



Moving FORWARD

Quarter Ended September 30, 2019 (Un-Audited)

Contents

Company Information	02
Directors' Report to the Shareholders	03
Directors' Report to the Shareholders (Urdu)	07
Unconsolidated Financial Statements	08
Notes to the Unconsolidated Financial Statements	13
Consolidated Financial Statements	17
Notes to the Consolidated Financial Statements	22

Company Information

BOARD OF DIRECTORS

Mr. Rashid Abdulla
Mr. Muhammad Khalid Dar
Mr. Ayaz Abdulla
Mr. Asad Abdulla
Mr. Faisal Farooq
Mr. Zubair Razzak Palwala
Mr. Hasan Tariq Khan

Chairman
Chief Executive Officer
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director

AUDIT COMMITTEE

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

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

Mr. Shariq Ahmed

COMPANY SECRETARY

Mr. Saad Lakhani

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

1st Floor, One IBL Center, Block no. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society,
Main Shahrah-e-Faisal, Karachi-75530 Tel: 35683944-6, 35675111-7,
Fax: 35635530, 35682772

SHARE REGISTRAR

CDC Share Segistrar Services Limited CDC House, 99-B, Block-B, SMCHS
Shahra-e-Faisal, Karachi - 74400

WEBSITE

www.ubrandz.biz

Directors' Report

To The Shareholders Of The Company

The Directors of United Brands Limited take pleasure in presenting their report together with the consolidated condensed interim financial information (unaudited) of the Company for the quarter ended September 30, 2019. The Directors' Report is prepared in accordance with Section 227 of the Companies Act, 2017.

Principal Activities

United Brands Limited is engaged in distribution of fast moving consumer goods and allied products. The portfolio included chocolates, confectionaries, sweetener, beverages, cereals, cooking oil, deodorants, cosmetics and other similar products.

Summary of Financial Performance

	Quarter ended	
	September 30, 2019	September 30, 2018
	Rupees '000	
Revenue	677,259	1,169,061
Gross profit	209,804	295,137
Gross profit (% of revenue)	31.0%	25.2%
Operating (loss)/ profit	(21,134)	77,826
(Loss)/ Profit after taxation	(87,974)	6,589

Financial Performance – United Brands Limited (Parent Company):

Revenue of Company has significantly decreased by 42% as following businesses were discontinued from Company's portfolio which contributed PKR 417 million in the same period last year.

- 1) Mars
- 2) Wrigley
- 3) Haleeb Foods
- 4) Heinz
- 5) IFFCO
- 6) Johnson & Johnson

As a consequence, gross profit has also decreased by PKR 85 million as compared to last year, but since discontinued business lines were producing low margin in comparison to the active business lines, gross profit as a percentage of revenue has improved by 6% as compared to last year.

Distribution & administrative expenses have reduced by PKR 14 million majorly due to decrease in logistics cost and salaries.

Net profit margin has declined significantly from 0.6% to (13.0%) as compared to last year. The main inhibition for net loss is loss of revenue due to discontinued accounts, increase in finance cost due to additional borrowings and increase in KIBOR rate and expiries of Kellogg's business. Also cost of doing business has gone up with rise in fuel rates, utilities cost & minimum wage related compliances.

Financial Performance – IBL Logistics (Private) Limited (Subsidiary Company):

IBL Logistics is involved in the business of logistics services and sales of electronic LED lights. The Company in current quarter has made net profit of PKR 4 million against revenue of PKR 78 million. Company expects a major increase in revenue and profitability through this business in the upcoming years.

Holding Company

International Brands Limited is the holding Company of United Brands Limited. As at September 30, 2019, International Brands Limited held 88,200,462 shares of PKR 10 each (96.08%).

Subsidiary Company

United Brands Limited is the holding Company of IBL Logistics (Private) Limited. As at September 30, 2019, United Brands Limited held 2,499,997 shares together with its nominees of PKR 10 each (99.9%).

Basic / diluted loss per share

Basic / diluted loss per share were PKR (0.96) (2018: EPS PKR 0.07)

Future Outlook

The Company has suffered losses primarily because of exchange losses, increase in interest cost and discontinuation of businesses, however the board and management is confident that Company shall identify, undertake and avail areas of opportunities for increasing both revenue and profitability in next years.

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

Acknowledgement

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 24, 2019



Hasan Tariq Khan
Director

Faisal Farooq
Director

Rashid Abdulla
Director

مستقبل پر ایک نظر

کمپنی نے آپکنج ریٹس میں نقصان، شرح سود میں اضافے اور کاروبار کے عدم تسلسل کی وجہ سے بنیادی طور پر خسارے کا سامنا کیا تاہم بورڈ اور انتظامیہ پُر امید ہیں کہ کمپنی آئندہ سالوں میں آمدنی اور منافع جات دونوں میں اضافے کیلئے موقعوں کے تمام تر شعبوں کی شناخت، ان پر عملدرآمد اور انہیں کامیابی سے بروئے کار لانے کے سلسلے میں پُر امید ہے۔

ہم کمپنی کے حاصل کردہ اہداف کو تکمیل تک پہنچانے کیلئے اپنے ملازمین کی انتھک جدوجہد پر ان کے بھی شکرگزار ہیں۔

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۔

کراچی

۲۲ اکتوبر ۲۰۱۹ء



راشد عبداللہ
ڈائریکٹر



فیصل فاروق
ڈائریکٹر



حسن طارق خان
ڈائریکٹر

اس کے نتیجے میں، مجموعی منافع گزشتہ سال کے مقابلے میں 85 ملین پاک روپے تک کم ہو گیا تاہم چونکہ غیر منقطع کاروباری لائسنز فعال بزنس لائسنز کے مقابلے میں کم شرح منافع پیدا کر رہی ہیں لہذا مجموعی منافع بطور ریونیو کی فیصدی شرح گزشتہ سال کے مقابلے میں 6 فیصد تک بہتر ہو گیا۔

ڈسٹری بیوٹن اور انتظامی اخراجات میں 14 ملین پاک روپے کی کمی آئی جس کی وجہ لاجسٹکس لاگت اور تنخواہوں میں کمی تھی۔ خالص منافع کی شرح گزشتہ سال (13.0 فیصد) کے مقابلے میں نمایاں طور پر 0.6 فیصد کم ہو گئی۔ خالص خسارے کیلئے بنیادی وجہ آمدنی کا خسارہ تھا جو غیر منقطع اکاؤنٹس، اضافی قرضوں کے باعث فنانس لاگت میں اضافہ اور KIBOR ریٹ میں اضافہ اور کیلوگز بزنس کی مدت کا ختم ہونا تھا۔ مزید برآں کاروبار کرنے کی لاگت، ایندھن کے اخراجات، یوٹیلیٹیز کی مالیت بڑھنے اور کم از کم تنخواہ مقرر کرنے کی شرط پر عملدرآمد کے سبب بڑھ گئی۔

مالیاتی کارکردگی - آئی بی ایل لاجسٹکس (پرائیویٹ) لمیٹڈ (ذیلی کمپنی)

آئی بی ایل لاجسٹکس الیکٹرونک ایل ای ڈی لائسنس اور لاجسٹکس سروسز کے کاروبار میں مصروف عمل ہے۔ کمپنی رواں سہ ماہی میں 4 ملین پاک روپے کا خالص منافع 78 ملین پاک روپے کے ریونیو کے مقابلے میں حاصل کر پائی۔ کمپنی آنے والے سالوں میں اس کاروبار کے ذریعے ریونیو اور منافع میں نمایاں اضافے کی توقع رکھتی ہے۔

ہولڈنگ کمپنی

انٹرنیشنل برانڈز لمیٹڈ یونائیٹڈ برانڈز لمیٹڈ کی ہولڈنگ کمپنی ہے۔ ۳۰ ستمبر ۲۰۱۹ء کے مطابق انٹرنیشنل برانڈز لمیٹڈ ہر ایک ۱۰ پاک روپے مالیت کے ۲۰۲۲، ۲۰۰۰، ۸۸ شیئرز (۹۶.۰۸ فیصد) کی ملکیت کی حامل تھی۔

ذیلی کمپنی

یونائیٹڈ برانڈز لمیٹڈ، آئی بی ایل لاجسٹکس (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی ہے۔ ۳۰ ستمبر ۲۰۱۹ء کے مطابق یونائیٹڈ برانڈز لمیٹڈ ہر ایک ۱۰ پاک روپے کے اس کے نامزد ہندوگان کے ساتھ ۲،۴۹۹،۹۹۷ شیئرز کا حامل تھا (۹۹.۹۹ فیصد)۔

بنیادی/معتدل خسارہ فی شیئر

بنیادی/معتدل خسارہ فی شیئر ۲۰۱۸ء: پاک روپے ۰.۶۰۷

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

یونائیٹڈ برانڈز لمیٹڈ کے ڈائریکٹرز بمسرت اپنی رپورٹ مع ۳۰ ستمبر ۲۰۱۹ء کو ختم ہونے والی سہ ماہی کے لئے کنسالیدیٹڈ مجموعی عبوری مالیاتی معلومات (غیر آڈٹ شدہ) پیش کر رہے ہیں۔ ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۷ کے مطابق تیار کی گئی ہے۔

بنیادی سرگرمیاں

یونائیٹڈ برانڈز لمیٹڈ تیزی سے فروخت ہونے والی اشیاء (FMCG) اور منسلکہ مصنوعات کی تقسیم میں مصروف عمل ہے۔ ان رپورٹ فوہو میں چائیس، کنفیکشنریز، مٹھائیاں، بیوریتجز، دلیئے، کھانے کا تیل، خوشبو جات، کامپیٹکس اور دیگر ملتی جلتی اشیاء۔

سہ ماہی کیلئے مالیاتی کارکردگی کا جائزہ

30 ستمبر 2018	30 ستمبر 2019
	(روپے، ہزاروں میں)

آمدنی	677,259	1,169,061
مجموع منافع	209,804	295,137
مجموعی منافع (آمدنی کا فیصدی)	31.0%	25.2%
آپریٹنگ (خسارہ)/منافع	(21,134)	77,826
(خسارہ)/منافع بعد از ٹیکس	(87,974)	6,589

مالیاتی کارکردگی۔ یونائیٹڈ برانڈز لمیٹڈ (سرپرست کمپنی)

کمپنی کاروبار ۲۰۱۹ء 42 فیصد کی نمایاں حد تک کم ہوا کیونکہ درج ذیل کاروبار کمپنی کے پورٹ فوہو سے غیر منقطع کر دیئے گئے جنہوں نے گزشتہ سال کی اسی مدت کے دوران کاروبار میں 417 ملین پاک روپے کی شراکت کی تھی۔

۱۔ مارس	۴۔ ہیز
۲۔ رگلے	۵۔ آئی ایف ایف سی او
۳۔ حلیب فوڈز	۶۔ جانسن اینڈ جانسن

UNCONSOLIDATED
CONDENSED INTERIM
FIANANCIAL STATEMENT
FOR THE QUARTER ENDED
SEPTEMBER 30, 2019

Unconsolidated Condensed Interim Statement Of Financial Position

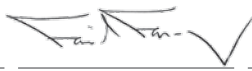
As At September 30, 2019

As At September 30, 2019		Unaudited September 30, 2019	Audited June 30, 2019
	Note		
ASSETS		Rupees '000	
Non-current assets			
Property and equipment		3,127	3,381
Intangible assets		300	322
Investments in subsidiary		25,000	25,000
Long - term deposits		114	114
		<u>28,541</u>	<u>28,817</u>
Current assets			
Inventories	4	859,416	1,102,071
Trade and other receivables		437,291	606,896
Prepayments and advances	5	416,783	469,483
Current tax asset		49,776	52,413
Tax refunds due from Government - sales tax		-	3,771
Cash and bank balances		81,796	200,915
		<u>1,845,062</u>	<u>2,435,549</u>
Total assets		<u><u>1,873,603</u></u>	<u><u>2,464,366</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		918,000	918,000
Accumulated losses		(702,979)	(610,990)
		<u>215,021</u>	<u>307,010</u>
Liabilities			
Current liabilities			
Trade and other payables		616,687	666,075
Tax payable to Government - sales tax		16,340	-
Unclaimed dividend		371	371
Accrued mark-up		24,611	37,641
Short term financing		1,000,573	1,453,269
		<u>1,658,582</u>	<u>2,157,356</u>
Total liabilities		<u>1,658,582</u>	<u>2,157,356</u>
CONTINGENCY AND COMMITMENTS			
	8	-	-
Total equity and liabilities		<u>1,873,603</u>	<u>2,464,366</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Hasan Tariq Khan
Director



Faisal Farooq
Director



Rashid Abdulla
Director



Shariq Ahmed
Chief Financial Officer

Unconsolidated Condensed Interim Profit Or Loss And Other Comprehensive Income - (Unaudited)

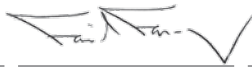
For The Quarter Ended September 30, 2019

		Quarter ended	
		September 30, 2019	September 30, 2018
	Note	Rupees '000	
Revenue	6	600,112	1,169,061
Cost of sales and services		(407,267)	(873,924)
Gross profit		192,845	295,137
Marketing and distribution expenses		(151,471)	(170,717)
Administrative and general expenses		(29,879)	(35,400)
Other operating expenses		(40,201)	(12,463)
Other income		1,047	1,058
Profit from operations		(27,659)	77,615
Finance cost		(42,105)	(23,741)
(Loss)/ Profit before Income tax		(69,764)	53,874
Income tax expense		(22,225)	(47,435)
(Loss)/ Profit after taxation		(91,989)	6,439
Other comprehensive income		-	-
Total comprehensive (Loss)/ Income		(91,989)	6,439
Basic and diluted (Loss)/ earnings per share (Rupees)		(1.00)	0.07

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Hasan Tariq Khan
Director



Faisal Farooq
Director



Rashid Abdulla
Director



Shariq Ahmed
Chief Financial Officer

Unconsolidated Condensed Interim Statement Of Cash Flows - (Unaudited)

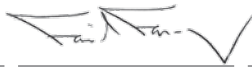
For The Quarter Ended September 30, 2019

		Quarter ended	
		September 30, 2019	September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES	Note	Rupees '000	
Cash generated from / (used in) operations	7	408,300	(229,838)
Income tax paid		(19,588)	(53,224)
Finance cost paid		(55,135)	(23,741)
Net cash inflow / (outflow) from operating activities		333,577	(306,803)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of equipment		-	(594)
Payment for acquisition of intangibles		-	(102)
Net cash outflow from investing activities		-	(696)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payment) / proceeds from short term financing		(452,696)	197,727
Net cash (outflow) / inflow from financing activities		(452,696)	197,727
Net decrease in cash and cash equivalents		(119,119)	(109,772)
Cash and cash equivalents at the beginning of the period		200,915	175,515
Cash and cash equivalents at the end of the period		81,796	65,743

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Hasan Tariq Khan
Director



Faisal Farooq
Director



Rashid Abdulla
Director



Shariq Ahmed
Chief Financial Officer

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

For The Quarter Ended September 30, 2019

	Share Capital - Issued, subscribed and paid up capital	Accumulated Loss	Total Equity
	Rupees '000		
Balance as at July 1, 2018	918,000	(41,459)	876,541
Total comprehensive income for the quarter	-	6,439	6,439
Balance at September 30, 2018	918,000	(35,020)	882,980
Balance as at July 1, 2019	918,000	(610,990)	307,010
Total comprehensive income	-	(91,989)	(91,989)
Balance at September 30, 2019	918,000	(702,979)	215,021

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Hasan Tariq Khan
Director



Faisal Farooq
Director



Rashid Abdulla
Director



Shariq Ahmed
Chief Financial Officer

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

For The Quarter Ended September 30, 2019

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 1st Floor, One IBL Center, Block no. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, 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, 2019 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 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, 2019. 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, 2019.

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, 2019.

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

For The Quarter Ended September 30, 2019

		Unaudited September 30, 2019	Audited June 30, 2019
		Rupees '000	
4.	INVENTORIES		
	Finished goods:		
	in hand	400,485	558,005
	in transit	458,931	544,066
		<u>859,416</u>	<u>1,102,071</u>
5.	PREPAYMENTS AND ADVANCES		
	Prepayments - note 5.1	113,626	101,652
	Advances - note 5.2	303,157	367,831
		<u>416,783</u>	<u>469,483</u>
5.1	Prepayments		
	Rent		
	Deposit	572	1,011
	Prepaid	108	108
	Insurance	1,556	193
	Others - note 5.1.1	111,390	100,340
		<u>113,626</u>	<u>101,652</u>
5.1.1	This represents amount paid to Red Bull Asia FZE in respect of Marketing Contribution as per the terms of the agreement. Such amount is amortised as the related products are distributed.		
5.2	Advances	Unaudited September 30, 2019	Audited June 30, 2019
		Rupees '000	
	Employees	1,621	956
	Advance against letter of credit - note 5.2.1	264,076	333,328
	Others - note 5.2.2	37,460	33,547
		<u>303,157</u>	<u>367,831</u>
5.2.1	This represents advances paid as 100% margin as per the BPRD circular No. 02 of 2017 issued by SBP under the Banking Companies Ordinance, 1962 for the import of goods.		
5.2.2	This amount represents advances given to clearing agents, shipping companies and regulatory authorities.		
6.	REVENUE	Unaudited September 30, 2019	Unaudited September 30, 2018
		Rupees '000	
	Gross Sales	649,604	1,279,009
	Service Income	-	67,131
	Less:		
	Trade Discounts	(30,197)	(142,536)
	Sales Return	(19,295)	(34,543)
	Net Sales	<u>600,112</u>	<u>1,169,061</u>

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

For The Quarter Ended September 30, 2019

7. CASH USED IN OPERATIONS

	Unaudited September 30, 2019	Unaudited September 30, 2018
	Rupees '000	
(Loss) / Profit before Income tax	(69,764)	53,874
Adjustment for non-cash charges and other items		
Depreciation	276	280
Finance cost	42,105	23,741
	42,381	24,021
	(27,383)	77,895
Effect on cash flow due to working capital changes (Increase) / decrease in current assets:		
Inventories	242,655	(47,578)
Trade and other receivables	169,605	(36,426)
Prepayments and advances	52,700	(76,010)
Tax refunds due from government - sales tax	20,111	10,618
	485,071	(149,396)
Decrease in trade and other payables	(49,388)	(158,337)
Cash generated from / (used in) operations	408,300	(229,838)

8. COMMITMENTS

The facilities for opening letter of credit and guarantees as at September 30, 2019 amounted to Rs. 800 million (June 30, 2019: Rs. 840 million) and Rs. 233 million (June 30, 2019: Rs. 233 million) respectively. The amount remaining unutilised as at September 30, 2019 for letter of credit and guarantees was Rs. 694 million (June 30, 2019: Rs. 554 million) and Rs. 81 million (June 30, 2019: Rs. 61 million) respectively.

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

9. RELATED PARTY TRANSACTIONS

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

Nature of relationship	Nature of transactions	September 30, 2019	September 30, 2018
		Rupees '000	
Holding company	- Corporate Service Charges	3,000	3,000
Associated companies	- Shared expenses Note - 9.1	39,902	56,662
	- Sale of goods	18,450	1,184

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

For The Quarter Ended September 30, 2019

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

10. **CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and re-classified wherever necessary to facilitate comparison.

11. **DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on October 24, 2019.



Hasan Tariq Khan
Director



Faisal Farooq
Director



Rashid Abdulla
Director



Shariq Ahmed
Chief Financial Officer

CONSOLIDATED
CONDENSED INTERIM
FIANANCIAL STATEMENT
FOR THE QUARTER ENDED
SEPTEMBER 30, 2019

Consolidated Condensed Interim Statement Of Financial Position

As At September 30, 2019

As At September 30, 2019		Unaudited September 30, 2019	Audited June 30, 2019
ASSETS		Note	Rupees '000
Non-current assets			
Property and equipment		5,329	5,487
Intangible assets		1,203	1,317
Long - term deposits		114	114
		6,646	6,918
Current assets			
Inventories	4	959,796	1,194,899
Trade and other receivables		480,250	610,238
Prepayments and advances	5	435,239	474,483
Current tax asset		47,319	52,455
Tax refunds due from Government - sales tax		-	3,772
Cash and bank balances		85,385	203,854
		2,007,989	2,539,701
Total assets		2,014,635	2,546,619
EQUITY AND LIABILITIES			
Equity			
Share capital		918,000	918,000
Accumulated losses		(699,440)	(611,464)
		218,560	306,536
Liabilities			
Current liabilities			
Trade and other payables		751,709	748,802
Tax payable to Government - sales tax		18,811	-
Unclaimed dividend		371	371
Accrued mark-up		24,611	37,641
Short term financing		1,000,573	1,453,269
		1,796,075	2,240,083
Total liabilities		1,796,075	2,240,083
CONTINGENCY AND COMMITMENTS			
	8	-	-
Total equity and liabilities		2,014,635	2,546,619

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Hasan Tariq Khan
Director



Faisal Farooq
Director



Rashid Abdulla
Director



Shariq Ahmed
Chief Financial Officer

Consolidated Condensed Interim Profit Or Loss And Other Comprehensive Income - (Unaudited)

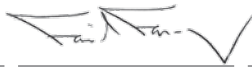
For The Quarter Ended September 30, 2019

		Quarter ended	
		September 30, 2019	September 30, 2018
	Note	Rupees '000	
Revenue	6	677,259	1,169,061
Cost of sales and services		(467,455)	(873,924)
Gross profit		209,804	295,137
Marketing and distribution expenses		(158,321)	(170,717)
Administrative and general expenses		(33,567)	(35,400)
Other operating expenses		(40,201)	(12,463)
Other income		1,151	1,269
Profit from operations		(21,134)	77,826
Finance cost		(42,117)	(23,741)
(Loss)/ Profit before Income tax		(63,251)	54,085
Income tax expense		(24,723)	(47,496)
(Loss)/ Profit after taxation		(87,974)	6,589
Other comprehensive income		-	-
Total comprehensive (Loss)/ Income		(87,974)	6,589
Basic and diluted (Loss)/ earnings per share (Rupees)		(0.96)	0.07

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Hasan Tariq Khan
Director



Faisal Farooq
Director



Rashid Abdulla
Director



Shariq Ahmed
Chief Financial Officer

Consolidated Condensed Interim Statement Of Cash Flows - (Unaudited)

For The Quarter Ended September 30, 2019

		Quarter ended	
		September 30, 2019	September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
	Note	Rupees '000	
Cash generated from / (used in) operations	7	409,237	(229,838)
Income tax paid		(19,587)	(53,224)
Finance cost paid		(55,147)	(23,741)
Net cash inflow / (outflow) from operating activities		334,503	(306,803)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of equipment		(276)	(594)
Payment for acquisition of intangibles		-	(102)
Net cash outflow from investing activities		(276)	(696)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payment) / proceeds from short term financing		(452,696)	197,727
Net cash (outflow) / inflow from financing activities		(452,696)	197,727
Net decrease in cash and cash equivalents		(118,469)	(109,772)
Cash and cash equivalents at the beginning of the period		203,854	175,515
Cash and cash equivalents at the end of the period		85,385	65,743

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Hasan Tariq Khan
Director



Faisal Farooq
Director



Rashid Abdulla
Director



Shariq Ahmed
Chief Financial Officer

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

For The Quarter Ended September 30, 2019

	Share Capital - Issued, subscribed and paid up capital	Accumulated Loss	Total Equity
	Rupees '000		
Balance as at July 1, 2018	918,000	(41,459)	876,541
Total comprehensive income for the quarter	-	6,589	6,589
Balance at September 30, 2018	918,000	(34,870)	883,130
Balance as at July 1, 2019	918,000	(611,466)	306,534
Total comprehensive income	-	(87,974)	(87,974)
Balance at September 30, 2019	918,000	(699,440)	218,560

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Hasan Tariq Khan
Director



Faisal Farooq
Director



Rashid Abdulla
Director



Shariq Ahmed
Chief Financial Officer

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

For The Quarter Ended September 30, 2019

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 1st Floor, One IBL Center, Block no. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, 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, 2019 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 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, 2019. 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, 2019.

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, 2019.

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

For The Quarter Ended September 30, 2019

4	INVENTORIES	Unaudited September 30, 2019	Audited June 30, 2019
		Rupees '000	
	Finished goods:		
	in hand	500,865	558,005
	in transit	458,931	544,066
		<u>959,796</u>	<u>1,102,071</u>
5.	PREPAYMENTS AND ADVANCES		
	Prepayments - note 5.1	113,714	101,652
	Advances - note 5.2	321,525	367,831
		<u>435,239</u>	<u>469,483</u>
5.1	Prepayments		
	Rent		
	Deposit	572	1,011
	Prepaid	108	108
	Insurance	1,556	193
	Others - note 5.1.1	111,478	100,340
		<u>113,714</u>	<u>101,652</u>
5.1.1	This represents amount paid to Red Bull Asia FZE in respect of Marketing Contribution as per the terms of the agreement. Such amount is amortised as the related products are distributed.		
5.2	Advances	Unaudited September 30, 2019	Audited June 30, 2019
		Rupees '000	
	Employees	1,621	956
	Advance against letter of credit - note 5.2.1	264,076	333,328
	Others - note 5.2.2	55,828	33,547
		<u>321,525</u>	<u>367,831</u>
5.2.1	This represents advances paid as 100% margin as per the BPRD circular No. 02 of 2017 issued by SBP under the Banking Companies Ordinance, 1962 for the import of goods.		
5.2.2	This amount represents advances given to clearing agents, shipping companies and regulatory authorities.		
6.	REVENUE	Unaudited September 30, 2019	Unaudited September 30, 2019
		Rupees '000	
	Gross Sales	687,642	1,279,009
	Service Income	52,991	67,131
	Less:		
	Trade Discounts	(44,079)	(142,536)
	Sales Return	(19,295)	(34,543)
	Net Sales	<u>677,259</u>	<u>1,169,061</u>

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

For The Quarter Ended September 30, 2019

7. CASH USED IN OPERATIONS

	Unaudited September 30, 2019	Unaudited September 30, 2019
	Rupees '000	
(Loss) / Profit before Income tax	(63,251)	53,874
Adjustment for non-cash charges and other items		
Depreciation	548	280
Finance cost	42,117	23,741
	42,665	24,021
	(20,586)	77,895
Effect on cash flow due to working capital changes (Increase) / decrease in current assets:		
Inventories	235,103	(47,578)
Trade and other receivables	129,988	(36,426)
Prepayments and advances	39,244	(76,010)
Tax refunds due from government - sales tax	22,581	10,618
	426,916	(149,396)
(Decrease) / increase in trade and other payables	2,907	(158,337)
Cash generated from / (used in) operations	409,237	(229,838)

8. COMMITMENTS

The facilities for opening letter of credit and guarantees as at September 30, 2019 amounted to Rs. 800 million (June 30, 2019: Rs. 840 million) and Rs. 233 million (June 30, 2019: Rs. 233 million) respectively. The amount remaining unutilised as at September 30, 2019 for letter of credit and guarantees was Rs. 694 million (June 30, 2019: Rs. 554 million) and Rs. 81 million (June 30, 2019: Rs. 61 million) respectively.

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

9. RELATED PARTY TRANSACTIONS

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

Nature of relationship	Nature of transactions	September 30, 2019	September 30, 2018
		Rupees '000	
Holding company	- Corporate Service Charges	3,000	3,000
Associated companies	- Shared expenses - note 9.1	39,902	56,662
	- Sale of goods	18,450	1,184

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

For The Quarter Ended September 30, 2019

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

10. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified wherever necessary to facilitate comparison.

11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on October 24, 2019.



Hasan Tariq Khan
Director



Faisal Farooq
Director



Rashid Abdulla
Director



Shariq Ahmed
Chief Financial Officer