.

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	(Rupees in thousand)				
Retirement benefit plans	374,688	25,843	118,319	200,965	719,815

11. STORES AND SPARES

	2013	2012
	(Rupees in thousand)	
Stores (including in transit Rs. 21.6 million; 2012: Rs. Nil)	**142,257**	115,096
Spares (including in transit Rs. 20 million; 2012: Rs. Nil)	**464,653**	346,174
	606,910	461,270
Provision for slow moving and obsolete stores and spares	**(78,699)**	(39,614)
	528,211	421,656

11.1 The group has charged provision of Rs. 39.09 million (2012: reversal of Rs. 5.53 million) for obsolescence.

12. STOCK IN TRADE

	2013	2012
	(Rupees in thousand)	
Raw and packing materials at cost (including in transit Rs. 421 million; 2012: Rs. 779 million)	2,263,347	3,433,135
Provision for obsolescence	(109,859)	(135,421)
	2,153,488	3,297,714
Work in process	243,838	321,999
Finished goods (including in transit Rs. 38 million; 2012: Rs. 326 million)	2,107,140	2,692,442
Provision for obsolescence	(169,157)	(67,952)
	1,937,983	2,624,490
	4,335,309	6,244,203

12.1 Stock in trade includes Rs. 1.01 billion (2012: Rs. 1.40 billion) held with third parties.

12.2 The above balances include items costing Rs. 1.323 billion (2012: Rs. 431.11 million) valued at net realisable value of Rs. 1.044 billion (2012: Rs. 227.73 million).

12.3 The group made a provision of Rs. 157.28 million for obsolescence (2012: Rs. 133.15 million) and has written off inventory amounting to Rs. 81.64 million (2012: Rs. 142.73 million) by utilising the provision during the year.

13. TRADE DEBTS

	2013	2012
	(Rupees in thousand)	
Considered good	855,771	1,018,561
Considered doubtful	46,486	33,464
	902,257	1,052,025
Provision for doubtful debts - note 13.1	(46,486)	(33,464)
	855,771	1,018,561

13.1 The group made a provision of Rs. 13.02 million (2012: provision of Rs. 5.89 million) and has written off debts by utilising the provision amounting to Rs. Nil (2012: Rs. 9.59 million) during the year.

13.2 As of December 31, 2013 trade debts of Rs. 34.30 million (2012: Rs. 48.73 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:

	2013	2012
	(Rupees in thousand)	
Up to 3 months	**22,427**	42,977
3 to 6 months	**2,132**	1,544
More than 6 months	**9,737**	4,204
	34,296	48,725

14. LOANS AND ADVANCES

	2013	2012
Considered good		
Current portion of loans to employees - note 8	**61,134**	60,676
Advances to:		
Executives - note 14.1	**65,226**	56,198
Suppliers and others	**23,685**	64,129
	150,045	181,003
Considered doubtful		
Advances to suppliers and others	**2,610**	2,588
	152,655	183,591
Provision for doubtful advances to suppliers and others	**(2,610)**	(2,588)
	150,045	181,003

14.1 This includes advances given to meet business expenses and are settled as and when the expenses are incurred.

14.2 Advance to supplier includes amount of Rs. 5.41 million paid to a Company in which close family member of Director is holding directorship.

15. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2013	2012
	(Rupees in thousand)	
Trade and margin deposits	26,380	31,290
Prepayments		
- Rent - note 9.1	232,581	20,678
- Advertisement - note 15.1	517,738	366,268
- Others	210,574	129,435
	987,273	547,671

15.1 This includes media bulk discount on airing TV commercials amounting to Rs. 397 million (2012: Rs. 350 million).

16. OTHER RECEIVABLES

	2013	2012
	(Rupees in thousand)	
Receivable from related parties		
Defined contribution plans	17,652	14,569
Defined benefit plans	45,193	8,408
Associated undertakings	56,236	41,791
Workers' Profits Participation Fund - note 22.4	-	7,280
Others	61,986	50,566
	181,067	122,614
Provision for doubtful receivables	(13,934)	(13,934)
	167,133	108,680

17. TAX REFUNDS DUE FROM THE GOVERNMENT

	2013	2012
Sales tax refundable - amounts paid under protest	66,529	91,897
Taxation - payments less provision	283,840	656,725
	350,369	748,622

18. CASH AND BANK BALANCES

	2013	2012
With banks on:		
current accounts	2,690	9,752
savings accounts - note 18.1	2,565,152	580,596
deposit account - note 18.2	2,068,239	160,000
In hand:		
cash	946	781
	4,637,027	751,129

18.1 Mark-up on savings accounts was at the rates ranging from 5% to 9% (2012: 5% to 10.2%) per annum.

18.2 Term deposits carry mark-up ranging from 8.2% to 9.2% per annum and will mature by January 2014.

19. SHARE CAPITAL

		2013	2012
		(Rupees in thousand)	
Authorised share capital			
47,835	5% cumulative preference shares of Rs. 100 each	4,783	4,783
15,904,330	Ordinary shares of Rs. 50 each	795,217	795,217
		800,000	800,000
Issued, subscribed and paid up capital			
5% cumulative preference shares of Rs. 100 each			
	Shares allotted:		
43,835	for consideration paid in cash	4,383	4,383
4,000	for acquisition of an undertaking	400	400
47,835		4,783	4,783
Ordinary shares of Rs. 50 each			
	Shares allotted:		
467,704	for consideration paid in cash	23,385	23,385
4,979,208	for consideration other than cash under schemes of arrangements for amalgamations	248,961	248,961
7,846,957	as bonus shares	392,348	392,348
13,293,869		664,694	664,694
		669,477	669,477

At December 31, 2013, Unilever Overseas Holdings Limited, UK, a wholly owned subsidiary of Unilever PLC, UK held 12,990,427 ordinary shares (2012: 9,981,417 ordinary shares) and 33,735 preference shares (2012: 33,735 preference shares) of Unilever Pakistan Limited.

20. RESERVES

	2013	(Re-stated) 2012	(Re-stated) January 1, 2012
	(Rupees in thousand)		
Capital reserves			
Arising under schemes of arrangements for amalgamations - note 20.1	**70,929**	70,929	70,929
Contingency - note 25.1.1	**321,471**	321,471	321,471
	392,400	392,400	392,400
Revenue reserve			
Unappropriated profit	**2,076,471**	4,286,741	3,074,390
	2,468,871	4,679,141	3,466,790

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

21. DEFERRED TAXATION

	2013	(Re-stated) 2012	(Re-stated) January 1, 2012
	(Rupees in thousand)		
Credit balance arising in respect of:			
- accelerated tax depreciation allowances	**1,176,406**	1,230,913	903,783
- surplus on revaluation of fixed assets	**-**	-	6,082
	1,176,406	1,230,913	909,865
Debit balance arising in respect of:			
- provision for staff retirement benefits	**(112,440)**	(81,605)	(170,687)
- share-based compensation	**(63,731)**	(42,501)	(31,281)
- provision for stock in trade and stores and spares	**(138,715)**	(84,027)	(87,437)
- provision for doubtful debts, advances and other receivables	**(15,764)**	(17,495)	(12,905)
- provision for restructuring	**(60,913)**	(31,432)	(76,518)
- provision for cess and marking fee	**(235,478)**	(262,509)	(182,875)
- others	**(28,417)**	(19,774)	(20,152)
	(655,458)	(539,343)	(581,855)
	520,948	691,570	328,010

22. TRADE AND OTHER PAYABLES

	2013 (Rupees in thousand)	2012
Creditors	**878,952**	845,315
Bills payable - note 22.1	**2,932,809**	3,932,855
Accrued liabilities	**7,584,682**	5,296,193
Dividend payable - note 22.2	**2,205,453**	-
Unclaimed dividend	**185,208**	183,105
Royalty and technical services fee - note 22.3	**1,471,231**	501,377
Advance payment from customers	**150,940**	144,826
Sales tax payable	**391,997**	159,224
Sindh sales tax on services	**147,123**	49,853
Workers' Welfare Fund	**191,844**	173,088
Workers' Profits Participation Fund - note 22.4	**478,762**	-
Security deposits from dealers - note 22.5	**24,217**	24,217
Liability for share-based compensation plans - note 22.6	**188,628**	122,903
Others	**9,250**	11,944
	16,841,096	11,444,900

22.1 Bills payable includes Rs. 1.29 billion (2012: Rs. 1.96 billion) in relation to inland letters of credit under vendor financing arrangements which includes interest cost as per group's negotiated rates.

22.2 The amount represents dividend declared for the third quarter ended September 30, 2013.

22.3 The services received by the Group from its Parent Company have increased in the recent years. Consequently, there is a significant gap between the costs incurred by the Parent on behalf of Unilever Pakistan and the agreed Royalty payment. The contract for the latter expired on April 30, 2013. In view of the above, the Board of Directors of the Group have approved a proposal to the State Bank of Pakistan to increase the Royalty payment, with effect from May 1, 2013. The proposal is in draft form and will be submitted to the State Bank of Pakistan by the end of March 2014. The Royalty charges for post expiry period amounting to Rs. 511 million have been accrued on the basis of the revised agreement.

22.4 Workers' Profits Participation Fund

	2013 (Rupees in thousand)	2012
Balance as at January 1	**(7,280)**	(31,294)
Allocation for the year	**478,762**	432,720
	471,482	401,426
Amount received from / (paid to) the trustees	**7,280**	(408,706)
Balance as at December 31	**478,762**	(7,280)

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

22.6 Share-based compensation plans

As at December 31, 2013 group had share-based compensation plans in the form of performance shares.

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

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

A summary of the status of the Performance Share Plans as at December 31, 2013 and 2012 and changes during the years ended on these dates is presented below:

	2013	2012
	(Number of shares)	
Outstanding at January 1	60,474	49,920
Awarded	20,781	27,101
Vested	(10,665)	(12,732)
Forfeited	(2,304)	(3,815)
Outstanding at December 31	68,286	60,474

	2013	2012
Share price at grant date		
Unilever NV	€ 28.83	€ 28.86
Unilever PLC	£ 24.36	£ 23.88

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

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

	2013	2012
	(Rupees in thousand)	
Ultimate parent company	831,659	459,233
Associated companies	1,201,388	1,502,826
Company in which close family member of a Director is holding directorship	-	64,122

23. SHORT TERM BORROWINGS

Running finance under mark-up arrangements - secured

The facilities for running finance available from various banks amount to Rs. 9.625 billion (2012: Rs. 9.625 billion). The rates of mark-up range between KIBOR to KIBOR + 1% per annum (2012: KIBOR to KIBOR + 1% per annum).

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

The facilities for opening letters of credit and guarantees as at December 31, 2013 amounted to Rs. 18.775 billion (2012: Rs. 15.89 billion), of which the amount remaining unutilised at the year end was Rs. 13.426 billion (2012: Rs. 8.81 billion).

24. PROVISIONS

	2013	2012
	(Rupees in thousand)	
Sindh Infrastructure Cess - note 24.1 & note 25.1.1	424,695	487,564
PSI marking fee - note 24.2	37,250	36,547
Restructuring - note 24.3	116,142	90,895
	578,087	615,006

24.1 Sindh Infrastructure Cess

	2013	2012
Balance as at January 1	487,564	396,357
Charge for the year	91,643	199,897
Reversal during the year	(108,690)	-
Payments made	(45,822)	(108,690)
Balance as at December 31	424,695	487,564

24.2 PSI marking fee

	2013	2012
Balance as at January 1	36,547	20,584
Provision during the year	7,871	15,963
Utilised during the year	(7,168)	-
Balance as at December 31	37,250	36,547

24.3 Restructuring

	2013	2012
Balance as at January 1	90,895	225,864
Provision / (Reversal) during the year	204,617	(18,349)
Utilised during the year	(179,370)	(116,620)
Balance as at December 31	116,142	90,895

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Government of Sindh through Finance Act, 1994 levied fee for services rendered in respect of development and maintenance of infrastructure on the import and export of goods. However, the group filed a constitutional petition against the levy of such fee in the High Court of Sindh and the Court granted stay for the payment of the fee. During the year 2001, the Government of Sindh introduced Cess in place of infrastructure fee with retrospective effect. As a result, Unilever's petition became infractuous and a fresh suit was filed by Unilever to challenge the levy. A stay against recovery of the aforesaid levy of Cess was also obtained from the Court. In 2003 the High Court decided the issue against the group. Against this order an intra court appeal was filed with the High Court. The appeal was disposed of in August 2008, whereby the levy imposed and collected with effect from December 28, 2006 was declared valid and all imposition and collection before such date as invalid. The Court further ordered that all bank guarantees / securities furnished for transactions before December 28, 2006 stand discharged and are liable to be returned back and those furnished in respect of transactions after December 28, 2006 are liable to be encashed. The group as well as the Government of Sindh filed appeals in the Supreme Court against the said order. The appeals were heard by the Supreme Court in May 2011, and it was noted that the Government of Sindh had again enacted Infrastructure Fee through Act of 2009 with retrospective effect which had not been challenged in the last appeals. Accordingly, the Supreme Court allowed the petitioners to file fresh petitions at the High Court. Accordingly, fresh petition was filed by the group in the High Court in May 2011. A provision amounting to Rs. 825.19 million concerning the levy with respect from December 28, 2006 has been recognised in the financial statements. Moreover, the group has paid an amount of Rs. 400.5 million under protest against the said order.

As a matter of prudence, a total of Rs. 321.47 million as at December 31, 2013 (2012: Rs. 321.47 million) out of the revenue reserves has been earmarked as contingency reserve for the levy uptill December 2006.

25.1.2 The Deputy Commissioner Inland Revenue while passing amended assessment orders for tax years 2006 through 2012 has disallowed certain expenditures claimed resulting in tax exposure of Rs. 515 million.

The group's management is of the view that the disallowances made were erroneous and is already contesting these matters at various appellate forums. The management believes that the ultimate decision in appeals is likely be in the group's favour, therefore, no provision has been made in the financial statements.

25.2 Commitments

25.2.1 Aggregate commitments outstanding for capital expenditures as at December 31, 2013 amounted to Rs. 567.76 million (2012: Rs. 701.11 million).

25.2.2 Commitments for rentals under operating lease agreements / Ijarah contracts as at December 31, 2013 are as follows:

	2013	2012
	(Rupees in thousand)	
Not later than one year	**174,746**	213,309
Over one year to five years	**334,347**	482,843
	509,093	696,152

26. SALES

	2013	2012
Gross sales	**79,582,887**	77,006,724
Sales tax	**(11,837,364)**	(10,190,662)
Excise duty	**-**	(509,343)
	67,745,523	66,306,719
Rebates and allowances	**(7,210,203)**	(6,565,750)
	60,535,320	59,740,969

Sales to domestic customers in Pakistan are 99.63% (2012: 99.35%) and to customers outside Pakistan are 0.37% (2012: 0.65%) of the revenue during the year.

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

	(Re-stated)
2013	2012
(Rupees in thousand)	

27. COST OF SALES

	2013	2012
Raw and packing materials consumed	**29,799,596**	33,297,709
Manufacturing charges paid to third parties	**1,067,775**	1,024,649
Stores and spares consumed	**171,715**	240,158
Staff costs - note 27.1	**2,007,195**	1,869,857
Provision for restructuring	**106,586**	-
Provision for fixed assets to be written off	**120,444**	-
Utilities	**767,652**	762,951
Depreciation	**683,671**	595,485
Repairs and maintenance	**303,146**	367,698
Rent, rates and taxes	**27,334**	40,172
Ujrah payments	**17,180**	23,710
Amortisation of computer software	**98,316**	133,992
Travelling and entertainment	**51,866**	58,289
Stationery and office expenses	**45,400**	48,602
Expenses on information technology	**3,148**	2,550
Other expenses	**71,259**	102,655
Charges by related party	**6,587**	5,879
	35,348,870	38,574,356
Opening work in process	**321,999**	291,891
	35,670,869	38,866,247
Closing work in process	**(243,838)**	(321,999)
Cost of goods manufactured	**35,427,031**	38,544,248
Opening stock of finished goods	**2,624,490**	2,147,819
Closing stock of finished goods	**(1,937,983)**	(2,624,490)
	36,113,538	38,067,577

27.1 Staff costs

	2013	2012
Salaries and wages	**1,938,386**	1,801,858
Medical	**33,581**	33,113
Pension costs - defined benefit plan	**(2,109)**	34
Gratuity costs - defined benefit plan	**10,099**	12,202
Pensioners' medical plan	**5,268**	5,457
Provident fund cost - defined contribution plan	**5,908**	6,712
Pension fund cost - defined contribution plan	**16,062**	10,481
	2,007,195	1,869,857

28. DISTRIBUTION COSTS

	2013	(Re-stated) 2012
	(Rupees in thousand)	
Staff costs - note 28.1	1,091,619	1,012,921
Provision for restructuring	61,924	-
Advertisement and sales promotion	6,275,106	5,408,860
Outward freight and handling	1,860,566	1,904,684
Royalty and technical fee	2,743,899	2,120,007
Utilities	57,170	48,212
Depreciation	26,347	25,054
Repairs and maintenance	33,123	38,097
Rent, rates and taxes	98,068	97,702
Ujrah payments	80,515	145,222
Amortisation of computer software	39,655	54,043
Travelling and entertainment	109,319	109,474
Stationery and office expenses	46,586	45,168
Expenses on information technology	106	113
Provision for doubtful debts - trade	13,022	4,006
Other expenses	122,966	112,758
Charges by related party	12,503	14,119
	12,672,494	11,140,440

28.1 Staff costs

Salaries and wages	906,793	859,290
Medical	114	113
Share based compensation	77,359	46,920
Pension costs - defined benefit plan	(5,754)	94
Gratuity costs - defined benefit plan	14,668	17,723
Pensioners' medical plan	14,348	14,861
Provident fund cost - defined contribution plan	39,391	44,752
Pension fund cost - defined contribution plan	44,700	29,168
	1,091,619	1,012,921

29. ADMINISTRATIVE EXPENSES

	2013	(Re-stated) 2012
	(Rupees in thousand)	
Staff costs - note 29.1	**691,975**	632,910
Provision for restructuring	**36,107**	-
Provision for fixed assets to be written off	**13,284**	-
Utilities	**55,102**	53,886
Depreciation	**27,020**	24,839
Repairs and maintenance	**27,766**	39,170
Rent, rates and taxes	**225,710**	220,898
Ujrah payments	**70,244**	38,529
Amortisation of computer software	**44,771**	61,020
Travelling and entertainment	**61,782**	59,886
Stationery and office expenses	**79,770**	76,221
Expenses on information technology	**670,524**	512,553
Legal, professional and other consultancy charges	**137,335**	120,893
Auditors' remuneration - note 29.2	**13,201**	14,911
Other expenses	**100,970**	126,818
Charges by related party	**2,611**	2,383
	2,258,172	1,984,917

29.1 Staff costs

	2013	2012
Salaries and wages	**558,424**	515,326
Medical	**42,504**	41,912
Share based compensation	**38,136**	23,131
Pension costs - defined benefit plan	**(2,839)**	46
Gratuity costs - defined benefit plan	**7,232**	8,739
Pensioners' medical plan	**7,073**	7,325
Provident fund cost - defined contribution plan	**19,414**	22,056
Pension fund cost - defined contribution plan	**22,031**	14,375
	691,975	632,910

29.2 Auditors' remuneration

	2013	2012
	(Rupees in thousand)	
Audit fee	**4,000**	5,500
Taxation services	**3,650**	3,650
Limited review, consolidation, pension, provident and gratuity funds and other certifications	**3,975**	4,511
Out of pocket expenses	**1,576**	1,250
	13,201	14,911

30. OTHER OPERATING EXPENSES	2013 (Rupees in thousand)	2012
Donations	8,939	9,121
Workers' Profits Participation Fund - note 22.4	478,762	432,720
Workers' Welfare Fund	191,844	173,088
	679,545	614,929

30.1 No donation has been made to any of the related parties.

31. OTHER INCOME	2013 (Rupees in thousand)	2012
Income from financial assets		
Dividend income	12	12
Return on savings accounts and deposit accounts	58,499	39,196
Return on investment - held to maturity	-	6,651
Income from non-financial assets		
Scrap sales	120,123	118,324
Profit on disposal of property, plant and equipment	4,561	104,944
Sundries	2,675	5,339
Others		
Service fee from related parties - note 31.1	238,384	282,137
Liabilities no longer payable written back	-	18,349
	424,254	574,952

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

32. FINANCE COST	2013 (Rupees in thousand)	2012
Mark-up on short term borrowings	131,675	64,991
Bank charges	41,599	60,589
Exchange loss	144,648	303,625
Finance charge on finance leases	-	269
	317,922	429,474

33. TAXATION

	2013	(Re-stated) 2012
	(Rupees in thousand)	
Current - for the year		
Pakistan	**2,889,769**	2,224,227
Azad Kashmir	**48,405**	42,194
	2,938,174	2,266,421
Deferred tax - (credit) / charge	**(145,762)**	301,417
	2,792,412	2,567,838

33.1 Relationship between tax expense and accounting profit

	2013	2012
Accounting profit before tax	**8,917,903**	8,078,584
Tax at the applicable tax rate of 34% (2012: 35%)	**3,032,087**	2,827,504
Tax effect of credits	**(203,717)**	(260,533)
Tax effect of final tax	**(48,067)**	(57,826)
Tax effect of change in tax rate	**(19,759)**	-
Others	**31,868**	58,693
Tax expense for the year	**2,792,412**	2,567,838

34. CASH AND CASH EQUIVALENTS

	2013	2012
	(Rupees in thousand)	
Cash and bank balances	**4,637,027**	751,129
Short term borrowings - running finance under mark-up arrangements	**(375,401)**	-
Term deposits	**(168,239)**	(160,000)
	4,093,387	591,129

35. RELATED PARTY TRANSACTIONS

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

	Relationship with the Company	Nature of transactions	2013 (Rupees in thousand)	2012 (Rupees in thousand)
i.	Ultimate parent company	Royalty and technical fee	**2,233,189**	1,681,377
ii.	Associated companies	Purchase of goods	**9,963,612**	13,869,846
		Sale of goods	**4,105**	4,163
		Fee for receiving of services from related party	**21,701**	22,381
		Fee for providing of services to related party	**238,384**	282,137
		Contribution to :		
		- Defined Contribution plans	**147,506**	127,544
		- Defined Benefit plans	**-**	237,049
		Settlement on behalf of:		
		- Defined Contribution plans	**119,826**	122,379
		- Defined Benefit plans	**842,324**	191,448
iii.	Key management personnel	Salaries and other short-term employee benefits	**296,590**	210,137
		Post-employment benefits	**10,779**	8,199

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

The group has entered into agreements with its associate, Unilever Pakistan Foods Limited to share various administrative and other resources. The charges by and service fee from the associate have been disclosed in notes 27, 28, 29 and 31.

The related party status of outstanding balances as at December 31, 2013 is included in other receivables and trade and other payables respectively. These are settled in the ordinary course of business.

Arrangements with parent company and an associated company for granting of their shares to employees of Unilever Pakistan Limited are disclosed in note 22.6.

36. REMUNERATION OF EXECUTIVE DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

	EXECUTIVE DIRECTORS		CHIEF EXECUTIVE		EXECUTIVES	
	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)					
Managerial remuneration and allowances	60,209	52,551	40,596	37,650	1,278,437	1,143,384
Share based compensation	29,668	18,240	52,049	39,914	33,778	11,897
Retirement benefits *	6,720	6,076	3,286	3,118	149,718	135,914
Medical expenses	240	573	307	289	21,753	19,958
Other expenses	22,033	5,444	-	-	38,800	23,506
	118,870	82,884	96,238	80,971	1,522,486	1,334,659
Number of persons	7	6	1	1	874	842

In addition to this, a lump sum amount of Rs. 203.81 million (2012: Rs. 347.77 million) on account of variable pay has been accounted for in the financial statements for the current year payable in 2014 after verification of target achievement.

Out of the variable pay recognised for 2012 and 2011 following payments were made:

	Paid in 2013 relating to 2012	Paid in 2012 relating to 2011
	(Rupees in thousand)	
Executive Directors	19,108	11,950
Chief Executive	17,306	11,226
Executives	186,625	120,651
Other employees	3,017	11,014
	226,056	154,841

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

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

Aggregate amount charged in these financial statements for the year for fee to 2 non-executive directors was Rs. 550 thousand (2012: 2 non-executive directors Rs. 500 thousand).

37. CAPACITY

	Annual Capacity		Actual Production	
	2013	2012	2013	2012
	Metric Tons			
Own manufacture				
Home and Personal Care	**70,584**	69,200	**53,150**	53,476
Beverages	**52,686**	62,377	**27,134**	31,691
	Million Litres			
Ice Cream	**78.0**	67.5	**34.3**	39.6

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

38. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on un-audited financial statements of the Fund as at December 31, 2013:

	2013	2012
	(Rupees in thousand)	
Size of the Fund - Total Assets	**1,124,535**	1,091,456
Fair value of investments	**1,056,142**	1,088,913
Percentage of investments made	**93.92**	99.77

38.1 The Cost of above investments amounted to Rs. 984.69 million (2012: Rs. 1.03 billion)

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

	2013	2012	2013	2012
	(Percentage)		(Rupees in thousand)	
National Saving Schemes	**21.08**	0.00	**222,629**	-
Government Securities	**62.48**	75.68	**659,832**	824,105
Debts Securities	**0.00**	0.78	**-**	8,443
Equity Securities	**15.99**	20.20	**168,837**	219,964
Unit Trust Schemes	**0.45**	3.34	**4,844**	36,401
	100.00	100.00	**1,056,142**	1,088,913

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

39. NUMBER OF EMPLOYEES

	2013	2012
Number of employees including contractual employees at year end	**1,854**	1,885
Average number of employees including contractual employees during the year	**1,890**	1,851

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

40.1 Financial risk factors

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

40.2 Financial assets and liabilities by category and their respective maturities

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees in thousand)						
FINANCIAL ASSETS							
Loans and receivables							
Loans and advances to employees	-	-	-	61,134	155,266	216,400	216,400
Deposits	-	-	-	26,380	10,724	37,104	37,104
Trade debts	-	-	-	855,771	-	855,771	855,771
Accrued interest/mark-up	-	-	-	13,160	-	13,160	13,160
Other receivables	-	-	-	167,133	-	167,133	167,133
Cash and bank balances	4,633,391	-	4,633,391	3,636	-	3,636	4,637,027
Long term investments at cost	-	-	-	-	200	200	200
December 31, 2013	**4,633,391**	**-**	**4,633,391**	**1,127,214**	**166,190**	**1,293,404**	**5,926,795**
December 31, 2012	740,596	-	740,596	1,222,460	147,353	1,369,813	2,110,409
FINANCIAL LIABILITIES							
At amortised cost							
Trade and other payables	1,286,042	-	1,286,042	14,194,388	-	14,194,388	15,480,430
Accrued interest / mark-up	-	-	-	951	-	951	951
Short term borrowings	375,401	-	375,401	-	-	-	375,401
December 31, 2013	**1,661,443**	**-**	**1,661,443**	**14,195,339**	**-**	**14,195,339**	**15,856,782**
December 31, 2012	1,960,935	-	1,960,935	8,963,680	-	8,963,680	10,924,615
ON BALANCE SHEET GAP							
December 31, 2013	**2,971,948**	**-**	**2,971,948**	**(13,068,125)**	**166,190**	**(12,901,935)**	**(9,929,987)**
December 31, 2012	(1,220,339)	-	(1,220,339)	(7,741,220)	147,353	(7,593,867)	(8,814,206)
OFF BALANCE SHEET ITEMS							
Letters of credit / guarantees							
December 31, 2013							**5,348,917**
December 31, 2012							7,076,099

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

(i) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 5.9 billion (2012: Rs. 2.11 billion) the financial assets that are subject to credit risk amounted to Rs. 0.86 billion.

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. As of December 31, 2013 trade debts of Rs. 34.30 million (2012: Rs. 48.72 million) were past due but not impaired. The carrying amount of trade debts relates to a number of independent customers for whom there is no recent history of default.

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

Loans and advances to employees are not exposed to any material credit risk since these are secured against their retirement benefits.

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

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

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

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

(ii) Liquidity risk

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

(iii) Market risk

a) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2013, financial assets of Rs. 133.64 million (2012: Rs. 114.39 million) and financial liabilities of Rs. 1.75 billion (2012: Rs. 2.52 billion) were in foreign currency which were exposed to foreign currency risk.

As at December 31, 2013, if the Pakistan Rupee had weakened / strengthened by 6% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 70.14 million (2012: Rs. 173.11 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

As at December 31, 2013, if the Pakistan Rupee had weakened / strengthened by 6% against Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 22.52 million (2012: Rs. 10.68 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial assets and liabilities.

As at December 31, 2013, if the Pakistan Rupee had weakened / strengthened by 9% against Pound Sterling with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 6.79 million (2012: Rs. 28.74 million), mainly as a result of foreign exchange losses / gains on translation of Pound Sterling denominated financial assets and liabilities.

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

b) Interest rate risk

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

At December 31, 2013, the group had variable interest bearing financial assets of Rs. 4.63 billion (2012: Rs. 740.6 milllion) and financial liabilities of Rs. 1.66 billion (2012: Rs. 1.96 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been approximately Rs. 59.44 million (2012: Rs. 24.21 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

41. CAPITAL RISK MANAGEMENT

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

The gearing ratio as at December 31, 2013 and 2012 were as follows:

	2013	(Re-stated) 2012
	(Rupees in thousand)	
Total Borrowings	**375,401**	-
Cash and Bank	**(4,637,027)**	(751,129)
Net (cash surplus) / debt	**(4,261,626)**	(751,129)
Total equity	**3,138,348**	5,348,618
Total Capital	**3,138,348**	5,348,618
Gearing Ratio	**-**	-

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

42. DETAILS OF PROPERTY, PLANT AND EQUIPMENT DISPOSALS

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

	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Purchaser
	(Rupees in thousand)					
Plant & Machinery						
	3,530	1,886	1,644	72	Open Bidding	M/s. Mehboob Brothers, Chak # 20/ GD, Post Office Chak No. 24/ GD, Okara.
	2,276	1,416	860	417	Open Bidding	Muhammad Gulzar Godown No. 786, Street Rasheed Kanta Wali, Darul Ehsan Town No. 02 Samundari Road, Faisalabad.
	5,586	4,381	1,205	1,021	Open Bidding	Mushtaq Rizwan Al-Jannat Traders, Near Darul Ehsan Weigh Bridge, P-171, Darul Ehsan Town Samundari Road, Faisalabad.
	11,392	7,683	3,709	1,510		
Building on Leasehold land						
	2,693	1,101	1,592	493	Open Bidding	Muhammad Gulzar Godown No. 786, Street Rasheed Kanta Wali, Darul Ehsan Town No. 02 Samundari Road, Faisalabad.
	2,693	1,101	1,592	493		
Assets having book value less than Rs. 50,000 each						
Building on Leasehold Land	9	8	1	2		
Plant & Machinery	205,678	172,626	33,052	31,724		
Motor vehicles	17,473	17,454	19	9,194		
Furniture and Fittings	75	72	3	14		
Assets written off						
Electrical, mechanical and office equipment	32,319	32,319	-	-		
	269,639	231,263	38,376	42,937		

43. MONOPOLY CONTROL AUTHORITY ORDER

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

44. PROPOSED AND DECLARED DIVIDENDS

On 5% cumulative preference shares

At the Board meeting held on March 6, 2014, dividend in respect of 2013 of Rs. 239 thousand has been declared (2012: Rs. 239 thousand).

On ordinary shares

At the Board meeting held on March 6, 2014, a final dividend in respect of 2013 of Rs. 116.09 per share amounting to a total dividend of Rs. 1.54 billion is proposed (2012: Rs. 283 per share amounting to a total dividend of Rs. 3.76 billion).

Interim dividend declared and already paid in respect of half year ended June 30, 2013 was Rs. 123.45 per share amounting to Rs. 1.64 billion (Half year ended June 30, 2012: Rs. 65 per share amounting to Rs. 0.86 billion) in addition to first interim cash dividend declared and already paid in respect of quarter ended March 31, 2013 of Rs. 51.24 per share amounting to Rs. 0.68 billion (Quarter ended March 31, 2012: Rs. 65 per share amounting to Rs. 0.86 billion).

In addition to above an interim dividend declared in respect of quarter ended September 30, 2013 was Rs. 165.9 per share amounting to Rs. 2.2 billion (Quarter ended September 30, 2012: Rs. Nil per share amounting to Rs. Nil)

These financial statements do not reflect the proposed final dividend on ordinary shares and the dividend declared on cumulative preference shares as payable, which will be accounted for in the statement of changes in equity as an appropriation from the unappropriated profit in the year ending December 31, 2014.

45. DATE OF AUTHORISATION

These financial statements were authorised for issue on March 6, 2014 by the Board of Directors of the group.

Ehsan A. Malik
Chairman and Chief Executive

Ali Tariq
Director and Chief Financial Officer

Notice of Annual General Meeting

Notice is hereby given that the 65th Annual General Meeting of Unilever Pakistan Limited will be held at The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton Block 8, Karachi, on Monday, April 14, 2014, at 11:00 a.m. to transact the following business:

A. Ordinary Business

1. To receive, consider and adopt the Company's Financial Statements for the year ended December 31, 2013, together with the Reports of the Auditors and Directors thereon.

2. To approve and declare dividend (2013) on the Ordinary Shares of the Company.
The Directors have recommended a final cash dividend of 232.18% (or Rs.116.09 per share) on the Ordinary Shares. Together with the first interim dividend of 102.48% (or Rs. 51.24 per ordinary share), second interim dividend of 246.50% (or Rs.123.25 per ordinary share) and third interim dividend of 331.80% (or Rs.165.90 per ordinary share), already paid, the total dividend for 2013 will thus amount to 912.96% (or Rs. 456.48 per ordinary share).

3. To appoint Auditors for the ensuing year, and to fix their remuneration.
Messrs A. F. Ferguson & Co., Chartered Accountants were appointed Auditors for 2013 at the last AGM. They have not offered themselves for re-appointment. The majority shareholder of the Company, Unilever Overseas Holdings Limited, U.K., has proposed appointment of KPMG Taseer Hadi & Co., Chartered Accountants, for the year 2014, as the Auditors of the Company. It is proposed that M/s KPMG Taseer Hadi & Co., Chartered Accountants be appointed as Auditors of the Company for 2014, at a remuneration to be negotiated by the CEO and CFO of the Company.

4. To elect directors of the Company for a three years term.
The Board of Directors in the meeting held on March 06, 2014, fixed the number of Directors at four (4). The term of office of the following eight (8) Directors will expire on April 18, 2014:

1. Mr. Ehsan A. Malik	2. Mr. Ali Tariq
3. Mr. Zaffar A. Khan	4. Mr. Khalid Rafi
5. Mr. Amir R. Paracha	6. Ms. Fariyha Subhani
7. Mr. Faheem A. Khan	8. Mr. Amar Naseer

B. Special Business

5. To authorise the Company, subject to the approval of the Securities and Exchange Commission of Pakistan, to dispense with the preparation of the Consolidated Financial Statements of the Company's wholly owned subsidiaries Lever Chemicals (Private) Limited, Levers Associated Pakistan Trust (Private) Limited, and Sadiq (Private) Limited, and circulation thereof to the members of the Company with the Financial Statements of the Company.

By Order of the Board

Karachi
March 20, 2014

Amar Naseer
Company Secretary

Notice of Annual General Meeting

Notes:

1. The Individual Members who have not yet submitted photocopy of their valid Computerised National Identity Card (CNIC) to the Company/Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s THK Associates (Private) Limited, 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of valid CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

2. Share Transfer Books will be closed from April 08, 2014 to April 14, 2014 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's Share Registrar M/s THK Associates (Private) Limited, 2nd Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530 by the close of the Business on April 07, 2014 will be treated in time for the purpose of payment of Final Dividend to the transferees.

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

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

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

   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 of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

C. Election of Directors:

After delisting of the Company from Stock Exchanges, the number of Directors to be elected at the Annual General Meeting has been fixed at four (4), by the Board of Directors at its meeting held on March 06, 2014.

Any person (including a retiring Director) who seeks to contest election for directorship of the Company shall, not later than 14 days before the date of the above said Annual General Meeting, file with the Company at its registered office:

(i) Notice of his/her intention to stand for election, along with duly completed and signed Form 28 giving his/her consent to act as Director of the Company if elected, and certify that he is not ineligible to become a Director under the provisions of the Companies Ordinance 1984 and that he/she holds the qualification shares as per Article 71 of the Articles of Association of the Company.

(ii) Attested copy of valid CNIC and NTN.

Procedure for Election of Directors:

According to the Company's Articles of Association and the Companies Ordinance 1984, the following procedure is to be followed for nomination and election of Directors:

1. The election of four (4) Directors will be for a term of three years, commencing from April 19, 2014.
2. The Directors shall be elected from persons who offer themselves for election and are not ineligible under Section 187 of the Companies Ordinance 1984.
3. The Company will atleast seven (7) days prior to the general meeting, circulate the names of the candidates offering themselves for elections.
4. A person may withdraw his candidature any time before the election is held.
5. If the number of candidates equals the number of vacancies, no voting will take place and all the candidates will be deemed to have been elected.
6. In case of voting, a Member shall have votes equal to the number of shares held by him multiplied by four (i.e. the number of Directors to be elected).
7. A Member may cast vote/s in favour of a single candidate or for as many of the candidates and in such proportion as the Member may choose.
8. The person receiving the highest number of votes will be declared elected, followed by the next highest, and so on, till all the vacancies are filled.

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

This Statement sets out the material facts concerning the Special Business to be transacted at the 65th Annual General Meeting and the proposed Resolution related thereto:

Item 5 of the Agenda – The company has three wholly owned (100%) dormant subsidiaries, detailed as follows:

1. Lever Chemicals (Private) Limited. The paid up capital of the company is Rs. 95.0 million, and turnover of Rs. NIL as of 2012. The company discontinued its operations and is dormant since 2000. The management shall consider, if appropriate in future, to recommend to shareholders the winding up of the long dormant entity after its corporation tax appeals have been finalized.
2. Lever Associated Pakistan Trust (Private) Limited. The said subsidiary company with a paid up capital of Rs. 1,000 only and turnover Rs. NIL is a dormant company and only acts as a trustee to the provident fund of the employees of the parent company.
3. Sadiq (Private) Limited. The subsidiary company with a paid up capital of Rs. 1,000 only and turnover Rs. NIL is also a dormant company, and only acts as a trustee to the provident fund of the employees of the parent company.

In view of the non-operational / dormant nature of the Subsidiaries, the Board of Directors has proposed that the Shareholders pass an ordinary Resolution for discontinuing the preparation and circulation of Consolidated Financial Statements after seeking the exemption from Securities and Exchange Commission of Pakistan under the provisions of Section 237 of the Companies Ordinance 1984.

Accordingly, it is proposed that the following resolution be passed as an ordinary resolution:

> **RESOLVED THAT** subject to the approval of the Securities and Exchange Commission of Pakistan the Company be and is hereby authorized to dispense with the preparation of the Consolidated Financial Statements in respect of the Company's wholly owned subsidiaries Lever Chemicals (Private) Limited, Levers Associated Pakistan Trust (Private) Limited, and Sadiq (Private) Limited and the circulation thereof, with the Financial Statements of the Company, to the members of the Company and that the Executive Directors and Company Secretary, jointly and severally, be and are hereby authorized to complete the necessary regulatory formalities.

Form of Proxy

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

I/ We ________________________________ son/ daughter/ wife of ___________________ shareholder of Unilever Pakistan Limited, holding ________________ ordinary / preference shares hereby appoint ____ who is my ______________________________ [state relationship (if any) with the proxy; required by Government regulations] and the son / daughter/ wife of ______________________, (holding _____________________ ordinary / preference shares in the Company under Folio No. ____________________) [required by Government; delete if proxy is not the Company's shareholder] as my / our proxy, to attend and vote for me / us and on my / our behalf at the 65th Annual General Meeting of the Company to be held on April 14, 2014 and / or any adjournment thereof.

Signed this __________ day of __________________ 2014.

Witness 1:

Signature: ______________________

Name: ______________________

CNIC #: ______________________

Address : ______________________

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

Sign across Rs. 5/- Revenue Stamp

Signature of Member(s)

Witness 2:

Signature: ______________________

Name: ______________________

CNIC #: ______________________

Address : ______________________

Shareholder's Folio No.: ______________________

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

and Sub- Account No.: ______________________

Shareholder's CNIC #: ______________________

Note:

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

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

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

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