

The background of the cover features a large, abstract geometric shape composed of overlapping triangles in teal, orange, and green. A white rectangular box is centered over this shape, containing the text 'FOCUSING success'.

FOCUSING success

Quarterly Report September 30, 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. Asad 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

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 quarter ended September 30, 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 Quarter

	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
Revenue	835,104	323,476
Gross profit	222,936	65,992
Gross profit (% of revenue)	26.69%	20.38%
Operating profit	80,437	23,463
Profit after taxation	37,892	15,641

FINANCIAL OVERVIEW

The Company started financial year with remarkable performance and has shown significant growth in terms of overall revenue and profitability. First Quarter's Revenue has increased by Rs. 512 million which is 158% 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. 654 million to the revenue whereas sales of Johnson & Johnson (J&J) declined by Rs. 158 million due to discontinuation of a number of SKUs from the portfolio. However we are confident that J&J's lost share will be recovered and sales will increase from 2nd quarter onwards. This will be possible as some of the discontinued SKUs' will again be available with renewed supports from J&J.

Gross profit as a percentage of revenue has improved from 20.38% to 26.69% for the current quarter as compared to the comparative period. The reason for the increase is addition of new business lines with higher gross margin and revision of trade prices for certain products. Total expenses have increased by Rs. 100 million due to marketing expenses of RedBull. Further freight expenses have also increased due to increase in sales however total expenses are in-line with the overall increase in revenue. Finance cost has increased by Rs. 11 million due to mark-up charges paid against banking facilities availed to pay-off foreign Principal liabilities.

The above contributions have together resulted in increasing the bottom line which is Rs. 22.2 million against September 30, 2016 quarter however, there has been a decrease in net profit margin from 4.8% to 4.5%.

EARNINGS PER SHARE

Earnings per share for the quarter ended September 30, 2017 is Rs. 3.51 (September 30, 2016: Rs. 1.45).

FUTURE OUTLOOK

The management of United Brands Limited is confident of significant growth in the coming years. 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. Further each sale person's productivity is in sharp focus and the Company is in the process of employing latest technology to ensure we do not miss out on opportunities in the market place.

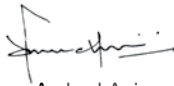
We are confident that we can generate increased value for our shareholders as well as deliver better products and services to our customers.

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: October 23, 2017



Arshad Anis
Chief Executive Officer



Zubair Razzak Palwala
Director

مجموعی منافع جات بطور آمدنی کا فیصد اپنی مسابقتی مدت کے مقابلے میں رواں سہ ماہی کے دوران ۲۰۶۳۸ فیصد سے بڑھ کر ۲۶۶۹۹ فیصد ہو گیا۔ اضافے کی وجہ نئی برنس لائسنز کی شمولیت، بہترین منافع جات کی شرح کے ساتھ اور متعدد مصنوعات کیلئے تجارتی نرخوں پر نظر ثانی کرنا تھا۔ مجموعی اخراجات ریڈبل کے مارکیٹنگ اصراف کے باعث ۱۰۰ ملین روپے تک بڑھ گئے۔ علاوہ ازیں سیکڑ میں اضافے کے باعث کرائے کے اخراجات میں بھی اضافہ ہوا تاہم مجموعی اخراجات آمدنی میں مجموعی اضافے کے ساتھ موافق رہے۔ فنانس کے اخراجات غیر ملکی بنیادی مالیاتی ذمہ داریوں کی ادائیگی کے سلسلے میں حاصل کردہ بینکاری کی سہولتوں کے ضمن میں مارک۔ اپ چارجز ادا کرنے کے باعث ۱۱ ملین روپے تک بڑھ گئے۔

مذکورہ کنٹری بیوشنز کے اشتراک کے نتیجے میں خلی سطح پر بھی اضافہ ہوا جو ۳۰ ستمبر ۲۰۱۶ء کی سہ ماہی کے برخلاف ۲۲۶۲ ملین روپے ہے تاہم خالص منافع کی شرح ۲۶۸ فیصد سے کم ہو کر ۲۵ فیصد رہی۔

آمدنی فی شیئر

۳۰ ستمبر ۲۰۱۶ء کو ختم ہونے والی سہ ماہی کیلئے آمدنی فی شیئر ۳۵۱ روپے رہی۔ (۳۰ ستمبر ۲۰۱۶: ۳۵۱ روپے)

مستقبل پر ایک نظر

یونائیٹڈ برانڈز لمیٹڈ کی انتظامیہ آنے والے سالوں میں نمایاں ترقی حاصل کرنے کیلئے پُر اعتماد ہے۔ ہم نے اپنے موجودہ کاروبار میں اضافے اور اسے بہتر بنانے پر توجہ دینے کے ساتھ نئے مواقع تلاش کرنے پر خصوصی توجہ دی ہوئی ہے۔ پورا ادارہ ایک نئی سطح پر موجود ہے اور آپریشن کے ہر شعبے میں اس کے امور کو بہتر بنانے اور پیداواری کارکردگی میں اضافے کی غرض سے نمایاں تبدیلیوں کے ذریعے مثبت بہتری کی کوششیں جاری ہیں۔ سب سے زیادہ سیکڑ کے شعبے میں جہاں ہر ایک شخص نے پیداواری کارکردگی پر توجہ دے رکھی ہے اور چینی مارکیٹ میں اپنا مقام بڑھانے کیلئے کسی قسم کے نئے مواقع ضائع نہ کرنے کو یقینی بنانے کیلئے جدید ترین ٹیکنالوجی کو پورے ادارے میں لاگو کر رہی ہے۔

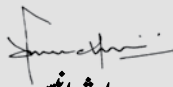
ہم پُر اعتماد ہیں کہ ہم نہ صرف شیئر ہولڈرز کیلئے منافع جات میں اضافہ کر سکیں گے بلکہ اپنے صارفین کو بہترین مصنوعات اور خدمات کی فراہمی میں بھی کامیاب رہیں گے۔

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۔



ذہیر رزاق پال والا
ڈائریکٹر



ارشد انیس
چیف ایگزیکٹو آفیسر

کراچی:

۲۳ اکتوبر ۲۰۱۷ء

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

یونائیٹڈ برانڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت ۳۰ ستمبر ۲۰۱۷ء کو ختم ہونے والی سہ ماہی 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 تیز رفتاری سے گردش کرتی ہوئی 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، سوئٹشر، مشروبات، دلیہ، خوشبوئیات، کاسمیٹکس، چیونگ گمز اور دیگر اشیاء شامل ہیں تاہم یہ محض اس حد تک محدود نہیں۔

سہ ماہی کیلئے مالیاتی کارکردگی کا جائزہ اور تقابل:

30 ستمبر 2016
30 ستمبر 2017
(روپے، ہزاروں میں)

آمدنی	835,104	323,476
مجموع منافع	222,936	65,992
مجموع منافع (آمدنی کا فیصدی)	26.69%	20.38%
آپریٹنگ منافع	80,437	23,463
منافع بعد از ٹیکس	37,892	15,641

مالیاتی جائزہ

کمپنی نے مالیاتی سال کا آغاز شاندار کارکردگی کے ساتھ کیا اور مجموعی آمدنی اور منافع جات کے ضمن میں نمایاں بہتری ظاہر کی۔ پہلی سہ ماہی کی آمدنی ۵۱۲ ملین روپے سے بڑھ گئی جو مسابقتی مدت کے مقابلے میں ۱۵۸ فیصد زائد ہے۔

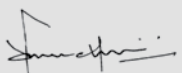
نئی کاروباری اشیاء مثلاً ریڈیٹل، کیلوگس، لوریل، مارس، ہمیز، پرننگز، رینگے، ایکس، ڈیو پونٹ اور IFFCO نے مجموعی طور پر آمدنی میں ۶۵۴ ملین روپے کا اضافہ کیا جبکہ جانسن اینڈ جانسن (J&J) کی فروخت میں پورٹ فولیو سے SKUs کی بڑی تعداد کی عدم تسلسل کی وجہ سے ۱۵۸ ملین روپے کی کمی ہو گئی۔ تاہم، ہمیں امید ہے کہ جے اینڈ جے کام ہونے والے حصہ کا نقصان دوبارہ حاصل کر لیا جائے گا اور دوسری 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۔

Condensed Interim Balance Sheet

As At September 30, 2017

		Unaudited September 30, 2017	Audited June 30, 2017
ASSETS	Note	----- Rupees '000 -----	
Non-current assets			
Equipments		966	812
Intangible assets		429	423
Long term deposits		<u>114</u>	<u>114</u>
		1,509	1,349
Current assets			
Stock-in-trade	4	<u>932,631</u>	<u>835,451</u>
Trade debts		<u>315,553</u>	<u>116,460</u>
Loans and advances		<u>486,515</u>	<u>264,326</u>
Short term prepayments		<u>11,902</u>	<u>63,623</u>
Other receivables		<u>248,882</u>	<u>370,168</u>
Refunds due from government - sales tax		<u>30,784</u>	<u>26,216</u>
Taxation - payments less provision		<u>51,959</u>	<u>43,703</u>
Cash and bank balances		<u>50,854</u>	<u>47,283</u>
		2,129,080	1,767,230
Total assets		<u>2,130,589</u>	<u>1,768,579</u>
EQUITY AND LIABILITIES			
Authorised share capital			
12,000,000 ordinary shares of Rs. 10/- each		<u>120,000</u>	<u>120,000</u>
Equity			
Share capital		<u>108,000</u>	<u>108,000</u>
Accumulated profit / (loss)		<u>31,047</u>	<u>(6,845)</u>
		139,047	101,155
Liabilities			
Non-current liabilities			
Long term loan		212,000	212,000
Current liabilities			
Trade and other payables		<u>1,189,393</u>	<u>1,089,360</u>
Short term borrowings		<u>574,622</u>	<u>355,675</u>
Accrued markup		<u>15,527</u>	<u>10,389</u>
		1,779,542	1,455,424
Total liabilities		1,991,542	1,667,424
COMMITMENTS	7	-	-
Total equity and liabilities		<u>2,130,589</u>	<u>1,768,579</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Profit And Loss Account - (Unaudited)

For The Quarter Ended September 30, 2017

		Quarter ended	
		September 30, 2017	September 30, 2016
		----- Rupees '000 -----	
Revenue	Note		
Cost of sales	5	835,104	323,476
Gross profit		(612,168)	(257,554)
Distribution costs		222,936	65,922
Administrative expenses		(126,202)	(30,803)
Other expenses		(13,635)	(10,682)
Operating profit		(2,662)	(974)
Finance cost		80,437	23,463
Profit before taxation		(11,403)	(277)
Taxation		69,034	23,186
Profit after taxation		(31,142)	(7,545)
Other comprehensive income		37,892	15,641
Total comprehensive Income		-	-
		37,892	15,641
Basic and diluted earnings per share (Rupees)		3.51	1.45

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



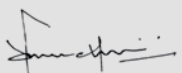
Chief Financial Officer

Condensed Interim Statement Of Cash Flows- (Unaudited)

For The Quarter Ended September 30, 2017

	Note	Quarter ended	
		September 30, 2017	September 30, 2016
		----- Rupees '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	6	(169,455)	26,053
Income tax paid		(39,398)	(16,947)
Finance cost paid		(6,265)	(277)
Net cash (used in) / generated from operating activities		(215,118)	8,829
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(235)	-
Intangibles		(22)	-
Net cash used in investing activities		(257)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - domestic supplier finance		218,947	-
Net cash generated from financing activities		218,947	-
Net increase in cash and cash equivalents		3,572	8,829
Cash and cash equivalents at the beginning of the period		47,283	55,363
Cash and cash equivalents at the end of the period		50,855	64,192

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director




Chief Financial Officer

Condensed Interim Statement Of Changes In Equity - (Unaudited)

For The Quarter Ended September 30, 2017

	Share Capital	Accumulated (Loss) / Profit	Total
	----- Rupees '000 -----		
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
Balance as at September 30, 2016	<u>108,000</u>	<u>2,775</u>	<u>110,775</u>
Balance as at July 1, 2017	108,000	(6,845)	101,155
Profit for the quarter ended September 30, 2017	-	37,892	37,892
Other comprehensive income	-	-	-
Total comprehensive income	-	37,892	37,892
Balance as at September 30, 2017	<u>108,000</u>	<u>31,047</u>	<u>139,047</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Notes To The Condensed Interim Financial Information - (Unaudited)

For The Quarter Ended September 30, 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 quarter ended September 30, 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 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, 2017. 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, 2017.

3. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires 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, 2017.

Notes To The Condensed Interim Financial Information - (Unaudited)

For The Quarter Ended September 30, 2017

	Unaudited September 30, 2017 ----- Rupees '000 -----	Audited June 30, 2017 ----- Rupees '000 -----
4. Stock-in-Trade		
Stock in Hand	950,177	850,134
Less: Provision	(17,546)	(14,683)
	<u>932,631</u>	<u>835,451</u>
	Unaudited September 30, 2017 ----- Rupees '000 -----	Unaudited September 30, 2016 ----- Rupees '000 -----
5. Revenue		
Gross Sales	865,647	328,054
Less:		
Trade Discounts	(18,688)	(2,758)
Sales Return	(11,855)	(1,820)
Net Sales	<u>835,104</u>	<u>323,476</u>
6. CASH GENERATED FROM OPERATIONS		
Profit before taxation	69,034	23,186
Adjustment for non-cash charges and other items		
Depreciation	98	74
Finance cost	11,403	277
	<u>11,501</u>	<u>351</u>
Profit before changes in working capital	80,535	23,537
Effect on cash flow due to working capital changes (Increase) / decrease in current assets:		
Stock-in-trade	(97,180)	(93,386)
Trade debts	(199,093)	(27,041)
Advances	(222,189)	(162,057)
Short term prepayments	51,721	(1,160)
Other receivables	121,286	16,686
Refunds due from government - sales tax	(4,568)	(8,048)
	(350,023)	(275,006)
Increase in current liabilities		
Increase in trade and other payables	100,033	277,522
Cash generated (used in) / from operations	<u>(169,455)</u>	<u>26,053</u>

7. COMMITMENTS

The facilities for opening letter of credit and guarantees as at September 30, 2017 amounted to Rs. 615 million (June 30, 2017: Rs. 715 million) and Rs. 200 million (June 30, 2017: Rs. 100 million) respectively. The amount remaining unutilised as at September 30, 2017 for letter of credit and guarantees was Rs. 313.31 million (June 30, 2017: Rs. 510.7 million) and Rs. 70 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 Quarter Ended September 30, 2017

8. RELATED PARTY TRANSACTIONS

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

Nature of relationship	Nature of transactions	Note	September 30, 2017	September 30, 2016
			----- Rupees '000 -----	----- Rupees '000 -----
Holding company	- Corporate Service Charges		600	600
Associated companies	- Shared expenses	8.1	21,281	11,489
	- Sale of goods		1,731	198

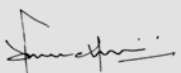
- 8.1 The Company has an agreement with IBL Operations (Private) Limited regarding sharing of expenses relating to sales and administrative infrastructure.

9. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on September 27, 2017 proposed a final cash dividend of Rs. 0.5 per share (2016: Rs. Nil per share) amounting to Rs. 5.4 million (2016: Rs. Nil) subject to the approval of the shareholders in the forthcoming annual general meeting scheduled to be held on October 31, 2017.

DATE OF AUTHORISATION FOR ISSUE

10. These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on October 23, 2017.



Chief Executive Officer



Director



Chief Financial Officer

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