



UNITED BRANDS  
LIMITED



FOCUSING  
SUCCESS

Half Yearly Report December 31, 2017 (Un-Audited)





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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. Asad Abdulla	Director
Mr. Zubair Razzak Palwala	Director
Mr. Hasan Tariq Khan	Director

## AUDIT COMMITTEE

Mr. Hasan Tariq Khan	Chairman
Mr. Zubair Razzak Palwala	Member
Mr. Ayaz Abdulla	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

## INTERNAL AUDITORS

Grant Thornton Anjum Rahman, Chartered Accountants

## EXTERNAL 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  
Bank Al-Habib 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.ubrands.biz](http://www.ubrands.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, 2017. This condensed financial information (unaudited) is prepared in accordance with Section 227 of the Companies Act, 2017.

## PRINCIPAL ACTIVITIES

United Brands Limited is involved in sales and distribution of Fast Moving Consumer Goods. The product portfolio includes but is not limited to baby and personal care range, chocolates, powdered milk, sweetener, beverages, cereals, deodorants, cosmetics, chewing gums and others.

## SUMMARY AND COMPARISON OF FINANCIAL PERFORMANCE FOR THE PERIOD

	December 31, 2017	December 31, 2016
	Rupees in '000	
Revenue	1,795,418	704,919
Gross profit	487,316	151,415
Gross profit (% of revenue)	27.14%	21.48%
Operating profit	141,733	56,426
Profit after taxation	9,407	25,726

## FINANCIAL OVERVIEW

The Company has shown tremendous growth in terms of revenue but its overall profitability has declined as compared to same period last year. Revenue has increased by Rs. 1,090 million that is 155% increase as compared to the comparative period.

New Business lines such as RedBull, Kellogg's, L'Oréal, Mars, Heinz, Pringles, Wrigley, Axe, DuPont and IFFCO have cumulatively added Rs. 1,420 million to the revenue whereas sales of Johnson & Johnson declined by Rs. 324 million due to discontinuation of number of SKUs from the portfolio. However, we are confident that J&J's lost share will be recovered and sales will increase from next quarter onwards. This will be possible as some of the discontinued SKUs will again be available with the renewed support from J&J.

Gross profit as a percentage of revenue has improved from 21.48% to 27.14% for the current period as compared to the comparative period. The reason for such increase is the addition of new business lines with higher gross margin and through revision of trade prices of certain products. Total expenses have increased by Rs. 250 million due to increase in business lines and marketing expenses of RedBull. Further freight expenses have also increased due to increase in sales. Finance cost has increased by Rs. 54 million due to mark-up charges paid against banking facilities availed to pay-off foreign principal's liabilities and the loan obtained from IBL Operations (Private) Limited.

Due to recent increase in the Dollar rate in December '2017, exchange loss of Rs. 20 million has been booked in the current period for the retranslation of unpaid foreign liability.

The above charges have together resulted in decreasing the bottom line by Rs. 16.3 million as compared to the comparative period, which has subsequently reduced the net profit margin from 3.6% to 0.5%.

# Directors' Report to the Shareholders

## EARNINGS PER SHARE

Earnings per share for the six months ended December 31, 2017 is Rs. 0.87 (December 31, 2016: Rs. 2.38).

## FUTURE OUTLOOK

The management of United Brands Limited is confident of significant growth in the coming years. We are optimistic that the Company will recover from the current decline in profitability as we are focused on enhancing and improving our current business and tapping new opportunities. The whole organization is evolving to a new level and is going through significant changes to improve its functions and enhance productivity in each area of operation.

We are confident that we can generate increased value for our shareholders as well as deliver better products and services to our customers.

We also take this opportunity to thank our employees for their continued contribution in the achievement of Company's results.

## ACKNOWLEDGMENT

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

Karachi.  
Date: February 23, 2018



**Arshad Anis**  
Chief Executive Officer



**Zubair Razzak Palwala**  
Director

## 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۔

ذہبیہ

زبیر رزاق پال والا  
ڈائریکٹر

ذہبیہ

ارشد انیس  
چیف ایگزیکٹو آفیسر

کراچی:

۲۳ فروری ۲۰۱۸ء

حصہ کا نقصان دوبارہ حاصل کر لیا جائے گا اور آنے والی سہ ماہی کے بعد سے فروخت میں اضافہ ہو جائے گا۔ یہ اس باعث ممکن ہوگا کیونکہ چند عدم دستیاب SKUs جے اینڈ جے کی تجدید شدہ معاونت کے ساتھ دوبارہ دستیاب ہوں گی۔

مجموعی منافع جات بطور آمدنی کا فیصد اپنی مسابقتی مدت کے مقابلے میں رواں مدت کے دوران ۲۱.۴۸ فیصد سے بڑھ کر ۲۷.۴۱ فیصد ہو گیا۔ اس اضافے کی وجہ بلند تر مجموعی شرح منافع کے ساتھ نئی کاروباری لائنز کا اضافہ اور متعدد مصنوعات کے تجارتی زخموں پر نظر ثانی تھا۔ مجموعی اخراجات ۲۵۰ ملین روپے سے بڑھ گئے جس کی وجہ کاروباری لائنز میں اضافہ اور ریڈیبل کے مارکیٹنگ اخراجات کا بڑھ جانا تھا۔ مزید برآں فریٹ اخراجات بھی سیلز میں اضافے کی وجہ سے بڑھ گئے۔ فنانس کی لاگت آئی بی ایل آپریشنز (پرائیویٹ) لمیٹڈ سے حاصل کردہ قرضہ جات اور غیر ملکی پرنسپل کی مالی ذمہ داریوں کی ادائیگیوں کیلئے حاصل کردہ بینکاری کی سہولتوں کے تحت مارک اپ کی ادائیگی کے باعث ۵۴ ملین روپے بڑھ گئی۔

دسمبر ۲۰۱۷ء میں ڈالر کے ریٹ بڑھ جانے کی وجہ سے غیر ادا شدہ بیرونی مالی ذمہ داریوں کی ادائیگی کے سلسلے میں رواں مدت کے دوران ۲۰ ملین روپے کے زرمبادلہ کا نقصان اٹھانا پڑا۔

نتیجے کے طور پر مذکورہ بالا چارجز مشترکہ طور پر دسمبر ۲۰۱۶ء کے برخلاف ۱۶.۳۳ ملین روپے کی باٹم لائن سے کم ہو گئے جس سے اس کے ساتھ ساتھ خالص منافع جات کا مارجن بھی ۳.۶ فیصد سے کم ہو کر صرف ۰.۶۵ فیصد ہو گیا۔

## آمدنی فی شیئر

۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والی ششماہی مدت کیلئے آمدنی فی شیئر ۰.۸۷ روپیہ رہی (دسمبر ۲۰۱۶ء: ۰.۳۸ روپے)۔

## مستقبل کا جائزہ

یونائیٹڈ برانڈز کی انتظامیہ آنے والے سالوں میں نمایاں ترقی اور بہتر شرح نمو کیلئے پُر اعتماد ہے۔ ہم پر عزم ہیں کہ کمپنی منافع جات میں حالیہ خسارے کو جلد پورا کر لے گی کیونکہ ہم اپنے موجودہ کاروبار میں اضافے اور بہتری کے ساتھ ساتھ نئے مواقع تلاش کرنے پر بھی توجہ دے رہے ہیں۔ پورا ادارہ ایک نئی سطح پر گردش کر رہا ہے اور نمایاں واٹم تبدیلیوں کے ذریعے اپنی کارکردگی اور امور کو بہتر بنانے کے ساتھ ساتھ یہ ڈیپارٹمنٹ کی پیداواری صلاحیت میں بہتری لائی جا رہی ہے اور آپریشن کے ہر شعبے میں جدت لائی جا رہی ہے۔

ہم پُر اعتماد ہیں کہ ہم نہ صرف شیئر ہولڈرز کیلئے منافع جات میں اضافہ کر سکیں گے بلکہ اپنے صارفین کو بہترین مصنوعات اور خدمات کی فراہمی میں بھی کامیاب رہیں گے۔

ہم اس موقع پر اپنے ملازمین کا شکریہ ادا کرنا چاہیں گے جنہوں نے کمپنی کے ان نتائج کے حصول میں مستقل طور پر اپنی بھرپور کاوشیں جاری رکھیں۔



## ڈائریکٹرز کی رپورٹ برائے کمپنی کے شیئر ہولڈرز

یونائیٹڈ برانڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز، سمرت ۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے مجموعی عبوری مالیاتی حسابات (غیر آڈٹ شدہ) کے ساتھ ڈائریکٹرز کی رپورٹ پیش کر رہے ہیں۔ یہ مجموعی مالیاتی حسابات (غیر آڈٹ شدہ) کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۷ کے مطابق تیار کئے گئے ہیں۔

### بنیادی سرگرمیاں

یونائیٹڈ برانڈز لمیٹڈ فاسٹ مووونگ کنزیومر گڈز (FMCG) اشیائے صارف کی سیلز اور تقسیم میں مصروف عمل ہے۔ پروڈکٹ کے پورٹ فولیو میں بچوں اور ذاتی دیکھ بھال کا سامان، چاکلیٹس، پاؤڈر والا دودھ، سوپٹر، مشروبات، دلیہ، خوشبو، کاسمیٹکس، چیونگ گمز اور دیگر اشیاء شامل ہیں تاہم یہ محض اس حد تک محدود نہیں۔

اس مدت کیلئے مالیاتی کارکردگی کا جائزہ اور تقابل:

31 دسمبر 2016	31 دسمبر 2017
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(روپے، ہزاروں میں)

آمدنی	1,795,418	704,919
مجموع منافع	487,316	151,415
مجموع منافع (آمدنی کا فیصدی)	27.14%	21.48%
آپریٹنگ منافع	141,733	56,426
منافع بعد از ٹیکس	9,407	25,726

### مالیاتی جائزہ

کمپنی نے ریونیو کے ضمن میں شاندار شرح نمو ظاہر کی تاہم اس کے مجموعی منافع جات گزشتہ سال کی اسی مدت کے مقابلے میں کم ہو گئے۔ ریونیو ۱۰.۰۹ ملین روپے سے بڑھ گیا جو گزشتہ سال کی اسی مدت کے مقابلے میں ۱۵.۵ فیصد تک زائد تھا۔

نئی کاروباری اشیاء مثلاً ریڈیل، کیلوگس، لوریل، مارس، ہینز، پنگلر، رنگے، ایکس، ڈیپوٹ اور IFFCO نے مجموعی طور پر آمدنی میں ۱.۲۲۰ ملین روپے کا اضافہ کیا جبکہ جاسن اینڈ جاسن کی فروخت میں پورٹ فولیو سے SKUs کی بڑی تعداد کی عدم تسلسل کی وجہ سے ۳۲۳ ملین روپے کی کمی ہو گئی۔ تاہم، ہمیں امید ہے کہ جے اینڈ جے کام ہونے والے



## 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, 2017 and the related condensed interim profit and loss account, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (herein-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, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

### 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, 2017 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, 2018

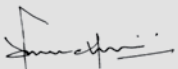
Name of Engagement Partner: Farrukh Rehman

# Condensed Interim Balance Sheet

As At December 31, 2017

	Note	(Unaudited) December 31, 2017	(Audited) June 30, 2017
Rupees '000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,775	812
Intangible assets		612	423
Long term deposits		114	114
		<u>3,501</u>	<u>1,349</u>
<b>Current assets</b>			
Stock-in-trade		803,933	835,451
Trade debts		379,639	116,460
Advances		453,212	264,326
Other receivables	6	124,236	370,168
Short term prepayments		93,756	63,623
Refunds due from government - Sales tax		25,790	26,216
Taxation - payments less provision		47,742	43,703
Cash and bank balances		235,942	47,283
		<u>2,164,250</u>	<u>1,767,230</u>
<b>Total assets</b>		<u><u>2,167,751</u></u>	<u><u>1,768,579</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		108,000	108,000
Accumulated loss		(2,838)	(6,845)
		<u>105,162</u>	<u>101,155</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loan	7	312,000	212,000
<b>Current liabilities</b>			
Trade and other payables	8	1,065,792	1,089,360
Short term borrowings	9	644,724	355,675
Accrued markup		40,073	10,389
		<u>1,750,589</u>	<u>1,455,424</u>
		<u>2,062,589</u>	<u>1,667,424</u>
<b>Commitments</b>	10		
<b>Total equity and liabilities</b>		<u><u>2,167,751</u></u>	<u><u>1,768,579</u></u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Profit And Loss Account - (Unaudited)

For The Half Year Ended December 31, 2017

	Note	Quarter ended		Half year ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
----- Rupees '000 -----					
Revenue	11	960,314	381,443	1,795,418	704,919
Cost of sales		<u>(695,934)</u>	<u>(295,950)</u>	<u>(1,308,102)</u>	<u>(553,504)</u>
Gross profit		264,380	85,493	487,316	151,415
Distribution cost		(161,764)	(33,772)	(287,966)	(64,575)
Administrative expenses		(32,975)	(11,644)	(46,610)	(22,326)
Other expenses		(8,345)	(7,114)	(11,007)	(8,088)
Operating profit		61,296	32,963	141,733	56,426
Finance cost	12	<u>(45,528)</u>	<u>(2,783)</u>	<u>(56,931)</u>	<u>(3,060)</u>
Profit before taxation		15,768	30,180	84,802	53,366
Taxation		<u>(44,253)</u>	<u>(20,095)</u>	<u>(75,395)</u>	<u>(27,640)</u>
Profit / (loss) after taxation		(28,485)	10,085	9,407	25,726
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss)		<u>(28,485)</u>	<u>10,085</u>	<u>9,407</u>	<u>25,726</u>
Basic and diluted earnings / (loss) per share (Rupees)		<u>(Rs. 2.64)</u>	Rs. 0.93	<u>Rs. 0.87</u>	Rs. 2.38

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



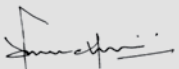
Chief Financial Officer

# Condensed Interim Statement Of Cash Flows- (Unaudited)

For The Half Year Ended December 31, 2017

	Note	December 31, 2017	December 31, 2016
		Rupees '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	13	(108,505)	56,508
Income tax paid		(79,434)	(42,504)
Finance cost paid		(4,788)	(3,060)
Net cash (used in) / generated from operating activities		<u>(192,727)</u>	<u>10,944</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(2,137)	(90)
Purchase of intangible assets		(229)	(20)
Net cash used in investing activities		<u>(2,366)</u>	<u>(110)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(5,297)	(11)
Proceeds from short term borrowings		289,049	-
Proceeds from long term loan		100,000	-
Net cash generated from / (used in) financing activities		<u>383,752</u>	<u>(11)</u>
<b>Net increase in cash and cash equivalents</b>		<u>188,659</u>	<u>10,823</u>
Cash and cash equivalents at the beginning of the period		47,283	55,363
<b>Cash and cash equivalents at the end of the period</b>		<u><u>235,942</u></u>	<u><u>66,186</u></u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Statement Of Changes In Equity - (Unaudited)

For The Half Year Ended December 31, 2017

	Share Capital	Unappropriated Profit / (Accumulated Loss)	Total
	----- Rupees '000 -----		
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 (unaudited)	<u>108,000</u>	<u>12,860</u>	<u>120,860</u>
Balance as at July 1, 2017	<b>108,000</b>	<b>(6,845)</b>	<b>101,155</b>
Final dividend for the year ended June 30, 2017 @ Rs. 0.5 per share	-	(5,400)	(5,400)
Profit for the half year ended December 31, 2017	-	9,407	9,407
Other comprehensive income	-	-	-
Total comprehensive income	-	9,407	9,407
Balance at December 31, 2017 (unaudited)	<u>108,000</u>	<u>(2,838)</u>	<u>105,162</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

# Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 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 repealed Companies Ordinance, 1984. The Company was again renamed as United Brands Limited, a public limited company on April 5, 2006 under the repealed 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 and allied products.

## 2. BASIS OF PREPARATION

As per the requirements of circular no. CLD/CCD/PR(11 )/2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, this condensed interim financial information of the Company for the half year ended December 31, 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the repealed 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, 2017.

### 2.1 Changes in accounting standards, interpretations and pronouncements

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

IAS 7, 'Cashflow statements' - This amendment requires disclosure to explain changes in liabilities for which cashflows have been or will be classified as financing activities in the statement of cashflows. The amendment is part of the IASS's Disclosure Initiative. In the first year of adoption, comparative information need not be provided.

The change will impact the disclosures of the Company's annual financial statements.

# Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 31, 2017

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in this condensed interim financial information.

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

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 July 1, 2018 that may have an impact on the financial statements of the Company.

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

In addition to the foregoing, the Companies Act 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

## **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, 2017.

## **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.



# Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 31, 2017

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, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

	(Unaudited) December 31, 2017	(Audited) June 30, 2017
	Rupees '000	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets - note 5.1	<u>2,775</u>	<u>812</u>
	December 31, 2017	December 31, 2016
	Rupees '000	
<b>5.1 Additions to operating assets during the period were as follows:</b>		
Office Equipments	1,962	90
Furniture and Fixtures	<u>175</u>	<u>-</u>
	<u>2,137</u>	<u>90</u>
	(Unaudited) December 31, 2017	(Audited) June 30, 2017
	Rupees '000	
<b>6. OTHER RECEIVABLES</b>		
Considered good		
- Related parties	-	19
- Others - note 6.1	<u>124,236</u>	<u>370,149</u>
	<u>124,236</u>	<u>370,168</u>
<b>6.1</b> This represents receivable from principals in respect of stock claims, expenses and others.		
<b>7. LONG TERM LOAN</b>		
This represents amount borrowed from IBL Operations (Private) Limited - associated company on March 31, 2017 of Rs. 212 million and on October 31, 2017 of Rs. 100 million for onward payment to creditors, carrying interest at the rate of 6 month KIBOR + 2.5% (June 30, 2017: 6 month KIBOR + 2.5%) repayable in 3 years.		
<b>8. TRADE AND OTHER PAYABLES</b>		
These include Rs. 340.48 million (June 30, 2017: Rs. 249.95 million) payable to related parties.		

# Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 31, 2017

	(Unaudited) December 31, 2017	(Audited) June 30, 2017
	Rupees '000	
<b>9. SHORT TERM BORROWINGS</b>		
Running finance under mark-up arrangement - note 9.1	32,391	19,675
Short term loans - note 9.2	472,333	196,000
Short term loan from IBL Operations (Private) Limited - note 9.3	140,000	140,000
	<u>644,724</u>	<u>355,675</u>

- 9.1** As at December 31, 2017 available running finance facility under mark-up arrangements from Habib Bank Limited amounted to Rs. 35 million (June 30, 2017: Rs. 35 million). The arrangements are secured by way of pari passu charge over the stock and receivables of the Company with 25% margin.

The arrangements carry mark-up at the rate of 2.25% above one month KIBOR (June 30, 2017: 2.25% above one month KIBOR) to be determined on monthly basis.

<b>9.2</b>	(Unaudited) December 31, 2017	(Audited) June 30, 2017	Markup Rate	Securities
	(Rupees '000)			
1. Al-Baraka Bank (Pakistan) Limited	192,004	196,000	3 months KIBOR + 2%	} Hypothecation over stock / moveable and receivable
2. Habib Metropolitan Bank Limited	150,050	-	0.15%	
3. Bank Al-Habib Limited	130,279	-	6 months KIBOR + 0.15%	
	<u>472,333</u>	<u>196,000</u>		

- 9.3** This represents amount borrowed from IBL Operations (Private) Limited - associated company for onward payments to creditors carrying interest at the rate of six month KIBOR + 2.5% (June 30, 2017: 6 month KIBOR + 2.5%).

## **10. COMMITMENTS**

The facilities for opening letter of credit and guarantees as at December 31, 2017 amounted to Rs. 540 million (June 30, 2017: Rs. 715 million) and Rs. 200 million (June 30, 2017: Rs. 100 million) respectively. The amount remaining unutilised at the half year end for letter of credit and guarantees was Rs. 193.12 million (June 30, 2017: Rs. 510.7 million) and Rs. 49.10 million (June 30, 2017: Rs. 100 million) respectively.

The facilities are secured by way of pari passu charge against hypothecation of Company's stocks and receivables.

# Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 31, 2017

	December 31, 2017	December 31, 2016
	Rupees '000	
<b>11. REVENUE</b>		
Gross Sales	2,260,830	876,943
Less:		
Trade discounts	(115,239)	(54,583)
Sales return	(22,105)	(4,833)
	<u>2,123,486</u>	<u>817,527</u>
Less: Sales tax	<u>(328,068)</u>	<u>(112,608)</u>
	<u><u>1,795,418</u></u>	<u><u>704,919</u></u>
<b>12. FINANCE COST</b>		
Bank charges	2,347	1,032
Finance charges on long term borrowings	10,488	-
Finance charges on short term borrowings	21,637	-
Exchange loss - net - note 12.1	22,459	2,029
	<u>56,931</u>	<u>3,061</u>

12.1 This represents exchange loss on unpaid invoices of foreign principals.

# Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 31, 2017

	December 31, 2017	December 31, 2016
	Rupees '000	
<b>13. CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
Profit before taxation	84,802	53,366
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	174	153
Amortisation	40	-
Finance cost	34,472	3,060
	34,686	3,213
Profit before changes in working capital	119,488	56,579
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stock-in-trade	31,518	(206,438)
Trade debts	(263,179)	(30,336)
Advances	(188,886)	(25,032)
Short term prepayments	(30,133)	(822)
Other receivables	245,932	88,974
Refunds due from government - Sales tax	426	(10,874)
	(204,322)	(184,528)
(Decrease) / increase in current liabilities:		
Trade and other payables	(23,671)	184,457
Cash (used in) / generated from operations	(108,505)	56,508

# Notes To The Condensed Interim Financial Information - (Unaudited)

For The Half Year Ended December 31, 2017

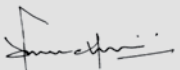
## 14. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	(Unaudited)	(Unaudited)
		December 31, 2017	December 31, 2016
		Rupees '000	
i. Holding company	- Dividend paid	5,085	-
	- Corporate shared services	5,100	1,200
ii. Associated companies	- Purchases	-	42,690
	- Sale of goods	2,659	542
	- Shared costs	63,650	24,021
	- Loan received	100,000	
	- Markup on loan	16,600	
iii. Employees' Provident Fund	Contribution paid	1,444	2,325
iv. Key Management Personnel	Salaries and other employee benefits	13,707	14,071
	Fee for attending meetings to Directors	250	318

## 15. 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, 2018.



Chief Executive Officer



Director



Chief Financial Officer







8th Floor, NIC Building, Abbasi  
Shaheed Road, Karachi-75530  
Tel: 35683944-6, 35675111-7,  
Fax: 35635530, 35682772,  
[www.ubrands.biz](http://www.ubrands.biz)