

Striving For **PROGRESS**



Contents

Company Information	02
Directors' Report to the Members	03
Directors' Report to the Members (Urdu)	06
Condensed Interim Balance Sheet	07
Condensed Interim Profit and Loss Account - (Unaudited)	08
Condensed Interim Statement of Comprehensive Income - (Unaudited)	09
Condensed Interim Statement of Cash Flows - (Unaudited)	10
Condensed Interim Statement of Changes in Equity - (Unaudited)	11
Notes to the Condensed Interim Financial Information - (Unaudited)	12

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	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. Shariq Ahmed

Head of Internal Audit

Mr. Muhammad Ali Rasheed

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 Members

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 quarter and nine months period ended March 31, 2017. These financial statements have been prepared in accordance with the requirement of International Accounting Standard IAS 34 - 'Interim Financial Reporting' and the provision of the directives issued under the Companies Ordinance, 1984. In case where requirement differ, the provisions of directives issued under the Companies Ordinance, 1984 have been followed.

Summary and comparison of Financial Performance

	Nine months ended	
	March 31, 2017	March 31, 2016
	-----Rupees in '000-----	
Revenue	990,891	1,154,447
Gross profit	202,496	174,342
Gross profit as a percentage of revenue	20%	15%
Operating profit	60,074	39,942
Profit after taxation	16,334	25,843

FINANCIAL OVERVIEW

Revenue of the Company has declined by Rs. 164 million, 14% decline as compared to same period last year (i.e. March 31, 2016).

Gross profit as a percentage of revenue has improved by 5%. The main reason for improvement in gross profit is increase in trade prices of Johnson and Johnson (J&J) locally purchased products, complete benefit of which was availed by the Company. Furthermore, new business lines Schick and Unilever contributed in Gross Profit growth due to high margins. Finance cost has reduced by 36%, Rs. 1.86 million in absolute figures.

In the current year, business model of J&J which is major contributor to the Company's business has changed from local to import and has led to change in tax regime from NTR to FTR resulting in overall increase of 3.3 % in tax expenses as a percentage of revenue for the current period. Further in previous year, all accumulated tax losses were absorbed and hence profits from local sales are taxed at 31% in the current period ended March 31, 2017.

EARNINGS PER SHARE

Earnings per share for the nine months period ended March 31, 2017 is Rs. 1.51 (March 31, 2016: Rs. 2.39).

FUTURE OUTLOOK

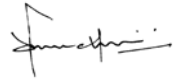
Currently, the focus of the management is to recover the dip in revenue caused by product portfolio of J&J. The management is confident that the Company can survive and regain its position towards the betterment. Secondly, addition of brands like Red Bull, Pringles, Kellogg's, Heinz, Mars and Wrigley will add to both top and bottom line and will result in overall growth of the Company.

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: April 26, 2017



Arshad Anis
Chief Executive Officer

سال رواں میں بے اینڈجے کا کاروباری ماڈل، جو کہ کمپنی کے کاروبار کا مرکزی شراکت کار ہے، مقامی سے امپورٹ میں تبدیل ہوا اور ٹیکس کے طریقہ کار میں این ٹی آر (NTR) سے ایف ٹی آر (FTR) میں تبدیلی آئی جس کے نتیجے میں رواں مدت کیلئے آمدنی کے فیصدی کے طور پر ٹیکس کے اخراجات میں مجموعی طور پر ۳۶ فیصد کا اضافہ ہوا۔ علاوہ ازیں گزشتہ سال میں تمام اکٹھے کئے گئے ٹیکس نقصانات اس میں جذب کر لئے گئے تھے اور لہذا مقامی فروخت سے منافع جات پر ۳۱ مارچ ۲۰۱۷ء کو ختم ہونے والی رواں مدت میں ۳۱ فیصد ٹیکس ادا کیا گیا۔

آمدنی فی شیئر

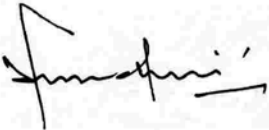
۳۱ مارچ ۲۰۱۷ء کو ختم ہونے والی ۹ ماہ کی مدت کیلئے آمدنی فی شیئر ۵۱ء روپے رہی (۳۱ مارچ ۲۰۱۶ء: ۲۶۳۹ء)۔

مستقبل پر ایک نظر

موجودہ طور پر انتظامیہ بے اینڈجے کی پروڈکٹ پورٹ فولیوں کے ذریعے آمدنی میں ہونے والی کمی کو پورا کرنے پر توجہ مرکوز کئے ہوئے ہے۔ انتظامیہ پر اعتماد ہے کہ کمپنی اپنا مقام برقرار رکھے گی اور بہتری کے ضمن میں اپنا مقام دوبارہ حاصل کر لے گی دوسری بات یہ ہے کہ برانڈز مثلاً ریڈ بول (Red Bull)، پرنگلز (Pringles)، کیلوگنز (Kellogg's)، ہینز (Heinz)، مارس (Mars) اور رینگلے (Wrigley) کا اضافہ اوپر سے نچلی سطح پر مفید ہوگا اور اس سے کمپنی کو مجموعی طور پر ترقی حاصل ہوگی۔

اعتراف

ڈائریکٹرز اپنے صارفین، پرنسپلز، ملازمین اور دیگر اسٹیک ہولڈرز کا ان کے مستقل تعاون اور حوصلہ افزائی پر ان کا شکریہ ادا کرتے ہیں اور کمپنی کے ملازمین کی جانب سے انجام دی گئی قابل قدر خدمات پر انہیں خراج تحسین پیش کرتے ہیں۔



ارشاد نیس

چیف ایگزیکٹو آفیسر

کراچی:

۲۶ اپریل ۲۰۱۷ء

ڈائریکٹرز کی رپورٹ برائے ممبران

یونائیٹڈ برانڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت ۳۱ مارچ ۲۰۱۷ء کو ختم ہونے والی سہ ماہی اور ۹ ماہ کی مدت کیلئے ڈائریکٹرز کی رپورٹ بشمول کمپنی کے مجموعی عبوری مالیاتی حسابات (غیر آڈٹ شدہ) پیش کر رہے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ IAS 34 عبوری مالیاتی رپورٹنگ اور کمپنیز آرڈیننس ۱۹۸۴ کے تحت جاری ہدایات کی شقوں کے مطابق تیار کئے گئے ہیں۔ جہاں کہیں بھی ہدایات کی شقوں میں فرق آیا، تو کمپنیز آرڈیننس ۱۹۸۴ کو ترجیح دی گئی۔

مالیاتی کارکردگی کی سمری اور موازنہ

نوماہ مختتمہ

31 مارچ

31 مارچ

2016

2017

(روپے، ہزاروں میں)

آمدنی	990,891	1,154,447
مجموع منافع	202,496	174,342
مجموعی منافع بطور آمدنی کا فیصدی	20%	15%
آپریٹنگ منافع	60,074	39,942
منافع بعد از ٹیکس	16,334	25,843

مالیاتی کارکردگی

کمپنی کی آمدنی ۱۶۳ ملین روپے تک کم ہوئی۔ گزشتہ سال کی اسی مدت (یعنی ۳۱ مارچ ۲۰۱۶ء) کے مقابلے میں ۱۴ فیصد کمی آئی۔

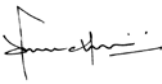
کمپنی کی آمدنی کے فیصدی کی حیثیت سے مجموعی منافع ۵ فیصد تک بہتر ہو گیا۔ مجموعی منافع جات میں بہتری کی بنیادی وجہ جانسن اینڈ جانسن (J&J) کی مقامی خرید کردہ مصنوعات کے تجارتی نرخوں میں اضافہ تھا جس کا مکمل فائدہ یونائیٹڈ برانڈز لمیٹڈ نے حاصل کیا، مزید برآں نئی کاروباری لائسنز (Schick) اور یونی لیور (Unilever) نے زائد مارجنز کے باعث مجموعی منافع بڑھانے میں بھرپور شراکت کی۔ سرمایہ کاری کی مالیت حقیقی اعداد و شمار میں ۳۶ فیصد یعنی ۱۷۸۶ ملین روپے تک کمی آئی۔

Condensed Interim Balance Sheet

As at March 31, 2017

		(Unaudited) March 31, 2017	(Audited) June 30, 2016
	Note	-----Rupees '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	892	1,005
Intangible assets		392	373
Long term deposits		114	114
		<u>1,398</u>	<u>1,492</u>
Current assets			
Stock-in-trade	5	639,857	436,549
Trade debts		112,220	74,201
Advances		274,920	5,582
Short term prepayments		32,124	-
Other receivables		142,411	233,118
Refunds due from government - sales tax		24,788	9,989
Taxation - payments less provisions		27,144	5,096
Cash and bank balances		22,046	55,363
		<u>1,275,510</u>	<u>819,898</u>
Total assets		<u>1,276,908</u>	<u>821,390</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		108,000	108,000
Unappropriated profit / (Accumulated loss)		3,468	(12,866)
		<u>111,468</u>	<u>95,134</u>
Liabilities			
Current liabilities			
Short term borrowings - domestic supplier finance		-	-
Trade and other payables		1,165,440	726,256
		<u>1,165,440</u>	<u>726,256</u>
Total equity and liabilities		<u>1,276,908</u>	<u>821,390</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial information.



Arshad Anis
Chief Executive Officer



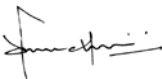
Zubair Razzak Palwala
Director

Condensed Interim Profit And Loss Account - (Unaudited)

For the quarter and nine months ended March 31, 2017

	Note	Quarter Ended		Nine Months Ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
----- Rupees '000 -----					
Revenue	6	285,973	377,842	990,891	1,154,447
Cost of sales		(234,891)	(313,357)	(788,395)	(980,105)
Gross profit		51,082	64,485	202,496	174,342
Distribution cost		(33,362)	(28,685)	(97,458)	(92,126)
Administrative expenses		(10,764)	(12,110)	(33,570)	(39,304)
Other expenses		(1,280)	(1,673)	(11,394)	(2,970)
Operating profit		5,676	22,017	60,074	39,942
Finance cost		(2,255)	(1,292)	(3,286)	(5,151)
Profit before taxation		3,421	20,725	56,788	34,791
Taxation		(12,813)	(820)	(40,454)	(8,948)
Profit after taxation		(9,392)	19,905	16,334	25,843
Earnings per share		(0.87)	1.84	1.51	2.39

The annexed notes from 1 to 8 form an integral part of these condensed interim financial information.



Arshad Anis
Chief Executive Officer



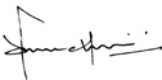
Zubair Razzak Palwala
Director

Condensed Interim Statement of Comprehensive Income - (Unaudited)

For the quarter and nine months ended March 31, 2017

	Quarter Ended		Nine Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees in '000 -----			
Profit for the period	(9,392)	19,905	16,334	25,843
Other Comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>(9,392)</u>	<u>19,905</u>	<u>16,334</u>	<u>25,843</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial information.



Arshad Anis
Chief Executive Officer



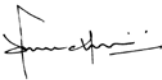
Zubair Razzak Palwala
Director

Condensed Interim Statement of Cash Flows - (Unaudited)

For the nine months ended March 31, 2017

		March 31, 2017	March 31, 2016
	Note	----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used) from operations	7	32,610	(14,856)
Finance cost paid		(62,503)	(14,955)
Income tax paid		(3,286)	(5,151)
Net cash used in operating activities		<u>(33,179)</u>	<u>(34,962)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(119)	(266)
Acquisition of intangible assets		(19)	(290)
Net cash used in investing activities		<u>(138)</u>	<u>(556)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - domestic supplier finance		-	30,596
Dividend paid		-	(10,800)
Net cash generated from financing activities		-	19,796
Net decrease in cash and cash equivalents		<u>(33,317)</u>	<u>(15,722)</u>
Cash and cash equivalents at the beginning of the period		55,363	63,219
Cash and cash equivalents at the end of the period		<u>22,046</u>	<u>47,497</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial information.



Arshad Anis
Chief Executive Officer



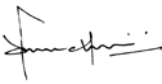
Zubair Razzak Palwala
Director

Condensed Interim Statement of Changes in Equity - (Unaudited)

For the nine months ended March 31, 2017

	Share Capital	(Accumulated loss) /Unappropriated Profit	Total
----- Rupees '000 -----			
Balance as at July 1, 2015	108,000	(30,507)	77,493
Profit for the nine months ended March 31, 2016	-	25,843	25,843
Other comprehensive income	-	-	-
Total comprehensive income	-	25,843	25,843
Final dividend for the year ended June 30, 2015 @ Re. 1 per share	-	(10,800)	(10,800)
Balance at March 31, 2016	<u>108,000</u>	<u>(15,464)</u>	<u>92,536</u>
Balance as at July 1, 2016	108,000	(12,866)	95,134
Final dividend for the year ended June 30, 2016 @ Re. 1 per share	-	-	-
Profit for the nine months ended March 31, 2017	-	16,334	16,334
Other comprehensive income	-	-	-
Total comprehensive income	-	16,334	16,334
Balance at March 31, 2017	<u>108,000</u>	<u>3,468</u>	<u>111,468</u>

The annexed notes from 1 to 8 form an integral part of these condensed interim financial information.



Arshad Anis
Chief Executive Officer



Zubair Razzak Palwala
Director

Notes To The Condensed Interim Financial Information - (Unaudited)

For the quarter and nine months ended March 31, 2017

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, NIC 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 and allied products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These condensed interim financial statements of the Company for the nine months ended March 31, 2017 have 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.

These condensed interim financial statements do not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statement of the Company for the year ended June 30, 2016. These condensed interim financial statements are unaudited.

2.2 Accounting policies

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended June 30, 2016.

3 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

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

Estimates and judgments made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended June 30, 2016.

Notes To The Condensed Interim Financial Information - (Unaudited)

For the quarter and nine months ended March 31, 2017

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2017	Audited June 30, 2016
	----- Rupees '000 -----	
Operating Fixed Assets	<u>892</u>	<u>1,005</u>

Following are additions to property, plant and equipment:

Office Equipment	28	-
Computers - owned	<u>182</u>	<u>215</u>
	<u>210</u>	<u>215</u>

5. STOCK IN TRADE

Stock-in-Trade	682,530	456,034
Less: 'Provision for expired/ damaged stock	<u>(42,673)</u>	<u>(19,485)</u>
	<u>639,857</u>	<u>436,549</u>

Unaudited March 31, 2017	Unaudited March 31, 2016
----- Rupees '000 -----	

6. REVENUE

Gross Sales	1,103,120	1,192,219
Less:		
Trade discounts	(98,398)	(31,148)
Sales return	<u>(13,831)</u>	<u>(6,624)</u>
	<u>990,891</u>	<u>1,154,447</u>

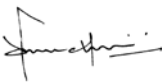
Notes To The Condensed Interim Financial Information - (Unaudited)

For the quarter and nine months ended March 31, 2017

	Unaudited March 31, 2017	Unaudited March 31, 2016
	----- Rupees in '000 -----	
7. CASH GENERATED FROM OPERATIONS		
Profit before taxation	56,788	34,791
Adjustment for non-cash items		
Depreciation	233	1,247
Finance cost	3,286	5,151
	3,519	6,398
Profit before changes in working capital	60,307	41,189
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stock-in-trade	(203,308)	(200,891)
Trade debts	(38,019)	(53,857)
Advances	(269,338)	(13,458)
Short term prepayments	(32,124)	(668)
Other receivables	90,707	(40,714)
Refunds due from government - sales tax	(14,799)	6,102
	(466,881)	(303,486)
Increase in current liabilities		
Trade and other payables	439,184	247,441
Cash generated / (used) from operations	32,610	(14,856)

8. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were approved and authorized for issue by the Board of Directors of the Company on April 26, 2017.



Arshad Anis
Chief Executive Officer



Zubair Razzak Palwala
Director



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