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Company Information

Board of Directors

Mr. Rashid Abdulla
Mr. Asad Abdulla
Mr. Munis Abdullah
Mr. Ayaz Abdulla
Mr. Syed Nadeem Ahmed
Mr. Zubair Razzak Palwala
Mr. Hasan Tariq Khan

Chairman
Chief Executive Officer
Director
Director
Director
Director
Director

Audit Committee

Mr. Hasan Tariq Khan
Mr. Zubair Razzak Palwala
Mr. Syed Nadeem Ahmed

Chairman
Member
Member

Chief Financial Officer & Company Secretary

Mr. Syed Atik Ali

Auditors

A.F. Ferguson & Company, Chartered Accountants

Legal Advisor

Raja Qasit Nawaz Khan

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 of the company



The Board of Directors of United Brands Limited is pleased to present the Directors' Report together with the reviewed condensed interim financial information of the Company for the half year ended December 31, 2014. These condensed interim financial information is submitted in accordance with the section 245 of the Companies Ordinance, 1984.

December 31,
2014 2013
Rupees in '000

| | | |
|------------------------|---------|---------|
| Revenue | 792,357 | 675,581 |
| Gross Profit | 109,049 | 85,397 |
| GP as % of Revenue | 13.76% | 12.64% |
| Expenses | 101,856 | 71,998 |
| Profit Before taxation | 7,193 | 13,399 |
| Profit After taxation | 3,928 | 8,709 |

FINANCIAL OVERVIEW

The overall operating performance of the Company remained satisfactory during the period under review. The growth in net turnover for the year was observed at 17.27% and recorded at Rs. 792.3 million as against Rs. 675.6 million for the same period last year. The Gross profit has increased due to increase in sales volume but, increase in administrative and distribution costs due to distribution coverage and inflationary pressure has consequently reduced Net profit by 46%.

EARNING PER SHARE

Earnings per share for the six-month period ended December 31, 2014 at Rs. 0.36 is lower as compared to the corresponding period last year.

FUTURE OUTLOOK

The management is optimistic in maintaining excellent results in future as our sales force is continuously focusing on providing high quality premium products to all the potential customers. We are confident that we can generate increased value for shareholders as well as deliver better products and services to our customers.

ACKNOWLEDGMENT

The Directors would like to express their gratitude to the Customers, Bankers 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.

For and on behalf of the Board,

Karachi.
Date:

Asad Abdulla
Chief Executive

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, 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-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, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review

We conducted our review in accordance with the 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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The financial statements for the year ended June 30, 2014 and half year ended December 31, 2013 were audited and reviewed respectively by another auditor whose reports dated September 25, 2014 and February 27, 2014 expressed an unmodified opinion / conclusion thereon.

Chartered Accountants
Karachi 

Date:
Name of Engagement Partner: Farrukh Rehman

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State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazi-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (770) 315320, +93 (799) 315320

Condensed Interim Balance Sheet

As at December 31, 2014

| | Note | Unaudited December 31, 2014 | Audited June 30, 2014 |
|---|------|-----------------------------------|-----------------------------|
| | | Rupees '000 | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 1,864 | 2,709 |
| Long term deposits | | 202 | - |
| | | 2,066 | 2,709 |
| Current assets | | | |
| Stock-in-trade | | 382,699 | 344,675 |
| Trade debts | | 63,953 | 52,268 |
| Loans and advances | | 949 | 1,238 |
| Short term prepayments | | 646 | 52 |
| Other receivables | 6 | 177,120 | 49,285 |
| Tax refunds due from Government - Sales tax | | - | 11,169 |
| Taxation - payments less provisions | | 7,483 | 2,049 |
| Cash and bank balances | | 56,232 | 108,470 |
| | | 689,082 | 569,206 |
| Total assets | | 691,148 | 571,915 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 108,000 | 108,000 |
| Accumulated loss | | (38,827) | (31,955) |
| | | 69,173 | 76,045 |
| Current liabilities | | | |
| Trade and other payables | 7 | 587,136 | 399,435 |
| Accrued mark-up | | 103 | - |
| Short term borrowings - Domestic supplier finance | | 34,736 | 96,435 |
| | | 621,975 | 495,870 |
| Total equity and liabilities | | 691,148 | 571,915 |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

Asad Abdulla
Chief Executive

Zubair Razzak Palwala
Director

Condensed Interim Profit and Loss Account - Unaudited

For the half year ended December 31, 2014

| | Note | Quarter ended | | Half year ended | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| | | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| Rupees '000 | | | | | |
| Revenue | 8 | 464,498 | 387,765 | 792,357 | 675,581 |
| Cost of sales | | (396,608) | (338,258) | (683,308) | (590,184) |
| Gross profit | | 67,890 | 49,507 | 109,049 | 85,397 |
| Distribution costs | | (34,462) | (24,316) | (56,245) | (44,462) |
| Administrative expenses | | (32,119) | (12,587) | (39,762) | (22,479) |
| Finance cost | | (3,405) | (3,286) | (6,384) | (6,232) |
| Other income | | 924 | 1,448 | 948 | 1,448 |
| Other expenses | | (237) | (273) | (413) | (273) |
| Profit before taxation | | (1,409) | 10,493 | 7,193 | 13,399 |
| Taxation | | (427) | (3,673) | (3,265) | (4,690) |
| Profit after taxation | | (1,836) | 6,820 | 3,928 | 8,709 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive Income | | (1,836) | 6,820 | 3,928 | 8,709 |
| Basic and diluted earnings per share (Rupees) | | (Rs. 0.17) | Rs. 0.63 | Rs. 0.36 | Rs. 0.81 |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

Asad Abdulla
Chief Executive

Zubair Razzak Palwala
Director

Condensed Interim Statement of Cash Flows- Unaudited

For the half year ended December 31, 2014



| | | December 31, 2014 | December 31, 2013 |
|--|------|----------------------|----------------------|
| | Note | Rupees '000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from / (used in) operations | 9 | 34,959 | (8,224) |
| Mark-up paid on short term borrowings - domestic supplier finance | | (5,695) | (6,232) |
| Income tax paid | | (8,699) | (3,941) |
| Increase in long term deposits | | (202) | - |
| Net cash generated from / (used in) operating activities | | 20,363 | (18,397) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (382) | (281) |
| Sale proceeds on disposal of property, plant and equipment | | - | 1,764 |
| Net cash (used in) / generated from investing activities | | (382) | 1,483 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (Repayment) / receipt of short term borrowings - domestic supplier finance | | (61,699) | 49,333 |
| Dividend paid | | (10,520) | (10,800) |
| Decrease in liabilities against assets subject to finance leases | | - | (764) |
| Net cash (used in) / generated from financing activities | | (72,219) | 37,769 |
| Net (decrease) / increase in cash and cash equivalents | | (52,238) | 20,855 |
| Cash and cash equivalents at the beginning of the period | | 108,470 | 38,766 |
| Cash and cash equivalents at the end of the period | | 56,232 | 59,621 |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

Asad Abdulla
Chief Executive

Zubair Razzak Palwala
Director

Condensed Interim Statement of Changes in Equity- Unaudited

For the half year ended December 31, 2014

| | Share Capital | Accumulated Loss Rupees '000 | Total |
|--|------------------|------------------------------------|----------|
| Balance as at July 1, 2013 | 108,000 | (34,452) | 73,548 |
| Final dividend for the year ended June 30, 2013 @ Re. 1 per share | - | (10,800) | (10,800) |
| Profit for the half year ended December 31, 2013 | - | 8,709 | 8,709 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | 8,709 | 8,709 |
| Balance at December 31, 2013 | 108,000 | (36,543) | 71,457 |
| Balance as at July 1, 2014 | 108,000 | (31,955) | 76,045 |
| Final dividend for the year ended June 30, 2014 @ Re. 1 per share | - | (10,800) | (10,800) |
| Profit for the half year ended December 31, 2014 | - | 3,928 | 3,928 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | - | 3,928 | 3,928 |
| Balance at December 31, 2014 | 108,000 | (38,827) | 69,173 |

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

Asad Abdulla
Chief Executive

Zubair Razzak Palwala
Director

Notes to the Condensed Interim Financial Information - Unaudited

For the half year ended December 31, 2014



1. THE COMPANY AND ITS OPERATIONS

United Brands Limited was incorporated in Pakistan as a public limited company. The shares of the Company are listed on the Karachi Stock Exchange. The principal business activity of the Company is distribution of healthcare items and consumer goods. 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.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2014 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. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi 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, 2014.

2.1 Changes in accounting standards, interpretations and pronouncements

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

IFRIC 21, 'Levies' a new interpretation is applicable for the Company for the first time for the financial year beginning on July 1, 2014, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subject to significant levies so the impact on the Company is not material.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2014 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

Notes to the Condensed Interim Financial Information - Unaudited

For the half year ended December 31, 2014

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

There are amendments to existing approved accounting standards and new interpretations that are not yet effective and are considered not to be relevant for the Company's financial statements and hence have not been detailed in these financial statements.

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, 2014.

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.

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, 2014.

5. PROPERTY, PLANT AND EQUIPMENT

Following are additions to / disposals of property, plant and equipment during the period:

| | <div> <div>Additions</div> <div>(at cost)</div> </div> | <div> <div>Disposals</div> <div>(at net book value)</div> </div> | | |
|-------------------|--|--|-------------------|-------------------|
| | ----- Rupees '000' ----- | | | |
| | December 31, 2014 | December 31, 2013 | December 31, 2014 | December 31, 2013 |
| Office equipments | 242 | - | - | - |
| Computers - owned | 140 | 281 | - | - |
| Vehicles | - | - | - | 2,127 |
| | <u>382</u> | <u>281</u> | <u>-</u> | <u>2,127</u> |

Notes to the Condensed Interim Financial Information - Unaudited

For the half year ended December 31, 2014



Unaudited
December 31,
2014
Rupees '000

Audited
June 30,
2014

6. OTHER RECEIVABLES - unsecured

Claims receivable - note 6.1

- Related parties

- Others

| | |
|---------|--------|
| 75,466 | 13,022 |
| 101,654 | 36,263 |
| 177,120 | 49,285 |

6.1 These represent claims for stocks, expenses, sales discounts, etc.

7. TRADE AND OTHER PAYABLES

These include Rs. 25.4 million (June 2014: Rs. 8.6 million) payable to related parties.

Unaudited
December 31,
2014
Rupees '000

Unaudited
December 31,
2013

8. REVENUE

Gross Sales

Less:

Trade discounts

Sales return

| | |
|-----------|-----------|
| 964,105 | 819,036 |
| (25,271) | (23,063) |
| (4,052) | (3,395) |
| 934,782 | 792,578 |
| (142,425) | (116,997) |
| 792,357 | 675,581 |

Less: Sales tax

Notes to the Condensed Interim Financial Information - Unaudited

For the half year ended December 31, 2014

| | December 31, 2014 | December 31, 2013 |
|--|----------------------|----------------------|
| | Rupees '000 | |
| 9. CASH GENERATED FROM OPERATIONS | | |
| Profit before taxation | 7,193 | 13,399 |
| Adjustment for non-cash charges and other items | | |
| Depreciation | 1,227 | 581 |
| Mark-up on short term borrowings - domestic supplier finance | 5,798 | 6,232 |
| Gain on sale of property, plant and equipment | - | (1,407) |
| | 7,025 | 5,406 |
| Profit before changes in working capital | 14,218 | 18,805 |
| Effect on cash flow due to working capital changes | | |
| (Increase) / decrease in current assets: | | |
| Stock-in-trade | (38,024) | (135,927) |
| Trade debts | (11,685) | (4,278) |
| Loans and advances | 289 | (703) |
| Short term prepayments | (594) | (1,102) |
| Other receivables | (127,835) | 1,265 |
| Tax refunds due from Government - Sales tax | 11,169 | (22,408) |
| | (166,680) | (163,153) |
| Increase in trade and other payables | 187,421 | 136,124 |
| Cash generated from / (used in) operations | 34,959 | (8,224) |

Notes to the Condensed Interim Financial Information - Unaudited

For the half year ended December 31, 2014



10. TRANSACTIONS WITH RELATED PARTIES

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

| Nature of relationship | Nature of transactions | Unaudited December 31, 2014 Rupees '000 | Unaudited December 31, 2013 |
|---|--------------------------------------|--|-----------------------------------|
| i. Holding company | Dividend paid | 10,381 | 9,343 |
| ii. Associated companies | - Purchases | 54,079 | 40,602 |
| | - Sales of goods | 237 | - |
| | - Shared costs | 27,797 | 25,943 |
| iii. Employees' Provident Fund | Contribution paid | 953 | 1,246 |
| iv. Key Management Personnel | Salaries and other employee benefits | 7,504 | 5,297 |
| v. Fee for attending meeting to Directors | | 13 | 11 |

11. CORRESPONDING FIGURES

Following reclassifications have been made for proper presentation:

| Reclassification from component | Reclassification to component | Rupees '000 |
|--|---|---------------|
| Condensed interim balance sheet | | |
| Other receivables | Stock-in-trade | 23,776 |
| | Trade and other payables | 5,560 |
| | Tax refunds due from Government - Sales tax | 11,169 |
| | | <u>40,505</u> |
| Cash and bank balances | Other receivables | 1,064 |
| Trade and other payables | Stock-in-trade | 4,228 |

Condensed interim statement of cash flows

Change in short term borrowings - domestic supplier finance has been presented under "Cash flows from financing activities". Previously it was presented under "Cash flows from operating activities".

12. 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 April 22, 2015.

Asad Abdulla
Chief Executive

Zubair Razzak Palwala
Director

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United Brands
Limited

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