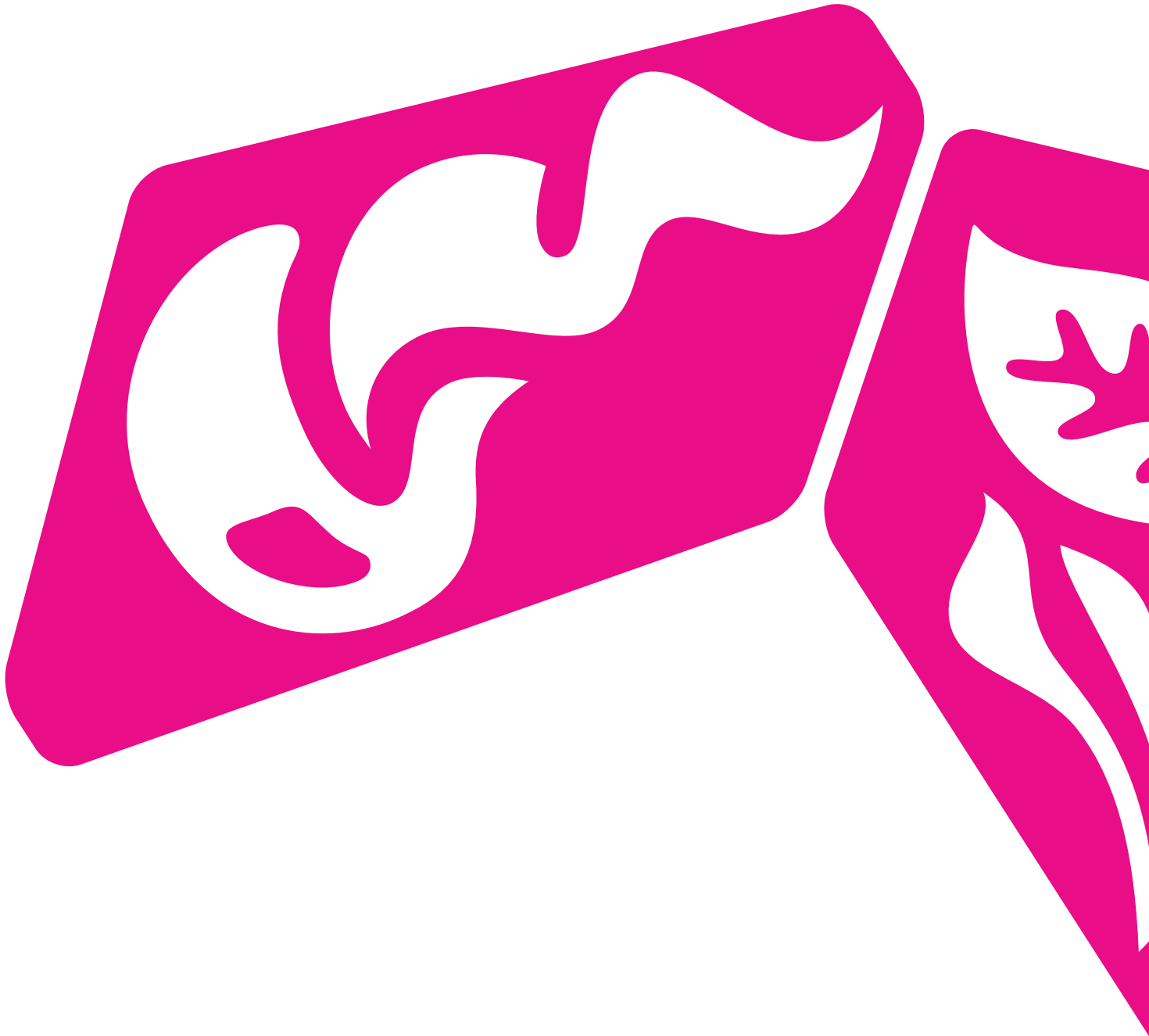


ANNUAL REPORT
2017
Unilever Pakistan Limited



Unilever



Unilever Pakistan Limited

Avari Plaza, Fatima Jinnah Road,
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www.unilever.pk

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Company Information

Board of Directors

Ms. Shazia Syed
Chairperson & Chief Executive Officer

Mr. Sohail Hanif Baig
Director & Chief Financial Officer

Mr. Amir R. Paracha
Director

Mr. Aman Ghanchi
Director

Company Secretary

Mr. Aman Ghanchi

Registered Office

Avari Plaza
Fatima Jinnah Road
Karachi – 75530

Auditors

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

Share Registration Office

M/s THK Associates (Pvt) Limited
1st Floor, 40-C, Block-6,
P.E.C.H.S., Karachi-75400.

Website Address

www.unilever.pk



DIRECTORS' REPORT

* اُردو کے لیے آخری صفحات ملاحظہ فرمائیے۔

Summary of Business Performance

The directors present the Annual Report together with audited financial statements of the Company for the year ended December 31, 2017.

Company's Principal Activities

The Company manufactures and markets home and personal care products, beverages, ice cream and spreads.

Business Review

In 2017 the business grew by 11.8%, mainly led by volume. Profit after tax grew by 29.8%.

Key Financial Highlights

	2017	2016
	Rupees in million	
Sales	86,320	77,222
Gross Profit	39,702	35,297
Profit from Operations	17,930	14,519
Profit before tax	17,587	14,234
Profit after tax	13,192	10,166
<hr/>		
EPS (Rs.)	986*	759

*EPS for 2017 is based on the number of shares as at year end.

Dividend

The Board of Directors has recommended a final cash dividend of Rs NIL per share. With the interim dividend of Rs. 951.00 per share already paid during the year, the total dividend for the year 2017 amounts to Rs. 951.00 (2016: Rs 792.00) per ordinary share of Rs.50 each. Total profit distributed by way of dividend amounts to 97% (2016: 104%).

Principal Risks and Uncertainties

The Company is faced with the following principal risks:

- Low tax to GDP ratio, high fiscal deficit and loss-making public-sector enterprises have increased the risk of default on payments, this is also likely to result in pressure on tax collection with far reaching implications on the organised sector.
- High government borrowing has diverted funding away from the private sector and from investment in development. Introduction of enforcement measures by the Central Bank is expected to impact FOREX outflow, thereby, causing potential delays in offshore payments to our principal.

- Judicial pronouncements may impact businesses with regards to taxation etc. Further, as a consequence of the 18th amendment, litigation related to jurisdiction and / or apportionment may also arise.

Our People

We believe that our people are our biggest assets. Empowering employees with meaningful roles, challenging assignments and world class learning platforms have paved the way for a more purpose driven organization. Honest conversations, coaching and mentoring continue to equip our people to grow and drive the business. In 2017, AC Nielsen rated the Company as the No.1 Employer of Choice, a position Unilever Pakistan, has now held for a decade.

Diversity and inclusion is at the heart of our agenda with females performing various roles across the functions in the Company. When it comes to recruitment, UFLP (Unilever Future Leaders Program) our flagship program is one of the most competitive amongst other graduate programs. This year we hired 13 UFLs (Unilever Future Leaders) out of which 54% are females. We also inducted 3 differently abled individuals in our workforce thereby giving them a strong flavor of the organization alongside a multitude of learning opportunities.

Additionally, we focus continually on encouraging vitality and well-being amongst our employees. The company has taken several initiatives in this regard including the provision of gym and daycare facilities, yoga classes and healthy eating options at the workplace. Agile working and maternity and paternity leaves have helped ensure that our employees maintain work life balance.

Community Involvement

Unilever Pakistan continued to deliver on its vision to make sustainable living commonplace through its brands and operations. Our commitment to grow the business whilst furthering positive social impact has enabled the Unilever Sustainable Living Plan to serve as the blueprint for our strategy globally as well as in Pakistan.

Our efforts to contribute to society through sustained growth includes consumers, customers, suppliers, business and social partners to truly amplify scale and mobilise collective impact. This philosophy is supported by the Unilever Foundation which helps us achieve our ambition to improve the lives of people and create a sustainable future for the planet.



In 2017, our community initiatives included –

i. Corporate Philanthropy: Rs. 10 million

- a) Enhancing access to school education for underprivileged communities by supporting:
- The Citizens Foundation (TCF) schools
 - Government schools through Public Private Partnerships
 - Employee volunteering activities in community schools
 - Improved education opportunities for blue collar staff

ii. Community Investment and Welfare Schemes: Rs. 292 million

- a) Lifebuoy further extended its mission to teach children the importance of handwashing with soap on 5 key occasions further through its urban and rural school programmes. Lifebuoy continued to drive improved health and hygiene practices amongst consumers in rural Pakistan through Unilever's Perfect Village initiative.

Lifebuoy also continued its partnership with Sehat Kahani, a social enterprise that aims to connect marginalised rural communities, which face compromised access to healthcare with qualified doctors and health practitioners via video calling technology. Mobile clinics set up through the collaboration service patients on ground.

Lifebuoy's support of Rahim Charan, a village with one of the highest incidence of infant mortality, enabled ease of access to hygiene through maternity clinics, construction of handpumps for water access and handwashing programs in schools.

- b) Pond's continued to recognize women who are excelling in their personal and professional lives despite manifold challenges. These women are serving as mentors to aspiring females in their spheres to enable them to maximize their potential.
- c) Fair and Lovely (FAL) Foundation supported the education, vocational training and venture funding of 60 deserving female scholars. These girls are receiving an opportunity to create better lives for themselves and their families through this program.

- d) Supreme Tea helped raise funds for social partners through an engaging Ramadan campaign that celebrated the spirit of giving which is synonymous with the holy month. Supreme Tea also sustained its monetary support of a medical dispensary near our Khanewal Factory.

- e) Lipton partnered with The Citizens Foundation to create an awareness and support campaign for children who are forced to work due to financial hardship to contribute to their household income.

- f) Blue Band organized the "Buddy and Me" event in partnership with Special Olympics Pakistan, an organization that works for the training and development of differently abled athletes. The event encouraged the cultivation of inclusive societies by providing opportunities to children from all backgrounds to come together through the medium of sports.

- g) Wall's invested in expanding its trikes programme to enhance the livelihoods of 4,300 individuals. Wall's Academy was also launched as a flagship entrepreneurial platform, which instills business acumen in business students through a unique business model.

- h) The Guddi Baji programme continued to empowered female retailers in the rural space through inclusive business measures aimed at increasing the income of these women whilst enabling them to act as role models for their communities. The initiative added 500 women this year bringing total beneficiaries to over 4,900 females since inception.

- i) Rahbar is an inclusive livelihoods programme that aims to enhance last mile distribution for the business in whitespace territories. The initiative has helped create jobs for 175 talented men thus far.

iii. Other Initiatives: Rs. 70.8 million

- a) Unilever Talent Hunt is a platform for the youth of the country to get exposure and work on real life business cases. Winners of this challenge get the opportunity to represent Unilever Pakistan internationally, at a global platform known as the Future Leaders League. In 2017, over 2,300 students participated in this competition while the winners of 2016 represented Pakistan in London.

- b) In 2017, we helped partners increase donations through a Ramazan Zakat drive in the cities of Karachi, Lahore and Islamabad by assisting with outdoor space for their Zakaat campaigns. 43 billboard spaces in high traffic locations were provided free of cost to partners including The Citizens Foundation, Aga Khan University Hospital, Layton Rahmatullah Benevolent Trust, The Kidney Centre and SIUT.
- c) We continued our partnership with Naya Jeevan to encourage third party service providers as well as distributors to provide health insurance and education benefits to personnel and sales representatives along with their families.

Employee Involvement

As people with purpose, our employees continued to drive sustainable development with vigour through volunteering their time and offering support to underserved communities. Our employees contributed over Rs 2 million to social partners including The Citizens Foundation, Aga Khan University Hospital and the World Food Program through the Employee Payroll Program that will enable the access of education, improved health and nutrition to underprivileged children.

Investments in Retirement Benefits

The investments made by the staff retirement funds operated by the Company as per their financial statements as at December 31, 2017 are as follows:

	Rs. in million
The Union Pakistan Provident Fund	1,390
DC Pension Fund	1,120
Unilever Pension Plan	83
Unilever Gratuity Plan	2
Unilever Non Management Staff Gratuity Fund	88
Total	2,683
Total – 2016	2,511

Directors

The following persons are the directors of the Company:

- Ms. Shazia Syed (Chairperson & Chief Executive Officer)
- Mr. Sohail Hanif Baig (Chief Financial Officer)
- Mr. Amir R. Paracha
- Mr. Amar Naseer (resigned w.e.f. December 31, 2017)
- Mr. Aman Ghanchi (appointed w.e.f. January 01, 2018)

The election of Directors was held at the AGM of 2017. The term of the present Directors will expire on April 18, 2020.

Mr. Amar Naseer, resigned from the position of Director and Secretary of the Company with effect from December 31, 2017. Mr. Aman Ghanchi has been appointed as Director and Company Secretary, with effect from January 01, 2018 to fill the casual vacancy on the Board.

Subsidiary Companies and Consolidated Financial Statements

The consolidated financial statements of Unilever Pakistan Limited together with its subsidiaries M/s Lever Chemicals (Pvt.) Limited, M/s Lever Associated Pakistan Trust (Pvt.) Limited and M/s Sadiq (Pvt.) Limited, have not been included in view of exemption granted by the Securities & Exchange Commission of Pakistan (the SECP) vide its letter No. CLD/CCD/Co.237(8)/6/2016/1926 dated November 29, 2017 from the requirement of Section 228 of the Companies Act 2017. None had any significant or material business transactions during the year.

Internal Controls

The system of internal control is sound in design and has been effectively implemented and monitored.

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 99.10% of the shares in Unilever Pakistan Limited.

Auditors

The Auditors, KPMG Taseer Hadi & Co., Chartered Accountants, were appointed for the year ending December 31, 2017.

The Board has recommended the appointment of KPMG Taseer Hadi & Co., as the Auditors of the Company for the year 2018, for the Shareholders' approval at the next AGM to be held on April 19, 2018.

Reserve Appropriations

	Share Capital Issued, subscribed and paid up capital	Reserves			Sub Total	Total	
		Share premium	Capital Arising under schemes of arrangements for amalgamations	Contingency			Revenue Unappropriated profit
← (Rupees in thousand) →							
Balance as at January 1, 2016	669,477	-	70,929	321,471	2,616,924	3,009,324	3,678,801
Total comprehensive income for the year ended December 31, 2016							
- Profit for the year ended December 31, 2016	-	-	-	-	10,165,756	10,165,756	10,165,756
- Other comprehensive income for the year ended December 31, 2016	-	-	-	-	(7,393)	(7,393)	(7,393)
	-	-	-	-	10,158,363	10,158,363	10,158,363
Transactions with owners of the Company							
Issue of ordinary shares	4,748	1,419,592	-	-	-	1,419,592	1,424,340
Dividend for the year ended December 31, 2015							
- On cumulative preference shares @ 5% per share	-	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 163.00 per share	-	-	-	-	(2,166,901)	(2,166,901)	(2,166,901)
Dividend for the year ended December 31, 2016							
- First interim dividend on ordinary shares @ Rs. 627.00 per share	-	-	-	-	(8,394,793)	(8,394,793)	(8,394,793)
Balance as at December 31, 2016	674,225	1,419,592	70,929	321,471	2,213,354	4,025,346	4,699,571
Total comprehensive income for the year ended December 31, 2017							
- Profit for the year ended December 31, 2017	-	-	-	-	13,192,485	13,192,485	13,192,485
- Other comprehensive income for the year ended December 31, 2017	-	-	-	-	5,132	5,132	5,132
Transactions with owners of the Company							
- Issue of ordinary shares	-	-	-	-	13,197,617	13,197,617	13,197,617
Dividend for the year ended December 31, 2016							
- On cumulative preference shares @ 5% per share	-	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 165.00 per share	-	-	-	-	(2,209,156)	(2,209,156)	(2,209,156)
Dividend for the year ended December 31, 2017							
- First interim dividend on ordinary shares @ Rs. 580.00 per share	-	-	-	-	(7,765,519)	(7,765,519)	(7,765,519)
Dividend for the year ended December 31, 2017							
- Second interim dividend on ordinary shares @ Rs. 371.00 per share	-	-	-	-	(4,967,254)	(4,967,254)	(4,967,254)
Balance as at December 31, 2017	674,225	1,419,592	70,929	321,471	468,803	2,280,795	2,955,020

Acknowledgement

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

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

On behalf of the Board

Business Risk and Future Outlook

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

Karachi
February 27, 2018

Shazia Syed
Chairperson &
Chief Executive Officer

Performance Indicators for 6 years

	2017	2016	2015	2014	2013	2012
← (Rupees in million) →						
FINANCIAL POSITION						
Balance Sheet						
Property, plant and equipment	14,812	12,399	10,695	9,180	7,865	7,226
Other non-current assets	647	844	1,272	1,645	2,052	1,356
Current assets	20,320	22,653	17,761	17,021	12,087	9,855
Total assets	35,779	35,896	29,728	27,846	22,004	18,437
Share capital - ordinary	669	669	664	664	664	664
Share capital - preference	5	5	5	5	5	5
Reserves	2,281	4,025	3,010	2,537	2,389	4,608
Total equity	2,955	4,699	3,679	3,206	3,058	5,277
Non-current liabilities	1,332	1,112	864	776	912	1,093
Current liabilities	31,492	30,084	25,185	23,874	18,034	12,067
Total liabilities	32,824	31,196	26,049	24,650	18,946	13,160
Total equity and liabilities	35,779	35,895	29,728	27,856	22,004	18,437
Net current (liabilities) / assets	(11,172)	(7,431)	(7,424)	(6,853)	(5,947)	(2,212)
OPERATING AND FINANCIAL TRENDS						
Profit and Loss						
Net sales	86,320	77,222	69,976	65,705	60,535	59,741
Cost of sales	(46,618)	(41,926)	(40,527)	(39,281)	(36,114)	(38,068)
Gross profit	39,702	35,296	29,449	26,424	24,422	21,673
Operating profit	17,930	14,519	11,992	9,400	9,223	8,495
Profit before tax	17,587	14,234	11,605	9,019	8,905	8,065
Profit after tax	13,192	10,166	7,766	6,302	6,117	5,502
Cash ordinary dividends*	13,198	10,158	7,788	6,292	6,068	5,490
Capital expenditure	4,031	3,097	2,556	2,464	1,548	2,190
Cash Flows						
Operating activities	16,681	13,226	9,743	10,055	11,053	6,338
Investing activities	(3,606)	(2,683)	(1,984)	(2,054)	(1,446)	(2,028)
Financing activities	(17,981)	(6,644)	(6,379)	(4,254)	(6,080)	(4,390)
Cash and cash equivalents at the end of the year	8,212	13,117	9,218	7,838	4,091	586

* This includes interim and final dividend

Performance Indicators for 6 years

	Unit	2017	2016	2015	2014	2013	2012
FINANCIAL RATIOS							
Profitability Ratios							
Gross profit margin	%	46	46	42	40	40	36
Net profit to sales	%	15	13	11	10	10	9
EBITDA margin to sales	%	22	20	18	15	16	15
Operating leverage ratio	Times	2.00	2.12	4.36	0.17	8.55	2.36
Pre tax return on equity	%	595	303	315	281	291	153
Post tax return on equity	%	446	216	211	197	200	104
Return on capital employed	%	345	243	226	201	147	117
Liquidity Ratios							
Current ratio	Times	0.65	0.75	0.71	0.71	0.67	0.82
Quick / acid test ratio	Times	0.46	0.54	0.50	0.50	0.30	0.30
Cash to current liabilities	Times	0.26	0.44	0.37	0.33	0.25	0.05
Cash flow from operations to sales	Times	0.19	0.17	0.14	0.15	0.18	0.11
Capital Efficiency Ratios							
Inventory turnover	Days	50	54	45	46	43	59
Debtors turnover	Days	9	6	7	5	5	6
Creditor turnover	Days	(234)	(251)	(218)	(213)	(170)	(108)
Total assets turnover	%	241	215	235	236	278	324
Property, plant and equipment turnover	Times	6	6	7	7	8	8
Operating cycle	days	(175)	(191)	(166)	(162)	(122)	(43)
Investment / Market Ratios							
Earnings per share (EPS)*	Rs.	985	759	584	474	460	413
Dividend payout ratio - earnings	Times	1.00	1.00	1.00	1.00	0.99	1.00
Dividend payout ratio - par value	Times	19.71	15.17	11.72	9.47	9.14	8.26
Dividend cover ratio	Times	1.00	1.00	1.00	1.00	1.01	1.00
Cash dividend	Rs.	986	759	586	473	457	413
Capital Structure Ratios							
Financial leverage ratio	Times	-	-	-	-	0.11	-
Interest cover ratio	Times	120	117	72	62	70	130

*EPS is based on the number of shares at year end.

Pattern of Shareholding

as at December 31, 2017

Number of Shareholders	Shareholding		Total Shares Held*
	From	To	
1,448	1	100	36,361
172	101	500	32,915
24	501	1,000	17,841
17	1,001	5,000	27,109
1	5,001	10,000	7,000
1	13,315,001	13,320,000	13,315,434
<u>1,663</u>			<u>13,436,660</u>

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies and related parties*	1	13,315,434	99.10
Directors, Executives and their spouses*	4	128	0.00
ICP/NBP Trustees	3	62	0.00
Banks and Financial Institutions*	3	348	0.00
General Public			
a. Local*	1,609	101,006	0.75
b. Foreign*	16	11,371	0.09
Others	21	3,915	0.03
Foreign Companies *	6	4,396	0.03
Totals	<u>1,663</u>	<u>13,436,660</u>	<u>100.00</u>

Shareholders holding 5% or more voting rights:

	Shares Held	Percentage
Unilever Overseas Holdings Ltd.	13,315,434	99.10

* Includes Voting Preference Shares



**FINANCIAL
STATEMENTS
2017**

Auditors' Report to the Members

We have audited the annexed balance sheet of Unilever Pakistan Limited ("the Company") as at December 31, 2017 and the related profit and loss account, statement of changes in equity and cash flow statement 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 repealed 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 account have been kept by the Company as required by the repealed 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 repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the repealed 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, 2017 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.

Dated: February 27, 2018
Karachi

KPMG Taseer Hadi & Co.

Chartered Accountants

Mohammad Mahmood Hussain

Balance Sheet

as at December 31, 2017

	Note	2017 (Rupees in thousand)	2016
ASSETS			
Non-current assets			
Property, plant and equipment	5	14,811,894	12,399,018
Intangibles - computer software	6	331,212	439,497
Long term investments	7	95,202	95,202
Long term loans	8	168,061	143,627
Long term deposits and prepayments	9	52,761	165,298
		15,459,130	13,242,642
Current assets			
Stores and spares	11	633,086	587,770
Stock in trade	12	5,853,297	5,735,157
Trade debts	13	2,188,016	1,276,189
Sales tax receivable		1,227,815	210,293
Loans and advances	14	80,398	127,329
Short term deposits and prepayments	15	710,488	911,100
Other receivables	16	341,113	194,475
Taxation-net		1,074,444	492,827
Cash and bank balances	17	8,211,573	13,117,416
		20,320,230	22,652,556
Total assets		35,779,360	35,895,198

Balance Sheet

as at December 31, 2017

EQUITY AND LIABILITIES

Share capital and reserves

	Note	2017 (Rupees in thousand)	2016
Share capital	18	674,225	674,225
Reserves	19	2,280,795	4,025,346
		2,955,020	4,699,571

LIABILITIES

Non-current liabilities

Deferred taxation	20	1,040,024	817,398
Staff retirement benefits	10	292,075	294,687
		1,332,099	1,112,085

Current liabilities

Trade and other payables	21	30,319,995	29,265,049
Provisions	23	1,172,246	818,493
		31,492,241	30,083,542

Total liabilities

32,824,340 31,195,627

Total equity and liabilities

35,779,360 35,895,198

Contingencies and commitments

24

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

Shazia Syed
Chairperson and Chief Executive

Sohail Hanif Baig
Director and Chief Financial Officer

Profit and Loss Account

for the year ended December 31, 2017

	Note	2017 (Rupees in thousand)	2016
Sales	25	86,320,382	77,222,102
Cost of sales	26	(46,618,163)	(41,925,593)
Gross profit		39,702,219	35,296,509
Distribution costs	27	(19,597,680)	(18,379,360)
Administrative expenses	28	(2,339,815)	(2,153,485)
Other operating expenses	29	(1,322,327)	(1,152,467)
Other income	30	1,488,054	907,831
		17,930,451	14,519,028
Finance cost	31	(343,296)	(285,299)
Profit before taxation		17,587,155	14,233,729
Taxation	32	(4,394,670)	(4,067,973)
Profit after taxation		13,192,485	10,165,756
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Gain / (loss) on remeasurements of post employment defined benefit obligations	10	7,332	(10,561)
Impact of deferred tax		(2,200)	3,168
		5,132	(7,393)
Items that may be subsequently reclassified to profit or loss		-	-
Total comprehensive income		13,197,617	10,158,363

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

Shazia Syed

Chairperson and Chief Executive

Sohail Hanif Baig

Director and Chief Financial Officer

Cash Flow Statement

for the year ended December 31, 2017

Cash flows from operating activities

Profit before taxation

2017
← (Rupees in thousand) →
2016

17,587,155 14,233,729

Adjustments for non-cash charges and other items

Depreciation

1,402,934 1,210,167

Amortisation of intangible - computer software

108,285 108,385

(Gain) / Loss on disposal of property, plant and equipment

(10,108) 88,487

Dividend income

(12) (12)

Mark-up on short term borrowings and bills payable

149,746 124,114

Provision for fixed assets impairment

181,511 85,098

Provision for staff retirement benefits

32,601 34,045

Provision for share based compensation

71,124 89,282

Return on savings accounts

(381,610) (386,684)

1,554,471 1,352,882

19,141,626 15,586,611

Effect on cash flows due to working capital changes

(Increase) / Decrease in current assets

Stores and spares

(45,316) (34,545)

Stock in trade

(118,140) (1,185,685)

Trade debts

(911,827) 47,327

Sales tax receivable

(1,017,522) 3,016

Loans and advances

46,931 91,762

Short term deposits and prepayments

200,612 (57,346)

Other receivables

(146,638) (95,334)

(1,991,900) (1,230,805)

Increase in current liabilities

Trade and other payables

4,075,524 2,297,852

Provisions

353,753 128,752

4,429,277 2,426,604

2,437,377 1,195,799

Cash generated from operations (carried forward)

21,579,003 16,782,410

Cash Flow Statement

for the year ended December 31, 2017

	Note	2017 ← (Rupees in thousand) →	2016
Cash generated from operations (brought forward)		21,579,003	16,782,410
Mark-up paid		(149,746)	(124,114)
Income tax paid		(4,755,861)	(3,615,485)
Staff retirement benefits - contributions paid		(27,881)	(25,944)
Share based compensation - paid		(52,415)	(110,566)
(Increase) / Decrease in long term loans		(24,434)	5,277
Decrease in long term deposits and prepayments		112,537	314,481
Net cash from operating activities		16,681,203	13,226,059
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,031,062)	(3,097,024)
Proceeds on disposal of property, plant and equipment		43,848	27,405
Return on savings accounts		381,610	386,684
Dividend received		12	12
Net cash used in investing activities		(3,605,592)	(2,682,923)
Cash flows from financing activities			
Proceeds from issue of right shares		-	1,424,340
Dividends paid		(17,981,454)	(8,068,381)
Net cash used in financing activities		(17,981,454)	(6,644,041)
Net increase in cash and cash equivalents		(4,905,843)	3,899,095
Cash and cash equivalents at beginning of the year		13,117,416	9,218,321
Cash and cash equivalents at end of the year	33	8,211,573	13,117,416

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

Shazia Syed

Chairperson and Chief Executive

Sohail Hanif Baig

Director and Chief Financial Officer

Statement of Changes in Equity

for the year ended December 31, 2017

	SHARE CAPITAL	RESERVES				SUBTOTAL	TOTAL
		CAPITAL	REVENUE	CAPITAL			
	Issued, subscribed and paid up capital	Share premium	Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
	(Rupees in thousand)						
Balance as at January 1, 2016	669,477	-	70,929	321,471	2,616,924	3,009,324	3,678,801
Total comprehensive income for the year ended December 31, 2016							
- Profit for the year ended December 31, 2016	-	-	-	-	10,165,756	10,165,756	10,165,756
- Other comprehensive income for the year ended December 31, 2016	-	-	-	-	(7,393)	(7,393)	(7,393)
	-	-	-	-	10,158,363	10,158,363	10,158,363
Transactions with owners of the Company							
- Issue of ordinary shares	4,748	1,419,592	-	-	-	1,419,592	1,424,340
Dividend for the year ended December 31, 2015							
- On cumulative preference shares @ 5% per share	-	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs 163.00 per share	-	-	-	-	(2,166,901)	(2,166,901)	(2,166,901)
Dividend for the year ended December 31, 2016							
- First interim dividend on ordinary shares @ Rs 627.00 per share	-	-	-	-	(8,394,793)	(8,394,793)	(8,394,793)
Balance as at December 31, 2016	674,225	1,419,592	70,929	321,471	2,213,354	4,025,346	4,699,571
Total comprehensive income for the year ended December 31, 2017							
- Profit for the year ended December 31, 2017	-	-	-	-	13,192,485	13,192,485	13,192,485
- Other comprehensive income for the year ended December 31, 2017	-	-	-	-	5,132	5,132	5,132
	-	-	-	-	13,197,617	13,197,617	13,197,617
Transactions with owners of the Company							
- Issue of ordinary shares	-	-	-	-	-	-	-
Dividend for the year ended December 31, 2016							
- On cumulative preference shares @ 5% per share	-	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs 165.00 per share	-	-	-	-	(2,209,156)	(2,209,156)	(2,209,156)
Dividend for the year ended December 31, 2017							
- First interim dividend on ordinary shares @ Rs 580.00 per share	-	-	-	-	(7,765,519)	(7,765,519)	(7,765,519)
Dividend for the year ended December 31, 2017							
- Second interim dividend on ordinary shares @ Rs 371.00 per share	-	-	-	-	(4,967,254)	(4,967,254)	(4,967,254)
Balance as at December 31, 2017	674,225	1,419,592	70,929	321,471	468,803	2,280,795	2,955,020

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

Shazia Syed
Chairperson and Chief Executive

Sohail Hanif Baig
Director and Chief Financial Officer

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2017

1. THE COMPANY AND ITS OPERATIONS

Unilever Pakistan Limited ("the Company") is a public unlisted company incorporated in Pakistan under the repealed 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this financial information is prepared in accordance with the provision of repealed Companies Ordinance, 1984.

2.2 Changes in accounting standards, interpretations and pronouncements

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

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

- Amendments to IAS 12 'Income Taxes'
- Amendments to IAS 7 'Statement of Cash Flows'
- Amendments to IFRS 2 'Share-based Payment'
- Amendments to IAS 40 'Investment Property'
- IFRS 12 'Disclosure of Interests in Other Entities'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'



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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 1, 2018. Management is in the process of evaluating the impact of these amendments and new standards:

- Amendments to IFRS 2 - 'Share-based payment'
- Amendments to IAS 40 'Investment Property'
- Annual Improvements Cycle to IFRS 2014-2016 Cycle - various standards
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IFRS 15 'Revenue from contracts with customers'
- IFRS 9 'Financial Instruments'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- Amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangement'
- Amendments to IAS 12 'Income taxes'
- Amendments to IAS 23 'Borrowing Costs'

2.3 Measurement basis

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Unilever group comprising the Company and its subsidiaries M/s Lever Chemicals (Pvt.) Limited, M/s Lever Associated Pakistan Trust (Pvt.) Limited and M/s Sadiq (Pvt.) Limited, have not been prepared in view of exemption granted by the Securities & Exchange Commission of Pakistan (the SECP) vide its letter No. CLD/CCD/Co.237/(8)/6/2016-1926 dated November 29, 2017 from the requirement of Section 228(7) of the Companies Act, 2017.

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

3.1 Property, plant and equipment

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

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

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

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



3.2 Intangible assets

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

3.3 Investments

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

i. In subsidiaries

These are stated at cost.

ii. In unlisted entity not being subsidiary

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

3.4 Taxation

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

3.4.1 Current

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

3.4.2 Deferred

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

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



3.5 Short-term employee benefits

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

3.6 Staff retirement benefits

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

3.6.1 Defined contribution plans

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

i) Provident fund

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

ii) DC Pension fund


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

- a) permanent employees who joined on or after January 1, 2009; and
- b) permanent employees who joined on or before December 31, 2008 and opted for DC Pension plan in lieu of future benefits under the existing pension, management gratuity and pensioners' medical plans.

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

3.6.2 Defined benefit plans

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



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

The Company operates the following schemes:

- i) Funded pension scheme for management employees of the Company. Contributions are made on the basis of the actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2017, 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, 2017, 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, 2017, 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 profit and loss account.

3.6.3 Other long-term employee benefits

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

The Company provides long term service awards for staff completing specified years of service. All full-time permanent employees are eligible for these awards. Contributions are made on the basis of actuarial valuation. The latest actuarial valuation was carried out as at December 31, 2017.



3.7 Stores and spares

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

3.8 Stock in trade

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

3.9 Trade and other receivables

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

3.10 Cash and cash equivalents

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

3.11 Impairment


3.11.1 Financial assets

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

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

3.11.2 Non-financial assets

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



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

3.12 Operating lease / Ijarah

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

3.13 Trade and other payables

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

3.14 Borrowings and their cost

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

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

3.15 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, contract termination costs etc. and are recognised in the period in which the Company becomes legally or constructively committed to incur.

3.16 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. The Company derecognises a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual rights that comprise the financial asset or a portion of financial asset. While a financial liability or part of financial liability is derecognised from the balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is taken to profit and loss account.

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



3.17 Derivative financial instruments

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

3.18 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 profit and loss account.

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

- sale of goods is recognised when significant risks and rewards are transferred.
- dividend income is recognised when the Company's right to receive the payment is established; and
- return on savings accounts and deposit accounts is recognised on time proportion basis, taking effect of the effective interest rate.

3.20 Dividend and appropriations

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

3.21 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.

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

3.22 Offsetting

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



4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

i) Income taxes

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

ii) Defined benefit plans

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

iii) Provisions

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

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

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.



	Note	2017 (Rupees in thousand)	2016
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets - at net book value	5.1	13,045,156	10,477,452
Capital work in progress - at cost	5.2	1,766,738	1,921,566
		14,811,894	12,399,018

5.1 Operating assets

	Land		Buildings		Plant and machinery	Electrical, mechanical and office equipment	Furniture and fittings	Motor vehicles	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land					
(Rupees in thousand)									
Net carrying value basis									
Year ended December 31, 2017									
Opening net book value (NBV)	25,194	205	1,736,843	146,527	7,971,773	522,017	45,645	29,248	10,477,452
Additions (at cost)	-	-	447,952	-	3,538,527	159,752	6,407	33,252	4,185,890
Disposals (at NBV - Note 5.1.1)	-	-	-	-	(33,740)	-	-	-	(33,740)
Charge of provision for fixed assets impairment	-	-	-	(201)	(177,458)	(3,773)	(79)	-	(181,511)
Depreciation charge	-	(1)	(59,316)	(5,072)	(1,258,652)	(58,128)	(4,581)	(17,185)	(1,402,935)
Closing net book value (NBV)	<u>25,194</u>	<u>204</u>	<u>2,125,479</u>	<u>141,254</u>	<u>10,040,450</u>	<u>619,868</u>	<u>47,392</u>	<u>45,315</u>	<u>13,045,156</u>
Gross carrying value basis									
At December 31, 2017									
Cost	25,194	529	2,539,160	190,898	17,654,238	882,777	87,382	125,898	21,506,076
Provision for fixed assets impairment	-	(325)	(413,681)	(49,233)	(479,547)	(6,256)	(300)	(100)	(486,614)
Accumulated depreciation	-	-	-	-	(7,134,241)	(256,653)	(39,690)	(80,483)	(7,974,306)
Net book value (NBV)	<u>25,194</u>	<u>204</u>	<u>2,125,479</u>	<u>141,254</u>	<u>10,040,450</u>	<u>619,868</u>	<u>47,392</u>	<u>45,315</u>	<u>13,045,156</u>
Net carrying value basis									
Year ended December 31, 2016									
Opening net book value (NBV)	25,194	209	1,188,213	119,645	6,967,059	451,094	39,892	19,216	8,810,522
Additions (at cost)	-	-	602,728	-	2,301,003	126,388	8,823	21,117	3,060,059
Disposals (at NBV)	-	-	(7,402)	-	(84,242)	(5,640)	(576)	(4)	(97,864)
Reversal / (charge) of provision for fixed asset impairment	-	-	-	31,954	(127,268)	8,053	2,283	(120)	(85,098)
Depreciation charge	-	(4)	(46,696)	(5,072)	(1,084,779)	(57,878)	(4,777)	(10,961)	(1,210,167)
Closing net book value (NBV)	<u>25,194</u>	<u>205</u>	<u>1,736,843</u>	<u>146,527</u>	<u>7,971,773</u>	<u>522,017</u>	<u>45,645</u>	<u>29,248</u>	<u>10,477,452</u>
Gross carrying value basis									
At December 31, 2016									
Cost	25,194	529	2,094,093	202,881	14,559,694	727,196	80,987	92,646	17,783,220
Provision for fixed assets impairment	-	-	(2,286)	(9,907)	(326,971)	(2,483)	(221)	(100)	(341,968)
Accumulated depreciation	-	(324)	(354,964)	(46,447)	(6,260,950)	(202,696)	(35,121)	(63,298)	(6,963,800)
Net book value (NBV)	<u>25,194</u>	<u>205</u>	<u>1,736,843</u>	<u>146,527</u>	<u>7,971,773</u>	<u>522,017</u>	<u>45,645</u>	<u>29,248</u>	<u>10,477,452</u>
Depreciation rate									
% per annum									
	-	1.05	2.5	2.5	7 to 33	7 to 25	7	20 to 25	

5.1.1 During the year fully provided assets having net book value (excluding impairment provision) amounting to Rs.36.86 million were disposed off, the corresponding reversal of impairment provision has been adjusted from disposals.



2017 2016
 ← (Rupees in thousand) →

5.2 Capital work in progress – at cost

Plant and machinery

1,766,738

1,921,566

6. INTANGIBLES - Computer Software

Net carrying value basis

Opening net book value (NBV)

439,497

547,882

Amortisation charge

(108,285)

(108,385)

Closing net book value (NBV)

331,212

439,497

Gross carrying value basis

Cost

1,276,220

1,276,220

Accumulated amortisation

(945,008)

(836,723)

Net book value (NBV)

331,212

439,497

Remaining useful life in years

3

4

7. LONG TERM INVESTMENTS

Investments in related parties

In unquoted wholly owned subsidiary companies - at cost

Lever Chemicals (Private) Limited

9,500,000 fully paid ordinary shares of Rs. 10 each

95,000

95,000

Levers Associated Pakistan Trust (Private) Limited

100 fully paid ordinary shares of Rs. 10 each

1

1

Sadiq (Private) Limited

100 fully paid ordinary shares of Rs. 10 each

1

1

Investment available for sale - at cost

Futehally Chemicals (Private) Limited

2,000 6% redeemable cumulative preference shares of Rs. 100 each

200

200

95,202

95,202

	Note	2017 (Rupees in thousand)	2016
8. LONG TERM LOANS - considered good			
Executives	8.1	231,943	200,290
		231,943	200,290
Recoverable within one year	14	(63,882)	(56,663)
Long term portion		168,061	143,627

8.1 The above loans under the terms of employment have been given interest free to facilitate purchase of houses and vehicles repayable in monthly installments over a period of five years.

	2017 (Rupees in thousand)	2016
9. LONG TERM DEPOSITS AND PREPAYMENTS		
Security deposits	19,211	22,644
Prepaid rent	36,475	145,579
	55,686	168,223
Less: Provision for doubtful deposits	(2,925)	(2,925)
	52,761	165,298

10. STAFF RETIREMENT BENEFITS

10.1 As stated in note 3.6.2, the Company operates four defined benefit plans (The Plans) namely approved funded defined benefit pension scheme for management employees, approved funded defined benefit gratuity scheme for management employees, approved funded defined benefit pension scheme for non-management employees and unfunded medical scheme for members of its pension fund subject to minimum service of prescribed period in the respective trust deed. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at December 31, 2017.

10.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, Companies Act 2017 (previously repealed 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, 2017 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	
	2017	2016	Management Staff Gratuity Fund		Non - Management Staff Gratuity Fund		2017	2016
			2017	2016	2017	2016		
← (Rupees in thousand) →								
10.4 Balance sheet reconciliation								
Fair value of plan assets	(80,004)	(107,707)	(1,201)	(2,120)	(87,320)	(76,541)	-	-
Present value of defined benefit obligations	123,551	140,217	7,166	8,696	120,326	97,903	209,557	234,239
Recognised liability / (asset)	43,547	32,510	5,965	6,576	33,006	21,362	209,557	234,239
10.5 Movement in the fair value of plan assets								
Fair value as at January 1	107,707	129,293	2,120	4,309	76,541	76,745	-	-
Interest income	8,343	11,091	135	285	6,315	7,294	-	-
Remeasurement	(22,877)	(13,889)	(91)	(15)	4,464	(11,744)	-	-
Employer contributions	5,655	-	5,097	2,406	2,892	9,430	-	-
Benefits paid	(18,824)	(18,788)	(6,060)	(4,865)	(2,892)	(5,184)	-	-
Fair value as at December 31	80,004	107,707	1,201	2,120	87,320	76,541	-	-
10.6 Movement in the present value of defined benefit obligations								
Obligation as at January 1	140,217	133,489	8,696	9,453	97,903	90,036	234,239	253,394
Current service cost	237	458	260	492	8,607	8,330	337	426
Interest cost	10,791	11,479	467	649	7,958	8,089	18,737	22,791
Remeasurement loss / (gain) due to:								
Change in financial assumptions	-	7,090	-	-	-	-	-	-
Experience adjustments	(8,870)	6,489	3,803	2,966	8,750	(3,368)	(29,519)	(28,263)
Benefits paid	(18,824)	(18,788)	(6,060)	(4,864)	(2,892)	(5,184)	(14,237)	(14,109)
Obligation as at December 31	123,551	140,217	7,166	8,696	120,326	97,903	209,557	234,239
10.7 (Income) / expense recognised in profit and loss account								
Current service cost	237	458	260	492	8,607	8,330	337	426
Interest (income) / cost	2,448	389	332	365	1,643	795	18,737	22,790
(Income) / expense for the year	2,685	847	592	857	10,250	9,125	19,074	23,216
10.8 Remeasurements recognised in Other Comprehensive Income								
Remeasurement loss / (gain) due to:								
Change in financial assumptions	-	7,089	-	-	-	-	-	-
Experience adjustments	(8,870)	6,489	3,803	2,966	8,750	(3,368)	(29,519)	(28,263)
Remeasurement of fair value of plan assets	22,877	13,889	91	15	(4,464)	11,744	-	-
Remeasurements	14,007	27,467	3,894	2,981	4,286	8,376	(29,519)	(28,263)



Pension Fund		Gratuity Funds				Pensioners' Medical Plan	
		Management Staff Gratuity Fund		Non - Management Staff Gratuity Fund			
2017	2016	2017	2016	2017	2016	2017	2016
← (Rupees in thousand) →							

10.9 Net recognised liability / (asset)

Net (asset) / liability at beginning of the year	32,510	4,196	6,576	5,144	21,362	13,291	234,239	253,394
(Income) / charge for the year	2,685	847	592	857	10,250	9,125	19,074	23,216
Employer contributions / benefits paid	(5,655)	-	(5,097)	(2,406)	(2,892)	(9,430)	(14,237)	(14,108)
Remeasurements recognised in Other comprehensive income	14,007	27,467	3,894	2,981	4,286	8,376	(29,519)	(28,263)
Recognised liability / (asset) as at December 31	43,547	32,510	5,965	6,576	33,006	21,362	209,557	234,239

10.10 Plan assets comprises of following:

Government bonds	18,506	26,022	2,045	1,495	29,920	28,930		
National Saving certificates	40,007	41,337	-	-	35,071	38,388		
Shares	21,623	18,590	-	-	21,637	8,711		
Cash at bank	2,897	2,460	119	625	691	512		
Other assets	(3,029)	19,298	(963)	-	-	-		
Total as at December 31	80,004	107,707	1,201	2,120	87,319	76,541		

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

10.12 Principal actuarial assumptions used are as follows:

	2017	2016
Discount rate and expected return on plan assets	8.25%	8.25%
Future salary increases	6.25%	6.25%
Future pension increases	0.00%	0.00%
Medical cost trend rates	3.00%	3.00%

10.13 In case of the funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2017 consists of government bonds and national saving certificates. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk. All equity securities have quoted prices in active markets.

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

The Company's contribution to the pension and gratuity funds in 2018 is expected to amount to Rs. 7.56 million and Rs. 19.17 million respectively.

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, 2017.

10.15 Sensitivity analysis for actuarial assumptions

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

	Impact on defined benefit obligation		
	Change in assumption (Percentage)	Increase in assumption (Rupees in thousand)	Decrease in assumption
Discount rate at December 31	1.00%	(36,002)	42,003
Future salary increases	1.00%	17,533	(14,800)
Future pension increases	1.00%	7,425	(6,736)

If life expectancy increases by 1 year, obligation increases by Rs. 18.55 million.

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

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

	Increase (Rupees in thousand)	Decrease
Effect on the defined benefit obligations	18,474	(16,219)

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

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



10.17 During the year the Company contributed Rs. 119.7 million (2016: Rs. 76.44 million) to the provident fund and Rs. 151.88 million (2016: Rs. 114.66 million) to the DC pension fund.

10.18 The weighted average duration of the defined benefit obligation is 9.4 years.

Expected maturity analysis of undiscounted retirement benefit plans:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	(Rupees in thousand)				
Retirement benefit plans	42,061	48,649	132,201	211,789	434,700

	Note	2017 (Rupees in thousand)	2016
11. STORES AND SPARES			
Stores		122,495	125,611
Spares (including in transit Rs. 9.37 million; 2016: Rs. 8.30 million)		586,621	514,947
		709,116	640,558
Provision for slow moving and obsolete stores and spares	11.1	(76,030)	(52,788)
		633,086	587,770

11.1 The Company made a provision of Rs. 23.24 million for obsolescence (2016: Rs. 72.03 million) and has written off stores & spares amounting to Rs. Nil (2016: Rs. 101.09 million) by utilising the provision during the year.

	2017 (Rupees in thousand)	2016
12. STOCK IN TRADE		
Raw and packing materials at cost (including in transit Rs. 609.76 million; 2016: Rs. 776.40 million)	2,703,654	3,016,728
Provision for obsolescence	(85,618)	(79,013)
	2,618,036	2,937,715
Work in process	429,482	332,325
Finished goods (including in transit Rs. 97.76 million; 2016: Rs. 34.84 million)	2,880,668	2,574,618
Provision for obsolescence	(74,889)	(109,501)
	2,805,779	2,465,117
	5,853,297	5,735,157

12.1 Stock in trade includes Rs. 3.13 billion (2016: Rs. 3.17 billion) held with third parties.

- 12.2** The Company made a provision of Rs. 102.35 million for obsolescence (2016: Rs. 137.37 million) and has written off inventory amounting to Rs. 130.36 million (2016: Rs. 152.85 million) by utilising the provision during the year.

	Note	2017 ← (Rupees in thousand) →	2016
13. TRADE DEBTS			
Considered good		2,188,016	1,276,189
Considered doubtful		67,907	55,594
		2,255,923	1,331,783
Provision for doubtful debts	13.1	(67,907)	(55,594)
		2,188,016	1,276,189

- 13.1** The Company made a provision of Rs. 12.31 million (2016: Rs. 0.72 million).

- 13.2** As of December 31, 2017 trade debts of Rs. 916.74 million (2016: Rs. 293.89 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:

	2017 ← (Rupees in thousand) →	2016
Up to 3 months	814,570	266,938
More than 3 months to not later than 6 months	67,096	26,953
More than 6 months	35,079	-
	916,745	293,891

14. LOANS AND ADVANCES

Considered good

Current portion of loans to executives	8	63,882	56,663
Advances to:			
Executives	14.1	6,155	7,357
Suppliers and others		10,361	63,309
		80,398	127,329

Considered doubtful

Advances to suppliers and others		7,983	5,225
		88,381	132,554
Provision for doubtful advances to suppliers and others		(7,983)	(5,225)
		80,398	127,329

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

	Note	2017 ← (Rupees in thousand) →	2016
15. SHORT TERM DEPOSITS AND PREPAYMENTS			
Trade and margin deposits		62,296	52,492
Prepayments			
- Rent		169,642	395,084
- Advertisement	15.1	418,967	363,875
- Others		59,583	99,649
		710,488	911,100

- 15.1** This includes media bulk discount on airing TV Commercials amounting to Rs. 416.15 million (2016: Rs. 362.76 million).

	Note	2017 ← (Rupees in thousand) →	2016
16. OTHER RECEIVABLES			
Receivable from related parties			
Associated undertakings	16.1	73,790	64,887
Receivable from Workers' Profit Participation Fund	16.2	78,714	76,778
Forward foreign exchange contract		62,889	-
Others		139,654	66,744
		355,047	208,409
Provision for doubtful receivables		(13,934)	(13,934)
		341,113	194,475

- 16.1** As of December 31, 2017, receivables from associated undertaking of Rs. 9.9 million (2016: Rs. 48.29 million) were past due. The age analysis of these receivables is as follows:

Up to 3 months	2,583	42,423
More than 3 months to not later than 6 months	-	1,588
More than 6 months but not later than 1 year	-	-
More than 1 year	7,328	4,279
	9,911	48,290

16.2 Workers' Profit Participation Fund

Note

2017
← (Rupees in thousand) →
2016

Receivable from / (Payable) to fund as at January 1		76,778	(254,399)
Allocation for the year		(949,339)	(765,003)
		(872,561)	(1,019,402)
Paid to trustees of the fund		951,275	1,467,628
Refunded by the fund		-	(371,448)
Receivable from fund as at December 31		78,714	76,778

17. CASH AND BANK BALANCES

With banks on:			
current accounts	17.1	1,021,812	345,722
savings accounts	17.2	6,189,276	12,770,927
Short term deposit	17.3	1,000,000	-
Cash in hand		485	767
		8,211,573	13,117,416

17.1 This includes an amount of Rs. 533.14 million in respect of cash margin on imports kept with commercial bank.

17.2 Mark-up on savings accounts was at the rates ranging from 4.36% to 5.81% (2016: 4.50% to 5.35%) per annum.

17.3 Term deposits carry mark-up ranging from 5.36% to 5.50% per annum and will mature by January 2018.

18. SHARE CAPITAL

2017
← Number of shares →
2016

2017
← (Rupees in thousand) →
2016

Authorised share capital

47,835	47,835	5% cumulative preference shares of Rs. 100 each
15,904,330	15,904,330	Ordinary shares of Rs. 50 each
15,952,165	15,952,165	

4,783	4,783
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	43,835	for consideration paid in cash
4,000	4,000	for acquisition of an undertaking
47,835	47,835	

4,383	4,383
400	400
4,783	4,783

Ordinary shares of Rs. 50 each

		Shares allotted:		
562,660	562,660	for consideration paid in cash	28,133	28,133
4,979,208	4,979,208	for consideration other than cash under schemes of arrangements for amalgamations	248,961	248,961
7,846,957	7,846,957	as bonus shares	392,348	392,348
			669,442	669,442
<u>13,388,825</u>	<u>13,388,825</u>		674,225	674,225

At December 31, 2017, Unilever Overseas Holdings Limited, UK, a wholly owned subsidiary of Unilever PLC, UK held 13,281,099 ordinary shares (2016: 13,280,145 ordinary shares) and 34,335 preference shares (2016: 34,335 preference shares) of Unilever Pakistan Limited.

	Note	2017 ← (Rupees in thousand) →	2016 ← (Rupees in thousand) →
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19. RESERVES

Capital reserves

Share premium		1,419,592	1,419,592
Arising under schemes of arrangements for amalgamations	19.1	70,929	70,929
Contingency	24.1.1	321,471	321,471
		1,811,992	1,811,992

Revenue reserve

Unappropriated profit		468,803	2,213,354
		2,280,795	4,025,346

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

	2017 ← (Rupees in thousand) →	2016 ← (Rupees in thousand) →
--	----------------------------------	----------------------------------

20. DEFERRED TAXATION

Credit balance arising in respect of:

- accelerated tax depreciation allowances	1,745,331	1,407,487
	1,745,331	1,407,487

Debit balance arising in respect of:

- provision for retirement benefits	(85,164)	(86,240)
- share-based compensation	(47,812)	(42,512)
- provision for stock in trade and stores and spares	(34,016)	(70,617)
- provision for doubtful debts	(20,006)	(16,270)
- provision for property, plant and equipment	(141,886)	(100,077)
- provision for restructuring	(95,661)	(18,711)
- provision for cess and marking fee	(246,141)	(220,822)
- others	(34,621)	(34,840)
	(705,307)	(590,089)
	1,040,024	817,398

21. TRADE AND OTHER PAYABLES

	Note	2017 (Rupees in thousand)	2016
Creditors		4,420,215	3,824,846
Bills payable	21.1	3,120,919	2,180,226
Forward foreign exchange contract		-	8,109
Accrued liabilities		10,576,103	9,281,615
Employee retirement benefit funds		86,250	26,497
Dividend payable	21.2	4,440,590	7,497,393
Unclaimed dividend		390,169	372,652
Royalty and technical services fee		5,588,970	4,214,695
Advance payment from customers		518,482	309,566
Sindh Sales tax on services		60,092	56,948
Punjab Sales tax on services		36,599	49,131
KPK Sales tax on services		836	-
Workers' Welfare Fund	21.3	373,115	303,759
Security deposits from dealers	21.4	1,663	26,417
Liability for share-based compensation plans	21.5	163,976	145,267
Withholding tax payable		540,615	965,876
Others		1,401	2,052
		30,319,995	29,265,049

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

21.2 This represents payable in respect of second interim dividend declared for the year ended December 31, 2017.

21.3 Workers' Welfare Fund

	2017 (Rupees in thousand)	2016
Balance as at January 1	303,759	249,322
Allocation for the year	355,338	290,701
Payments made during the year	(285,982)	(236,264)
Balance as at December 31	373,115	303,759

21.4 This represents security deposits obtained against freezer cabinets placed with dealers.

21.5 Share-based compensation plans

As at December 31, 2017 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 100% 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.

In addition to above, "buy 3 get 1 free share" plan gives eligible employees an opportunity to invest in Unilever PLC shares. After a holding period of 3 years, the company will award for every 3 shares bought with 1 free share.

A summary of the status of the Share Plans as at December 31, 2017 and 2016 and changes during the years ended on these dates is presented below:

	2017 (Number of shares)	2016
Outstanding at January 1	45,116	36,079
Awarded	17,359	17,556
Vested	(11,043)	(5,725)
Forfeited	(718)	(2,794)
Outstanding at December 31	50,714	45,116
Share price		
Unilever NV	€ 46.96	€ 39.08
Unilever PLC	£ 41.26	£ 32.73

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

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

	2017 (Rupees in thousand)	2016
Ultimate parent	4,333,233	3,744,648
Parent company	4,440,590	7,497,393
Associated companies	1,338,799	536,311

21.7 During the year, the Company has deducted Rs. 33.82 million (2016: Rs. 27.00 million) from the remuneration of key management personnel in respect of their participation in the MCIP.

22. SHORT TERM BORROWINGS

Running finance under mark-up arrangements - secured

The facilities for running finance available from various banks amount to Rs. 4.81 billion (2016: Rs. 5.31 billion). The rates of mark-up range between KIBOR to KIBOR + 0.75% per annum (2016: KIBOR to KIBOR + 0.75% 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, 2017 amounted to Rs. 16.8 billion (2016: Rs. 13.15 billion), of which the amount remaining unutilized at the year end was Rs. 7.86 billion (2016: Rs. 7.94 billion).

	Note	2017 ← (Rupees in thousand) →	2016
23. PROVISIONS			
Sindh Infrastructure Cess	23.1 & 24.1.1	810,931	703,404
PSI marking fee	23.2	33,234	51,152
Restructuring	23.3	328,081	63,937
		1,172,246	818,493
23.1 Sindh Infrastructure Cess			
Balance as at January 1		703,404	591,592
Charge for the year		215,055	223,624
Payments made		(107,528)	(111,812)
Balance as at December 31		810,931	703,404
23.2 PSI marking fee			
Balance as at January 1		51,152	36,908
Provision during the year		33,848	45,235
Utilised during the year		(51,766)	(30,991)
Balance as at December 31		33,234	51,152
23.3 Restructuring			
Balance as at January 1		63,937	61,241
Provision during the year		374,993	72,173
Utilised during the year		(110,849)	(69,477)
Balance as at December 31		328,081	63,937



24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 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. A number of persons and companies, including Unilever Pakistan Limited (the Company) filed constitutional petitions 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, petitions became infructuous and a fresh suit was filed by the Company to challenge the levy. A stay against recovery of the aforesaid levy of Cess was also obtained from the Court. In 2003, the High Court of Sindh decided the issue against the Company. Against this order an intra court appeal was filed with the High Court of Sindh. The appeal was disposed 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 of Pakistan against the said order. The appeals were heard by the Supreme Court in May 2011, and it was noted that the Government of Sindh had again enacted Infrastructure Fee through Act of 2009 with retrospective effect which had not been challenged in the last appeals. Accordingly, the Supreme Court allowed the petitioners to file fresh petitions at the High Court of Sindh. Accordingly, fresh petition was filed by the Company in the High Court of Sindh in May 2011. A provision amounting to Rs. 1,602.71 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. 791.79 million under protest against the said order.

As a matter of prudence, a total of Rs 321.47 million as at December 31, 2017 (2016: Rs 321.47 million) out of the revenue reserves has been earmarked as contingency reserve for the levy uptill December 2006.

24.2 Commitments

24.2.1 Aggregate commitments outstanding for capital expenditures as at December 31, 2017 amounted to Rs. 1.43 billion (2016: Rs. 1.73 billion).

24.2.2 Commitments for rentals under operating lease agreements / Ijarah contracts as at December 31, 2017 are as follows:

	2017	2016
	← (Rupees in thousand) →	
Not later than one year	238,522	153,491
Over one year to five years	674,255	265,041
	912,777	418,532

	Note	2017 ← (Rupees in thousand) →	2016
25. SALES			
Gross sales		116,742,587	103,346,184
Sales tax		(17,811,647)	(15,685,628)
		98,930,940	87,660,556
Rebates and allowances		(12,610,558)	(10,438,454)
		86,320,382	77,222,102
26. COST OF SALES			
Material cost		38,991,727	34,889,636
Manufacturing charges paid to third parties		1,299,759	1,790,446
Stores and spares consumed		418,337	435,992
Staff costs	26.1	2,503,768	2,489,335
Provision for fixed assets to be written off		181,511	85,098
Utilities		594,991	546,170
Depreciation		1,350,195	1,161,345
Repairs and maintenance		182,340	211,568
Rent, rates and taxes		20,786	14,956
Restructuring		283,230	-
Ujrah payments		40,855	43,499
Amortisation of computer software		58,257	58,311
Travelling and entertainment		21,849	48,352
Stationery and office expenses		84,710	51,827
Other expenses		166,307	85,674
Charges by related party	26.2	68,300	2,660
		46,266,922	41,914,869
Opening work in process		332,325	214,079
		46,599,247	42,128,948
Closing work in process		(429,482)	(332,325)
Cost of goods manufactured		46,169,765	41,796,623
Opening stock of finished goods		2,465,117	1,940,057
Purchase of finished goods		863,949	654,030
Closing stock of finished goods		(2,880,668)	(2,465,117)
		46,618,163	41,925,593

26.1 Staff costs

	Note	2017 (Rupees in thousand)	2016
Salaries and wages		2,385,063	2,386,074
Medical		39,760	43,046
Pension costs - defined benefit plan		530	167
Gratuity costs - defined benefit plan		3,422	3,151
Pensioners' medical plan		3,765	4,582
Provident fund cost - defined contribution plan		26,349	20,926
Pension fund cost - defined contribution plan		44,879	31,389
		2,503,768	2,489,335

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

27. DISTRIBUTION COSTS

	Note	2017 (Rupees in thousand)	2016
Staff costs	27.1	1,621,289	1,361,165
Provision for restructuring	27.3	91,763	86,340
Advertisement and sales promotion		10,438,181	9,849,335
Outward freight and handling		1,911,696	1,825,641
Royalty and technical fee		4,674,246	4,627,667
Utilities		39,161	18,941
Depreciation		24,626	29,790
Repairs and maintenance		126,457	56,653
Rent, rates and taxes		37,562	62,912
Ujrah payments		136,102	68,195
Amortisation of computer software		23,498	23,520
Travelling and entertainment		130,150	149,228
Stationery and office expenses		25,214	39,644
Provision for doubtful debts - trade		12,313	715
Other expenses		142,327	120,968
Charges by related party	27.2	163,095	58,646
		19,597,680	18,379,360



Note

← **2017** **2016** →
 ← **(Rupees in thousand)** →

27.1 Staff costs

Salaries and wages	1,403,834	1,188,101
Medical	22,800	16,548
Share based compensation	23,471	29,463
Pension costs - defined benefit plan	1,442	456
Gratuity costs - defined benefit plan	4,970	4,576
Pensioners' medical plan	10,255	12,480
Provident fund cost - defined contribution plan	57,160	43,816
Pension fund cost - defined contribution plan	97,357	65,725
	1,621,289	1,361,165

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

27.3 This includes amount of Rs. Nil (2016: Rs. 14.20 million) is payable to associated company in respect of restructuring payment for shared resources.

← **2017** **2016** →
 ← **(Rupees in thousand)** →

28. ADMINISTRATIVE EXPENSES

Staff costs	28.1	1,086,066	793,262
Utilities		49,366	38,781
Depreciation		28,113	19,032
Repairs and maintenance		97,155	59,633
Rent, rates and taxes		381,639	331,656
Ujrah payments		64,210	51,802
Amortisation of computer software		26,530	26,554
Travelling and entertainment		48,173	50,092
Stationery and office expenses		77,274	27,227
Expenses on information technology		241,657	438,652
Legal, professional and other consultancy charges		49,232	195,400
Auditors' remuneration	28.2	5,442	5,079
Other expenses		184,958	115,093
Charges by related party	28.3	-	1,222
		2,339,815	2,153,485

28.1 Staff costs

Salaries and wages	
Medical	
Share based compensation	
Pension costs - defined benefit plan	
Gratuity costs - defined benefit plan	
Pensioners' medical plan	
Provident fund cost - defined contribution plan	
Pension fund cost - defined contribution plan	

Note

← 2017 (Rupees in thousand) 2016 →

	950,707	667,502
	33,656	28,055
	47,653	59,819
	713	225
	2,450	2,256
	5,054	6,152
	20,401	11,701
	25,432	17,552
	1,086,066	793,262

28.2 Auditors' remuneration

Audit fee
Other certifications
Out of pocket expenses

	4,539	4,367
	500	380
	403	332
	5,442	5,079

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

29. OTHER OPERATING EXPENSES

Donations	
Workers' Profit Participation Fund	16.2
Workers' Welfare Fund	21.3
Loss on disposal of property, plant and equipment	

← 2017 (Rupees in thousand) 2016 →

	17,650	8,276
	949,339	765,003
	355,338	290,701
	-	88,487
	1,322,327	1,152,467

	Note	2017 ← (Rupees in thousand) →	2016
30. OTHER INCOME			
Income from financial assets			
Dividend income		12	12
Return on savings accounts and term deposit		381,610	386,684
Income from non-financial assets			
Scrap sales		152,807	114,649
Profit on disposal of property, plant and equipment		10,108	-
Others			
Service fee	30.1	662,774	278,893
Liabilities no longer payable written back		280,743	127,593
		<u>1,488,054</u>	<u>907,831</u>

30.1 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.

		2017 ← (Rupees in thousand) →	2016
31. FINANCE COST			
Mark-up on short term borrowings and bills payable		149,746	124,114
Bank charges		97,311	85,574
Exchange loss		159,128	67,502
(Gain) / loss on recognition of forward foreign exchange contract		(62,889)	8,109
		<u>343,296</u>	<u>285,299</u>

		2017	2016
32. TAXATION			
Current year			
-Current tax			
Pakistan		3,699,370	3,756,792
Azad Kashmir		75,848	68,269
-Deferred tax - charge		220,426	232,620
		<u>3,995,644</u>	<u>4,057,681</u>
Prior year			
		399,026	10,292
		<u>4,394,670</u>	<u>4,067,973</u>

32.1 In 2017, the government enacted a change in the national income tax rate from 31% to 30% (2016: 32% to 31%)

	Note	2017 ← (Rupees in thousand) →	2016
32.2 Relationship between tax expense and accounting profit			
Accounting profit before tax		17,587,155	14,233,729
Tax at the applicable tax rate of 30% (2016: 31%)		5,276,147	4,412,456
Tax effect of credits		(1,344,847)	(366,853)
Tax effect of final tax		(91,290)	(68,029)
Effect of tax rate change		-	(26,720)
Tax effect of prior years		399,026	10,292
Others		155,634	106,827
Tax expense for the year		4,394,670	4,067,973
33. CASH AND CASH EQUIVALENTS			
Cash and bank balances	17	8,211,573	13,117,416

34. RELATED PARTY TRANSACTIONS

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

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

Relationship with the Company	Nature of transactions	2017	2016
		← (Rupees in thousand) →	
i. Ultimate parent company	Royalty and technical fee	4,674,246	4,627,667
ii. Associated companies	Purchase of goods	15,655,791	13,644,703
	Sale of goods	151,268	88,982
	Fee for providing of services to related party	662,774	278,893
	Fee for receiving of services from related party	1,706,356	288,815
	Contribution to:		
	- Defined Contribution plans	271,578	191,109
	- Defined Benefit plans	13,642	34,045
	Settlement on behalf of:		
	- Defined Contribution plans	-	381,021
- Defined Benefit plans	12,451	13,654	
iii. Key management personnel	Salaries and other short-term employee benefits	111,704	101,666
	Post-employment benefits	9,091	9,951

Royalty and technical fee are paid in accordance with the agreements duly acknowledged by the State Bank of Pakistan. Technical fee agreement is in the process of renewal and the Company has accrued the charges for technical fee for the period on the basis of subject agreement duly approved by the Board which is in the process of submission to the State Bank of Pakistan for approval. The purchase and sale 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 26, 27, 28, 30, and 34.

The related party status of outstanding balances as at December 31, 2017 is included in other receivables and trade and other payables respectively. These are settled in the ordinary course of business.

Arrangements with ultimate parent company and an associated company for granting of their shares to employees of Unilever Pakistan Limited are disclosed in note 21.5.

35. 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		CHIEF EXECUTIVE	
	2017	2016	2017	2016
	← (Rupees in thousand) →			
Managerial remuneration and allowances	49,477	58,619	28,879	27,326
Share based compensation	53,460	26,740	29,379	20,820
Retirement benefits	6,933	7,793	2,158	2,158
Medical expenses	293	547	-	-
Other expenses	5,025	1,950	-	-
	<u>115,188</u>	<u>95,649</u>	<u>60,416</u>	<u>50,304</u>
Number of persons	<u>4</u>	<u>5</u>	<u>1</u>	<u>1</u>

In addition to this, a lump sum amount of Rs. 432 million (2016: Rs. 399 million) on account of variable pay has been accounted for in the financial statements for the current year payable in 2018 after verification of target achievement.

Out of the variable pay recognised for 2016 and 2015 following payments were made:

	Paid in 2017 relating to 2016	Paid in 2016 relating to 2015
	(Rupees in thousand)	
Executive Directors	16,975	13,775
Chief Executive	16,373	1,946
Executives	340,327	179,532
Other employees	2,812	3,368
	<u>376,487</u>	<u>198,621</u>

The Executive Directors and Chief Executive of the Company are provided with free use of cars and household equipments.

36. CAPACITY

Own manufacture	Actual Production	
	2017	2016
Home and Personal Care	196,675	189,741
Beverages	33,682	33,459
	← Metric Tons →	
Ice Cream	56.9	48.6
	← Million Litres →	

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

37. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on un-audited financial statements of the fund as at December 31, 2017:

	2017 ← (Rupees in thousand) →	2016
Size of the fund - total assets	1,390,059	1,343,875
Fair value of investments	1,381,010	1,343,738
Percentage of investments made	99.35%	99.99%

37.1 The cost of above investments amounted to Rs. 1,067.97 million (2016: Rs. 1,109.16 million).

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

	2017 (Percentage)	2016	2017 ← (Rupees in thousand) →	2016
National savings schemes	36.17%	39.31%	499,476	528,194
Government securities	38.40%	39.42%	530,293	529,768
Equity securities	25.43%	21.27%	351,235	285,776
Unit trust schemes	0.00%	0.00%	6	-
	<u>100.00%</u>	<u>100.00%</u>	<u>1,381,010</u>	<u>1,343,738</u>

37.3 The investments out of provident fund have been made in accordance with the provision of section 218 of the Companies Act, 2017 (previously section 227 of the repealed Companies Ordinance, 1984) and the rules formulated for this purpose.

38. NUMBER OF EMPLOYEES

	2017	2016
Number of employees at year end	<u>1,670</u>	<u>1,704</u>
Average number of employees	<u>1,687</u>	<u>1,730</u>

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

39.1 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.

39.2 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							
<i>Loan and receivables - not measured at fair value</i>							
Loans to executives	-	-	-	63,882	168,061	231,943	231,943
Deposits	-	-	-	62,296	19,211	81,507	81,507
Trade debts	-	-	-	2,188,016	-	2,188,016	2,188,016
Other receivables	-	-	-	278,224	-	278,224	278,224
Cash and bank balances	6,189,276	-	6,189,276	2,022,297	-	2,022,297	8,211,573
<i>Available for sale - not measured at fair value</i>							
Long term investments at cost	-	-	-	-	200	200	200
Forward foreign exchange contract	-	-	-	62,889	-	62,889	62,889
December 31, 2017	6,189,276	-	6,189,276	4,677,604	187,472	4,865,076	11,054,352
December 31, 2016	12,770,927	-	12,770,927	1,926,308	166,471	2,092,779	14,863,706
FINANCIAL LIABILITIES							
At amortised cost							
<i>Other financial liabilities - not measured at fair value</i>							
Trade and other payables	3,120,919	-	3,120,919	25,417,449	-	25,417,449	28,538,368
December 31, 2017	3,120,919	-	3,120,919	25,417,449	-	25,417,449	28,538,368
December 31, 2016	2,180,226	-	2,180,226	25,201,362	-	25,201,362	27,381,588
ON BALANCE SHEET GAP							
December 31, 2017	3,068,357	-	3,068,357	(20,739,845)	187,472	(20,552,373)	(17,484,016)
December 31, 2016	10,590,701	-	10,590,701	(23,275,054)	166,471	(23,108,583)	(12,517,882)
OFF BALANCE SHEET ITEMS							
Open letter of credit and guarantee:							
December 31, 2017							8,940,257
December 31, 2016							5,206,580

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

For valuation of derivative (forward foreign exchange contract: refer note 16) at reporting date, the relevant rate has been taken from financial institution and has been classified in to level 2 fair value measurement hierarchy as defined in IFRS 13.



(i) Credit risk

Credit risk represents the accounting loss that would be 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. 11.05 billion (2016: Rs. 14.86 billion) the financial assets that are subject to credit risk amounted to Rs. 2.42 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, 2017 trade debts of Rs. 916.75 million (2016: Rs. 293.89 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 to employees are not exposed to any material credit risk.

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

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

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

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

(ii) Liquidity risk

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

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

(iii) Market risk

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

a) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at December 31, 2017, financial assets of Rs. 38.8 million (2016: Rs. 42.77 million) and financial liabilities of Rs. 2.37 billion (2016: Rs. 1.99 billion) were in foreign currency which were exposed to foreign currency risk.

The foreign currency assets are approx. 96% in USD and 4% in EURO. The foreign currency liabilities are approx. 65% in USD and 28% in EURO and 7% in other currencies.

As at December 31, 2017, 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. 89.68 million (2016: Rs. 78.47 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

As at December 31, 2017, 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. 39.20 million (2016: Rs. 26.92 million), mainly as a result of foreign exchange losses / gains on translation of Euro denominated financial assets and liabilities.

As at December 31, 2017, if the Pakistan Rupee had weakened / strengthened by 6% against Pound Sterling with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 4.46 million (2016: Rs. 4.29 million), mainly as a result of foreign exchange losses / gains on translation of Pound Sterling denominated financial assets and liabilities.

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

b) Interest rate risk

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

At December 31, 2017, the Company had variable interest bearing financial assets of Rs. 6.19 billion (2016: Rs. 12.77 billion) and financial liabilities of Rs. 3.12 billion (2016: Rs. 2.18 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. 61.37 million (2016: Rs. 211.80 million) lower / higher.

40. 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, 2017 and 2016 were as follows:

	2017 ← (Rupees in thousand) →	2016
Total borrowings	-	-
Cash and bank	(8,211,573)	(13,117,416)
Net (cash surplus) / debt	(8,211,573)	(13,117,416)
Total equity	2,955,020	4,699,571
Total capital	2,955,020	4,699,571
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.

41. MONOPOLY CONTROL AUTHORITY ORDER

With respect to the Monopoly Control Authority's [MCA] (now Competition Commission of Pakistan) 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.

42. PROPOSED AND DECLARED DIVIDENDS

On 5% cumulative preference shares

At the Board meeting held on February 27, 2018, dividend in respect of 2017 of Rs. 239 thousand has been declared (2016: Rs. 239 thousand). These financial statements do not reflect this dividend 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, 2018.

On ordinary shares

At the Board meeting held on February 27, 2018, a final dividend in respect of 2017 of Rs. Nil per share is proposed (2016: Rs. 165.00 per share amounting to a total dividend of Rs. 2.21 billion). This is in addition to cumulative interim cash dividend of Rs. 951.00 per share amounting to Rs. 12.7 billion (2016: Rs. 627.00 per share amounting to Rs. 8.39 billion) declared during the year in respect of the year ended December 31, 2017.

43. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 27, 2018 by the Board of Directors of the Company.

44. GENERAL

44.1 For the purpose of better presentation, certain figures have been reclassified in the financial statements.

44.2 On January 12, 2018, the Board of Directors resolved to issue right shares in proportion of 1 share for every 28 ordinary shares of face value of Rs.50 each at a subscription price of Rs. 15,000 per share. Right shares were offered to all entitled shareholders on the Register of Members on January 22, 2018 and the offer remained open for acceptance until February 20, 2018.

Shazia Syed

Chairperson and Chief Executive

Sohail Hanif Baig

Director and Chief Financial Officer



Notice of Annual General Meeting

Notice is hereby given that the 69th 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 Thursday, April 19, 2018, at 10:30 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Company's Financial Statements for the year ended December 31, 2017, together with the Reports of the Auditors and Directors thereon.
2. To approve Interim Dividend of Rs. 951.00 (1902%) per Ordinary Share of the Company, already paid during the year.
3. To appoint Auditors for the ensuing year, and to fix their remuneration.
Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment.

By Order of the Board

Karachi
March 22, 2018

Aman Ghanchi
Director & Company Secretary

Notes:

1. Share Transfer Books will be closed from April 13, 2018 to April 19, 2018 (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, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 by the close of the business on April 12, 2018 will be treated in time for the purpose of ascertaining the entitlement of attending the Annual General Meeting scheduled on April 19, 2018.
2. All Members/Shareholders (whether holding Preference or Ordinary Shares) are entitled to attend and vote at the meeting. A Member may appoint a proxy who need not be a Member of the Company.
3. **For Appointing Proxies:**
 - i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

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

iii) 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 (Avari Plaza, Fatima Jinnah Road, Karachi-75530) at least 48 hours before the time of the Meeting.

4. For Attending the Meeting:

The Individuals (Member/Proxy), shall authenticate his / her identity by showing his her original valid Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.

5. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400 . The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Further, mentioning of CNIC number in the Annual Return "Form A" is also an obligatory requirement, which is required to be filed with SECP.

6. (i) The Government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. Now these rates as per the Finance Act 2017 are as under:

(a) For Filers of Income Tax Return	15%
(b) For Non-Filers of Income Tax Return	20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL otherwise tax on their cash dividend will be deducted @ 20.0% instead of 15%.

(ii) For any query/problem/information, the investor may contact the Share Registrar: Mr. Tauqir Ahmed Abidi, Assistant Manager, telephone number: 111-000-322 (107), e-mail address: ops_dept2@thk.com.pk or telephone number: 111-000-322 or +92-21-34168270 e-mail address: masood_ahmed@thk.com.pk; and /or the Company: Ms. Wajiha Khan, telephone number: +92- 21-35660062, e-mail address: wajiha.khan@unilever.com.

(iii) The corporate shareholders should send a copy of their NTN certificate to the Company or its Share Registrar M/s THK Associates (Private) Limited if it has not yet been provided. The Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective Folio Numbers.

According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint holding / joint account. In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal Shareholder and Joint-Holder(s) in respect of shares held by them, to Company's Share Registrar, M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400, in writing, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint -Holder(s).

7. According to the SECP circular No. 8(4) SM/CDC 2008 of April 05, 2013, Shareholders are entitled to receive their cash dividend directly in their bank accounts instead of receiving the dividend warrants physically. Shareholders having physical holding and desiring to avail this option may submit the prescribed Dividend Mandate Form, to the Company's Share Registrar. The dividend mandate form is attached in the Annual Report and is also available on Company's website.
8. Any change of address of Members should be immediately notified to the Company's Share Registrars, M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400

Dividend Mandate Form

THK ASSOCIATES (PVT) LIMITED

1ST FLOOR, 40-C, BLOCK-6,

P.E.C.H.S,

KARACHI-75400.

Date: ___/___/___

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

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

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

Signature of Member: _____

Name: _____

(PLEASE WRITE NAME IN BLOCK LETTERS)

منافع منقسمہ مینڈیٹ فارم

ٹی ایچ کے ایسوی ایٹس (پرائیویٹ) لمیٹڈ
پہلی منزل C-40، بلاک -6،
پی.ای.سی. ایچ. ایٹس،
کراچی -75400

تاریخ: _____

میں/ہم/مسز/مس/میسرز _____ بطور یونی لیور پاکستان لمیٹڈ کے رجسٹرڈ شیئر ہولڈر
سی این آئی سی نمبر/ پاسپورٹ نمبر/ این ٹی این _____ مستقبل میں کوئی نقد منافع منقسمہ دیا جائے تو ڈیویڈنڈ وارنٹ جاری کرنے کے بجائے اسے براہ
بذریعہ ہذا کمپنی کو یہ اختیار تفویض کرتا/کرتی ہوں کہ اگر کمپنی کی جانب سے مستقبل میں کوئی نقد منافع منقسمہ دیا جائے تو ڈیویڈنڈ وارنٹ جاری کرنے کے بجائے اسے براہ
راست میرے بینک اکاؤنٹ میں کریڈٹ کروا دیا جائے۔ مذکورہ بالا درخواست پر عمل درآمد کے لیے میری تفصیلات درج ذیل ہیں:

شیئر ہولڈر کی معلومات اور بینک کی تفصیلات	
شیئر ہولڈر کا نام	
فولیو نمبر	
CNIC نمبر/ این ٹی این/ پاسپورٹ نمبر (براہ مہربانی تصدیق شدہ کاپی منسلک کریں)	
بینک اکاؤنٹ کا نام (ٹائٹل)	
IBAN نمبر -	
بینک اکاؤنٹ نمبر (مکمل)	
بینک کا نام	
بینک کی برانچ کا نام	
برانچ کوڈ	
بینک کی برانچ کا پتہ	
ٹیلی فون نمبر (لینڈ لائن)	
موبائل نمبر	

میں یہ اقرار کرتا/کرتی ہوں کہ مندرجہ بالا فراہم کردہ معلومات درست ہیں اور مذکورہ بالا تفصیلات میں کسی بھی قسم کی تبدیلی کی صورت میں، جیسے ہی وہ واقع ہوں، میں
کمپنی اور اس کے شیئر رجسٹرار کو فوری طور پر تحریری صورت میں مطلع کروں گا/کروں گی۔

ممبر کا دستخط: _____

نام: _____

Form for Deduction of Tax on Dividend Income

THK ASSOCIATES (PVT) LIMITED

1ST FLOOR, 40-C, BLOCK-6,

P.E.C.H.S,

KARACHI-75400.

Date: ___/___/___

Please further note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2017 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 15% and 20% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares with joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400, in writing.

Following are the details of Principal/Joint holder(s) of the shares of Unilever Pakistan Limited; including their proportion of shareholding:

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

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

Signature of Member: _____

Name: _____

(PLEASE WRITE NAME IN BLOCK LETTERS)

Signature of Joint-Holder 1:

Name: _____

(PLEASE WRITE NAME IN BLOCK LETTERS)

Signature of Joint-Holder 2:

Name: _____

(PLEASE WRITE NAME IN BLOCK LETTERS)

منافع منقسمہ کی آمدنی پر ٹیکس کٹوتی کا فارم

ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

پہلی منزل C-40، بلاک -6،

پی. ای. سی. ایچ. ایس،

کراچی -75400

تاریخ: _____

آپ کو مزید یاد دہانی کرائی جاتی ہے کہ انکم ٹیکس کے آرڈیننس 2001 کے سیکشن 150 کے تحت اور فنانس ایکٹ 2017 کے مطابق منافع منقسمہ کی آمدنی پر وہ ہولڈنگ ٹیکس ”فائلر“ اور ”نان فائلر“ شیئر ہولڈرز سے بالترتیب 15% اور 20% کے حساب سے وصول کیا جائے گا۔

فیڈرل بورڈ آف ریونیو کی وضاحت کے مطابق پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈر (ز) کی صورت میں وہ ہولڈنگ ٹیکس کا تعین علیحدہ علیحدہ ان کے فائلر/نان فائلر کی بنیاد پر اور جوائنٹ اکاؤنٹ میں ان کی شیئر ہولڈنگ کے تناسب کے اعتبار سے کیا جائے گا۔

ایسے تمام شیئر ہولڈرز جن کے اکاؤنٹ جوائنٹ شیئر ہولڈر (ز) کے ساتھ ہیں ان سے درخواست کی جاتی ہے کہ وہ اکاؤنٹ میں پرنسپل اور جوائنٹ شیئر ہولڈر (ز) کے شیئرز کے تناسب کی تفصیلات شیئر رجسٹر اٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل C-40، بلاک -6، پی. ای. سی. ایچ. ایس، کراچی -75400 کو تحریری طور پر فراہم کریں۔

پرنسپل اور جوائنٹ شیئر ہولڈر (ز) کے یونی لیور پاکستان لمیٹڈ میں شیئرز کی تفصیلات بمعہ ان کے شیئر ہولڈنگ کے تناسب سے درج ذیل ہیں۔

جوائنٹ شیئر ہولڈر (ز)		پرنسپل شیئر ہولڈر		مجموعی شیئرز	فولیو/ CDS اکاؤنٹ نمبر
نام اور CNIC نمبر	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)	نام اور CNIC نمبر	شیئر ہولڈنگ کا تناسب (شیئرز کی تعداد)		

میں یہ اقرار کرتا/کرتی ہوں کہ مندرجہ بالا فراہم کردہ معلومات درست ہیں اور مذکورہ بالا تفصیلات میں کسی بھی قسم کی تبدیلی کی صورت میں، جیسے ہی وہ واقع ہوں، میں کمپنی اور اس کے شیئر رجسٹر اٹو کو فوری طور پر تحریری صورت میں مطلع کروں گا/کروں گی۔

ممبر کا دستخط: _____

نام: _____

جوائنٹ شیئر ہولڈر کا دستخط: _____

جوائنٹ شیئر ہولڈر کا دستخط: _____

نام: _____

نام: _____

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 69th Annual General Meeting of the Company to be held on April 19, 2018 and / or any adjournment thereof.

Signed this _____ day of _____ 2018.

Witness 1:

Signature: _____

Name: _____

CNIC #: _____

Address : _____

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

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

Witness 2:

Signature of Member(s)

Signature: _____

Shareholder's Folio No.: _____

Name: _____

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

CNIC #: _____

and Sub- Account No.: _____

Address : _____

Shareholder's CNIC #: _____

Note:

- The Member is requested to:
 - affix Revenue Stamp of Rs. 5/- at the place indicated above.
 - sign across the Revenue Stamp in the same style of signature as is registered with the Company.
 - write down his/her/their Folio Number.
 - attach an attested photocopy of their valid Computerised National Identity Card / Passport / Board Resolution and the copy of valid CNIC of the proxy, with this proxy form before submission.
- In order to be valid, this Proxy must be received at the Registered Office of the Company at least 48 hours before the time fixed for the Meeting, duly completed in all respects.
- Shareholders or their Proxies should bring their original valid Computerized National Identity Card or original Passport for their identification.
- Detailed procedure is given in the Notes to the Notice of AGM.

پراکسی فارم

جناب سیکریٹری صاحب
یونی لیور پاکستان لمیٹڈ
آواری بلازہ، فاطمہ جناح روڈ
کراچی۔ 75530، پاکستان۔

میں/ہم _____ ولد/خاوند _____
یونی لیور پاکستان لمیٹڈ کا شیئر ہولڈر ہوں اور _____ عمومی/ترجیحی شیئرز کی تحویل رکھتا ہوں، میں بذریعہ ہذا
جناب/محترمہ _____ ولد/خاوند _____،
سی این آئی سی نمبر: _____ جو تعلق میں میرے _____ ہیں (رشتہ داری واضح کریں
اگر کوئی ہو یہ حکومتی ضابطوں کے تحت درکار ہے) یہ کمپنی میں _____ عمومی/ترجیحی شیئرز،
فونیو نمبر _____ کے تحت رکھتے ہیں [یہ حکومتی ضابطوں کے تحت درکار ہے، پراکسی کے شیئر ہولڈر نہ ہونے کی صورت میں کراس (X) لگا دیں] کو اپنا
پراکسی (مختار) نامزد کرتا/کرتی ہوں جو میری/ہماری جانب سے کمپنی کے 69 ویں سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کے اہل ہیں۔ جو کہ
19 اپریل 2018 کو یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقدہ ہوگا۔

آج بتاریخ _____ 2018 کو دستخط کیا۔

گواہ نمبر 1:

(دستخط کمپنی کے پاس رجسٹر کردہ دستخط

کے جیسا ہونا چاہیے)

5 روپے کارسیدی ٹکٹ
چسپاں کر کے دستخط کریں

ممبر (ز) کا/کے دستخط:

دستخط: _____

نام: _____

سی این آئی سی نمبر: _____

پتہ: _____

گواہ نمبر 2:

دستخط: _____

نام: _____

سی این آئی سی نمبر: _____

پتہ: _____

نوٹ:

(1) ممبر سے درخواست ہے کہ:

(i) درج بالا واضح کردہ جگہ پر 5 روپے کارسیدی ٹکٹ چسپاں کریں۔

(ii) رسیدی ٹکٹ پر دستخط کریں جیسے کہ کمپنی کے ریکارڈ میں ہیں۔

(iii) اپنا فونیو نمبر لکھیں۔

(iv) شیئر ہولڈر (ز) کے کارآمد سی این آئی سی / پاسپورٹ / بورڈ کی قرارداد اور پراکسی کے کارآمد سی این آئی سی کی تصدیق شدہ کاپی فارم

کے ساتھ منسلک کریں۔

(2) باضابطہ مکمل شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں اجلاس کے وقت سے 48 گھنٹے قبل موصول ہو جانا چاہیے۔

(3) شیئر ہولڈر (ز) اور ان کے پراکسیز سے درخواست ہے کہ سالانہ اجلاس میں شرکت کے وقت شناخت کے لیے وہ اپنا اصل کارآمد شناختی کارڈ یا

اصل کارآمد پاسپورٹ دکھائیں۔

(4) تفصیلی طریقہ کار سالانہ اجلاس عام کی اطلاع کے نوٹس میں درج ہے۔

	Share Capital		Reserves			Total	
	Issued, subscribed and paid up capital	Share premium	Capital	Contingency	Revenue	Sub Total	
			Arising under schemes of arrangements for amalgamations		Unappropriated profit		
	(Rupees in thousand)						
Balance as at January 1, 2016	669,477	-	70,929	321,471	2,616,924	3,009,324	3,678,801
Total comprehensive income for the year ended December 31, 2016							
- Profit for the year ended December 31, 2016	-	-	-	-	10,165,756	10,165,756	10,165,756
- Other comprehensive income for the year ended December 31, 2016	-	-	-	-	(7,393)	(7,393)	(7,393)
	-	-	-	-	10,158,363	10,158,363	10,158,363
Transactions with owners of the Company							
Issue of ordinary shares	4,748	1,419,592	-	-	-	1,419,592	1,424,340
Dividend for the year ended December 31, 2015							
- On cumulative preference shares @ 5% per share	-	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 163.00 per share	-	-	-	-	(2,166,901)	(2,166,901)	(2,166,901)
Dividend for the year ended December 31, 2016							
- First interim dividend on ordinary shares @ Rs. 627.00 per share	-	-	-	-	(8,394,793)	(8,394,793)	(8,394,793)
Balance as at December 31, 2016	674,225	1,419,592	70,929	321,471	2,213,354	4,025,346	4,699,571
Total comprehensive income for the year ended December 31, 2017							
- Profit for the year ended December 31, 2017	-	-	-	-	13,192,485	13,192,485	13,192,485
- Other comprehensive income for the year ended December 31, 2017	-	-	-	-	5,132	5,132	5,132
Transactions with owners of the Company							
- Issue of ordinary shares	-	-	-	-	13,197,617	13,197,617	13,197,617
Dividend for the year ended December 31, 2016							
- On cumulative preference shares @ 5% per share	-	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 165.00 per share	-	-	-	-	(2,209,156)	(2,209,156)	(2,209,156)
Dividend for the year ended December 31, 2017							
- First interim dividend on ordinary shares @ Rs. 580.00 per share	-	-	-	-	(7,765,519)	(7,765,519)	(7,765,519)
Dividend for the year ended December 31, 2017							
- Second interim dividend on ordinary shares @ Rs. 371.00 per share	-	-	-	-	(4,967,254)	(4,967,254)	(4,967,254)
Balance as at December 31, 2017	674,225	1,419,592	70,929	321,471	468,803	2,280,795	2,955,020

ان چیلنجز کے باوجود ہماری قوت ایک مضبوط برانڈ، جدید اشیاء، تحقیق و نشوونما کی قابلیت اور عالمی مہارت پر مشتمل ہے۔ ہمارا مقصد مستقل طور پر اپنے کنزیومر کو بہتر پروڈکٹ فراہم کرنا ہے۔ اسے حاصل کرنے کیلئے ہم مستقل طور پر ملک میں ترقی اور بہترین ٹیلنٹ پر انحصار کریں گے۔

برائے بورڈ

شازیہ سید

چیئر پرسن و چیف ایگزیکٹو آفیسر

27 فروری، 2018

توثیقی بیان

ہمارے لوگ ہماری مستحکم ترقی کا اہم کردار ہیں اور ہمارے ڈائریکٹرز ان کی کاوشوں کو سراہتے ہیں۔ ہم اپنے تمام کنزیومرز اور صارفین کا ہماری برانڈز پر بھروسہ کرنے کیلئے شکرگزار ہیں۔ ہم اپنے سٹیئر ہولڈرز کے بھی ان کی سپورٹ اور ہماری انتظامیہ پر اعتماد کرنے کیلئے مشکور ہیں۔

کاروباری خطرات اور مستقبل پر نظر

کاروبار کا ماحول خاصہ مشکل ہے۔ اقتصادی حالات، ٹیکس چوری اور جعلی اشیاء سے کمپنی کو ابھی بھی خطرہ لاحق ہے، خصوصاً چائے کے شعبے میں۔

ڈائریکٹرز کا ایکشن 2017 AGM میں منعقد کیا گیا تھا اور موجودہ ڈائریکٹرز کی مدت 18 اپریل 2020 کو ختم ہوگی۔

محترم عمار نصیر 31 دسمبر 2017 کو کمپنی کے سیکریٹری اور ڈائریکٹر کے عہدے سے مستعفی ہوئے ہیں۔ بورڈ کی اس پوسٹ کو پر کرنے کے لیے محترم امان گھانچی کو یکم جنوری 2018 سے کمپنی سیکریٹری اور ڈائریکٹر تعینات کیا گیا ہے۔

لمحہ کمپنیز اور مقررہ مالیاتی اسٹیٹمنٹس

مقررہ مالیاتی اسٹیٹمنٹ بابت یونی لیور گروپ جو کہ کمپنی اور اپنے متعلقین میسرز لیور کیمیکلز (پرائیویٹ) لمیٹڈ، میسرز لیور ایسوسی ایٹڈ پاکستان ٹرسٹ (پرائیویٹ) لمیٹڈ اور میسرز صادق (پرائیویٹ) لمیٹڈ جنہیں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے لیٹ نمبر CLD/CCD/Co.237(8)/6/2016/1926 مورخہ 29 نومبر 2017 کے تحت دیئے گئے اسٹیٹمنٹ کی وجہ سے شامل نہیں کیا گیا ہے جو کہ کمپنیز ایکٹ 2017 کے سیکشن 228 کے تحت ضروری تھی۔ اس سال کے دوران کمپنیوں میں کوئی اہم کاروباری پیش رفت نہیں ہوئی۔

اندرونی ضوابط

اندرونی ضابطے کا نظام اپنی تشکیل میں مضبوط ہے اور اس پر موثر انداز میں نگرانی اور عمل درآمد کی جاتی ہے۔

ہولڈنگ کمپنی

اپنی تمام متعلقین کے توسط سے یونی لیور اور سیز ہولڈنگ لمیٹڈ UK(UOHL)، یونی لیور PLC، جو برطانیہ میں مقیم ہے۔ وہ ایک ہولڈنگ کمپنی ہے اور یونی لیور پاکستان لمیٹڈ میں اس کے 99.10% حصص ہیں۔

آڈیٹرز

آڈیٹرز KMPG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کا تقرر 31 دسمبر 2017 تک کیا گیا تھا۔

بورڈ نے KMPG تاثیر ہادی اینڈ کمپنی کی سال 2018 کیلئے کمپنی کے آڈیٹرز کے طور پر تقرری کی سفارش کی ہے جس کا انحصار اگلی ہونے والی میٹنگ 19 اپریل 2018 میں شیئر ہولڈرز کی منظوری سے ہوگا۔

حصہ لیا اور 2016 میں یہ مقابلہ جیتنے والوں نے لندن میں پاکستان کی نمائندگی کی۔

● سال 2017 میں ہم نے اپنے شراکت داروں کے ساتھ تعاون کرتے ہوئے کراچی، لاہور اور اسلام آباد میں رمضان زکوٰۃ مہم کے ذریعے سالانہ عطیات میں اضافہ کیا۔ اس حوالے سے 43 بل بورڈ مفت میں فراہم کئے گئے۔ ہمارے شراکت داروں میں سٹیزن فاؤنڈیشن، آغا خان یونیورسٹی ہسپتال، لیٹن رحمہ اللہ ہینڈولینٹ ٹرسٹ، دی کنڈی سینٹر اور SIUT شامل ہیں۔

● ہم نے اس سال بھی نیاجیون کے ساتھ اپنی شراکت داری جاری رکھی تاکہ تھرڈ پارٹی سروس فراہم کرنے والے اور ان کے ملازمین کی صحت، بیمہ اور بچوں کی تعلیم سے متعلق حوصلہ افزائی کی جائے۔

ملازمین کی شرکت:

ہمارے لوگ پائیدار ترقی میں یقین رکھتے ہیں اور سال کے دوران منعقد ہونے والے رضا کارانہ پروگرامز میں ان کی شرکت اس بات کی واضح دلیل ہے۔ ہمارے ملازمین نے سال بھر مالی سپورٹ، مہارت کی ترقی اور رضا کارانہ وقت کے طور پر مختلف اداروں سے تعاون کیا۔ ہمارے ملازمین نے ایمپلائی پے رول پروگرام کے تحت مستحق بچوں تک بہتر صحت، تعلیم اور خوراک کی رسائی کے لیے سٹیزن فاؤنڈیشن، آغا خان یونیورسٹی ہسپتال اور ورلڈ فوڈ پروگرام کے ساتھ 2 ملین سے زائد کا تعاون کیا۔

ریٹائرمنٹ کے فوائد میں سرمایہ کاری:

کمپنی کے مالیاتی سال کے گوشوارے 31 دسمبر 2017 کے تحت اسٹاف ریٹائرمنٹ فنڈ سے درج ذیل سرمایہ کاری کی ہے:

ملین روپے	یونین پاکستان پرائیویٹ فنڈ
1,390	یونین پاکستان پرائیویٹ فنڈ
1,120	DC پنشن فنڈ
83	یونی لیور پنشن پلان
2	یونی لیور گریجویٹ پلان
88	یونی لیور نان ایجنٹ اسٹاف گریجویٹ فنڈ
2,683	ٹوٹل:
2,511	ٹوٹل - 2016

ڈائریکٹرز:

مندرجہ ذیل شخصیات کمپنی کے ڈائریکٹرز ہیں:

- محترمہ شاز یہ سید (چیئر پرسن اور سی ای او)
- جناب سہیل حنیف بیگ (سی ایف او)
- جناب عامر پراچہ
- جناب عمار نصیر (31 دسمبر 2017 کو مستعفی ہو گئے)
- جناب امان گھانچی (یکم جنوری 2018 کو منتخب ہوئے)



ہماری کوششیں معاشرے پر مثبت اثرات میں اضافے سے مستحکم ترقی کے لیے جاری ہیں۔ اس کے پیش نظر ہم اپنے صارفین، کسٹمرز، سپلائرز، بزنس اور سوشل پارٹنرز کے ساتھ مستقبل کے لیے نئی شراکت داری اور الحاق پر یقین رکھتے ہیں، اس سوچ کے پیچھے یونیورسٹی فاؤنڈیشن ہے تاکہ لوگوں کی زندگیوں میں ترقی لانے میں معاون ہو اور اس تعلق سے ہماری آنے والی نسلوں کے لیے روشن مستقبل کی راہ ہموار ہو۔

2017 کے دوران ہمارے فلاحی کام بشمول:

i. کارپوریٹ سماجی بھلائی: مبلغ 10 بلین روپے

- پسماندہ علاقوں میں تعلیم کی بہتر رسائی ممکن بنانے کے لیے ہمارے اقدامات درج ذیل ہیں:
- سٹیٹن فاؤنڈیشن اسکولز (TCF) کی امداد
- پبلک پرائیویٹ پارٹنرشپ سے سرکاری اسکولز کی امداد
- کمیونٹی اسکولز میں ملازمین کی جانب سے رضا کارانہ سرگرمیاں
- کم پڑھے لکھے اسٹاف کے لیے بہتر تعلیمی مواقع کی فراہمی

ii. کمیونٹی میں سرمایہ کاری اور فلاحی کام: مبلغ 292 ملین روپے

- لائف بوائے شہری اور دیہی علاقوں کے اسکول پروگرامز میں بچوں کو 15 اہم مواقع پر صابن سے تھو دھونے کی اہمیت کے بارے میں تعلیم دینا رہا۔ لائف بوائے نے اپنے پرفیکٹ ویلج پروگرام کے ذریعے ملک کے دیہی علاقوں کے صارفین میں صحت اور صفائی کی بہتری کے لیے کام جاری رکھا ہوا ہے۔
- اس کے علاوہ لائف بوائے ایک سماجی تنظیم صحت کہانی کے ساتھ شراکت داری سے پسماندہ دیہی علاقوں میں صحت کی سہولیات کے لیے کام کر رہا ہے، جس میں وڈیو کانگ ٹیکنالوجی کے ذریعے سند یافتہ ماہر ڈاکٹرز سے رہنمائی لی جاتی ہے۔ اس مقصد کے لیے موبائل کلینک بھی قائم کئے گئے ہیں۔ جہاں مستحق افراد کو مفت طبی سہولیات فراہم کی جاتی ہیں۔

لائف بوائے نے رحیم چرن میں جہاں پر پاکستان میں بچوں کی شرح اموات زیادہ ہے، فلاحی کام جاری رکھا ہوا ہے اس سلسلے میں میٹرٹی کلینک کھولے گئے ہیں اور پانی کی آسان دستیابی کیلئے ہینڈ پمپس لگائے گئے ہیں اور اسکولز میں تھو دھونے کی عادت سے متعلق پروگرام کئے گئے ہیں۔

- پونڈ میریکل جرنی خواتین کی فلاح کے لیے سرگرم عمل ہے اور کئی طرح کے چیلنجز کے باوجود اپنی ذاتی اور پیشہ ورانہ زندگی کو جاری رکھنے والی خواتین کی ہمت افزائی میں پیش پیش ہے۔ یہی وہ خواتین ہیں جنہیں دیگر خواتین اپنا ماڈل سمجھتی ہیں اور انہیں اپنی صلاحیتوں کو نکھارنے کا حوصلہ ملتا ہے۔

- فیبر اینڈ لوی (FAL) فاؤنڈیشن مستقل طور پر تعلیم میں خواتین کے لئے مساوی مواقع پیدا کر رہا ہے اور مستقبل کیلئے اسکالرشپ، پیشہ ورانہ تربیت اور کاروباری سرمایہ فراہم کر رہا ہے اس حوالے سے 60 مستحق خواتین اسکالرز کے ساتھ تعاون کیا گیا تاکہ اس پروگرام کے ذریعے ان کی زندگیوں میں بہتری آسکے۔

- سپریم چائے نے رمضان المبارک میں ایک مہم کے ذریعے فلاحی شراکت داروں کے ساتھ فنڈ جمع کرنے میں تعاون کیا۔ سپریم چائے نے خانیوال میں ایک میڈیکل ڈپنٹری کے ساتھ انتظامی تعاون بھی جاری رکھا ہوا ہے۔

- پلٹن نے دی سٹیٹن فاؤنڈیشن کے ساتھ شراکت داری سے مالیاتی مسائل کے شکار کام کرنے پر مجبور بچوں کو تعلیم کے بہتر مواقع فراہم کئے۔
- بلوینڈن اسپیشل اوپیکس پاکستان کے ساتھ شراکت داری سے ’بڈی اور میں‘ پروگرام کا انعقاد کیا، اسپیشل اوپیکس ایک ایسا ادارہ ہے جو معذوروں میں کھیل کی ترقی اور تربیت کا اہتمام کرتا ہے، کھیلوں کے اس پروگرام سے معاشرے میں موجود تمام طبقات کے بچوں کے چناؤ سے ان میں بھائی چارے کی فضا قائم ہوئی۔

- Wall's نے ٹرائیکس پروگرام کے ذریعے 4,300 افراد کو روزگار کے مواقع فراہم کئے۔ Wall's اکیڈمی کا قیام بھی عمل میں لایا گیا تاکہ ایک ممتاز بزنس ماڈل کے ذریعے طلباء میں کاروباری سوجھ بوجھ پیدا کی جاسکے۔

- گڈی باجی پروگرام دیہی خواتین کو پیشہ ورانہ تربیت اور کاروباری سوجھ بوجھ کی آگاہی فراہم کر رہا ہے اس سے نہ صرف ان کی آمدنی میں اضافہ ہو رہا ہے بلکہ وہ دیگر خواتین کے لیے بھی ایک نمونہ کے طور پر سرگرم عمل ہیں۔ اس پروگرام میں اس سال بھی 500 مزید خواتین کو شامل کیا گیا اور اب اس سے فائدہ اٹھانے والی خواتین کی تعداد 4,900 تک پہنچ گئی ہے۔

- رہبر ڈسٹری بیوٹر پروگرام دیہی علاقوں کے رہنے والے افراد کو ملازمت کے مواقع فراہم کرتا ہے اور اس طرح ہماری ڈسٹری بیوٹن ملک کے آخری کونے تک پہنچ جاتی ہے۔ اس اقدام سے اب تک 175 باصلاحیت مرد حضرات کو روزگار دیا جا چکا ہے۔

iii. دیگر اقدامات: مبلغ 70.8 بلین روپے

- یونیورسٹی ہسٹ ایک ایسا پلیٹ فارم ہے جہاں سے ملک کے نوجوانوں کی حوصلہ افزائی کی جاتی ہے تاکہ وہ اپنی موجودہ مہارت میں وسعت پیدا کر سکیں۔ اس چیلنج میں جیتنے والوں کو فوچر لیڈرز لیگ کے نام سے ایک عالمی فورم پر یونیورسٹی پاکستان کو پیش کرنے کا موقع ملتا ہے۔ 2017 میں 2,300 سے زائد شرکاء نے اس مقابلے میں

ڈائریکٹرز کی جائزہ رپورٹ برائے سال 2017

ہماری کاروباری کارکردگی کا خلاصہ

ڈائریکٹرز نے کمپنی کی سالانہ رپورٹ برائے 31 دسمبر 2017 اور کمپنی کے تشخیص شدہ مالیاتی گوشوارے پیش کئے ہیں۔

کمپنی کے بنیادی امور

کمپنی گھوڑیلو اور پرسنل کیئر پروڈکٹس، ہیوریز، سٹیکس، کیمری کریم اور اسپرٹس، تیار کرنے اور اس کی فروخت میں مصروف عمل ہے۔

کاروباری جائزہ

2017 میں کاروبار نے مقدار میں اضافے کی بدولت 11.8 فیصد ترقی کی۔ ہمارے بعد از ٹیکس منافع میں 29.8 فیصد اضافہ رہا۔

اہم مالیاتی جھلکیاں:

2016	2017	
		روپے بلین میں
77,222	86,320	سیلز
35,297	39,702	مجموعی منافع
14,519	17,930	آپریٹنگ منافع
14,234	17,587	ٹیکس سے پہلے منافع
10,166	13,192	ٹیکس کے بعد منافع
759	986*	EPS basic (روپے)

EPS* برائے 2017 سال کے اختتام پر موجود شیئرز کی تعداد کی بنیاد پر ہے۔

منافع منقسمہ (ڈیویڈنڈ)

کمپنی کے بورڈ آف ڈائریکٹرز نے حتمی نقد منافع منقسمہ مبلغ 0 روپے فی حصص کی سفارش کی ہے جبکہ دوران سال عبوری منافع 951 روپے فی حصص پہلے ہی دیا جا چکا ہے اس تناسب سے 2017 کے لئے کل ڈیویڈنڈ 951 روپے (2016: 792 روپے) (نی آڈٹری شیئرز بحساب 50 روپے فی شیئر ڈیویڈنڈ کی صورت میں کل منافع منقسمہ 97% فیصد بنتا ہے۔ (2016: 104 فیصد)

بنیادی خطرات اور غیر یقینی حالات

کمپنی کو درج ذیل بنیادی خطرات کا سامنا ہے:

- جی ڈی پی کی شرح سے کم ٹیکس، بڑھتا ہوا مالیاتی خسارہ اور خسارے میں جانے والے پبلک سیکٹرز اور ایجنسیوں میں ناکامی کا خطرہ پیدا کیا ہوا ہے، اس کے نتیجے میں ٹیکس لینے پر دباؤ بڑھے گا اور خاص طور پر منظم اداروں پر سختی بڑھ جائے گی۔
- حکومت کی طرف سے لیے گئے بہت زیادہ قرضوں کے سبب نجی شعبے اور ترقیاتی امور میں سرمایہ کاری کم ہو رہی ہے۔ مرکزی بینک کی جانب سے ضابطے کے اقدامات اٹھائے جانے سے غیر ملکی زرمبادلہ متاثر ہونے کا خطرہ ہے۔ نتیجتاً ہمارے پرنسپل کو آف شور ادارائیگیوں میں تاخیر ہونے کا خدشہ ہے۔

- ٹیکس وصولی سے متعلق عدالتی احکامات تجارت پر اثر انداز ہو سکتے ہیں۔ مزید برآں 18 ویں ترمیم کے حوالے سے بھی قانونی چارہ جوئی میں دائرہ کار یا اس کی تقسیم کے مسائل بھی کھڑے ہو سکتے ہیں۔

ہمارے ملازمین:

ہمارا یہ کامل یقین ہے کہ ہمارے ملازمین ہمارا اثاثہ ہیں۔ با معنی کرداروں، مشکل امور کی تفویض اور بین الاقوامی سطح کا سیکھنے کا ماحول ملازمین کی صلاحیتوں کے کھلانے کے ساتھ ہمارے لیے ایک با مقصد ادارے کی راہ ہموار کرتا ہے۔ دیانت دارانہ تبادلہ خیال، سکھانے اور سیکھنے کا ماحول ہمارے ملازمین اور کاروبار کی ترقی کا باعث ہیں۔ 2017 میں ایمپلائز آف چوائس (پسنیدہ آجر) کے حوالے سے AC Nielsen کی طرف سے ہمیں پہلی پوزیشن سے سرفراز کیا گیا جو مسلسل ایک دہائی سے ہم جیت رہے ہیں۔

کاروباری امور میں افرادی تنوع اور شمولیت ہمارے کاروبار کے لیے بہت اہم ہیں۔ خواتین ملازمین ہمارے ادارے کا ناگزیر حصہ ہیں اور کمپنی کی مختلف ذمہ داریوں میں ماہر ناز کردار ادا کر رہی ہیں۔ Unilever Future Leaders Program (UFLP) کمپنی کا ممتاز پلیٹ فارم ہے جہاں پر ملک کے باصلاحیت جوانوں کو ملازمت کے مواقع میسر آتے ہیں۔ UFLP کو دیگر شاندار گریجویٹ پروگراموں میں شامل ہونے کا درجہ حاصل ہے۔

اس سال ہم نے 13 UFLs (Unilever Future Leaders) بھرتی کئے جن میں 54 فیصد خواتین ہیں۔ ہمارے جامع کاروباری ایجنڈا کے تحت، ہم اسپیشل لوگوں کی بھرتی کے لیے کوشاں ہیں۔

مزید برآں، ہم اپنے ملازمین کی صحت اور معیار زندگی میں بہتری لانے کے لیے ہمیشہ سے کوشاں ہیں۔ کمپنی نے اس حوالے سے کئی طرح کے اقدامات اٹھائے جن میں کام کرنے کی جگہ پرورش کی سہولیات، ڈے کیئر سہولیات، یوگا کلاسز اور کھانے پینے کی صحت مند متبادل موجود ہیں۔ ہم Agile Working کو ترویج دیتے ہیں اور زندگی میں توازن کے قیام کے لیے Maternity اور Paternity چھٹیاں بھی یقینی بناتے ہیں۔

کمپنی میں ہمارا کردار:

UPL مستحکم کاروباری روایات کی کوششوں میں USLP (Unilever Sustainable Living Plan) کے تحت سرگرم عمل ہے۔ اپنے برانڈز اور آپریٹنگ کے ذریعے ہر ایک کے لیے خوشحال زندگی کا نظریہ لیے سرگرم عمل ہے۔ مثبت معاشرتی اثرات سے کاروباری ترقی کے ہمارے عزم نے USLP کو ہماری عالمی اور پاکستانی منصوبہ بندی کے عین مطابق سچ کر دکھایا ہے۔