

Growing **Economy**



Half Yearly Report December 2013

Contents

Company Information	2
Directors' Report	3
Auditors' Report	4
Condensed Interim Balance Sheet	5
Condensed Interim Profit and Loss Account	6
Condensed Interim Statement of Cash Flow	7
Condensed Interim Statement of Changes in Equity	8
Notes to the Condensed Interim Financial Information	9



Company Information

BOARD OF DIRECTORS

Mr. Rashid Abdulla	Chairman
Syed Qaisar Abbas Naqvi	Chief Executive
Mr. Asad Abdulla	Director
Mr. Ayaz Abdulla	Director
Mr. Zubair Palwala	Director
Syed Nadeem Ahmed	Director
Mr. Faisal Abdulla	Director

AUDIT COMMITTEE

Mr. Asad Abdulla	Chairman
Mr. Zubair Palwala	Member
Syed Qaisar Abbas Naqvi	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Muhammad Ali

AUDITORS

Baker Tilly Mehmood Idrees Qamar

LEGAL ADVISOR

Raja Qasit Nawaz Khan

BANKERS

Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silk Bank 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 Ltd.
Head Office, CDC House, 99-B, Block-B,
SMCHS, Main Shahrah-e-Faisal, Karachi-74400



Directors' Report

For the Half Year Ended Dec. 31, 2013

The Directors' hereby present the financial statements for the 2nd quarter and half year ended December 31, 2013. These financial statements are submitted in accordance with section 245 of the Companies Ordinance, 1984.

OPERATING RESULTS

The sales for the 2nd quarter ended December 31, 2013 were **Rs.388** million as compared to Rs.343 million for the same period last year which was **13%** higher.

Despite the increase in overall operational costs due to ever rising costs of utilities, fuel and other logistics etc., the total operating expenses increased by 31% against the same quarter last year. This increase was also due to the increase in distribution coverage to **57 locations** up to the close of the quarter.

FUTURE OUTLOOK

The Management considers that the long term strategy adopted has provided the impetus to the performance of the company and should lead to enhanced stakeholders value.

ACKNOWLEDGMENT

We wish to thank our principals for their extended support and our customers. We also take this opportunity to thank our bankers, suppliers for providing us with their valuable support throughout the period.

Finally, we wish to thank our staff who remained committed to deliver towards the growth of your Company.

For and on behalf of the Board,

Karachi
Dated: February 27, 2014

Syed Qaiser Abbas Naqvi
Chief Executive



BAKER TILLY
MEHMOOD IDREES
QAMAR
CHARTERED ACCOUNTANTS

4th Floor, Central Hotel Building,
Civil Lines, Merewether Road,
Karachi - Pakistan.
Tel: +92 (021) 35644872-7
Fax: +92 (021) 35694573
Email: mim@mimandco.com

AUDITORS' REVIEW REPORT TO THE MEMBERS ON
REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of **United Brands Limited** as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim changes in equity and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and the presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for condensed interim financial reporting. Our responsibility is expressing a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standards on Review Engagements 2410 "Review of Condensed Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 annexed condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Signature

Engagement Partner: M. Rehan Siddiqui

Karachi.

Dated: February 27, 2014

Condensed Interim Balance Sheet

As At December 31, 2013

Half Year Ended Dec. 31, 2013 5

		Un-Audited Dec. 31, 2013	Audited June 30, 2013
	Note	(Rupees)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
12,000,000 ordinary shares of Rs. 10/- each		<u>120,000,000</u>	<u>120,000,000</u>
Issued , subscribed and paid-up-capital			
10,800,000 (June 30, 2013: 1,200,000) ordinary shares of Rs. 10/- each	4	108,000,000	108,000,000
Accumulated (loss)		(36,542,368)	(34,451,604)
		71,457,632	73,548,396
LIABILITIES			
CURRENT LIABILITIES			
Current maturity of liabilities against assets subject to finance lease		-	763,973
Trade and other payables		385,622,321	249,498,245
Domestic Supplier Finance		105,129,736	55,796,622
		490,752,057	306,058,840
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		<u>562,209,689</u>	<u>379,607,236</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	5,318,953	5,975,924
CURRENT ASSETS			
Stock in trade		374,946,573	239,019,340
Trade debts unsecured- considered good		42,974,638	38,696,827
Loans and advances		1,011,917	308,427
Trade deposits and prepayments		1,244,104	142,402
Other receivables		76,189,516	55,046,556
Taxation - Net		903,154	1,651,287
Cash and bank balances	6	59,620,834	38,766,473
		556,890,736	373,631,312
TOTAL ASSETS		<u>562,209,689</u>	<u>379,607,236</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director

Condensed Interim

Profit and Loss Account

For the Half Year Ended Dec. 31, 2013

(Un-Audited)

	HALF YEAR ENDED		QUARTER ENDED	
	December 2013	December 2012	December 2013	December 2012
Note	----- (Rupees) -----			
Sales	792,577,877	736,140,034	455,102,039	400,534,799
Sales Tax	(116,997,282)	(103,972,398)	(67,336,625)	(57,514,657)
	<u>675,580,595</u>	<u>632,167,636</u>	<u>387,765,414</u>	<u>343,020,142</u>
Cost of goods Sold	(590,183,696)	(554,367,988)	(338,257,956)	(301,136,552)
Gross Profit	<u>85,396,899</u>	<u>77,799,648</u>	<u>49,507,458</u>	<u>41,883,590</u>
Distribution Cost	(44,462,233)	(39,608,588)	(24,315,700)	(23,580,243)
Administrative Expenses	(22,478,300)	(12,174,487)	(12,586,534)	(4,639,656)
	<u>(66,940,533)</u>	<u>(51,783,075)</u>	<u>(36,902,234)</u>	<u>(28,219,899)</u>
Operating Profit	<u>18,456,366</u>	<u>26,016,573</u>	<u>12,605,224</u>	<u>13,663,691</u>
Other Income	1,448,083	110,176	1,448,083	-
Financial Charges	(6,232,179)	(6,761,558)	(3,285,686)	(3,269,716)
Other charges -WWF	(273,445)	-	(273,445)	-
Profit before taxation	<u>13,398,825</u>	<u>19,365,191</u>	<u>10,494,176</u>	<u>10,393,975</u>
Taxation	(4,689,589)	(6,777,817)	(3,672,962)	(3,637,891)
Profit after taxation	<u>8,709,236</u>	<u>12,587,374</u>	<u>6,821,214</u>	<u>6,756,084</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>8,709,236</u>	<u>12,587,374</u>	<u>6,821,214</u>	<u>6,756,084</u>
Earnings per share	7 <u>0.81</u>	<u>2.10</u>	<u>0.63</u>	<u>1.13</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director

Condensed Interim Statement of Cash Flow

For the Half Year Ended Dec. 31, 2013

(Un-Audited)

	Dec. 31, 2013	Dec. 31, 2012
	------(Rupees)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	13,398,825	19,365,191
Adjustment for non cash items		
Depreciation	581,358	685,057
(Gain) on sale of property, plant and equipments	(1,406,637)	-
Financial Charges	6,232,179	6,761,558
	<u>5,406,900</u>	<u>7,446,615</u>
Profit before changes in working capital	18,805,725	26,811,806
Working Capital Changes		
(Increase) / Decrease in current assets	(163,153,196)	(52,446,577)
Increase / (Decrease) in current liabilities	185,457,190	51,016,882
	<u>22,303,994</u>	<u>(1,429,695)</u>
	41,109,719	25,382,111
Financial Charges paid	(6,232,179)	(6,761,558)
Income tax paid	(3,941,456)	(6,597,203)
Net cash from / (used) in operating activities	30,936,084	12,023,350
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments	(281,150)	-
Proceeds from disposal of property, plant and equipments	1,763,400	-
Net cash inflow from activities	1,482,250	-
CASH FLOW FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	(763,973)	(683,971)
Issued Share Capital	-	96,000,000
Due to related parties	-	(96,000,000)
Dividend Paid	(10,800,000)	-
Net Cash (used in) financing activities	(11,563,973)	(683,971)
Net Increase in cash and cash equivalents	20,854,361	11,339,379
Cash and Bank Balance at the beginning of the period	38,766,473	39,598,036
Cash and Bank Balance at the end of the period	59,620,834	50,937,415

The annexed notes 1 to 9 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director

Condensed Interim Statement of Changes in Equity

For the Half Year Ended Dec. 31, 2013

(Un-Audited)

Issed, Subscribed and Paid-up Share Capital	Accumulated (Loss)	Total
--	-----------------------	-------

----- Rupees -----

Balance as at July 01, 2012	12,000,000	(50,073,004)	(38,073,004)
Share capital issued during the period	96,000,000	-	96,000,000
Profit for the half year ended Dec. 31, 2012		12,587,374	12,587,374
Balance as at December 31, 2012	<u>108,000,000</u>	<u>(37,485,630)</u>	<u>70,514,370</u>
Balance as at July 1, 2013	108,000,000	(34,451,604)	73,548,396
Dividend paid		(10,800,000)	(10,800,000)
Profit for the half year ended Dec. 31, 2013	-	8,709,236	8,709,236
Balance as at Dec. 31, 2013	<u>108,000,000</u>	<u>(36,542,368)</u>	<u>71,457,632</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director

Notes to and Forming Part of the Condensed Interim Financial Information

For the Half Year Ended Dec. 31, 2013

(Un-Audited)

1. STATUS AND NATURE OF BUSINESS

- 1.1 The Company was incorporated in Pakistan in 1965 as a Public Limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on Karachi Stock Exchange. The registered office of the Company is situated at 8th Floor, NIC Building, Abbasi Shaheed Road, Karachi. The principal activities of the Company are trading and distribution of consumer goods, pharmaceutical and allied products.
- 1.2 This condensed interim financial information is only reviewed not audited, however balances for the year ended June 30, 2013 in the comparative information, wherever disclosed, has been audited by the statutory auditors.

2. BASIS OF PRESENTATION

- 2.1 This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard No. 34, "Interim Financial Reporting" and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi Stock Exchange.
- 2.2 This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2013, condensed interim profit and loss account, condensed interim statement of changes in Equity and the condensed interim statement of cash flow for the half year ended December 31, 2013.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the statement of financial information of the Company for the year ended June 30, 2013.
- 3.2 There are no IFRSs or IFRIC interpretations becoming effective during the period that would be expected to have a material impact on the company's condensed interim financial information.

4. SHARE CAPITAL

			(Un-Audited) December 2013	(Audited) June 2013
			Rupees	
SHARE CAPITAL				
Authorised share capital				
Number of Shares				
December 2013	June 2013			
12,000,000	12,000,000	Ordinary shares of Rs. 10/- each.	120,000,000	120,000,000
Issued, subscribed and paid-up share capital				
Number of Shares				
December 2013	June 2013			
10,800,000	10,800,000	Ordinary shares of Rs. 10/- each fully paid in cash.	108,000,000	108,000,000

Notes to and Forming Part of the Condensed Interim Financial Information

For the Half Year Ended Dec. 31, 2013

(Un-Audited)

	(Un-Audited) December 2013	(Audited) June 2013
5. PROPERTY, PLANT AND EQUIPMENT		
Tangible assets	<u>5,318,953</u>	<u>5,975,924</u>
5.1 Additions (at cost):		
- Computers - owned	<u>281,150</u>	<u>86,460</u>
5.2 Deletions		
- Vehicles - owned	<u>(2,127,000)</u>	<u>-</u>
6. CASH AND BANK BALANCES		
Balances with banks		
- Current accounts	59,493,481	38,639,120
- Dividend accounts	127,353	127,353
	<u>59,620,834</u>	<u>38,766,473</u>

UN-AUDITED		UN-AUDITED	
HALF YEAR ENDED		QUARTER ENDED	
December 2013	December 2012	December 2013	December 2012

7. EARNINGS PER SHARE

Profit for the period (Rupees)	8,709,236	12,587,374	6,821,214	6,756,084
Weighted Average Number of ord. shares	10,800,000	6,000,000	10,800,000	6,000,000
	<u>0.81</u>	<u>2.10</u>	<u>0.63</u>	<u>1.13</u>

8. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the board of directors of the Company and authorized for issue on Thursday, February 27, 2014.

9. GENERAL

Figures have been rounded off to the nearest rupees.

Chief Executive Officer

Director

Notes

[illegible]

This image shows a single sheet of white paper with horizontal blue or grey ruling lines, typical of notebook paper. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.





United Brands Limited

8th Floor, NIC Building, Abbasi Shaheed Road,
Karachi – 75530

Tel: 35683944-6, 35675111-7,

Fax : 35635530, 35862772

www.ubrandz.biz