



United Brands
Limited



Focusing Success

Half Yearly Report
December 31, 2015 (Un-audited)

Contents

| | |
|--|---|
| Company Information | 2 |
| Directors' Report | 3 |
| Auditors' Report | 4 |
| Condensed Interim Balance Sheet | 5 |
| Condensed Interim Profit and Loss Account | 6 |
| Condensed Interim Cash Flow Statement | 7 |
| Condensed Interim Statement of Changes in Equity | 8 |
| Notes to the Condensed Interim Financial Information | 9 |

Company Information

BOARD OF DIRECTORS

| | |
|---------------------------|-------------------------|
| Mr. Rashid Abdulla | Chairman |
| Mr. Asad Abdulla | Chief Executive Officer |
| Mr. Munis Abdullah | Director |
| Mr. Ayaz Abdulla | Director |
| Mr. Syed Nadeem Ahmed | Director |
| Mr. Zubair Razzak Palwala | Director |
| Mr. Hasan Tariq Khan | Director |

AUDIT COMMITTEE

| | |
|---------------------------|----------|
| Mr. Hasan Tariq Khan | Chairman |
| Mr. Zubair Razzak Palwala | Member |
| Mr. Syed Nadeem Ahmed | Member |

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Syed Atik Ali

AUDITORS

A.F. Ferguson & Company, Chartered Accountants

LEGAL ADVISOR

Raja Qasit Nawaz Khan

BANKERS

Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silkbank Limited
Meezan Bank Limited

REGISTERED OFFICE

8th Floor, NIC Building, Abbasi Shaheed Road, Karachi-75530
Tel: 35683944-6, 35675111-7, Fax: 35635530, 35682772

SHARE REGISTRAR

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, SMCHS
Shahra-e-Faisal, Karachi - 74400

Directors' Review Report to the Shareholders

The Board of Directors of United Brands Limited are pleased to present the Directors' Report together with the reviewed condensed interim financial information of the Company for the half year ended December 31, 2015. These condensed interim financial information is submitted in accordance with the section 245 of the Companies Ordinance, 1984.

| | December 31, | |
|------------------------------------|-------------------------|---------|
| | 2015 | 2014 |
| | ----- Rupees '000 ----- | |
| Revenue | 776,604 | 792,357 |
| Gross Profit | 109,856 | 109,049 |
| GP as % of Revenue | 14.15% | 13.76% |
| Expenses | 95,791 | 101,856 |
| Profit Before taxation | 14,065 | 7,193 |
| Profit After taxation | 5,937 | 3,928 |
| Earnings per share (Re. per share) | 0.55 | 0.36 |

FINANCIAL OVERVIEW

The overall operating performance of the Company remained satisfactory during the period under review. Slight decline in net turnover was observed in the period under review at 1.99% and recorded at Rs. 776.6 million as against Rs. 792.4 million for the same period last year. Despite of slight decrease in turnover Gross Profit has increased due to decrease in cost of sales, further decrease in administrative and distribution costs due to better planning and expense control initiative has resulted increase in Net profit by 51.15%.

EARNINGS PER SHARE

Earnings per share for the six-month period ended December 31, 2015 at Rs. 0.55 is higher by Rs. 0.19 per share as compared to the corresponding period last year (Dec 2014: Rs. 0.36 per share).

FUTURE OUTLOOK

The management is optimistic in maintaining excellent results in future as our sales force is continuously focusing on providing high quality premium products to all the potential customers. We are confident that we can generate increased value for shareholders as well as deliver better products and services to our customers.

ACKNOWLEDGMENT

The Directors would like to express their gratitude to the Customers, Bankers and other Stakeholders for their continued support and encouragement and also place on record the appreciation of the valuable services rendered by the employees of the Company.

Place: Karachi
Date: February 19 2016


Asad Abdulla
Chief Executive



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of United Brands Limited as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Karachi

Date:

Name of Engagement Partner: Farrukh Rehman

Condensed Interim Balance Sheet

As at December 31, 2015

| | | (Unaudited) December 31, 2015 | (Audited) June 30, 2015 |
|---|---|-------------------------------------|-------------------------------|
| | | ----- Rupees '000 ----- | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 1,522 | 2,007 |
| Intangible assets | | 356 | 83 |
| Long term deposits | | 177 | 177 |
| | | <u>2,055</u> | <u>2,267</u> |
| Current assets | | | |
| Stock-in-trade | | 530,062 | 428,072 |
| Trade debts | | 68,035 | 38,227 |
| Advances | | 7,209 | 7,185 |
| Short term prepayments | | 1,269 | - |
| Other receivables | 6 | 201,078 | 163,050 |
| Refunds due from government - sales tax | | 26,829 | 11,735 |
| Taxation - payments less provisions | | 10,156 | 7,654 |
| Cash and bank balances | | 84,054 | 63,219 |
| | | <u>928,692</u> | <u>719,142</u> |
| Total assets | | <u><u>930,747</u></u> | <u><u>721,409</u></u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 108,000 | 108,000 |
| Accumulated loss | | (35,370) | (30,507) |
| | | <u>72,630</u> | <u>77,493</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 7 | 790,178 | 615,218 |
| Short term borrowings - domestic supplier finance | | 67,939 | 28,698 |
| | | <u>858,117</u> | <u>643,916</u> |
| Total equity and liabilities | | <u><u>930,747</u></u> | <u><u>721,409</u></u> |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Asad Abdulla
 Chief Executive


Zubair Razzak Palwala
 Director

Condensed Interim Profit and Loss Account - (Unaudited)

For the half year ended December 31, 2015

| | Note | Quarter ended | | Half year ended | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| | | December 31, 2015 | December 31, 2014 | December 31, 2015 | December 31, 2014 |
| ----- Rupees '000 ----- | | | | | |
| Revenue | 8 | 399,494 | 464,498 | 776,604 | 792,357 |
| Cost of sales | | (341,991) | (396,608) | (666,748) | (683,308) |
| Gross profit | | 57,503 | 67,890 | 109,856 | 109,049 |
| Distribution cost | | (35,481) | (34,462) | (66,571) | (56,245) |
| Administrative expenses | | (10,557) | (12,642) | (24,064) | (20,285) |
| Other expenses | | (338) | (19,714) | (1,353) | (19,890) |
| Other income | | 56 | 924 | 56 | 948 |
| Operating profit | | 11,183 | 1,996 | 17,924 | 13,577 |
| Finance cost | | (1,451) | (3,405) | (3,859) | (6,384) |
| Profit before taxation | | 9,732 | (1,409) | 14,065 | 7,193 |
| Taxation | | (5,106) | (427) | (8,128) | (3,265) |
| Profit after taxation | | 4,626 | (1,836) | 5,937 | 3,928 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive Income | | 4,626 | (1,836) | 5,937 | 3,928 |
| Basic and diluted earnings per share (Rupees) | | Rs. 0.43 | (Rs. 0.17) | Rs. 0.55 | Rs. 0.36 |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Asad Abdulla
 Chief Executive


Zubair Razzak Palwala
 Director

Condensed Interim Statement of Cash Flows- (Unaudited)

For the half year ended December 31, 2015

| | December 31, 2015 | December 31, 2014 |
|---|-------------------------|----------------------|
| Note | ----- Rupees '000 ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash generated from operations | 9 7,147 | 34,959 |
| Finance cost paid | (3,859) | (5,695) |
| Income tax paid | (10,630) | (8,699) |
| Increase in long term deposits | - | (202) |
| Net cash (used in) / generated from operating activities | <u>(7,342)</u> | <u>20,363</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (166) | (382) |
| Acquisition of intangible assets | (273) | - |
| Return on term deposit | 36 | - |
| Net cash used in investing activities | (403) | (382) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Short term borrowings - domestic supplier finance | 39,241 | (61,699) |
| Dividend paid | (10,661) | (10,520) |
| Net cash generated from / (used in) financing activities | 28,580 | (72,219) |
| Net increase / (decrease) in cash and cash equivalents | <u>20,835</u> | <u>(52,238)</u> |
| Cash and cash equivalents at the beginning of the period | 63,219 | 108,470 |
| Cash and cash equivalents at the end of the period | <u>84,054</u> | <u>56,232</u> |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Asad Abdulla
 Chief Executive


Zubair Razzak Palwala
 Director

Condensed Interim Statement of Changes in Equity - (Unaudited)

For the half year ended December 31, 2015

| | Share Capital | Accumulated Loss | Total |
|--|-------------------------|---------------------|---------------|
| | ----- Rupees '000 ----- | | |
| Balance as at July 1, 2014 | 108,000 | (31,955) | 76,045 |
| Final dividend for the year ended June 30, 2014 @ Re. 1 per share | - | (10,800) | (10,800) |
| Profit for the half year ended December 31, 2014 | - | 3,928 | 3,928 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | 3,928 | 3,928 |
| Balance at December 31, 2014 | <u>108,000</u> | <u>(38,827)</u> | <u>69,173</u> |
| Balance as at July 1, 2015 | 108,000 | (30,507) | 77,493 |
| Final dividend for the year ended June 30, 2015 @ Re. 1 per share | - | (10,800) | (10,800) |
| Profit for the half year ended December 31, 2015 | - | 5,937 | 5,937 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | 5,937 | 5,937 |
| Balance at December 31, 2015 | <u>108,000</u> | <u>(35,370)</u> | <u>72,630</u> |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Asad Abdulla
 Chief Executive


Zubair Razzak Palwala
 Director

Notes to the Condensed Interim Financial Information - (Unaudited)

For the half year ended December 31, 2015

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Company Act, 1913. The Company was renamed as UDL Industries Limited on March 16, 1987 under the Companies Ordinance, 1984. The company was again renamed as United Brands Limited, a public limited company on April 5, 2006 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 8th Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

The Company is a subsidiary of International Brands Limited, which is the Company's ultimate parent also.

The principal activities of the Company are trading and distribution of consumer goods, pharmaceutical and allied products.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2015.

2.1 Changes in accounting standards, interpretations and pronouncements

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after January 1, 2015 that may have an impact on the financial statements of the Company.

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

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangement, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

Notes to the Condensed Interim Financial Information - (Unaudited)

For the half year ended December 31, 2015

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2015.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2015.

| | (Unaudited) December 31, 2015 | (Audited) June 30, 2015 |
|--|-------------------------------------|-------------------------------|
| 5. PROPERTY, PLANT AND EQUIPMENT | ----- Rupees '000 ----- | ----- Rupees '000 ----- |
| Operating assets - note 5.1 | <u>1,522</u> | <u>2,007</u> |
| | December 31, 2015 | December 31, 2014 |
| 5.1. Additions to operating assets during the period were as follows: | ----- Rupees '000 ----- | ----- Rupees '000 ----- |
| Office Equipments | - | 242 |
| Computers - owned | <u>166</u> | <u>140</u> |
| | <u><u>166</u></u> | <u><u>382</u></u> |

Notes to the Condensed Interim Financial Information - (Unaudited)
For the half year ended December 31, 2015

| | (Unaudited) December 31, 2015 | (Audited) June 30, 2015 |
|---|--|-------------------------------------|
| | ----- Rupees '000 ----- | |
| 6. OTHER RECEIVABLES - unsecured | | |
| Considered good | | |
| - Related parties - note 6.1 | 63,539 | 60,420 |
| - Others - note 6.2 | 137,539 | 102,630 |
| | <u>201,078</u> | <u>163,050</u> |
| 6.1. | This represents amount receivable from IBL Operations (Private) Limited. The Company has an agreement with IBL Operations (Private) Limited regarding sharing of expenses relating to sales and administrative infrastructure. | |
| 6.2. | This represents receivable from Johnson & Johnson Pakistan (Private) Limited in respect of stock claims, expenses and others. | |
| 7. TRADE AND OTHER PAYABLES | | |
| | These include Rs. 0.2 million (June 2015: Rs. 1.2 million) payable to related parties. | |
| | (Unaudited) December 31, 2015 | (Unaudited) December 31, 2014 |
| | ----- Rupees '000 ----- | |
| 8. REVENUE | | |
| Gross Sales | 942,364 | 964,105 |
| Less: | | |
| Trade discounts | (27,020) | (25,271) |
| Sales return | (3,481) | (4,052) |
| | <u>911,863</u> | <u>934,782</u> |
| Less: Sales tax | (135,259) | (142,425) |
| | <u>776,604</u> | <u>792,357</u> |

Notes to the Condensed Interim Financial Information - (Unaudited)

For the half year ended December 31, 2015

| | December 31, 2015 | December 31, 2014 |
|--|----------------------|----------------------|
| | ----- Rupees '000 | ----- |
| 9. CASH GENERATED FROM OPERATIONS | | |
| Profit before taxation | 14,065 | 7,193 |
| Adjustment for non-cash charges and other items | | |
| Depreciation | 651 | 1,227 |
| Finance cost | 3,859 | 5,798 |
| Return on term deposit | (36) | - |
| | <u>4,474</u> | <u>7,025</u> |
| Profit before changes in working capital | 18,539 | 14,218 |
| Effect on cash flow due to working capital changes | | |
| (Increase) / decrease in current assets: | | |
| Stock-in-trade | (101,990) | (38,024) |
| Trade debts | (29,808) | (11,685) |
| Advances | (24) | 289 |
| Short term prepayments | (1,269) | (594) |
| Other receivables | (38,028) | (127,835) |
| Refunds due from government - sales tax | (15,094) | 11,169 |
| | <u>(186,213)</u> | <u>(166,680)</u> |
| Increase in trade and other payables | 174,821 | 187,421 |
| Cash generated from operations | <u><u>7,147</u></u> | <u><u>34,959</u></u> |

10. TRANSACTIONS WITH RELATED PARTIES

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

| Nature of relationship | Nature of transactions | (Unaudited) December 31, 2015 | (Unaudited) December 31, 2014 |
|--------------------------------|--|-------------------------------------|-------------------------------------|
| | | ----- Rupees '000 | ----- |
| i. Holding company | Dividend paid | 10,381 | 10,381 |
| ii. Associated companies | - Purchases | - | 54,079 |
| | - Sale of goods | 776 | 237 |
| | - Shared Costs | 23,217 | 27,797 |
| iii. Employees' Provident Fund | Contribution paid | - | 953 |
| iv. Key Management Personnel | -Salaries and other employee benefits | 20,256 | 7,504 |
| | -Fee for attending meetings to Directors | 160 | 13 |

Notes to the Condensed Interim Financial Information - (Unaudited)

For the half year ended December 31, 2015

11. CORRESPONDING FIGURES

The corresponding year figure has been reclassified for the purpose of appropriate presentation:

| Reclassification from | Reclassification to | Rupees '000 |
|-------------------------|---------------------|---------------|
| Administrative expenses | Other expenses | <u>19,477</u> |

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on February 19, 2016.



Asad Abdulla
Chief Executive



Zubair Razzak Palwala
Director



8th Floor, NIC Building, Abbasi
Shaheed Road, Karachi-75530
Tel: 35683944-6, 35675111-7,
Fax: 35635530, 35682772,
www.ubrandz.biz