

Striving For **PROGRESS**



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Company Information

BOARD OF DIRECTORS

Mr. Rashid Abdulla	Chairman
Mr. Arshad Anis	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	Independent Director

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Zubair Razzak Palwala	Chairman
Mr. Arshad Anis	Member
Mr. Ayaz Abdulla	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Syed Atik Ali

AUDITORS

A.F. Ferguson & Company, Chartered Accountants

LEGAL ADVISOR

Saleem & Khan Law Associates

BANKERS

Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silkbank Limited
Meezan Bank Limited
Al Baraka Bank Limited
Habib Metropolitan 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

WEBSITE

www.ubrandz.biz

Directors' Report to the Shareholders

The Board of Directors of United Brands Limited are pleased to present the Directors' Report together with the condensed interim financial information (unaudited) of the Company for the six months ended December 31, 2016. This condensed financial information (unaudited) is submitted in accordance with section 245 of the Companies Ordinance, 1984.

Summary and comparison of Financial Performance

	December 31, 2016	December 31, 2015
	-----Rupees in '000-----	
Revenue	704,919	776,604
Gross profit	151,415	109,856
Gross profit as a percentage of revenue	21.48%	14.15%
Operating profit	56,426	17,924
Profit after taxation	25,726	5,937

FINANCIAL OVERVIEW

The Company has shown tremendous growth in terms of overall profitability. Despite decrease in revenue by Rs. 71.7 million that is 9% decline as compared to December 31, 2015, the improvement in gross margin percentage has resulted in better net profitability.

The gross profit of the Company has improved significantly by 7%. The main reason for improvement is revision in the trade prices of J&J locally purchased products, complete benefit of which was availed by United Brands Limited. Furthermore, new business lines i.e. Ovaltine, Twinings and Schick contributed in Gross Profit growth due to high margin. Furthermore, finance cost has reduced by 21%, Rs. 0.799 million in absolute figures.

Since United Brands Limited has shown a profitable base in last period, the same trend is continued in the current period, income tax is now based on total profit before tax due to complete utilization of tax losses. This has resulted in increasing the tax expenses by Rs. 19.5 million for the period which is 240% increase as compared to the comparative period.

The above contributions have together resulted in increasing the bottom line which is Rs. 19.8 million versus December 2015 period and in terms of percentage of revenue the current period's net profit after tax is 3.65% as to net sales which was only 0.76% of total net sales in last period (December 31, 2015).

EARNINGS PER SHARE

Earnings per share for the half year ended December 31, 2016 are Rs. 2.38 (December 31, 2015: Rs. 0.55).

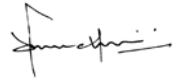
FUTURE OUTLOOK

The management is looking forward to significant future growth in United Brands Limited. We are focused on enhancing current businesses and tapping new opportunities. Launching of new business line 'AXE' and diversity in Johnson & Johnson, Lindt, Twinings, Schick and Ovaltine business in current period are all the efforts and strategies that sums up the situation for increasing the wealth of our shareholders.

ACKNOWLEDGMENT

The Directors would like to express their gratitude to the customers, principals, employees 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.

Karachi.
Date: February 23, 2017



Arshad Anis
Chief Executive Officer

چونکہ یونائیٹڈ برانڈز لمیٹڈ نے گزشتہ مدت کے دوران ایک منافع بخش بنیاد ظاہر کی تھی اور یہ ہی رجحان موجودہ مدت میں جاری رہا ہے اور انکم ٹیکس کا اب انحصار مجموعی منافع جات قبل از ٹیکس پر ہے جس کی وجہ ٹیکس خسارہ جات کا مکمل استعمال کرنا ہے۔ اس کے نتیجے میں ٹیکس اخراجات میں اس مدت کیلئے ۱۹.۵ ملین روپے تک کا اضافہ ہوا جو اس مستقبلاتی مدت کے مقابلے میں ۲۴۰ فیصد اضافہ ہے۔

مذکورہ بالا کنٹریپوہنز نے اس کے ساتھ دسمبر ۲۰۱۵ء کی مدت کے برخلاف خالص منافع میں اضافہ کیا جو ۱۹.۸ ملین روپے ہے اور آمدنی کی فیصدی شرح کے لحاظ سے رواں مدت کے خالص منافع جات خالص سیلز کے لحاظ سے بعد از ٹیکس ۳۶.۶۵ فیصد ہیں جو گزشتہ مدت (۳۱ دسمبر ۲۰۱۵ء) میں مجموعی خالص سیلز کا صرف ۶.۷۶ فیصد تھے۔

آمدنی فی شیئر

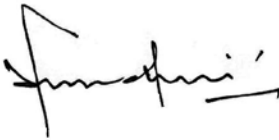
۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والی ششماہی کیلئے آمدنی فی شیئر ۳۸ روپے رہی (۳۱ دسمبر ۲۰۱۵ء: ۵۵.۰۶)۔

مستقبل پر ایک نظر

انتظامیہ یونائیٹڈ برانڈز لمیٹڈ میں آئندہ مسلسل ترقی کی خواہش ہے۔ ہم اپنے موجودہ کاروبار اور نئے مواقع تلاش کرنے پر توجہ دے رہے ہیں۔ نئی برنس لائن "AXE" کا تعارف اور رواں مدت کے دوران جانسن اینڈ جانسن، لینڈٹ (Lindt) ٹوٹکنگ، شک (Schick) اور اولٹین کے کاروبار میں نئی سمتوں میں توسیع وہ تمام کوششیں اور حکمت عملیاں ہیں جو ہمارے شیئر ہولڈرز کے اثاثوں میں توسیع کیلئے صورتحال کو بہتر بنائیں گی۔

اعتراف

ڈائریکٹرز اپنے صارفین، پرنسپلز، ملازمین اور دیگر شیئر ہولڈرز کے مستقل تعاون اور حوصلہ افزائی پر ان کے مشکور ہیں اور کمپنی کے ملازمین کی جانب سے انجام دی گئی بے مثال خدمات پر انہیں خراج تحسین پیش کرتے ہیں۔



ارشاد نیس

چیف ایگزیکٹو آفیسر

کراچی:

۲۳ فروری ۲۰۱۷ء

ڈائریکٹرز کی رپورٹ برائے کمپنی کے شیئر ہولڈرز

یونائیٹڈ برانڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے مجموعی عبوری مالیاتی حسابات (غیر آڈٹ شدہ) مع اپنی رپورٹ پیش کر رہے ہیں۔ یہ مجموعی مالیاتی حسابات (غیر آڈٹ شدہ) کمپنیز آرڈیننس ۱۹۸۴ کی دفعہ ۲۲۵ کے مطابق جمع کرا دی گئی ہیں۔

سمری اور مالیاتی کارکردگی کا خلاصہ

31 دسمبر
2015

31 دسمبر
2016

(روپے، ہزاروں میں)

776,604	704,919	آمدنی
109,856	151,415	مجموع منافع جات
14.15%	21.48%	مجموعی منافع جات کی شرح بہ نسبت آمدنی
17,924	56,426	آپریٹنگ منافع جات
5,937	25,726	منافع بعد از ٹیکس

مالیاتی کارکردگی

کمپنی نے مجموعی منافع جات کے لحاظ سے شاندار ترقی ظاہر کی۔ آمدنی میں ۷،۷۱ ملین روپے کی کمی کے باوجود، جو کہ ۳۱ دسمبر ۲۰۱۵ء کے مقابلے میں ۹ فیصد کم ہے، مجموعی مارجن فیصدی شرح بہتر ہونے کے نتیجے میں بہتر خالص منافع جات حاصل ہوئے۔

کمپنی کا مجموعی منافع بتدریج ۷ فیصد تک بڑھا۔ بہتری کی بنیادی وجہ جے اینڈ جے کی مقامی سطح پر خریدی گئی مصنوعات کے تجارتی زرخوں میں نظر ثانی تھی جس کا مکمل فائدہ یونائیٹڈ برانڈز لمیٹڈ نے حاصل کیا، مزید برآں نئی برنس لائنز مثلاً اولٹیم، ٹونگاز اور شک (Schick) نے بلند مارجن کے باعث مجموعی شرح منافع میں بھرپور شراکت داری کی۔ مزید برآں فنانس کی لاگت حقیقی اعداد و شمار میں ۲۱ فیصد یعنی ۹۹ ملین روپے تک کم ہو گئی۔



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, 2016 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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, 2016 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: February 27, 2017

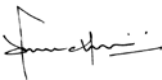
Name of Engagement Partner: Farrukh Rehman

Condensed Interim Balance Sheet

As at December 31, 2016

		(Unaudited) December 31, 2016	(Audited) June 30, 2016
	Note	Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	5	943	1,005
Intangible assets		393	373
Long term deposits		114	114
		<u>1,450</u>	<u>1,492</u>
Current assets			
Stock-in-trade		642,987	436,549
Trade debts		104,537	74,201
Advances		30,614	5,582
Short term prepayments		822	-
Other receivables	6	144,144	233,118
Refunds due from government - sales tax		20,863	9,989
Taxation - payments less provisions		19,960	5,096
Cash and bank balances		66,186	55,363
		<u>1,030,113</u>	<u>819,898</u>
Total assets		<u><u>1,031,563</u></u>	<u><u>821,390</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		108,000	108,000
Unappropriated profit / (Accumulated loss)		12,860	(12,866)
		<u>120,860</u>	<u>95,134</u>
Liabilities			
Current liabilities			
Trade and other payables	7	910,703	726,256
Total equity and liabilities		<u><u>1,031,563</u></u>	<u><u>821,390</u></u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Arshad Anis
Chief Executive Officer



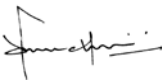
Zubair Razzak Palwala
Director

Condensed Interim Profit And Loss Account - (Unaudited)

For The Half Year Ended December 31, 2016

	Note	Quarter ended		Half year ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
----- Rupees '000 -----					
Revenue	8	381,443	399,494	704,919	776,604
Cost of sales		(295,950)	(341,991)	(553,504)	(666,748)
Gross profit		85,493	57,503	151,415	109,856
Distribution cost		(33,772)	(35,481)	(64,575)	(66,571)
Administrative expenses		(11,644)	(10,557)	(22,326)	(24,064)
Other expenses		(7,114)	(338)	(8,088)	(1,353)
Other income		-	56	-	56
Operating profit		32,963	11,183	56,426	17,924
Finance cost		(2,783)	(1,451)	(3,060)	(3,859)
Profit before taxation		30,180	9,732	53,366	14,065
Taxation		(20,095)	(5,106)	(27,640)	(8,128)
Profit after taxation		10,085	4,626	25,726	5,937
Other comprehensive income		-	-	-	-
Total comprehensive Income		10,085	4,626	25,726	5,937
Basic and diluted earnings per share (Rupees)		<u>Rs. 0.93</u>	<u>Rs. 0.43</u>	<u>Rs. 2.38</u>	<u>Rs. 0.55</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Arshad Anis
Chief Executive Officer



Zubair Razzak Palwala
Director

Condensed Interim Statement of Cash Flows- (Unaudited)

For The Half Year Ended December 31, 2016

December 31, December 31,
2016 2015
Note ----- Rupees '000 -----

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	9	56,508		7,147
Finance cost paid		(3,060)		(3,859)
Income tax paid		(42,504)		(10,630)
Net cash generated from / (used in) operating activities		10,944		(7,342)

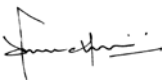
CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment		(90)		(166)
Acquisition of intangible assets		(20)		(273)
Return on term deposit		-		36
Net cash used in investing activities		(110)		(403)

CASH FLOWS FROM FINANCING ACTIVITIES

Short term borrowings - domestic supplier finance		-		39,241
Dividend paid		(11)		(10,661)
Net cash (used in) / generated from financing activities		(11)		28,580
Net increase in cash and cash equivalents		10,823		20,835
Cash and cash equivalents at the beginning of the period		55,363		63,219
Cash and cash equivalents at the end of the period		66,186		84,054

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Arshad Anis
Chief Executive Officer



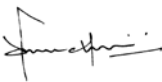
Zubair Razzak Palwala
Director

Condensed Interim Statement of Changes in Equity - (Unaudited)

For The Half Year Ended December 31, 2016

	Share Capital	(Accumulated Loss)/ unappropriated profit ----- Rupees '000 -----	Total
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>
Balance as at July 1, 2016	108,000	(12,866)	95,134
Profit for the half year ended December 31, 2016	-	25,726	25,726
Other comprehensive income	-	-	-
Total comprehensive income	-	25,726	25,726
Balance at December 31, 2016	<u>108,000</u>	<u>12,860</u>	<u>120,860</u>

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.



Arshad Anis
Chief Executive Officer



Zubair Razzak Palwala
Director

Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 31, 2016

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.L 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, 2016 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, 2016.

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, 2016 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

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provides clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 31, 2016

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

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

Except as stated above, 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.

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

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual periods beginning on or after January 1, 2017. However, these amendments do not have any significant impact on financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

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, 2016.

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, 2016.

Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 31, 2016

	Unaudited December 31, 2016 ----- Rupees '000 -----	Audited June 30, 2016
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 5.1	<u>943</u>	<u>1,005</u>
	December 31, 2016 ----- Rupees '000 -----	December 31, 2015
5.1. Additions to operating assets during the period were as follows:		
Office Equipments	90	-
Computers - owned	<u>-</u>	<u>166</u>
	<u>90</u>	<u>166</u>
	Unaudited December 31, 2016 ----- Rupees '000 -----	Audited June 30, 2016
6. OTHER RECEIVABLES		
Considered good		
- Related parties - note 6.1	1,795	-
- Others - note 6.2	<u>142,349</u>	<u>233,118</u>
	<u>144,144</u>	<u>233,118</u>
6.1. This represents receivable from The Searle Company Limited in respect of stock claims, expenses and others.		
6.2. This represents receivable from Johnson & Johnson Pakistan (Private) Limited & Johnson & Johnson Middle East FZ LLC in respect of stock claims, expenses and others.		
7. TRADE AND OTHER PAYABLES		
These include Rs. 150.13 million (June 2016: Rs. 179 million) payable to related parties.		
	Unaudited December 31, 2016 ----- Rupees '000 -----	Unaudited December 31, 2015
8. REVENUE		
Gross Sales	876,943	942,364
Less:		
Trade discounts	(54,583)	(27,020)
Sales return	<u>(4,833)</u>	<u>(3,481)</u>
	817,527	911,863
Less: Sales tax	<u>(112,608)</u>	<u>(135,259)</u>
	<u>704,919</u>	<u>776,604</u>

Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 31, 2016

	December 31, 2016	December 31, 2015
	----- Rupees '000 -----	
9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	53,366	14,065
Adjustment for non-cash charges and other items		
Depreciation	153	651
Finance cost	3,060	3,859
Return on term deposit	-	(36)
	<u>3,213</u>	<u>4,474</u>
Profit before changes in working capital	56,579	18,539
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stock-in-trade	(206,438)	(101,990)
Trade debts	(30,336)	(29,808)
Advances	(25,032)	(24)
Short term prepayments	(822)	(1,269)
Other receivables	88,974	(38,028)
Refunds due from government - sales tax	(10,874)	(15,094)
	<u>(184,528)</u>	<u>(186,213)</u>
Increase in trade and other payables	184,457	174,821
Cash generated from operations	<u><u>56,508</u></u>	<u><u>7,147</u></u>

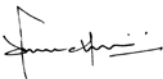
10. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	(Unaudited)	(Unaudited)
		December 31, 2016	December 31, 2015
----- Rupees '000 -----			
i. Holding company	- Dividend paid	-	10,381
	- Corporate shared services	1,200	1,200
ii. Associated companies	- Purchases	42,690	-
	- Sale of goods	542	776
	- Shared costs	24,021	23,217
iii. Employees' Provident Fund	Contribution paid	2,325	-
iv. Key Management Personnel	- Salaries and other employee benefits	14,071	20,256
	- Fee for attending meetings to Directors	318	160

11. 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 23, 2017.



Arshad Anis
Chief Executive Officer



Zubair Razzak Palwala
Director



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