



United Brands
Limited



Focusing Success

Third Quarter Report
March 31, 2016 (Un-audited)

Contents

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

Company Information

BOARD OF DIRECTORS

Mr. Rashid Abdulla

Mr. Arshad Anis

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' Review Report to the Shareholders

The Board of Directors of United Brands Limited are pleased to present the Directors' Report together with the condensed interim financial information (unaudited) of the Company for the nine months ended March 31, 2016. This condensed financial information (unaudited) is submitted in accordance with section 245 of the Companies Ordinance, 1984.

	Nine Months ended	
	March 31, 2016	March 31, 2015
	---Rupees in '000---	
Revenue	1,154,447	1,069,160
Gross Profit	174,342	150,818
GP as % of Revenue	15.10%	14.11%
Expenses	139,551	143,088
Profit before taxation	34,791	7,730
Profit after taxation	25,843	4,303

FINANCIAL OVERVIEW

Due to concentrated efforts on increasing sales and reducing expenses, the Company has earned a significant growth in its profits as compared to the comparative period. The growth in revenue for the period was observed at 7.98% against the same period last year. Furthermore, expenses have declined by 2.5% due to control over finance cost which resultantly increased the bottom lined net profit.

EARNINGS PER SHARE

Earnings per share for the nine period ended March 31, 2016 are Rs. 2.39 (March 2015: Rs. 0.40).

FUTURE OUTLOOK

The management is confident that current synergetic strategies will bring out positive and potential results in favor of the Company. The revenue maximization and cost reduction plans will result in further profits, thus increasing the overall wealth and values of shareholders of the Company.

ACKNOWLEDGMENT

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

Karachi.

Date: April 27, 2016



Arshad Anis
Chief Executive

Condensed Interim Balance Sheet

As at March 31, 2016

	Note	Unaudited March 31, 2016	Audited June 30, 2015
----- Rupees in '000 -----			
ASSETS			
Non-current assets			
Property and equipment	4	1,026	2,007
Intangible assets		373	83
Long term deposits		177	177
		<u>1,576</u>	<u>2,267</u>
Current assets			
Stock-in-trade		628,963	428,072
Trade debts		92,084	38,227
Advances		20,643	7,185
Short term prepayments		668	-
Other receivables		203,764	163,050
Refunds due from government - sales tax		5,633	11,735
Taxation - payments less provision		13,661	7,654
Cash and bank balances		47,497	63,219
		<u>1,012,913</u>	<u>719,142</u>
Total assets		<u><u>1,014,489</u></u>	<u><u>721,409</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		108,000	108,000
Accumulated loss		(15,464)	(30,507)
		<u>92,536</u>	<u>77,493</u>
Liabilities			
Current liabilities			
Trade and other payables		862,659	615,218
Short term borrowings - domestic supplier finance		59,294	28,698
		<u>921,953</u>	<u>643,916</u>
Total equity and liabilities		<u><u>1,014,489</u></u>	<u><u>721,409</u></u>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.



Arshad Anis
Chief Executive



Zubair Razzak Palwala
Director

Condensed Interim Profit and Loss Account - (Unaudited)

For the nine months ended March 31, 2016

	Quarter Ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----			
Revenue	377,842	276,804	1,154,447	1,069,160
Cost of Goods Sold	(313,357)	(235,034)	(980,105)	(918,342)
Gross Profit	64,485	41,770	174,342	150,818
Distribution cost	(28,685)	(30,396)	(92,126)	(86,641)
Administrative Expenses	(12,110)	(7,442)	(39,304)	(47,205)
Other (Expenses) / Income	(1,673)	88	(2,970)	623
Operating Profit	22,017	4,020	39,942	17,595
Finance cost	(1,292)	(3,481)	(5,151)	(9,865)
Profit before taxation	20,725	539	34,791	7,730
Taxation	(820)	(163)	(8,948)	(3,427)
Profit after taxation	19,905	376	25,843	4,303
Earnings per share	1.84	0.03	2.39	0.40

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.



Arshad Anis
Chief Executive



Zubair Razzak Palwala
Director

Condensed Interim Statement of Cash Flows- (Unaudited)

For the nine months ended March 31, 2016

	March 31, 2016	March 31, 2015
	Note ----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	5 (14,856)	(88,839)
Income tax paid	(14,955)	(13,218)
Finance cost paid	(5,151)	(6,832)
Net cash used in operating activities	(34,962)	(108,889)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(266)	(382)
Increase in long term deposits	-	(202)
Intangibles	(290)	-
Net cash used in investing activities	(556)	(584)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - domestic supplier finance	30,596	23,404
Dividend paid	(10,800)	(10,520)
Net cash generated from financing activities	19,796	12,884
Net decrease in cash and cash equivalents	(15,722)	(96,589)
Cash and cash equivalents at the beginning of the period	63,219	108,470
Cash and cash equivalents at the end of the period	47,497	11,881

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.



Arshad Anis
Chief Executive



Zubair Razzak Palwala
Director

Condensed Interim Statement of Changes in Equity - (Unaudited)

For the nine months ended March 31, 2016

	Share Capital	Accumulated Losses	Total
	Rupees '000		
Balance as at July 1, 2014	108,000	(31,955)	76,045
Profit for the nine months ended March 31, 2014	-	4,303	4,303
Other comprehensive income	-	-	-
Total comprehensive income	-	4,303	4,303
Final dividend for the year ended June 30, 2014 @ Re. 1 per share	-	(10,800)	(10,800)
Balance at March 31, 2014	<u>108,000</u>	<u>(38,452)</u>	<u>69,548</u>
Balance as at July 1, 2015	108,000	(30,507)	77,493
Final dividend for the year ended June 30, 2015 @ Re. 1 per share	-	(10,800)	(10,800)
Profit for the nine months ended March 31, 2016	-	25,843	25,843
Other comprehensive income	-	-	-
Total comprehensive income	-	25,843	25,843
Balance at March 31, 2016	<u>108,000</u>	<u>(15,464)</u>	<u>92,536</u>

The annexed notes from 1 to 6 form an integral part of these condensed interim financial statements.



Arshad Anis
Chief Executive



Zubair Razzak Palwala
Director

Notes to the Condensed Interim Financial Information - (Unaudited)

For the nine months ended March 31, 2016

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 Karachi Stock Exchange. The registered office of the Company is situated at 8th Floor, NIC Building, Abbasi Shaheed Road, Karachi.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These condensed interim financial statements of the Company for the nine months ended March 31, 2016 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements do not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statement of the Company for the year ended June 30, 2015. 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, 2015.

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, 2015.

Notes to the Condensed Interim Financial Information - (Unaudited)

For the nine months ended March 31, 2016

4. PROPERTY AND EQUIPMENT

Following are additions to property and equipment during the period:

	March 31, 2016	March 31, 2015
	----- Rupees '000 -----	
Office Equipment	61	242
Computers - owned	205	140
	<u>266</u>	<u>382</u>

5. CASH USED IN OPERATIONS

Profit before taxation	34,791	7,730
Adjustment for non-cash items		
Depreciation	1,247	1,546
Finance cost	5,151	8,891
	<u>6,398</u>	<u>10,437</u>
Profit before changes in working capital	41,189	18,167

Effect on cash flow due to working capital changes

(Increase) / decrease in current assets:

Stock-in-trade	(200,891)	(163,604)
Trade debts	(53,857)	(2,591)
Advances	(13,458)	1,083
Short term prepayments	(668)	(271)
Other receivables	(40,714)	(79,467)
Refunds due from government - sales tax	6,102	11,169

(303,486) (233,681)

Increase in current liabilities
 Increase in trade and other payables
 Cash used in operations

247,441	126,675
<u>(14,856)</u>	<u>(88,839)</u>

6. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on April 27, 2016.



Arshad Anis
Chief Executive



Zubair Razzak Palwala
Director



8th Floor, NIC Building, Abbasi
Shaheed Road, Karachi-75530
Tel: 35683944-6, 35675111-7,
Fax: 35635530, 35682772,
www.ubrandz.biz