

# Striving For **PROGRESS**



# Contents

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

# 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

## 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' 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 quarter ended September 30, 2016. This condensed financial information (unaudited) is submitted in accordance with section 245 of the Companies Ordinance, 1984.

## Summary and comparison of Financial Performance for the quarters'

	September 30, 2016	September 30, 2015
	-----Rupees in '000-----	
Revenue	323,476	377,110
Gross profit	65,992	52,354
Gross profit as a percentage of revenue	20.38%	13.88%
Operating profit	23,463	6,742
Profit after taxation	15,641	1,312

## FINANCIAL OVERVIEW

The Company has shown tremendous growth in terms of overall profitability. Despite decrease in revenue by Rs. 53 million that is 14% decline as compared to the comparative period, the improvement in margin, control over expenditures and finance cost has resulted in better profitability as compared to the comparative quarter ended September 30, 2015.

The gross profit of the Company has improved significantly by 6.5%. 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. The GP will show more improvement in future till the liquidation of locally purchased stock of J&J. Total expenses have decreased by Rs. 3.1 million which is 7% decline as compared to the comparative period. Finance cost has reduced significantly by 88%, Rs. 2.3 million in absolute figures.

United Brands had tax losses for the first quarter of FY 2015, however the Company is in profit in the current period, hence income tax is based on total profit before tax due to complete utilization of tax losses. This has resulted in increasing the tax expenses by Rs. 4.5 million for the quarter which is 150% increase as compared to the comparative period.

The above contributions have together resulted in increasing the bottom line which is Rs. 14.3 million versus Sept 2015 quarter and in terms of percentage of revenue the current quarter's net profit after tax is 4.8% as to net sales which was only 0.3% of total net sales in last quarter.

## EARNINGS PER SHARE

Earnings per share for the quarter ended September 30, 2016 are Rs. 1.45 (September 2015:Rs. 0.12).

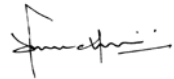
## **FUTURE OUTLOOK**

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 'Schick', increase in new SKUs for J&J (the NPI range) and diversity in Lindt 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: October 24, 2016



**Arshad Anis**  
Chief Executive

فی شیئر آمدنی

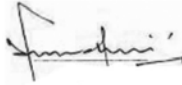
30 ستمبر 2016 کو ختم ہونے والی سہ ماہی میں فی شیئر آمدنی مبلغ 1.45 (ستمبر 2015 مبلغ 0.12 روپے)۔

مستقبل کے نقطہ نظر

انتظامیہ یونائیٹڈ برینڈز لمیٹڈ مستقبل کی ترقی کے لیے آگے بڑھنے کی کوشش کر رہی ہے۔ ہماری مکمل توجہ موجودہ کاروباروں کو بڑھانے اور نئے مواقع ڈھونڈنے پر مرکوز ہے۔ 'Schick' جیسے نئے کاروبار کے آغاز کے لیے بے اینڈ جے کے نئے SKUs کی تعداد کو بڑھانا (این پی آئی ریٹج) اور Lindt و Ovaltine کے کاروبار میں اس مدت کے دوران تنوع تمام کوششوں اور حکمت عملی کی وجہ سے ہوا۔ جو کہ ہمارے حصص یافتگان کی دولت کی صورت حال کے بارے میں بتاتا ہے۔

منظوری/اعتراف:

ڈائریکٹرز صارفین، پرنسپل، ملازمین اور دیگر اسٹیک ہولڈرز کی مسلسل حمایت اور حوصلہ افزائی کے لیے شکریہ ادا کرنا چاہتے ہیں۔ گے اور ریکارڈ پر مزید کمپنی کے ملازمین کی طرف سے مہیا کی گئی گراں قدر خدمات کی تعریف کی۔



ارشاد نیس

چیف ایگزیکٹو آفیسر

کراچی

مورخہ اکتوبر 24، 2016

## ڈائریکٹر رپورٹ کمپنی کے حصص یافتگان کو

یونائیٹڈ برینڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز، ڈائریکٹر کی رپورٹ بشمول نگران مالی معلومات کمپنی کی مفصل (غیر جانچ پڑتال) کے ساتھ برائے ختم سہ ماہی ستمبر 2016، 30 پیش کرنے پر خوش ہیں۔ یہ مفصل مالی معلومات (غیر جانچ پڑتال) سیکشن 245 آف کمپنیز آرڈیننس، 1984 کے تحت پیش کی گئی ہے۔

پہلی سہ ماہی کے لیے مالی کارکردگی کا موازنہ:

30 ستمبر، 2016 30 ستمبر، 2015

(رقم ہزار میں)

آمدنی	323,476	377,110
گُل منافع	65,992	52,354
آمدنی کا فیصد کے طور پر مجموعی نفع	20.38%	13.88%
آپریٹنگ منافع	23,463	6,742
ٹیکس کی ادائیگی کے بعد منافع	15,641	1,312

مالیاتی پس منظر

کمپنی کو مجموعی طور پر منافع کے لحاظ سے زبردست منافع ہوا ہے۔ آمدنی میں کمی 53 ملین رہی جو کہ تقابلی مدت کے مقابلے میں 14 فی صد کم ہے، 30 ستمبر 2015 کو ختم ہونے والے تقابلی سہ ماہی کے احراجات میں کنٹرول اور خزانہ لاگت سے زیادہ مارجن میں بہتری، بہترین منافع کے نتیجے میں ہے۔

کمپنی کے مجموعی منافع میں 6.5 فیصد بہتر ہوا ہے۔ بہتری کی بنیادی وجہ یہ ہے کہ بے اینڈ جے نے مقامی طور پر مصنوعات کی خریداری کی تجارتی قیمتوں میں نظر ثانی کی ہے، جس کا مکمل فائدہ یونائیٹڈ برینڈز نے حاصل کیا۔ مجموعی منافع میں مزید بہتری مستقبل میں بے اینڈ جے کی مقامی طور پر خریداری اسٹاک کے بعد دیکھی جائے گی۔ گُل 31 ملین روپے کی کمی ہوئی جو کہ تقابلی مدت کے مقابلے میں 7 فیصد کم ہے، جس کی وجہ سے مالی خزانہ 88 فیصد نمایاں طور پر کم ہو گیا ہے جو کہ مقامی اعداد و شمار میں ملنے 2.3 ملین روپے ہے۔

یونائیٹڈ برینڈز مالی سال 2015 کی پہلی سہ ماہی کے لیے ٹیکس نقصانات ہیں، تاہم کمپنی موجودہ مدت میں منافع میں ہے، اس وجہ سے ٹیکس کے نقصانات کے استعمال کو مکمل کرنے کی وجہ سے ٹیکس سے قبل مکمل منافع کی بنیاد پر انکم ٹیکس ادا کیا۔ اس وجہ سے ٹیکس میں ملنے 4.5 ملین روپے کا اضافہ ہوا اور اس وجہ سے تقابلی مدت کے مقابلے میں 150 فیصد اضافہ ہوا۔

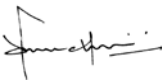
مندرجہ بالا اشراکت ملا کر بھی نیچے سطر پر جو کہ 14.3 ملین روپے کے مقابلے پر ہے جو کہ ستمبر 2015 کے نتیجے میں ہے، اور فی صد آمدنی کے لحاظ سے ٹیکس کے بعد موجودہ سہ ماہی کا نیٹ منافع آخری سہ ماہی میں خالص منافع فروخت کا صرف 0.3 فیصد تھا جو خالص فروخت

# Condensed Interim Balance Sheet

As at September 30, 2016

	Unaudited September 30, 2016	Audited June 30, 2016
Notes	----- Rupees '000 -----	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	931	1,005
Intangible assets	373	373
Long term deposits	114	114
	<u>1,418</u>	<u>1,492</u>
<b>Current assets</b>		
Stock-in-trade	4	436,549
Trade debts	101,242	74,201
Advances	167,639	5,582
Short term prepayments	1,160	-
Other receivables	216,432	233,118
Refunds due from government - sales tax	18,037	9,989
Taxation - payments less provision	14,498	5,096
Cash and bank balances	64,192	55,363
	<u>1,113,135</u>	<u>819,898</u>
<b>Total assets</b>	<u>1,114,553</u>	<u>821,390</u>
<b>EQUITY AND LIABILITIES</b>		
Authorised share capital 12,000,000 ordinary shares of Rs. 10/- each	<u>120,000</u>	<u>120,000</u>
<b>Equity</b>		
Share capital	108,000	108,000
Accumulated loss	2,775	(12,866)
	<u>110,775</u>	<u>95,134</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	1,003,778	726,256
Short term borrowings - domestic supplier finance	-	-
	<u>1,003,778</u>	<u>726,256</u>
<b>Total equity and liabilities</b>	<u>1,114,553</u>	<u>821,390</u>

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.



**Arshad Anis**  
Chief Executive



**Zubair Razzak Palwala**  
Director

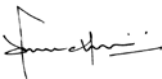


# Condensed Interim Profit And Loss Account - (Unaudited)

For the Quarter Ended September 30, 2016

	Notes	Quarter ended	
		September 30, 2016	September 30, 2015
		----- Rupees '000 -----	
Revenue	5	323,476	377,110
Cost of sales		(257,554)	(324,756)
Gross profit		65,922	52,354
Distribution costs		(30,803)	(31,090)
Administrative expenses		(10,682)	(13,507)
Other expenses		(974)	(1,015)
Operating Profit		23,463	6,742
Finance cost		(277)	(2,408)
Profit before taxation		23,186	4,334
Taxation		(7,545)	(3,022)
Profit after taxation		15,641	1,312
Other comprehensive income		-	-
Total comprehensive Income		15,641	1,312
Basic and diluted earnings per share (Rupees)		1.45	0.12

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.



**Arshad Anis**  
Chief Executive



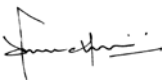
**Zubair Razzak Palwala**  
Director

# Condensed Interim Statement of Cash Flows- (Unaudited)

For the Quarter Ended September 30, 2016

	<u>Quarter ended</u>	
	September 30, 2016	September 30, 2015
Note	----- Rupees '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	6      26,053	12,963
Income tax paid	(16,947)	(3,561)
Finance cost paid	(277)	(1,697)
Net cash generated from operating activities	<u>8,829</u>	<u>7,705</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(144)
Intangibles	-	(254)
Net cash used in investing activities	-	(398)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - domestic supplier finance	-	2,911
Net cash generated from financing activities	-	2,911
<b>Net increase in cash and cash equivalents</b>	<u>8,829</u>	<u>10,218</u>
Cash and cash equivalents at the beginning of the period	55,363	63,219
<b>Cash and cash equivalents at the end of the period</b>	<u>64,192</u>	<u>73,437</u>

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.



**Arshad Anis**  
Chief Executive



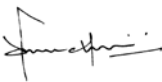
**Zubair Razzak Palwala**  
Director

# Condensed Interim Statement of Changes in Equity - (Unaudited)

For The Quarter Ended September 30, 2016

	Share Capital	Accumulated Loss	Total
	----- Rupees '000 -----		
<b>Balance as at July 1, 2015</b>	108,000	(30,507)	77,493
Profit for the quarter ended September 30, 2015	-	1,311	1,311
Other comprehensive income	-	-	-
Total comprehensive income	-	1,311	1,311
Balance at September 30, 2015	<u>108,000</u>	<u>(29,196)</u>	<u>78,804</u>
Balance as at July 1, 2016	108,000	(12,866)	95,134
Profit for the quarter ended September 30, 2016	-	15,641	15,641
Other comprehensive income	-	-	-
Total comprehensive income	-	15,641	15,641
<b>Balance at September 30, 2016</b>	<u>108,000</u>	<u>2,775</u>	<u>110,775</u>

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.



**Arshad Anis**  
Chief Executive



**Zubair Razzak Palwala**  
Director

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

For The Quarter Ended September 30, 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, 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 quarter ended September 30, 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.

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.

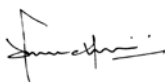
# Notes To The Condensed Interim Financial Information - (Unaudited)

For The Quarter Ended September 30, 2016

	Unaudited September 30, 2016 ----- Rupees '000 -----	Audited June 30, 2016
<b>4. Stock-in-Trade</b>		
In Hand	548,787	456,031
Less: Provision	<u>(18,852)</u>	<u>(19,482)</u>
	<u>529,935</u>	<u>436,549</u>
	Unaudited September 30, 2016 ----- Rupees '000 -----	Unaudited September 30, 2015
<b>5. Revenue</b>		
Gross Sales	328,054	392,212
Less:		
Trade Discounts	(2,758)	(13,562)
Sales Return	<u>(1,820)</u>	<u>(1,540)</u>
Net Sales	<u>323,476</u>	<u>377,110</u>
<b>6. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	23,186	4,333
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	74	323
Finance cost	277	1,792
	<u>351</u>	<u>2,115</u>
Profit before changes in working capital	23,537	6,448
<b>Effect on cash flow due to working capital changes (Increase) / decrease in current assets:</b>		
Stock-in-trade	(93,386)	(5,661)
Trade debts	(27,041)	(54,429)
Advances	(162,057)	71
Short term prepayments	(1,160)	(1,899)
Other receivables	16,686	(7,123)
Refunds due from government - sales tax	<u>(8,048)</u>	<u>10,558</u>
	(275,006)	(58,483)
<b>Increase in current liabilities</b>		
Increase in trade and other payables	<u>277,522</u>	<u>64,998</u>
<b>Cash generated from operations</b>	<u>26,053</u>	<u>12,963</u>

## 7. 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 October 24, 2016.



Arshad Anis  
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](http://www.ubrandz.biz)