

The background of the cover features a large, abstract geometric shape composed of overlapping triangles in teal, orange, and green. A white rectangular box is centered over this shape, containing the text 'FOCUSING success'.

FOCUSING success

Third Quarterly Report March 31, 2018 (Un-Audited)



CONTENTS

Company Information	02
Directors' Report to the Shareholders	03
Directors' Report to the Shareholders (Urdu)	06
Condensed Interim Statement of Financial Position	07
Condensed Interim Profit and Loss Account - Unaudited	08
Condensed Interim Statement of Cash Flow - Unaudited	09
Condensed Interim Statement of Changes in Equity - Unaudited	10
Notes to the Condensed Interim Financial Information - Unaudited	11

Company Information

BOARD OF DIRECTORS

Mr. Rashid Abdulla
Mr. Arshad Anis
Mr. Munis Abdullah
Mr. Ayaz Abdulla
Mr. Asad Abdulla
Mr. Zubair Razzak Palwala
Mr. Hasan Tariq Khan

Chairman
Chief Executive Officer
Director
Director
Director
Independent Director

AUDIT COMMITTEE

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

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Chairman
Member
Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Shariq Ahmed

INTERNAL AUDITORS

Grant Thornton Anjum Rahman, Chartered Accountants

EXTERNAL AUDITORS

A.F. Ferguson & Company, Chartered Accountants

LEGAL ADVISOR

Saleem & Khan Law Associates

BANKERS

Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silkbank Limited
Meezan Bank Limited
Al Baraka Bank Limited
Habib Metropolitan Bank Limited
Bank Al-Habib 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

WEBSITE

www.ubrandz.biz

Directors' 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, 2018. This condensed financial information (unaudited) is prepared in accordance with Section 227 of the Companies Act, 2017.

PRINCIPAL ACTIVITIES

United Brands Limited is involved in sales and distribution of Fast Moving Consumer Goods. The product portfolio includes but is not limited to baby and personal care range, chocolates, dairy & powdered milk, edible oil, beverages, cereals, deodorants, cosmetics, chewing gums and others.

SUMMARY AND COMPARISON OF FINANCIAL PERFORMANCE FOR THE PERIOD

	March 31, 2018	March 31, 2017
	Rupees in '000	
Revenue	2,684,544	990,891
Gross profit	692,649	220,257
Gross profit (% of revenue)	25.8%	22.2%
Operating profit	153,328	60,074
(Loss) / Profit after taxation	(13,106)	16,334

FINANCIAL OVERVIEW

The Company has shown decline in terms of overall profitability as compared to same period last year. Revenue has increased by Rs. 1,694 million that is 171% increase as compared to same period last year.

New Business lines such as RedBull, Kellogg's, L'Oréal, Mars, Heinz, Pringles, Wrigley, Axe, DuPont, IFFCO and Haleeb Foods have cumulatively added Rs. 2,030 million to the revenue whereas sales of Johnson & Johnson (J&J) declined by Rs. 392 million due to discontinuation of number of SKUs from the portfolio. However, we are confident that J&J's lost share will be recovered and sales will increase from July 2018 onwards. This will be possible as some of the discontinued SKUs will again be available with the renewed support from J&J.

Gross profit as a percentage of revenue has improved from 22.2% to 25.8% for the current period as compared to the comparative period. The reason for such increase is the addition of new business lines with higher gross margin and through revision of trade prices of certain products. Total expenses have increased by Rs. 397 million due to addition of business lines and marketing expenses of RedBull. Further freight expenses have also increased due to increase in sales. Finance cost has increased by Rs. 54 million due to mark-up charges paid against banking facilities availed to pay-off foreign principal's liabilities and the loan obtained from IBL Operations (Private) Limited.

Due to recent hike in the Dollar rate in December 2017, exchange loss of Rs. 26 million has been booked in the current period against foreign liability.

The above charges have together resulted in decreasing the bottom line by Rs. 29.4 million against March 2017 period, which has subsequently reduced the net profit margin from 1.6% to -0.5%.

Directors' Report to the Shareholders

EARNINGS PER SHARE

Earnings per share for the nine months ended March 31, 2018 is Rs. -1.21 (March 31, 2017: Rs. 1.51).

FUTURE OUTLOOK

The management of United Brands Limited is confident of significant growth in the coming years. We are optimistic that the Company will recover from the current decline in profitability as we are focused on enhancing and improving our current business and tapping new opportunities. 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 of operation.

We are confident that we can generate increased value for our shareholders as well as deliver better products and services to our customers.

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

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: April 24, 2018



Arshad Anis
Chief Executive Officer



Zubair Razzak Palwala
Director

مجموعی منافع جات بطور آمدنی کا فیصد اپنی مسابقتی مدت کے مقابلے میں رواں مدت کے دوران ۲۴.۲ فیصد سے بڑھ کر ۲۵.۸ فیصد ہو گیا۔ اس اضافے کی وجہ نئے کاروباری شعبوں کا اضافہ بہتر منافع شرح کے ساتھ اور متعدد مصنوعات کے تجارتی نرخوں کی نظر ثانی تھی۔ نئے کاروباری شعبوں کا اضافہ اور ریڈیل کے مارکیٹنگ اخراجات کے باعث مجموعی اخراجات ۳۹.۷ ملین روپے سے بڑھ گئے۔ مزید برآں کرائے کے اخراجات بھی سیلز میں اضافے کے باعث بڑھ گئے۔ فنانس کے اخراجات ۵۴.۲ ملین روپے سے بڑھ گئے جس کی وجہ غیر ملکی پرنسپل کی مالی ذمہ داریوں کی ادائیگی اور آئی بی ایل آپریشنز (پرائیویٹ) لمیٹڈ سے حاصل کردہ قرضے کی واپسی کیلئے حاصل کردہ بینکنگ سہولتوں کے تحت مارک اپ اخراجات کی ادائیگی کرنا تھا۔ دسمبر ۲۰۱۷ء میں ڈالر کی قدر میں اضافے کے باعث آپریٹنگ کوسٹ کے ضمن میں رواں مدت کے دوران ۲۶ ملین روپے کا زرمبادلہ کا خسارہ اٹھانا پڑا۔

مذکورہ چار جز مارچ ۲۰۱۷ء کی مدت کے برخلاف منافع بعد از ٹیکس پر ۲۹.۴ ملین روپے کی کمی کا باعث بنے بعد ازاں مجموعی منافع کی شرح ۶۶ فیصد سے ۷۰.۵ فیصد کی کاموجب ثابت ہوئے۔

آمدنی فی شیئر

۳۱ مارچ ۲۰۱۸ء کو ختم ہونے والی ۹ ماہ کی مدت کیلئے آمدنی فی شیئر ۲۱.۷۱ روپے تھی۔ (۳۱ مارچ ۲۰۱۷ء: ۱۷.۵۱ روپے)

مستقبل پر ایک نظر

یونائیٹڈ برانڈز لمیٹڈ کی انتظامیہ آنے والے سالوں میں نمایاں ترقی حاصل کرنے کیلئے پُر اعتماد ہے۔ ہم پُر عزم ہیں کہ کمپنی منافع جات میں حالیہ خسارے پر قابو پالے گی کیونکہ ہم اپنے موجودہ کاروبار کو بڑھانے اور اس میں بہتری لانے کے ساتھ نئے مواقعوں پر بھرپور توجہ دے رہے ہیں پورا ادارہ ایک نئی سطح پر موجود ہے اور آپریشن کے ہر شعبے میں اس کے امور کو بہتر بنانے اور پیداواری کارکردگی میں اضافے کی غرض سے نمایاں تبدیلیوں کے ذریعے مثبت بہتری کی کوشش جاری ہیں۔

ہم پُر اعتماد ہیں کہ ہم نہ صرف شیئر ہولڈرز کیلئے منافع جات میں اضافہ کر سکیں گے بلکہ اپنے صارفین کو بہترین مصنوعات اور خدمات کی فراہمی میں بھی کامیاب رہیں گے۔

ہم اس موقع پر اپنے ملازمین کا شکریہ ادا کرنا چاہیں گے جنہوں نے کمپنی کے ان نتائج کے حصول میں مستقل طور پر اپنی بھرپور کاوشیں جاری رکھیں۔

اعتراف

ڈائریکٹرز اپنے صارفین، پرنسپلز، ملازمین اور دیگر اسٹیک ہولڈرز کا ان کے مستقل تعاون اور حوصلہ افزائی پر ان کا شکریہ ادا کرتے ہیں اور کمپنی کے ملازمین کی جانب سے انجام دی گئی قابل قدر خدمات پر انہیں خراج تحسین پیش کرتے ہیں۔

(محمد رضا زاق پال والا)

ذیر رزاق پال والا
ڈائریکٹر

(چیف ایگزیکٹو آفیسر)

ارشاد انیس
چیف ایگزیکٹو آفیسر

کراچی:
۲۴ اپریل ۲۰۱۸ء

کمپنی کے شیئر ہولڈرز کیلئے ڈائریکٹرز کی رپورٹ

یونائیٹڈ برانڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز بمسرت ۳۱ مارچ ۲۰۱۸ء کو ختم ہونے والے ۹ ماہ کی مدت کے لئے کمپنی کے مجموعی عبوری مالیاتی حسابات (غیر آڈٹ شدہ) کے ساتھ ڈائریکٹرز کی رپورٹ پیش کر رہے ہیں۔ یہ مجموعی مالیاتی حسابات (غیر آڈٹ شدہ) کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۷ کے مطابق تیار کئے گئے ہیں۔

بنیادی سرگرمیاں

یونائیٹڈ برانڈز لمیٹڈ فاسٹ مووینگ کنزرومر گڈز کی سیلز اور تقسیم میں مصروف عمل ہے۔ پروڈکٹ کے پورٹ فولیو میں بچوں اور ذاتی دیکھ بھال کا سامان، چاکلیٹس، ڈیری اور پاؤڈر والا دودھ، خوردنی ٹیل، مشروبات، دلیہ، خوشبویات، کاسمیٹکس، چیونٹ گمز اور دیگر اشیاء شامل ہیں تاہم یہ محض اس حد تک محدود نہیں۔

اس مدت کیلئے مالیاتی کارکردگی کا جائزہ اور تقابل:

31 مارچ 2018 31 مارچ 2017
(روپے، ہزاروں میں)

آمدنی	2,684,544	990,891
مجموع منافع	692,649	220,257
مجموع منافع (آمدنی کا فیصدی)	25.8%	22.2%
آپریٹنگ منافع	153,328	60,074
منافع بعد از ٹیکس	(13,106)	16,334

مالیاتی کارکردگی

کمپنی نے گزشتہ سال کی اسی مدت کے مقابلے میں مجموعی منافع جات کے ضمن میں خسارہ ظاہر کیا۔ آمدنی میں ۶۹۴،۱ ملین روپے کا اضافہ ہوا جو گزشتہ سال کی اسی مدت کے مقابلے میں ۷۱ فیصد زائد ہے۔

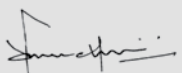
نئی کاروباری اشیاء مثلاً ریڈیٹل، کیلوگس، لوریل، مارس، ہیمنز، پرنسٹون، رگلی، ایکس، ڈیو پونٹ، IFFCO اور حلیب فوڈز نے مجموعی طور پر آمدنی میں ۲،۰۳۰ ملین روپے کا اضافہ کیا جبکہ جانسن اینڈ جانسن (J&J) کی فروخت میں پورٹ فولیو سے SKUs کی بڑی تعداد کی عدم تسلسل کی وجہ سے ۳۹۲ ملین روپے کی کمی ہو گئی۔ تاہم، ہمیں امید ہے کہ جے اینڈ جے کا کم ہونے والے حصہ کا نقصان دوبارہ حاصل کر لیا جائے گا اور جولائی ۲۰۱۸ء کے بعد سے فروخت میں اضافہ ہو جائے گا۔ یہ اس باعث ممکن ہوگا کیونکہ چند عدم دستیاب SKUs جے اینڈ جے کی تجدید شدہ معاونت کے ساتھ دوبارہ دستیاب ہوں گی۔

Condensed Interim Statement of Financial Position

As at March 31, 2018

	Unaudited March 31, 2018	Audited June 30, 2017
ASSETS	Note	----- Rupees '000 -----
Non-current assets		
Property and equipment	4	3,316
Intangible assets		599
Long term deposits		114
		<u>4,029</u>
Current assets		
Stock-in-trade	5	892,947
Trade debts		359,619
Advances		554,493
Short term prepayments		25,730
Other receivables		149,460
Refunds due from Government - sales tax		-
Taxation - payments less provision		38,395
Cash and bank balances		33,710
		<u>2,054,354</u>
Total assets		<u>2,058,383</u>
EQUITY AND LIABILITIES		
Equity		
Share capital		108,000
Accumulated loss		(25,351)
		<u>82,649</u>
Liabilities		
Non-current liabilities		
Long term loan		312,000
Current liabilities		
Short term borrowings		668,602
Accrued mark-up		12,850
Payable to Government - sales tax		7,654
Trade and other payables		974,628
		<u>1,975,734</u>
Total equity and liabilities		<u>2,058,383</u>

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


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Profit and Loss Account

For the quarter and nine months ended March 31, 2018 (Unaudited)

	Note	Quarter Ended		Nine Months Ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		----- Rupees in '000 -----			
Revenue	6	889,125	285,973	2,684,544	990,891
Cost of sales		(683,793)	(217,131)	(1,991,895)	(770,634)
Gross profit		205,332	68,842	692,649	220,257
Distribution cost		(137,820)	(51,122)	(424,237)	(115,219)
Administrative expenses		(31,484)	(10,764)	(78,095)	(33,570)
Other expenses		(1,975)	(1,280)	(36,989)	(11,394)
Operating profit		34,053	5,676	153,328	60,074
Finance cost		(23,031)	(2,255)	(57,503)	(3,286)
Profit before taxation		11,022	3,421	95,825	56,788
Taxation		(33,536)	(12,813)	(108,931)	(40,454)
(Loss) / profit after taxation		(22,514)	(9,392)	(13,106)	16,334
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income		(22,514)	(9,392)	(13,106)	16,334
(Loss) / earnings per share (Rupees)		(2.08)	(0.87)	(1.21)	1.51

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


Chief Executive Officer


Director

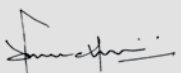

Chief Financial Officer

Condensed Interim Statement of Cash Flow

For the nine months ended March 31, 2018 (Unaudited)

	Note	March 31, 2018	March 31, 2017
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	7	(259,316)	32,610
Income tax paid		(103,623)	(62,503)
Finance cost paid		(55,042)	(3,286)
Net cash used in operating activities		<u>(417,981)</u>	<u>(33,179)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(2,891)	(119)
Purchase of intangibles		(228)	(19)
Net cash used in investing activities		<u>(3,119)</u>	<u>(138)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		312,927	-
Long term loans		100,000	-
Dividends paid		(5,400)	-
Net cash generated from financing activities		<u>407,527</u>	<u>-</u>
Net decrease in cash and cash equivalents		<u>(13,573)</u>	<u>(33,317)</u>
Cash and cash equivalents at the beginning of the period		47,283	55,363
Cash and cash equivalents at the end of the period		<u><u>33,710</u></u>	<u><u>22,046</u></u>

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



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2018 (Unaudited)

	Share Capital	Unappropriated Profit/ (Accumulated loss)	Total
	----- Rupees '000 -----		
Balance as at July 1, 2016	108,000	(12,866)	95,134
Profit for the nine months ended March 31, 2017	-	16,334	16,334
Other comprehensive income	-	-	-
Total comprehensive income	-	16,334	16,334
Balance as at March 31, 2017	<u>108,000</u>	<u>3,468</u>	<u>111,468</u>
Balance as at July 1, 2017	108,000	(6,845)	101,155
Final dividend for the year ended June 30, 2017 @ Re. 0.5 per share	-	(5,400)	(5,400)
Loss for the nine months ended March 31, 2018	-	(13,106)	(13,106)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(13,106)	(13,106)
Balance as at March 31, 2018	<u>108,000</u>	<u>(25,351)</u>	<u>82,649</u>

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


Chief Executive Officer


Director


Chief Financial Officer

Notes To The Condensed Interim Financial Information

For the nine months ended March 31, 2018 (Unaudited)

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Company Act, 1913. The Company was renamed as UDL Industries Limited on March 16, 1987 under the Companies Ordinance, 1984. The Company was again renamed as United Brands Limited, a public limited Company on April 5, 2006 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 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, 2018 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statement of the Company for the year ended June 30, 2017. 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, 2017.

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, 2017.

Notes To The Condensed Interim Financial Information

For the nine months ended March 31, 2018 (Unaudited)

4. PROPERTY AND EQUIPMENT

	Unaudited March 31, 2018	Audited June 30, 2017
	----- Rupees '000 -----	----- Rupees '000 -----
Operating assets	<u>3,316</u>	<u>812</u>
Addition to operating assets during the period were as follows:		
Office Equipments	223	90
Computers - owned	<u>2,668</u>	<u>-</u>
	<u>2,891</u>	<u>90</u>

5. STOCK IN TRADE

Stock-in-trade	907,801	850,134
Less:		
Provision for expired/ damaged stock	<u>(14,854)</u>	<u>(14,683)</u>
	<u>892,947</u>	<u>835,451</u>

Unaudited March 31, 2018	Unaudited March 31, 2017
----- Rupees '000 -----	----- Rupees '000 -----

6. REVENUE

Gross Sales	2,883,537	1,103,120
Less:		
Trade discounts	(168,171)	(98,398)
Sales return	<u>(30,822)</u>	<u>(13,831)</u>
	<u>2,684,544</u>	<u>990,891</u>

7. CASH (USED IN) / GENERATED FROM OPERATIONS

Profit before taxation	95,825	56,788
------------------------	--------	--------

Adjustment for non-cash items

Depreciation and amortisation	439	233
Finance cost	<u>57,503</u>	<u>3,286</u>
	<u>57,942</u>	<u>3,519</u>
Profit before changes in working capital	<u>153,767</u>	<u>60,307</u>

Effect on cash flow due to working capital changes

(Increase) / decrease in current assets:

Stock-in-trade	(57,496)	(203,308)
Trade debts	(243,159)	(38,019)
Advances	(290,167)	(269,338)
Short term prepayments	37,893	(32,124)
Other receivables	220,708	90,707
Refunds due from government - sales tax	<u>33,870</u>	<u>(14,799)</u>

(298,351) (466,881)

Increase in current liabilities

Increase in trade and other payables	<u>(114,732)</u>	<u>439,184</u>
Cash (used in) / generated from operations	<u>(259,316)</u>	<u>32,610</u>

Notes To The Condensed Interim Financial Information

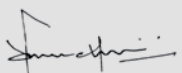
For the nine months ended March 31, 2018 (Unaudited)

8. CORRESPONDING FIGURES

The corresponding figures were re-arranged where necessary.

9. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were approved and authorized for issue by the Board of Directors of the Company on April 24, 2018.



Chief Executive Officer



Director



Chief Financial Officer

NOTES

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