

A decorative graphic consisting of several overlapping, wavy lines in shades of red, orange, and brown, flowing across the middle of the page. The lines have a soft, ethereal quality, with some appearing as thin, light-colored streaks and others as thicker, more solid bands. The background behind the lines is a light gray.

Moving FORWARD

Half Yearly Report December 31, 2019 (Un-Audited)

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Rashid Abdulla

Mr. Syed Qaiser Abbas*

Mr. Ayaz Abdulla

Mr. Asad Abdulla

Mr. Syed Nadeem Ahmed*

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

* (During the year, Mr. Muhammad Khalid Dar and Mr. Faisal Faooq resigned from the Board and in place of outgoing Directors, Mr. Syed Qaiser Abbas and Mr. Syed Nadeem Ahmed were appointed respectively).

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. Abbas Ali*

* (During the year, Mr. Saad Lakhani resigned from the post of Company Secretary & in his place, Mr. Abbas Ali was appointed as new Company Secretary).

INTERNAL AUDITORS

Grant Thornton Anjum Rahman, Chartered Accountants

EXTERNAL AUDITORS

A.F. Ferguson & Company, Chartered Accountants

LEGAL ADVISOR

Amin Ansari 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 Board of Directors of United Brands Limited are pleased to present the Directors' Report together with the consolidated condensed interim financial information (unaudited) of the Company for the six months period ended December 31, 2019. This consolidated condensed interim financial information (unaudited) is prepared in accordance with Section 228 of the Companies Act, 2017.

Principal Activities

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

Summary and Comparison of Financial Performance for the Period

	December 31, 2019	December 31, 2018
	Rupees '000	
Revenue	1,793,843	2,235,245
Gross profit	432,326	531,094
Gross profit (% of revenue)	24.1%	23.8%
Loss after tax	(181,267)	(82,045)

FINANCIAL OVERVIEW

The revenue of the Company has dropped by PKR 441 million that is 20% decline as compared to last period. Prime reason for decrease in revenue is discontinuation of major businesses from the Company such as Mars, Haleeb, IFFCO and Johnson & Johnson. Gross Profit margin has improved slightly due to product mix. Though operating expenses have reduced, however loss of revenue and burden of financial charges on borrowings has resulted in net loss after tax.

LOSS PER SHARE

Loss per share for the six months period ended December 31, 2019 is PKR 1.97 (December 31, 2018: PKR 0.89).

FINANCIAL PERFORMANCE OF IBL LOGISTICS (PRIVATE) LIMITED – SUBSIDIARY COMPANY:

IBL Logistics is involved in the business of logistics services and sales of electronic LED lights. During the period, Logistic business was started through subsidiary which was transferred from its Parent Company – United Brands Limited. The Company generated revenue of PKR 144 million and net loss of PKR 7 million during the six months period. The Company expects a major increase in revenue and profitability through this business in the upcoming years.

FUTURE OUTLOOK

Due to change in economic situation of the country, the overall performance of Import Sector has affected adversely. This has also resulted negatively to United Brands Limited and we have suffered losses during the current period. However, management of the Company believes in rehabilitation of business through distribution of locally produced goods. In this connection, few accounts have been added subsequent to the year end. Further, the Company is having a merger with its associated entity IBL Operations (Private) Limited. The merger will assist in adding a profitable business which shall assist in improvement of financial health of the Company. 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.

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: February 25, 2020



Syed Qaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Independent Auditor's Review Report to the members of United Brands Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of United Brands Limited as at December 31, 2019 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 unconsolidated interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.

A.F. Ferguson & Co.

Chartered Accountants
Karachi

Date: February 28, 2020

UNCONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENT
FOR THE HALF YEAR ENDED
DECEMBER 31, 2019

Unconsolidated Condensed Interim Statement of Financial Position

As At December 31, 2019

	Note	(Unaudited) December 31, 2019	(Audited) June 30, 2019
----- Rupees '000 -----			
ASSETS			
Non-current assets			
Fixed assets	5	75,244	3,381
Intangible assets		277	322
Investment in subsidiary		25,000	25,000
Long term deposits		114	114
		100,635	28,817
Current assets			
Inventories	6	697,982	1,102,071
Trade and other receivables	7	350,507	606,896
Prepayments and advances - unsecured	8	550,332	469,483
Current tax asset		29,082	52,413
Tax refunds due from Government - sales tax		-	3,771
Cash and bank balances		104,557	200,915
		1,732,460	2,435,549
Total assets		1,833,095	2,464,366
EQUITY AND LIABILITIES			
Equity			
Share capital		918,000	918,000
Accumulated loss		(785,342)	(610,990)
		132,658	307,010
LIABILITIES			
Non-current liabilities			
Long-term lease liability		46,899	-
Current liabilities			
Trade and other payables	9	624,888	666,075
Sales tax payable		23,550	-
Unclaimed dividend		371	371
Accrued mark-up		27,717	37,641
Current portion of long term lease liability		29,840	-
Short term financing	10	947,172	1,453,269
		1,653,538	2,157,356
Commitments	11		
Total equity and liabilities		1,833,095	2,464,366

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Syed Qaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income - (Unaudited)

For The Half Year Ended December 31, 2019

	Note	Quarter ended		Half year ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		----- Rupees '000 -----			
Revenue from contract with customers	12	1,051,014	1,066,184	1,651,126	2,235,245
Cost of sales and services		(840,824)	(829,527)	(1,248,091)	(1,704,151)
Gross profit		210,190	236,657	403,035	531,094
Marketing and distribution expenses		(139,605)	(192,251)	(291,076)	(360,443)
Administrative and general expenses		(22,817)	(15,961)	(52,696)	(51,361)
Loss allowance on trade receivables		(11,493)	-	(11,493)	-
Other operating expenses	13	(34,767)	14,748	(74,968)	(30)
Other income	14	12,340	-	13,387	1,548
Profit / (loss) from operations		13,848	43,193	(13,811)	120,808
Finance costs	15	(29,571)	(77,455)	(71,676)	(101,196)
(Loss) / profit before income tax		(15,723)	(34,262)	(85,487)	19,612
Income tax expense		(66,640)	(54,222)	(88,865)	(101,657)
Loss for the period		(82,363)	(88,484)	(174,352)	(82,045)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(82,363)	(88,484)	(174,352)	(82,045)
Basic and diluted loss per share (Rupees)		(0.90)	(0.96)	(1.90)	(0.89)

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Syed Qaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows - (Unaudited)

For The Half Year Ended December 31, 2019

	Note	December 31, 2019	December 31, 2018
----- Rupees '000 -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	16	589,715	(593,490)
Income taxes paid		(65,534)	(97,157)
Finance costs paid		(91,493)	(39,134)
Net cash inflow / (outflow) from operating activities		432,688	(729,781)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property and equipment		(240)	(1,333)
Payment for acquisition of intangibles assets		-	(131)
Net cash outflow from investing activities		(240)	(1,464)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(23)
Lease rentals paid		(22,709)	-
Proceeds from short term financing		1,335,831	2,059,200
Repayment of short term financing		(1,840,178)	(1,575,051)
Net cash (outflow) / inflow from financing activities		(527,056)	484,126
Net decrease in cash and cash equivalents		(94,608)	(247,119)
Cash and cash equivalents at beginning of the period		170,705	175,515
Cash and cash equivalents at end of the period	17	76,097	(71,604)

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Syed Qaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For The Half Year Ended December 31, 2019

	Share Capital	Accumulated Loss	Total Equity
	-----Rupees '000 -----		
Balance as at July 1, 2018	918,000	(41,459)	876,541
Total comprehensive loss for the half year ended December 31, 2018	-	(82,045)	(82,045)
Balance at December 31, 2018 (unaudited)	<u>918,000</u>	<u>(123,504)</u>	<u>794,496</u>
Balance as at July 1, 2019	918,000	(610,990)	307,010
Total comprehensive loss for the half year ended December 31, 2019	-	(174,352)	(174,352)
Balance at December 31, 2019 (unaudited)	<u>918,000</u>	<u>(785,342)</u>	<u>132,658</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Syed Qaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

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

For The Half Year Ended December 31, 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 Companies Act, 1913. The Company was renamed as UDL Industries Limited on March 16, 1987 under the repealed Companies Ordinance, 1984. The Company was again renamed as United Brands Limited, a public limited company on April 5, 2006 under the repealed 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 Shahra-e-Faisal, Karachi.

The Company is a subsidiary of International Brands Limited, which is also the Company's ultimate parent.

The principal activities of the Company are trading and distribution of consumer goods and allied products.

2. BASIS OF PREPARATION

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These unconsolidated condensed interim financial statements do 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, 2019.

2.1 Changes in accounting standards, interpretations and pronouncements

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

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

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

For The Half Year Ended December 31, 2019

The changes laid down by this standard have been disclosed in note 3.1 of these unconsolidated condensed interim financial statements.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the Company's unconsolidated condensed interim financial statements and hence have not been detailed here.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019.

3.1 CHANGES IN ACCOUNTING POLICIES - IFRS 16

Effective July 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to the Company's right-of-use asset and lease liability are disclosed in note 3.2 of the unconsolidated condensed interim financial statements.

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company recognised lease liability for leases which had previously been classified as 'operating leases' under the principles of IAS 17 "Leases". This liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 1, 2019. The weighted average Company's incremental borrowing rate applied to the lease liability on July 1, 2019 was 16.29%.

The following summary reconciles the Company's operating lease commitments at June 30, 2019 as previously disclosed in the Company's annual financial statements for the year ended June 30, 2019 to the lease liability recognised on initial application of IFRS 16 on July 1, 2019.

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

For The Half Year Ended December 31, 2019

(Rupees '000)

Operating lease commitment as at July 01, 2019	119,303
Discounted using the Company's incremental borrowing rate at the date of initial application	(26,431)

Total liability as at July 01, 2019	92,872
--	---------------

Of which are:

Current lease liability	33,183
Non-current lease liability	59,689

The right-of-use asset was measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at June 30, 2019.

	December 31, 2019	July 31, 2019
	Rupees '000	
The recognised right-of-use asset relates to the following type of asset:		
Rented property	72,123	92,872

The change in accounting policy affected the following items in the unconsolidated condensed interim statement of financial position on July 01, 2019 as;

	July 1, 2019
	Rupees '000
Right-of-use asset - increased by	92,872
Lease liability - increased by	92,872

The change in accounting policy affected the following items in the unconsolidated condensed interim statement of profit or loss on December 31, 2019

	December 31, 2019
	Rupees '000
Finance charge on finance lease - increased by	6,575
Distribution expenses which includes	
Depreciation expense - increased by	20,749
Rent expense - decreased by	(22,709)

3.2 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

For The Half Year Ended December 31, 2019

From July 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use asset and lease liabilities for leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of unconsolidated condensed interim financial statements 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 these unconsolidated condensed interim financial statements.

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

For The Half Year Ended December 31, 2019

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied to the annual financial statements as at and for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements as at and for the year ended June 30, 2019.

5. FIXED ASSETS	Unaudited December 31, 2019	Audited June 30, 2019
	Rupees '000	
Property and equipment		
- Operating assets - note 5.1	3,121	3,381
- Right-of-use asset - note 5.2	92,872	-
Less: depreciation	(20,749)	-
	72,123	-
	<u>75,244</u>	<u>3,381</u>

5.1 Additions to operating assets during the period amount to Rs. 0.24 million (December 31, 2018: Rs. 1.2 million).

5.2 The right-of-use asset comprises of distribution centers and sales offices around the country and head office used by the Company for its operations.

6. INVENTORIES	Unaudited December 31, 2019	Audited June 30, 2019
	Rupees '000	
Finished goods:		
- in hand	320,956	558,005
- in transit	377,026	544,066
	<u>697,982</u>	<u>1,102,071</u>

7. TRADE AND OTHER RECEIVABLES - unsecured

	Unaudited December 31, 2019	Audited June 30, 2019
Trade receivables	172,647	252,551
Other receivables - note 7.1	177,860	354,345
	<u>350,507</u>	<u>606,896</u>
7.1 Other receivables - unsecured		
Considered good		
- Related parties	35,254	7,161
- Others - note 7.1.1	142,606	347,184
	<u>177,860</u>	<u>354,345</u>

7.1.1 These represent receivable from principals in respect of stock claims, expenses and other receivables.

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

For The Half Year Ended December 31, 2019

	Unaudited December 31, 2019	Audited June 30, 2019
	Rupees '000	
8. PREPAYMENTS AND ADVANCES - unsecured		
Prepayments	169,358	101,652
Advances - note 8.1	380,974	367,831
	<u>550,332</u>	<u>469,483</u>

8.1. These include advance paid to commercial banks against letter of credit amounting to Rs. 351.31 million (June 30, 2019: Rs. 333.3 million).

9. TRADE AND OTHER PAYABLES

These include Rs. 131.9 million (June 30, 2019: Rs. 77.8 million) payable to related parties.

	Unaudited December 31, 2019	Audited June 30, 2019
	Rupees '000	
10. SHORT TERM FINANCING		
Running finance under mark-up arrangement - note 10.1	28,460	30,210
Short term loans - note 10.2	918,712	1,423,059
	<u>947,172</u>	<u>1,453,269</u>

10.1 As at December 31, 2019, available running finance facility under mark-up arrangements from a commercial bank amounted to Rs. 35 million (June 30, 2019: Rs. 35 million). The arrangements are secured by way of pari passu charge over the stock and receivables of the Company with 25% margin.

The arrangements carry mark-up ranging from 1% above three months KIBOR to 2.25% over one month KIBOR (June 30, 2019: 2.25% above one month KIBOR) per annum.

10.2 Short term loans

	Unaudited December 31, 2019 (Rupees '000)	Audited June 30, 2019	Markup Rate (per annum)	Securities
1. Al-Baraka Bank (Pakistan) Limited	199,903	386,886	3 months KIBOR + 0.75% - 2.5%	} Hypothecation over stock / moveable and receivable
2. Habib Metropolitan Bank Limited	281,386	278,366	6 months KIBOR + 0.15%	
3. Bank Al-Habib Limited	437,423	599,807	3 months KIBOR + 1.75% & 6 months KIBOR + 0%	
4. Habib Bank Limited	-	158,000	3 months KIBOR + 2.25%	
	<u>918,712</u>	<u>1,423,059</u>		

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

For The Half Year Ended December 31, 2019

11. COMMITMENTS

The facilities for opening letter of credit and guarantees as at December 31, 2019 amounted to Rs. 600 million (June 30, 2019: Rs. 840 million) and Rs. 233 million (June 30, 2019: Rs. 233 million) respectively. The amount remaining unutilised as at reporting date end for letter of credit and guarantees were Rs. 336 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 the Company's stocks and receivables.

Unaudited December 31, 2019	Unaudited December 31, 2018
Rupees '000	

12. REVENUE FROM CONTRACT WITH CUSTOMERS

Revenue from		
Goods	2,043,943	2,898,076
Services - note 12.1	-	158,368
Less:		
Trade discounts	(43,365)	(362,058)
Sales return	(31,266)	(60,324)
Sales tax	(318,186)	(376,063)
Provincial sales tax	-	(22,754)
	<u>1,651,126</u>	<u>2,235,245</u>

- 12.1 This represents warehousing and transportation services to a bottling plant, which had been transferred to Company's wholly owned subsidiary IBL Logistics (Private) Limited during the period.

Unaudited December 31, 2019	Unaudited December 31, 2018
Rupees '000	

13. OTHER OPERATING EXPENSES

Provision for expired and damaged stock	72,880	30
Claims receivables - written off	2,088	-
	<u>74,968</u>	<u>30</u>

14. OTHER INCOME

This represents scrap sales in relation to damaged items of Johnsons & Johnsons business line subsequent to its discontinuance. This sale represents the portion of total stock which could not be sold to other distributor under inventory transfer agreement.

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

For The Half Year Ended December 31, 2019

	Unaudited December 31, 2019	Unaudited December 31, 2018
	Rupees '000	
15. FINANCE COSTS		
Bank charges	4,845	3,752
Finance charges on short term financing	76,724	50,955
Exchange (gain) / loss	(16,469)	46,489
Lease liability markup	6,576	-
	<u>71,676</u>	<u>101,196</u>
16. CASH GENERATED FROM / (USED IN) OPERATIONS		
(Loss) / profit before income tax	(85,487)	19,612
Adjustment for non-cash charges and other items		
Depreciation	21,249	548
Amortisation	45	46
Finance costs	88,145	54,707
	<u>109,439</u>	<u>55,301</u>
Profit before changes in working capital	23,952	74,913
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Inventories	404,089	(126,111)
Trade and other receivables	256,389	(272,388)
Prepayments and advances - unsecured	(80,849)	(524,974)
Tax refunds due from Government - sales tax	27,321	27,010
	<u>606,950</u>	<u>(896,463)</u>
(Decrease) / increase in current liabilities:		
Trade and other payables	(41,187)	228,060
Cash generated from / (used in) operations	<u>589,715</u>	<u>(593,490)</u>
17. CASH AND CASH EQUIVALENTS		
Cash and bank balances	104,557	129,550
Running finance under mark-up arrangement	(28,460)	(201,154)
	<u>76,097</u>	<u>(71,604)</u>

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

For The Half Year Ended December 31, 2019

18. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	(Unaudited)	(Unaudited)
		December 31, 2019	December 31, 2018
		Rupees '000	
i. Holding company	- Corporate shared services	6,000	6,000
ii. Associated companies	- Purchases	8,082	5,000
	- Sale of goods	38,662	-
	- Shared costs - note 18.1	69,237	121,374
	- Sale of assets	-	1,954
iii. Employees' Provident Fund	Contribution paid	937	1,059
iv. Key Management Personnel	Salaries and other employee benefits	14,120	22,698
	Fee for attending meetings to Directors	40	80

18.1 The Company has an agreement with IBL Operations (Private) Limited - associated company, for sharing of expenses relating to sales and administrative infrastructure.

18.2 There are certain assets in the books of an associated company IBL Operations (Private) Limited which are being commonly used by both the companies.

19. SUBSEQUENT EVENT

Subsequent to the period end the Board of Directors of the Company have announced the amalgamation of its associated entity IBL Operations (Private) Limited into the Company. The amalgamation will take place after completion of related statutory procedures.

20. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 25, 2020.



Syed Qaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENT
FOR THE HALF YEAR ENDED
DECEMBER 31, 2019

Consolidated Condensed Interim Statement of Financial Position

As At December 31, 2019

	Note	(Unaudited) December 31, 2019	(Audited) June 30, 2019
Rupees '000			
ASSETS			
Non-current assets			
Fixed assets	5	77,470	5,487
Intangible assets		1,198	1,317
Long term deposits		114	114
		<u>78,782</u>	<u>6,918</u>
Current assets			
Inventories	6	792,667	1,194,899
Trade and other receivables	7	423,017	610,238
Prepayments and advances - unsecured	8	556,548	474,483
Current tax asset		29,276	52,455
Tax refunds due from Government - sales tax		-	3,772
Cash and bank balances		124,293	203,854
		<u>1,925,801</u>	<u>2,539,701</u>
Total assets		<u>2,004,843</u>	<u>2,546,619</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		918,000	918,000
Accumulated loss		(792,731)	(611,464)
		<u>125,269</u>	<u>306,536</u>
LIABILITIES			
Non-current liabilities			
Long-term lease liability		46,899	-
Current liabilities			
Trade and other payables	9	792,759	748,802
Sales tax payable		34,557	-
Unclaimed dividend		371	371
Accrued mark-up		27,716	37,641
Current portion of long term lease liability		29,840	-
Short term financing	10	947,172	1,453,269
		<u>1,832,415</u>	<u>2,240,083</u>
Commitments	11		
Total equity and liabilities		<u>2,004,583</u>	<u>2,546,619</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Syed Kaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income - (Unaudited)

For The Half Year Ended December 31, 2019

	Note	Quarter ended		Half year ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Rupees '000			
Revenue from contracts with customers	12	1,116,584	1,066,184	1,793,843	2,235,245
Cost of sales and services		(894,062)	(829,527)	(1,361,517)	(1,704,151)
Gross profit		222,522	236,657	432,326	531,094
Marketing and distribution expenses		(153,107)	(192,251)	(310,668)	(360,443)
Administrative and general expenses		(33,264)	(15,961)	(67,591)	(51,361)
Loss allowance on trade receivables		(11,493)	-	(11,493)	-
Other operating expenses	13	(34,767)	14,748	(74,968)	(30)
Other income		14,609	-	15,763	1,548
Profit / (loss) from operations		4,500	43,193	(16,631)	120,808
Finance costs	14	(29,586)	(77,455)	(71,704)	(101,196)
(Loss) / profit before income tax		(25,086)	(34,262)	(88,335)	19,612
Income tax expense		(68,209)	(54,222)	(92,932)	(101,657)
Loss for the period		(93,295)	(88,484)	(181,267)	(82,045)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(93,295)	(88,484)	(181,267)	(82,045)
Basic and diluted loss per share (Rupees)		(1.02)	(0.96)	(1.97)	(0.89)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Syed Qaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows - (Unaudited)

For The Half Year Ended December 31, 2019

Note	December 31, 2019	December 31, 2018	
	Rupees '000		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	15	611,360	(593,490)
Income taxes paid		(69,751)	(97,157)
Finance costs paid		(91,521)	(39,134)
Net cash inflow / (outflow) from operating activities		450,088	(729,781)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property and equipment		(728)	(1,333)
Payment for acquisition of intangibles assets		(114)	(131)
Net cash outflow from investing activities		(842)	(1,464)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(23)
Lease rentals paid		(22,709)	-
Proceeds from short term financing		1,335,831	2,059,200
Repayment of short term financing		(1,840,178)	(1,575,051)
Net cash (outflow) / inflow from financing activities		(527,056)	484,126
Net decrease in cash and cash equivalents		(77,810)	(247,119)
Cash and cash equivalents at beginning of the period		173,644	175,515
Cash and cash equivalents at end of the period	16	95,834	(71,604)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Syed Qaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For The Half Year Ended December 31, 2019

	Share Capital	Accumulated Loss	Total Equity
	----- Rupees '000 -----		
Balance as at July 1, 2018	918,000	(41,459)	876,541
Total comprehensive loss for the half year ended December 31, 2018	-	(82,045)	(82,045)
Balance at December 31, 2018 (unaudited)	<u>918,000</u>	<u>(123,504)</u>	<u>794,496</u>
Balance as at July 1, 2019	918,000	(611,464)	306,536
Total comprehensive loss for the half year ended December 31, 2019	-	(181,267)	(181,267)
Balance at December 31, 2019 (unaudited)	<u>918,000</u>	<u>(792,731)</u>	<u>125,269</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Syed Qaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

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

For The Half Year Ended December 31, 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 Companies Act, 1913. The Company was renamed as UDL Industries Limited on March 16, 1987 under the repealed Companies Ordinance, 1984. The Company was again renamed as United Brands Limited, a public limited company on April 5, 2006 under the repealed 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 Shahra-e-Faisal, Karachi.

The Company is a subsidiary of International Brands Limited, which is also the Company's ultimate parent.

The principal activities of the Company are trading and distribution of consumer goods and allied products.

Subsidiary Company - IBL Logistics (Private) Limited.

IBLPL is a private limited company incorporated and registered under the Companies Act, 2017 on April 23, 2018.

The principal activities of the subsidiary company comprises primarily of warehousing, transportation, supply chain management, logistics services, trading and distribution of goods

2. BASIS OF PREPARATION

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These consolidated condensed interim financial statements do 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, 2019.

2.1 Changes in accounting standards, interpretations and pronouncements

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

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

For The Half Year Ended December 31, 2019

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The changes laid down by this standard have been disclosed in note 3.1 of these consolidated condensed interim financial statements.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the Company's consolidated condensed interim financial statements and hence have not been detailed here.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019.

3.1 CHANGES IN ACCOUNTING POLICIES - IFRS 16

Effective July 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to the Company's right-of-use asset and lease liability are disclosed in note 3.2 of the consolidated condensed interim financial statements.

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company recognised lease liability for leases which had previously been classified as 'operating leases' under the principles of IAS 17 "Leases". This liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 1, 2019. The weighted average Company's incremental borrowing rate applied to the lease liability on July 1, 2019 was 16.29%.

The following summary reconciles the Company's operating lease commitments at June 30, 2019 as previously disclosed in the Company's annual financial statements for the year ended June 30, 2019 to the lease liability recognised on initial application of IFRS 16 on July 1, 2019.

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

For The Half Year Ended December 31, 2019

(Rupees '000)

Operating lease commitment as at July 01, 2019	119,303
Discounted using the Company's incremental borrowing rate at the date of initial application	(26,431)

Total liability as at July 01, 2019	92,872
--	---------------

Of which are:

Current lease liability	33,183
Non-current lease liability	59,689

The right-of-use asset was measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at June 30, 2019.

December 31, 2019	July 01, 2019
Rupees '000	

The recognised right-of-use asset relates to the following type of asset:

Rented property	72,123	92,872
-----------------	---------------	--------

The change in accounting policy affected the following items in the consolidated condensed interim statement of financial position on July 01, 2019 as:

	July 1, 2019
	Rupees '000
Right-of-use asset - increased by	92,872
Lease liability - increased by	92,872

The change in accounting policy affected the following items in the consolidated condensed interim statement of profit or loss on December 31, 2019:

	December 31, 2019
	Rupees '000
Finance charge on finance lease - increased by	6,575
Distribution expenses which includes	
Depreciation expense - increased by	20,749
Rent expense - decreased by	(22,709)

3.2 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

For The Half Year Ended December 31, 2019

From July 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use asset and lease liabilities for leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of consolidated condensed interim financial statements 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 these consolidated condensed interim financial statements.

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

For The Half Year Ended December 31, 2019

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those that were applied to the annual financial statements as at and for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended June 30, 2019.

5. FIXED ASSETS	Unaudited December 31, 2019	Audited June 30, 2019
	Rupees '000	
Property and equipment		
- Operating assets - note 5.1	5,347	5,487
- Right-of-use assets - note 5.2	92,872	-
Less: depreciation	(20,749)	-
	72,123	-
	<u>77,470</u>	<u>5,487</u>

5.1 Additions to operating assets during the period amount to Rs. 0.728 million (December 31, 2018: Rs. 1.2 million).

5.2 The right-of-use assets comprise of distribution centres and sales offices across the country and head office used by the Company for its operations.

6. INVENTORIES	Unaudited December 31, 2019	Audited June 30, 2019
	Rupees '000	
Finished goods:		
- in hand	415,638	649,812
- in transit	377,029	545,087
	<u>792,667</u>	<u>1,194,899</u>

7. **TRADE AND OTHER RECEIVABLES - unsecured**

Trade receivables	241,305	254,882
Other receivables - note 7.1	181,712	355,356
	<u>423,017</u>	<u>610,238</u>

7.1 Other receivables - unsecured

Considered good		
- Related parties	36,611	7,161
- Others - note 7.1.1	145,101	347,184
	<u>181,712</u>	<u>354,345</u>

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

For The Half Year Ended December 31, 2019

- 7.1.1 These represent receivable from principals in respect of stock claims, expenses and other receivables.

Unaudited December 31, 2019	Audited June 30, 2019
Rupees '000	

8. PREPAYMENTS AND ADVANCES - unsecured

Prepayments	169,416	101,652
Advances - note 8.1	387,132	372,831
	<u>556,548</u>	<u>474,483</u>

- 8.1. These include advance paid to commercial banks against letter of credit amounting to Rs. 351.31 million (June 30, 2019: Rs. 333.3 million).

9. TRADE AND OTHER PAYABLES

These include Rs. 105.8 million (June 30, 2019: Rs. 77.8 million) payable to related parties.

Unaudited December 31, 2019	Audited June 30, 2019
Rupees '000	

10. SHORT TERM FINANCING

Running finance under mark-up arrangement - note 10.1	28,460	30,210
Short term loans - note 10.2	918,712	1,423,059
	<u>947,172</u>	<u>1,453,269</u>

- 10.1 As at December 31, 2019, available running finance facility under mark-up arrangements from a commercial bank amounted to Rs. 35 million (June 30, 2019: Rs. 35 million). The arrangements are secured by way of pari passu charge over the stock and receivables of the Company with 25% margin.

The arrangements carry mark-up ranging from 1% above three months KIBOR to 2.25% over one month KIBOR (June 30, 2019: 2.25% above one month KIBOR) per annum.

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

For The Half Year Ended December 31, 2019

	Unaudited December 31, 2019	Unaudited December 31, 2018
	Rupees '000	
13. OTHER OPERATING EXPENSES		
Provision for expired and damaged stock	72,880	30
Claims receivables - written off	2,088	-
	<u>74,968</u>	<u>30</u>
14. FINANCE COSTS		
Bank charges	4,873	3,752
Finance charges on short term financing	76,724	50,955
Exchange (gain) / loss	(16,469)	46,489
Lease liability markup	6,576	-
	<u>71,704</u>	<u>101,196</u>
15. CASH GENERATED FROM / (USED IN) OPERATIONS		
(Loss) / profit before income tax	(88,335)	19,612
Adjustments for non-cash charges and other items		
Depreciation	21,617	548
Amortisation	233	46
Finance costs	88,172	54,707
	<u>110,022</u>	<u>55,301</u>
Profit before changes in working capital	<u>21,687</u>	<u>74,913</u>
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Inventories	402,232	(126,111)
Trade and other receivables	187,221	(272,388)
Prepayments and advances - unsecured	(82,065)	(524,974)
Tax refunds due from Government - sales tax	38,329	27,010
	<u>545,717</u>	<u>(896,463)</u>
(Decrease) / increase in current liabilities:		
Trade and other payables	43,957	228,060
Cash generated from / (used in) operations	<u>611,360</u>	<u>(593,490)</u>

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

For The Half Year Ended December 31, 2019

	Unaudited December 31, 2019	Unaudited December 31, 2018
	Rupees '000	
16. CASH AND CASH EQUIVALENTS		
Cash and bank balances	124,294	129,550
Running finance under mark-up arrangement	(28,460)	(201,154)
	<u>95,834</u>	<u>(71,604)</u>

17. 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, 2019	(Unaudited) December 31, 2018
		Rupees '000	
i. Holding company	- Corporate shared services	6,000	6,000
ii. Associated companies	- Purchases	8,082	5,000
	- Sale of goods	37,711	-
	- Shared costs - note 17.1	69,237	121,374
	- Sale of assets	-	1,954
iii. Employees' Provident Fund	Contribution paid	937	1,059
iv. Key Management Personnel	Salaries and other employee benefits	22,001	22,698
	Fee for attending meetings to Directors	40	80

- 17.1** The Company has an agreement with IBL Operations (Private) Limited - associated company, for sharing of expenses relating to sales and administrative infrastructure.
- 17.2** There are certain assets in the books of an associated company IBL Operations (Private) Limited which are being commonly used by both the companies.

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

For The Half Year Ended December 31, 2019

18. SUBSEQUENT EVENT

Subsequent to the period end the Board of Directors of the Company have announced the amalgamation of its associated entity IBL Operations (Private) Limited into the Company. The amalgamation will take place after completion of related statutory procedures.

19. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 25, 2020.



Syed Qaiser Abbas
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer