UNITED BRANDS LIMITED

Moving FORWARD

ANNUAL REPORT **2020**

Contents

VISION
Statement

United Brands Limited is committed to being a profitable customer-driven and socially responsible organization. We aim to become the leaders of our industry and set benchmark for others.

MISSION
Statement

We strive to be the best distributor and want to serve as an industry standard. We empower our employees for continuous growth and enable them to ensure success for our partner companies, principals and customers.

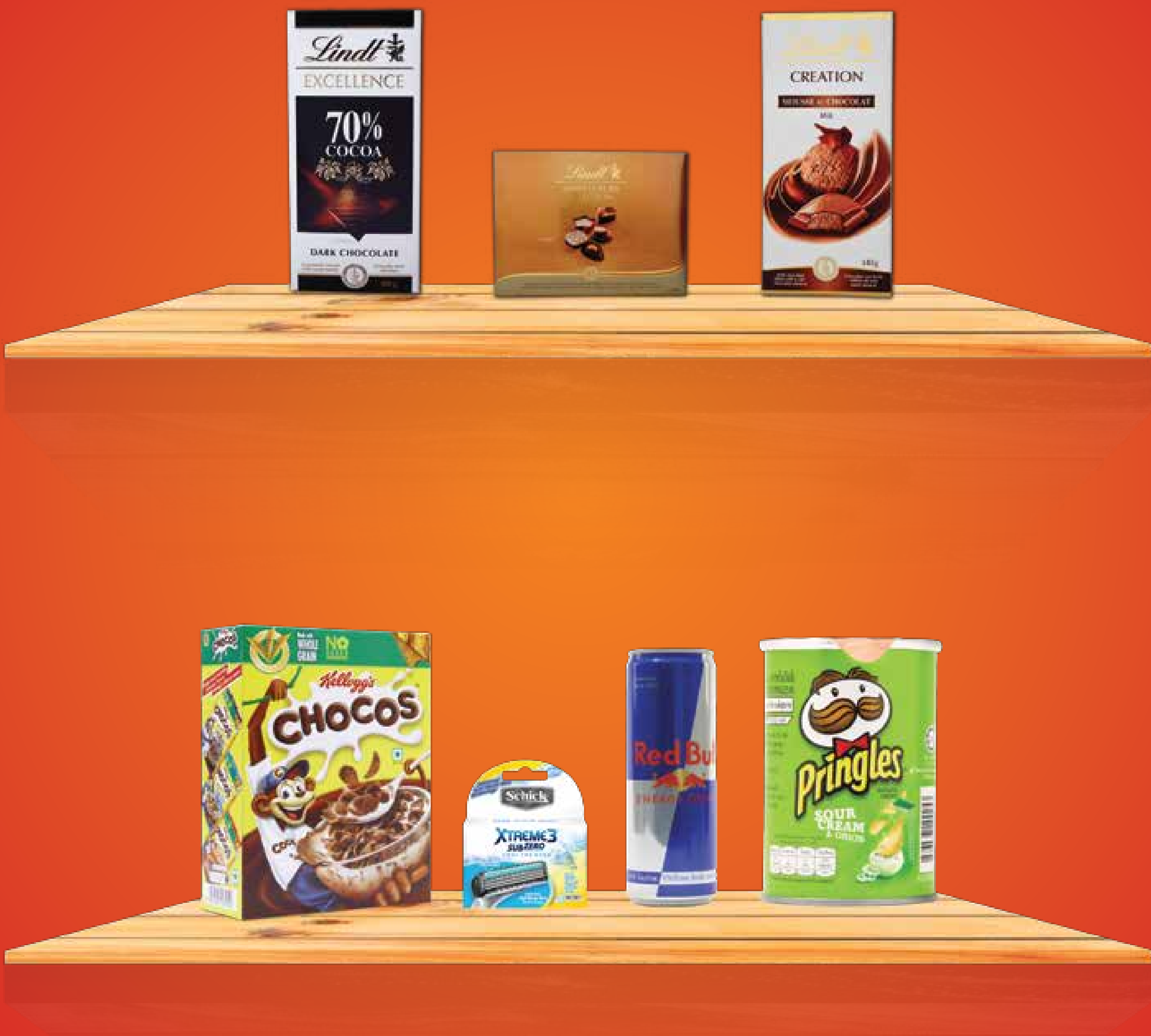
CORE
Values

Integrity
Courage
Passion
Partnership
Excellence
Innovation
Responsibility
Humility

OVERALL
Corporate Strategy

United Brands Limited is a dynamic organization and plans to frow by expanding the coverage network further within Pakistan. Expansion plans also include introducing new international brands in the local market.

PRODUCTS


Lindt
EXCELLENCE
70%
COCOA
DARK CHOCOLATE
CREATION
Kellogg's
CHOCOS
Schick
XTREME3
Pringles
SOUR CREAM

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Rashid Abdulla	Chairman
Mr. Hasan Tariq Khan	Independent Director
Mr. Syed Nadeem Ahmed*	Non-Executive Director
Mr. Zubair Razzak Palwala	Non-Executive Director
Mr. Syed Qaisar Abbas*	Chief Executive Officer
Mr. Ayaz Abdulla	Non-Executive Director
Mr. Asad Abdulla	Non-Executive Director

*(During the year Mr. Faisal Farooq and Mr. Khalid Dar resigned from the board and in place of outgoing directors, Mr. Syed Nadeem Ahmed and Mr. Syed Qaisar Abbas were appointed respectively).

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Hasan Tariq Khan	Chairman
Mr. Zubair Razzak Palwala	Member
Mr. Ayaz Abdulla	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
Bank Al-Habib 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, DMMCHS,
Shahrah-e-Faisal, Karachi-75530
Tel: 37170183,
Fax: 35635530, 35682772

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, 99-B, Block-B, SMCHS
Shahra-e-Faisal, Karachi - 74400

WEBSITE

www.ubrands.biz

NOTICE OF 56th ANNUAL GENERAL MEETING OF UNITED BRANDS LIMITED

Notice is hereby given that 56th Annual General Meeting of the members of M/s. United Brands Limited will be held on Tuesday, October 27, 2020 at 02:00 p.m. at Ground Floor, One IBL Center, Block No. 7 & 8, DMMCHS, Shahrah-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting of the Company held on October28, 2019.

2. To receive, consider and adopt annual audited financial statements for the year ended June 30, 2020 together with the Directors' and Auditors' Report thereon.

3. To appoint auditors for the next financial year ending June 30, 2021 and fix their remuneration. The present auditors, M/s. A.F.Ferguson & Company, Chartered Accountants, retired and being eligible, have offered themselves for re-appointment. The board has recommended the re-appointment of A. F. Ferguson & Co., Chartered Accountants, as the auditors of the Company for the year ending June 30, 2021.

OTHER BUSINESS

4. To transact any other business with the permission of the Chair.

By the order of the board

Company Secretary

Date: October 06, 2020
Place:Karachi

Notes

A. Book closure:

i. The share transfer books will remain closed from October 21, 2020 to October 27, 2020(both days inclusive). Transfers in good order, received at the office of Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 by close of the business on October 20, 2020will be treated in time for the purpose of attending the annual general meeting.

B. Participation in General Meeting:

i. All members/shareholders are entitled to attend, speak and vote at the annual general meeting. A member/ shareholder may appoint a proxy to attend, speak and vote on his/her behalf. The proxy needs to be a member of the Company. Proxies in order to be effective must be received by the Company's Registered Office: 1st Floor, One IBL Center, Block No. 7 & 8, DMMCHS, Shahrah-e-Faisal, Karachi – 75530 not less than 48 hours before the meeting.

ii. In pursuance of Circular No. 1. of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.

In case of corporate entity, the Board of Directors' Resolution/ Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting.

iii. Member are requested to intimate any changes in addresses immediately to Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi – 74400.

D. Request for Video conference facility:

In term of SECP's Circular No. 10 of 2014 dated May 21, 2014 read with the provisions contained under section 134(1)(b) of the Act, if the Company receives request /demand from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city.

I/We, ____ of _______________________ being a member of the United Brands Limited, holder of ______ordinary shares as per registered folio # ____________ hereby opt for video conference facility at

____

Signature of Member (s)

The company will intimate members regarding venue of video conference facility at least five days before the date of annual general meeting along with the complete information necessary to enable them to access the facility.

CHAIRMAN'S REVIEW REPORT

(Under Section 192 of the Companies Act, 2017)

An annual evaluation of the Board of Directors' overall performance is conducted in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017. The purpose of this evaluation is to ensure that the Board of Directors' (the Board) performance is measured in the context of overall corporate objectives and governance structure of the Company. For the financial year ended 30 June 2020, the Board's overall performance and effectiveness has been assessed as 'Satisfactory'.

The following sections summarize how the overall performance of the Board is assessed as satisfactory in achieving Company's objectives:

1. Corporate governance structure and Compliance with regulations

The Company has a well-developed corporate governance system which is the combination of processes established and executed by the Board that are reflected in the Company's structure with the aim of achieving objectives of the Company as a whole to ensure compliance with all the statutory and regulatory requirements applicable upon the Company.

General Meeting(s) is the highest decision-making body in the Company. The shareholders are responsible for appointing the Board Members at the General Meeting of the Company. The shareholders also appoint the external auditors in General Meeting(s) who report to the shareholders on the annual and half yearly financial performance of the Company in their annual auditors' report and half-yearly review report respectively.

2. Board of Directors

The appointment, roles and responsibilities of the Board of the Company are outlined in Articles of Association of the Company. Throughout the year, the membership balance criteria set down in the Code of Corporate Governance in relation to executive, non-executive and independent members of the Board was maintained by the Company together with an appropriate level of skills, experience and capabilities across the membership.

The Board of the Company complies with all relevant rules and regulations. The Board comprises of well-known business professionals who add real value to the Board through their expertise, experience and strong value systems. The Board has laid down policies and procedures to ensure a professional corporate environment that promotes timely disclosure, accountability, high ethical standards, and compliance with applicable laws, regulations and corporate governance.

During the year under review, the Board has effectively discharged its responsibilities towards the Company and participated in all strategic affairs diligently. All quarterly, half yearly and annual financial results were thoroughly reviewed and the Board extended its guidance to the management on regular basis. The Board also played a key role in monitoring of management performance and focus on major risk areas.

3. Committees to the Board

The Board's Audit Committee and Human Resource & Remuneration Committee have also discharged their responsibilities as per relevant laws, norms and best practices throughout the year. The Board carefully monitors their performance on periodic basis.

4. Vision, mission and values

The Board members are familiar with the current vision, mission and values and support them.

5. Engagement in strategic planning

The Board has a clear understanding of its stakeholders and a strategic vision of how the organisation should be evolving over the next three to five years. The Board identifies goals and targets for the management in all major performance areas and key indicators for tracking progress.

6. Formulation of policies

The Board has established policies that cover all essential areas of the Board's responsibilities.

7. Monitoring of organisation's business activities

The Board is aware of the Company's current business activities and is updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants.

8. Monitoring of financial resources

The Board is knowledgeable about key aspects relating to managing the financial resources of the Company and provides appropriate direction and oversight on a timely basis. The Board ensures that the budget reflects the priorities established in the annual plan and the strategic plan. The Board complies with regulations governing the external audit/ review of annual and interim accounts of the Company and pays due consideration to the recommendations made by the external auditors and internal auditors from time to time.

Rashid Abdulla
Chairman
29-Sep-20

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of United Brands Limited take pleasure in presenting their report together with the audited Financial Statements for the year ended June 30, 2020. The Directors' Report is prepared in accordance with Section 227 of the Companies Act, 2017.

Principal Activities

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

Summary of Financial Performance

	2020	2019
	(Rupees in '000')	
Revenue	**3,270,644**	4,048,617
Gross profit	**834,980**	1,028,180
Gross profit as a percentage of revenue	**25.5%**	25.4%
Operating profit / (loss)	**(2,638)**	(47,102)
Loss after taxation	**(255,676)**	(549,914)

Financial Performance:

Revenue of company has decreased by **19%** as compared to last year. The main reason for the decrease is due to discontinuation of some imported business lines and transfer of transportation and warehousing business to IBL Logistics (Private) Limited – a subsidiary company.

During the year, following businesses were discontinued from Company's portfolio which resulted in decreasing revenue by PKR 568 Millionin current year.

1) Johnson & Johnson
2) Mars Confectionary
3) IFFCO
4) Haleeb
5) Murree Brewery
6) Lindt

Operating expenses have decreased by **PKR 204 million** majorly due to discontinuation of businesses. Major decrease is seen in salaries, bond charges, freight and logistics, vehicle running expense and marketing expense.

Operating loss has decreased significantly from **-1.2%** to **0.02%** as compared to last year. Cost control measures taken during the year has also assisted in decrease in overall expenses. Finance cost has decreased by **PKR 200 million** due to reduction in company's borrowings.

Holding Company

International Brands Limited is the holding Company of United Brands Limited. As at June 30, 2020, International Brands Limited held **88,200,462** shares of **PKR 10** each (96.08%).

Basic / diluted loss per share

Basic / diluted loss per share were **PKR 2.79** (2019: PKR5.99)

Impact on Environment:

Company is not engaged in any business activity that has negative consequence on the environment.

Statement of Ethics and Business Practices

Performance with integrity is central to operating at United Brands Limited. The Board of Directors have adopted a statement of ethics and business practices. All employees are informed and aware of it and are required to observe these rules of conduct in relation to business and regulations.

Principal Risks and uncertainties

Principal risk associated with the entity includes:

Nature of Risk	Description
Business Risk	Discontinuation of Business resulting in revenue and profit loss
Operational / Business Risk	Rupee devaluation resulting in exchange loss
Liquidity Risk	High interest cost on borrowings. Shortage of funds affecting timely financing of operating & investing activities.
Operational / Business Risk blockage.	Piling of stock leading to product expiries, increased storage cost and working capital Loss of revenue due to parallel imports
Regulatory Risk	Change in custom tariffs of taxes, duties, regulations & foreign exchange rate variation deteriorating the margin and profitability.

Risk Management

The Company's overall risk management program focuses on minimizing potential adverse effects on the Company's performance. The overall risk assessment of the Company is undertaken by the Senior Management, governed under the supervision of Group's Corporate Centre, the results of which are shared with the Board of Directors. Risk identification, assessment and management process entails identifying, evaluating and addressing strategic, financial, commercial and operational risks faced by the Company. Based on the risk assessment, key challenges are addressed and opportunities identified, action plans developed and executed to achieve the long-term strategic objectives of the Company.

Corporate Social Responsibility

Despite incurring losses in past few years, the Company continued to play its role in the area of CSR as we at United Brands belief in striving and keeping the balance between business and contribution to society.

In words of great Jaffery Sachs;

Without restoring an ethos of social responsibility, there can be no meaningful and sustained economic recovery.

Composition of Board on 30th June 2020

Directors	No. of Directors	
Total No. of Directors		7
a.	Male	7
b.	Female	0

Board Composition	No. of Directors	
a.	Independent Directors	1
b.	Executive Directors	1
c.	Other Non-Executive Directors	5

Committee	Name of Directors	Designation
Audit Committee	Mr. Hassan Tariq Khan	Chairman
	Mr. Ayaz Abdulla	Non-Executive Director
	Mr. Zubair Razzak Palwala	Non-Executive Director
HR Committee	Mr. Hassan Tariq Khan	Chairman
	Mr. Ayaz Abdulla	Non-Executive Director
	Mr. Zubair Razzak Palwala	Non-Executive Director

Company has held election of board of directors on 27th August 2020 and following is the composition of board;

Directors	No. of Directors	
Total No. of Directors		7
a.	Male	6
b.	Female	1

Board Composition	No. of Directors	
a.	Independent Directors	2
b.	Executive Directors	2
c.	Other Non-Executive Directors	3

Committee	Name of Directors	Designation
Audit Committee	Ms. Tayyaba Rasheed	Chairman
	Mr. Syed Nadeem Ahmed	Non-Executive Director
	Mr. Zubair Razzak Palwala	Non-Executive Director
HR Committee	Mr. Rashid Abdulla	Chairman
	Mr. Hasan Tariq Khan	Independent Director
	Mr. Syed Qaisar Abbas	Chief Executive Officer

Meetings of the Board of Directors

During the Year 2020, Five Board meetings were held and attended as follows:

Name of Directors	Meeting Attended
Mr. Rashid Abdulla	3
Mr. Ayaz Abdulla	3
Mr. Asad Abdulla	3
Mr. Hasan Tariq Khan	5
Mr. Zubair Razzak Palwala	4
Mr. Syed Qaisar Abbas	4
Mr. Syed Nadeem Ahmed	4
Mr. Faisal Farooq*	2
Mr. Khalid Dar*	1

Fee paid to directors for attending the Board of Directors meetings during the year amounted to **Rs. 0.250 million** (2019: Rs. 0.82 million).

During the year Mr. Faisal Farooq and Mr. Khalid Dar resigned from the board and in place Mr. Syed Nadeem Ahmed and Mr. Syed Qaisar Abbas were appointed.

Audit Committee

The committee comprises of three members, all are non-executive Directors and the Chairman of the Committee is an independent director.

The terms of reference of the Committee have been determined by the Board of Directors in accordance with the guidelines provided in the listing Regulations and advised to the Committee for compliance.An independent audit function reporting to the Board's audit committee reviews risks and controls across the organization.

During the year 2019-20, four audit committee meetings were held and attended as follows:

Members	Meeting Attended
Mr. Hasan Tariq Khan	4
Mr. Zubair Razzak Palwala	3
Mr. Ayaz Abdulla	3

Human Resource and Remuneration Committee

The committee comprises of three members; all are non-executive Directors including the Chairman of the Committee.

Directors Training:

During the year, no training was carried out, however the Company has plans to conduct required trainings of director during the next fiscal year.

Financial statements and auditors

The financial statements of the Company have been audited and approved without qualification by the auditors, A.F. Ferguson, Chartered Accountants. Further, the present auditors, A.F. Ferguson, Chartered Accountants, retired and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their reappointment as Auditors of the Company for the year ending June 30, 2021, at a fee to be mutually agreed.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Value of Investments of Provident Fund

The fair value of investment of provident fund as per its financial statements at June 30, 2020 is **PKR 15.650 million** (June 30, 2019 is PKR 15.96million).

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

- Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- The financial statements are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan.

- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatements or loss. The internal control is regularly reviewed. This has been formulized by the Board's Audit Committee and updated as and when needed.

- There are no significant doubts upon the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of Code of Corporate Governance as detailed in the listing regulations.

Future Outlook

The Company has suffered losses primarily because of exchange losses, increase in interest cost and discontinuation of businesses, however the board and management is confident that Company shall identify, undertake and avail areas of opportunities for increasing both revenue and profitability in next years.

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

Shareholding Information

The Company's shares are traded on Pakistan Stock Exchange. The pattern of Shareholding as at June 30, 2020 and other related information is set out on page 101 to 103.

During the year, two of the directors Mr. Asad Abdulla and Mr. Zubair Razzak Palwala sold shares of the company which were duly informed and reported to the regulatory authorities.

Except for the above and transfer of qualifying shares, none of the Directors, CEO, CFO and Company Secretary and their spouses and minor children carried out any trades in the shares of the Company.

Karachi.
Date: September 29, 2020

Syed Nadeem Ahmed
Director

Qaisar Abbas
Chief Executive

مستقبل کا نظریہ:

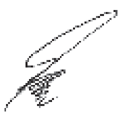
زرمبادلہ کے نقصانات، شرح سود کی لاگت میں اضافے اور کاروبار کی بندش کے باعث کمپنی کو خسارے کا سامنا کرنا پڑا ہے۔ تاہم بورڈ اور انتظامیہ کو یقین ہے کہ کمپنی آنے والے سالوں میں آمدنی اور منافع دونوں میں اضافے کے مواقع فراہم کرنے والے شعبوں کی نشاندہی کرے گی اور ان سے فائدہ اٹھائے گی۔

شیئر ہولڈنگ کی معلومات:

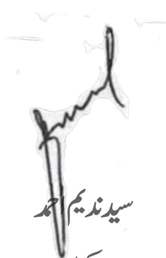
پاکستان اسٹاک ایکسچینج میں کمپنی کے شیئرز کی تجارت ہورہی ہے۔ 30 جون 2020 تک شیئر ہولڈنگ کا پیٹرن اور اس سے متعلق دیگر معلومات صفحہ نمبر 101 سے 103 پر بیان کی گئی ہیں۔

دوران سال دو ڈائریکٹرز جناب اسد عبداللہ اور جناب زبیر رزاق پالوالا نے کمپنی کے شیئرز فروخت کیئے جن کی باضابطہ طور پر بورڈ کو مطلع کیا تھا اور ریگولیٹری اتھارٹیز کو بھی اطلاع دی گئی تھی۔

مذکورہ بالا منتقلی کے علاوہ، کسی بھی ڈائریکٹرز، چیف ایگزیکیٹو آفیسر، چیف فنانس آفیسر اور کمپنی سیکریٹری اور ان کی شریک حیات اور نابالغ بچوں نے کمپنی کے شیئرز میں کوئی تجارت نہیں کی۔



قیصر عباس
چیف ایگزیکیٹو



سید ندیم احمد
ڈائریکٹر

کراچی:
مورخہ: 29 ستمبر 2020

ہیومن ریسورس اور معاوضے کی کمیٹی:

کمیٹی تین ممبران پر مشتمل ہے، تمام غیر ایگزیکیٹیو ڈائریکٹرز ہیں بشمول ایک کمیٹی کا چیئر مین ہے۔

ڈائریکٹرز کی تربیت:

دوران سال، کوئی تربیت نہیں دی گئی، تاہم آنے والے سال میں کمپنی کے ڈائریکٹرز کی مطلوبہ تربیت لینے کا پلان ہے۔

مالیاتی حسابات اور آڈیٹرز:

آڈیٹرز اے ایف فرگوسن، چارٹرڈ اکاؤنٹینٹس کے ذریعہ کمپنی کے مالی گوشواروں کا آڈٹ کیا گیا ہے اور اس کی منظوری دے دی گئی ہے۔ مزید یہ کہ کمپنی کے موجودہ آڈیٹرز میسرز اے ایف فرگوسن، چارٹرڈ اکاؤنٹینٹس سبکدوش ہو رہے ہیں اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کے لئے پیش کرنے کے اہل ہیں۔ بورڈ آف ڈائریکٹرز نے باہمی اتفاق رائے کے تحت میسرز اے ایف فرگوسن، چارٹرڈ اکاؤنٹینٹس کو بطور آڈیٹرز مالیاتی سال 30 جون 2021 کیلئے انہی شرائط وضوابط اور اجرت پر دوبارہ تقرر کرنے کیلئے سفارش پیش کی ہے۔

بعد از اں واقعات:

مالیاتی سال کے آخر اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالیاتی حیثیت میں تبدیلی کیلئے کوئی اثرات مرتب نہیں ہوئے ہیں۔

پروویڈنٹ فنڈ کی سرمایہ کاری پر و یلیو:

30 جون 2020ء کو کمپنی کے مالی بیانات کے مطابق پروویڈنٹ فنڈ میں سرمایہ کاری کی فیئر ویلیو مبلغ 15.650 ملین پاکستانی روپے ہے۔ (30 جون 2019ء کو مبلغ 15.96 ملین پاکستانی روپے)۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

- ☆ مالیاتی حسابات جو کہ کمپنی کی انتظامیہ نے مرتب کئے ہیں اور اس میں تمام مندرجات بالکل صحیح پیش کئے گئے ہیں جس میں اس کے آپریشن، نقد کا لین دین اور ایکوئیٹی میں تبدیلیاں شامل ہیں۔
- ☆ کمپنی نے حساب کے کھاتے مناسب طریقے سے مرتب کئے ہیں۔
- ☆ مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ کی پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور اکاؤنٹنگ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- ☆ انٹرنیشنل فنانشل رپورٹنگ کا معیار جو کہ پاکستان میں قابل اطلاق ہے کے مطابق مالیاتی حسابات کی تیاری میں عمل کیا جاتا ہے۔
- ☆ آڈٹ کمیٹی نے آپریشنز کو موثر انداز میں انجام دینے، کمپنی اثاثوں کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل اعتماد مالی رپورٹنگ کے لئے داخلی کنٹرولز کا ایک موثر نظام قائم کیا ہے۔
- ☆ اس کمپنی کو مسلسل چلانے کیلئے اس کی اہلیت پر کوئی شک وشبہ نہیں ہے۔
- ☆ کوئی بھی مواد کارپوریٹ گورننس کی اعلیٰ پریکٹس سے خالی نہیں ہے جس کی تفصیلات لسٹنگ ریگولیشن میں دی گئی ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگ:

سال 2020ء کے دوران بورڈ کی پانچ میٹنگز ہوئی جس میں درج ذیل ڈائریکٹرز نے شرکت کی:

ڈائریکٹرز کے نام	میٹنگ میں حاضری کی تعداد
جناب راشد عبداللہ	3
جناب ایاز عبداللہ	3
جناب اسد عبداللہ	3
جناب حسن طارق خان	5
جناب زبیر رزاق پالوالا	4
جناب سید قیصر عباس	4
جناب سید ندیم احمد	4
جناب فیصل فاروق*	2
جناب خالد ڈار*	1

دوران سال بورڈ آف ڈائریکٹرز کی میٹنگ میں شرکت کیلیئے ڈائریکٹرز کو ادا کی جانے والی فیس مبلغ 0.250 ملین روپے تھی۔ (2019: مبلغ 0.82 ملین روپے)۔

دوران سال جناب فیصل فاروق اور جناب خالد ڈار نے بورڈ سے استعفیٰ دے دیا اور ان کی جگہ جناب سید ندیم احمد اور جناب سید قیصر عباس کا تقرر کیا گیا۔

آڈٹ کمیٹی:

کمیٹی تین ممبران پر مشتمل ہے، تمام غیر ایگزیکیٹیو ڈائریکٹر ہیں اور کمیٹی کا چیئر مین آزاد ڈائریکٹر ہے۔

بورڈ آف ڈائریکٹرز نے کمیٹی کے حوالے سے شرائط وضوابط لسٹنگ ریگولیشنز میں فراہم کردہ ہدایات کے مطابق طے کی ہیں اور کمیٹی کو اس پر عمل کرنے کا مشورہ دیا ہے۔ بورڈ کی آڈٹ کمیٹی کو تمام خطرات کو کنٹرول کرنے اور جائزہ لینے کیلیئے ایک آزاد آڈٹ کے عمل کی رپورٹ کی جائے گی۔

سال 20-2019 کے دوران آڈٹ کمیٹی کی چار میٹنگز ہوئیں جس میں درج ذیل نے شرکت کی:

ممبران	میٹنگ میں حاضری کی تعداد
جناب حسن طارق خان	4
جناب زبیر رزاق پالوالا	3
جناب ایاز عبداللہ	3

کمیٹی	ڈائریکٹرز کے نام	عہدہ
آڈٹ کمیٹی	جناب حسن طارق خان	چیئرمین
	جناب ایاز عبداللہ	غیر ایگزیکیٹیو ڈائریکٹر
	جناب زبیر رزاق پالوالا	غیر ایگزیکیٹیو ڈائریکٹر
ہیومن ریسورس کمیٹی	جناب حسن طارق خان	چیئرمین
	جناب ایاز عبداللہ	غیر ایگزیکیٹیو ڈائریکٹر
	جناب زبیر رزاق پالوالا	غیر ایگزیکیٹیو ڈائریکٹر

کمپنی نے 27 اگست 2020ء کو نئے بورڈ آف ڈائریکٹر کے الیکشن کروائے اور اس کے بعد مندرجہ ذیل بورڈ وجود میں آیا۔

ڈائریکٹرز	ڈائریکٹرز کی تعداد
ڈائریکٹرز کی کل تعداد	7
☆ مرد	6
☆ خواتین	1
بورڈ کی تشکیل	**ڈائریکٹرز کی تعداد**
☆ آزاد ڈائریکٹرز	2
☆ ایگزیکیٹیو ڈائریکٹرز	2
☆ دیگر غیر ایگزیکیٹیو ڈائریکٹرز	3

کمیٹی	ڈائریکٹرز کے نام	عہدہ
آڈٹ کمیٹی	محترمہ طیبہ رشید	چیئر پرسن
	جناب سید ندیم احمد	غیر ایگزیکیٹیو ڈائریکٹر
	جناب زبیر رزاق پالوالا	غیر ایگزیکیٹیو ڈائریکٹر
ہیومن ریسورس کمیٹی	جناب راشد عبداللہ	چیئرمین
	جناب حسن طارق خان	آزاد ڈائریکٹر
	سید قیصر عباس	غیر ایگزیکیٹیو ڈائریکٹر

رسک مینجمنٹ:

کمپنی کا مجموعی رسک مینجمنٹ پروگرام کمپنی کی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے پر مرکوز ہے۔ سینئر مینجمنٹ کی جانب سے کمپنی کی گروپ کے کارپوریٹ سینٹر کی نگرانی میں مجموعی خطرات کی تشخیص کی جاتی ہے جس کے نتائج بورڈ آف ڈائریکٹرز کے ساتھ شیئر کیئے گئے ہیں۔ کمپنی خطرے کی شناخت، تشخیص اور انتظام کے عمل میں شامل خطرات، اسٹراٹیجک معاملات، مالیاتی، تجارتی اور آپریشنل خطرات کا سامنا کرتی ہے۔ خطرے کی تشخیص کی بنیاد پر کلیدی چیلنجز کا ازالہ کیا جاتا ہے اور مواقع کی نشاندہی کی جاتی ہے، کمپنی کے طویل مدتی اسٹراٹیجک مقاصد کے حصول کیلئے عملی منصوبے تیار کیئے جاتے ہیں اور ان پر عمل کیا جاتا ہے۔

کارپوریٹ سماجی ذمہ داری:

گذشتہ کچھ سالوں میں ہونے والے نقصانات کے باوجود کمپنی نے سی ایس آر کے شعبے میں اپنا کردار جاری رکھا کیونکہ ہم بطور یونائیٹڈ برانڈز معاشرے میں کاروبار اور شراکت کے مابین توازن برقرار رکھنے پر یقین رکھتے ہیں۔

عظیم Jaffery Sachs کے الفاظ میں؛

''اخلاقی معاشرتی ذمہ داری اختیار کیئے بغیر کوئی بھی معنی خیز اور مستقل معاشیات بحال نہیں ہوسکتی۔''

مورخہ 30 جون 2020ء کو بورڈ کی تشکیل:

ڈائریکٹرز	ڈائریکٹرز کی تعداد
ڈائریکٹرز کی کل تعداد	7
☆ مرد	7
☆ خواتین	0
بورڈ کی تشکیل	**ڈائریکٹرز کی تعداد**
☆ آزاد ڈائریکٹرز	1
☆ ایگزیکیٹیو ڈائریکٹرز	1
☆ دیگر غیر ایگزیکیٹیو ڈائریکٹرز	5

کاروباری اخراجات کے باعث آپریٹنگ اخراجات میں204 ملین پاکستانی روپے کی کمی ہوئی۔تنخواہوں، بانڈ چارجز، فریٹ اینڈ لاجسٹکس، گاڑیوں کے اخراجات اور مارکیٹنگ کے اخراجات میں اہم کمی دیکھی جارہی ہے۔

گذشتہ سال کے مقابلے میں آپریٹنگ خسارہ میں1.2%- سے0.02% تک نمایاں کمی ہوئی۔دوران سال لاگت پر قابو پانے کے اقدامات کے سلسلے میں مجموعی اخراجات کوکم کرنے میں بھی مدد ملی۔کمپنی کے قرضہ جات میں کمی کے باعث مالیاتی لاگت میں200 ملین پاکستانی روپے کی کمی ہوئی۔

ہولڈنگ کمپنی:

انٹرنیشنل برانڈز لمیٹڈ، یونائیٹڈ برانڈز لمیٹڈ کی ہولڈنگ کمپنی ہے۔30 جون2020ء تک انٹرنیشنل برانڈز لمیٹڈ کے پاس فی شیئر10 روپے کے حساب سے88,200,462 شیئر(96.08%) تھے۔

فی شیئر بنیادی/ڈیلوٹیڈ خسارہ:

بنیادی/ڈیلوٹیڈ خسارہ مبلغ2.79 پاکستانی روپے رہا(2019: PKR 5.99)۔

ماحول پر اثرات:

کمپنی کسی ایسی کاروباری سرگرمیوں میں شامل نہیں رہی جس کے نتیجہ میں کاروباری ماحول پر منفی نتائج برآمد ہوتے۔

اخلاقیات اور کاروباری امور کا اسٹیٹمنٹ:

یونائیٹڈ برانڈز لمیٹڈ میں کام کرنے کیلئے دیانتداری مرکزی حیثیت رکھتی ہے۔بورڈ آف ڈائریکٹرز نے اخلاقیات اور کاروباری طریقہ کار کو اپنایا ہے۔تمام ملازمین کو اس سے باخبر اور آگاہ کیا جاتا ہے اور انہیں کاروبار اور قوانین سے متعلق طرز عمل کیلئے ان اصولوں پر عمل کرنے کی ضرورت ہے۔

اہم خطرات اور غیر یقینی صورتحال:

ادارے سے وابستہ اہم خطرات میں شامل ہیں:

خطرے کی نوعیت	تفصیل
کاروباری خطرہ	کاروباری عمل رکنے کے نتیجے میں آمدنی اور منافع میں خسارہ ہونا۔
آپریشنل/کاروباری خطرہ	روپے کی قدر میں کمی کے نتیجے میں زرمبادلہ میں نقصان ہونا۔
لیکوئیڈٹی کا خطرہ	قرضہ جات پر زیادہ سود کی لاگت۔ فنڈز کی قلت کے باعث آپریٹنگ اور سرمایہ کاری کی سرگرمیوں کی بروقت مالی اعانت پر اثر پڑنا۔
آپریشنل/کاروباری خطرہ	پروڈکٹ کی معیاد ختم ہونے، اسٹوریج کی لاگت میں اضافہ اور ورکنگ کیپیٹل میں رکاوٹ کے سبب اسٹاک کا ڈھیر لگنا۔ متوازی درآمدات کے باعث آمدنی میں نقصان۔
ریگولیٹری کا خطرہ	ٹیکسز کے کسٹم ٹیرف، ڈیوٹیز، ریگولیشنز اور غیر ملکی زرمبادلہ کی شرح میں تبدیلی سے مارجن اور منافع میں بگاڑ پیدا ہونا۔

ڈائریکٹرز رپورٹ برائے حصص کنندگان

یونائیٹڈ برانڈز لمیٹڈ کے ڈائریکٹرز 30 جون 2020ء کے اختتامی سال کیلئے اپنی رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ یہ رپورٹ کمپنیز ایکٹ 2017ء کے سیکشن 227 کے مطابق تیار کی گئی ہے۔

اہم سرگرمیاں:

یونائیٹڈ برانڈز لمیٹڈ FMCG اور الائیڈ پروڈکٹس کی ڈسٹری بیوشن میں مصروف ہے۔ پورٹ فولیو میں بے بی رینج، چاکلیٹ، کنفیکشنری، مشروبات، سیریلز، اسنیکس، ڈیوڈورینٹس، کاسمیٹکس اور اسی طرح کی دیگر پروڈکٹس شامل تھیں۔

مالیاتی کارکردگی کا خلاصہ:

	2020ء (روپے ہزاروں میں)	2019ء (روپے ہزاروں میں)
آمدنی	3,270,644	4,048,617
خالص منافع	834,980	1,028,180
آمدنی کا خالص منافع بطور فیصد	25.5%	25.4%
آپریٹنگ منافع/ (خسارہ)	(2,638)	(47,102)
خسارہ بعد از ٹیکسیشن	(255,676)	(549,914)

مالیاتی کارکردگی:

گزشتہ سال کے مقابلے میں کمپنی کی آمدنی میں 19% کی کمی ہوئی۔ اس کمی کی بنیادی وجہ کچھ اہم درآمدی کاروبار کا بند ہونا اور آئی بی ایل لاجسٹکس (پرائیویٹ) لمیٹڈ کمپنی جو کہ ایک ذیلی کمپنی ہے، اس میں نقل وحمل اور ویئر ہاؤسنگ بزنس کی منتقلی ہے۔

دوران سال کمپنی کے پورٹ فولیو سے درج ذیل کاروبار کو بند کر دیا گیا تھا جس کے نتیجے میں موجودہ سال 568 ملین پاکستانی روپے کی کم آمدنی ہوئی۔

۱) جونسن اینڈ جونسن
۲) مارس کنفیکشنری
۳) آئی ایف ایف سی او
۴) حلیب
۵) مری بریوری
۶) لنڈٹ

FINANCIAL HIGHLIGHTS

Operational Results:	---Amount in '000---					
	2020	2019	2018	2017	2016	2015
Sales	3,270,644	4,048,617	3,776,649	1,389,745	1,483,737	1,342,485
Gross Profit	834,980	1,028,180	983,565	342,931	229,244	191,265
Operating (Loss)/ Profit	(2,638)	(47,102)	252,997	69,541	57,705	31,736
Financial Charges	(125,091)	(324,708)	126,902	15,395	6,076	9,932
(Loss) / Profit before Taxation	(127,729)	(371,810)	126,095	54,146	51,629	21,904
(Loss) / Profit after Taxation	(255,676)	(549,914)	(29,214)	6,021	28,441	12,248
Proposed Dividend	-	-	-	5,400	-	10,800

Balance Sheet:	---Amount in '000---					
	2020	2019	2018	2017	2016	2015
Shareholders' Equity	51,334	307,010	876,541	101,155	95,134	77,493
Non-Current Liabilities	9,012	-	-	212,000	-	-
Current Liabilities	1,594,808	2,157,356	1,747,529	1,455,424	726,256	643,916
Non-Current Assets	38,185	28,817	30,336	1,349	1,492	2,267
Current Assets	1,616,969	2,435,549	2,593,734	1,767,230	819,898	719,142

Financial Ratios:	---Amount in '000---					
	2020	2019	2018	2017	2016	2015
Turnover on (Loss) / Profit before Tax	-3.91%	-9.18%	3.34%	3.90%	3.48%	1.63%
Proposed Dividend	-	-	-	5%	-	10%
Return on Assets	-15.45%	-22.31%	-1.11%	0.34%	3.46%	1.69%
Return on Equity	-498.06%	-179.12%	-3.33%	5.95%	29.90%	15.81%
(Loss) / Earnings per Share	(2.79)	(5.99)	(0.56)	0.13	0.62	0.27
Market value per Share	26.44	14.30	52.08	191.00	55.49	86.54
Book Value per Share	0.56	3.34	9.55	9.37	8.79	7.18
Current Ratio	1.01	1.13	1.48	1.21	1.13	1.12

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF UNITED BRANDS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of United Brands Limited (the Company) for the year ended June30, 2020 in accordance with the requirements of regulation 36of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June30, 2020.

A.F.Ferguson & Co.
Chartered Accountants
Karachi

Dated: October 5, 2020

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 UNITED BRANDS LIMITED

Year Ending June 30, 2020

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven(7) as per the following:
a) Male: 7 (seven)
b) Female: -

2. The composition of the Board is as follows:

Category	Names
Independent Director	Mr. Hasan Tariq Khan
Non-Executive Directors	Mr. Rashid Abdulla
	Mr. S. Nadeem Ahmed
	Mr. Zubair Razzak Palwala
	Mr. Asad Abdulla
	Mr. Ayaz Abdulla
Executive Director	Mr. Syed Qaisar Abbas
Female Director	-

The election of the directors was due beforeJune 24, 2020. However, the Company has reported the impediment in holding extra ordinary general meeting called on June 16, 2020 for election of directors to the Securities and Exchange Commission of Pakistan through letter dated June 09, 2020. The election of directors was held on August 27, 2020 and composition of directors has been changed in line with new Regulations.

3. The directors have confirmed that none of them is serving as a director on more thanseven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has not arranged for any Director's Training Program (DTP) during the current yearas five of the directors already haveDTP's certification;

10. The Board has approved appointment of Chief Financial Officer,Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

Audit Committee

Name	Category
Mr. Hasan Tariq Khan	Chairman
Mr. Zubair Razzak Palwala	Member
Mr. Ayaz Abdulla	Member

HR and Remuneration Committee

Name	Category
Mr. Hasan Tariq Khan	Chairman
Mr. Zubair Razzak Palwala	Member
Mr. Ayaz Abdulla	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as perfollowing:

a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2020

b) HR & Remuneration Committee: One meeting during the financial year ended June 30, 2020;

15. The Board has outsourced the internal audit function to GrantThorntonAnjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with;

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non-mandatory requirements) are below:

S. No	Requirement	Explanation	Reg. No
1	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the nomination committee are being taken care of at Board level as and when needed, hence a separate committee is not considered necessary.	29
2	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has not constituted a risk management committee as risk management framework is managed at Company's level by the executive committeeheaded by Chief Executive Officer and the CEOapprises the Board accordingly.	30
3	The Company may post on its website key elements of its significant policies including but not limited to the following: i. Communication and disclosure policy; ii. Risk management policy; iii. Internal control policy; iv. Whistle blowing policy; v. Corporate social responsibility / sustainability/ environmental, social and governance related policy.	As the regulation provides concession with respect to disclosure of significant policies on the website, few policies have been uploaded on the Company's website, however, the Company shall review and place key elements of other policies, if considered necessary	35(1)
4	The Chief Executive Officer may be included as a member of the HR & Remuneration Committee.	Subsequent to year end, the Chief Executive Officer has been included in HR & Remuneration Committee as a member.	28(2)

On behalf of the Board

Zubair Razzak Palwala
Director

Syed Qaisar Abbas
Chief Executive Officer

UNCONSOLIDATED
FINANCIAL STATEMENTS

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF UNITED BRANDS LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of United Brands Limited(the Company), which comprise theunconsolidated statement of financial position as at June 30, 2020, and theunconsolidated statement of profit or loss and other comprehensive income, the unconsolidatedstatement of changes in equity, the unconsolidatedstatement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, theunconsolidated statement of profit or loss and other comprehensive income, theunconsolidated statement of changes in equity and theunconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidatedfinancial statements of the current period. These matters were addressed in the context of our audit of the unconsolidatedfinancial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i) (ii)	**(i) Impact of COVID - 19 (Refer note 1)** Due to COVID-19 pandemic and resulting lockdown in the country since March 2020, the business activities in the country have been adversely affected. In March 2020, staff attendance at the Company's head office and sales offices wasreduced, however essential goods continued to be sold and distributed. Further, due to this closure, various year-end activities relating to financial closing were impacted. This situation affected the overall audit strategy. In relation to the accounting and reporting obligations, management assessed the following significant areas for incorporating any potential impact of COVID-19 in the unconsolidated financial statements: - expected credit losses (ECL) under IFRS 9, 'Financial Instruments'; - provisions and contingent liabilities under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', including onerous contracts'; - the net realisable value (NRV) of inventory under IAS 2, 'Inventories';and - going concern assumption used for the preparation of the unconsolidated financial statements. The COVID-19 pandemic is a significant development during the year having impact on audit strategy and its execution and involved assessment ofmanagement judgements in the preparation of unconsolidated financial statements. Therefore, we considered it to be a key audit matter.	Our audit procedures, amongst others included the following: - Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy; - Utilised audit software for review and supervision of audit work; - Obtained management's plan regarding execution of physical and virtual inventory check; - Observed physical and virtual inventory check carried out by management subsequent to year-end and tested the roll-back of the inventory quantities prepared by management on a sample basis; - For confirmation received through email, the authenticity of the confirmations was ensured by performing alternate procedure such as making telephone calls to confirming parties; - Assessed the reasonableness of forward-looking factors under the COVID-19 situation used by management in preparing ECL model; - Evaluated management's assessment as to whether any provisions were required to be recorded as a result of COVID-19; - Obtained the computation of NRV and checked its reasonableness; - Evaluated management's going concern assessment by reviewing the approved budget/future cash flow forecast and management plans and assessed whether going concern assumption is appropriate; and - Reviewed the adequacy of the disclosures made by the Company under applicable accounting and reporting standards.

Information Other than theUnconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of theunconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for theUnconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing theunconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of theUnconsolidatedFinancial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidatedfinancial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of theseunconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of theunconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in theunconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of theunconsolidated financial statements, including the disclosures, and whether theunconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidatedstatement of profit or loss and other comprehensive income, the unconsolidatedstatement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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: October 5, 2020

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000')	
ASSETS			
Non-current assets			
Property and equipment	4	**11,039**	3,381
Intangible assets	5	**232**	322
Investment in subsidiary	6	**25,000**	25,000
Long term deposits	7	**1,914**	114
		38,185	28,817
Current assets			
Inventories	8	**709,250**	1,102,071
Trade and other receivables	9	**659,224**	606,896
Prepayments and advances	10	**143,456**	469,483
Current tax asset		**36,003**	52,413
Tax refunds due from government - sales tax		**27,242**	3,771
Cash and bank balances	11	**41,794**	200,915
		1,616,969	2,435,549
Total assets		**1,655,154**	2,464,366
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	12	**918,000**	918,000
Accumulated losses		**(866,666)**	(610,990)
		51,334	307,010
Liabilities			
Non-current liabilities			
Long-term borrowings	13	**9,012**	-
Current liabilities			
Trade and other payables	14	**816,126**	666,075
Current portion of long-term borrowings	13	**4,737**	-
Unclaimed dividend		**353**	371
Accrued mark-up	15	**7,140**	37,641
Short term financing	16	**766,452**	1,453,269
		1,594,808	2,157,356
Total liabilities		**1,603,820**	2,157,356
Contingency and commitments	17		
Total equity and liabilities		**1,655,154**	2,464,366

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements

Syed Qaisar Abbas	Zubair Razzak Palwala	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000')	
Revenue from contracts with customers	18	**3,270,644**	4,048,617
Cost of sales and services	19	**(2,435,664)**	(3,020,437)
Gross profit		**834,980**	1,028,180
Marketing and distribution expenses	20	**(606,826)**	(734,333)
Administrative and general expenses	21	**(101,603)**	(122,033)
Loss allowance on trade receivables	9.1.3	**(27,134)**	(502)
Other operating expenses	22	**(141,333)**	(220,463)
Other income	23	**39,278**	2,049
Loss from operations		**(2,638)**	(47,102)
Finance costs	24	**(125,091)**	(324,708)
Loss before income tax		**(127,729)**	(371,810)
Income tax expense	25	**(127,947)**	(178,104)
Loss for the year		**(255,676)**	(549,914)
Other comprehensive income		**-**	-
Total comprehensive loss		**(255,676)**	(549,914)
		(Rupees)	
Basic loss per share	26	**(2.79)**	(5.99)

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements

Syed Qaisar Abbas
Chief Executive Officer

Zubair Razzak Palwala
Director

Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	27	**804,086**	(335,768)
Increase in long-term deposits		**(1,800)**	-
Income taxes paid		**(111,537)**	(177,366)
Mark-up paid		**(168,099)**	(107,153)
Net cash generated from / (used in) operating activities		**522,650**	(620,287)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment in advance for capital work in progress		**(8,449)**	-
Payment for acquisition of property and equipment		**(236)**	(2,080)
Payment for acquisition of intangible assets		**-**	(171)
Net cash used in investing activities		**(8,685)**	(2,251)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(18)**	(220)
Proceeds from long term financing		**13,749**	-
(Repayment of) / proceeds from short term financing		**(686,814)**	617,948
Net cash (used in) / generated from financing activities`		**(673,083)**	617,728
Net decrease in cash and cash equivalents		**(159,118)**	(4,810)
Cash and cash equivalents at the beginning of the year		**170,705**	175,515
Cash and cash equivalents at the end of the year	28	**11,587**	170,705

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements

Syed Qaisar Abbas	Zubair Razzak Palwala	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share capital		
	Issued, subscribed and paid up capital	Accumulated loss	Total Equity
	(Rupees 000)		
Balance as at June 30, 2018	918,000	(41,459)	876,541
Recognition of expected credit losses on adoption of IFRS 9	-	(19,617)	(19,617)
Balance as at July 01, 2018	918,000	(61,076)	856,924
Total comprehensive loss for the year ended June 30, 2019	-	(549,914)	(549,914)
Balance as at July 01, 2019	**918,000**	**(610,990)**	**307,010**
Total comprehensive loss for the year ended June 30, 2020	**-**	**(255,676)**	**(255,676)**
Balance as at June 30, 2020	**918,000**	**(866,666)**	**51,334**

The annexed notes from 1 to 35 form an integral part of these unconsolidated financial statements

Syed Qaisar Abbas	Zubair Razzak Palwala	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and 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 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 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. Subsequent to year end, the Company has started production of safety razors through toll manufacturing.

The geographical locations and addresses of Company's business units are as under:

- Registered office of the Company is situated at 1st Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi; and

- The Company has various sale offices and distribution warehouses. Detailed list is provided in note 34.

1.2 Impact of COVID-19 on the unconsolidated financial statements

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 20, 2020, the Government of Sindh announced a temporary lock down as a measure to reduce spread of COVID–19. Complying with the government directive, the Company temporarily reduced its operations from March 23, 2020, keeping in view safety of its employees, customers and other stakeholders.

The Company implemented all the necessary Standard Operating Procedures (SOPs) to continue its business in order to maintain its business performance despite slowed down economic activity. The lockdown has caused disruptions in supply chain including supply to the customers resulting in a decline in sales. It is also expected that the outbreak may result in lower demand in future. Due to this, management has assessed the accounting implications of these developments on these unconsolidated financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, Financial Instruments';
- the net realisable value of inventory under IAS 2, Inventories';
- provisions and contingent liabilities under IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', including onerous contracts'; and
- going concern assumption used for the preparation of these unconsolidated financial statements.

According to the management's assessment, there is no significant accounting impact of the effects of COVID-19 on these unconsolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below.

2.1 Basis of preparation

2.1.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. There are no matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the unconsolidated financial statements.

There have been no critical judgments made by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the unconsolidated financial statements.

2.1.3 Changes in accounting standards and interpretations

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

IFRS 16 ‘Leases’. This standard 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 impact of changes laid down by this standard are detailed in note 3.

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 July 1, 2019 are considered not to be relevant for the Company's unconsolidated financial statements and hence have not been detailed here.

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

The new standards, certain amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2020 are considered not to be relevant for the Company's unconsolidated financial statements and hence have not been detailed here.

2.2 Overall valuation policy

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2.3 Property and equipment

These are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and impairment losses (if any) except capital work-in-progress which is stated at cost.

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating assets category as and when assets are available for use.

Depreciation is charged to income using the straight-line method whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 4.1 to the unconsolidated financial statements. Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The carrying values of operating assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amounts.

Maintenance and normal repairs are charged to unconsolidated statement of profit or loss and other comprehensive income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets are included in the unconsolidated statement of profit or loss and other comprehensive income.

2.4 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Computer software licenses are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life using the straight line method.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

2.5 Investment in subsidiary

The Company has investment in a subsidiary company. Investment in subsidiary is stated at cost.

2.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the First-In-First out (FIFO) basis. Provision is made for obsolete and slow-moving items.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Stock in transits are valued at cost comprising invoice value plus other charges incurred thereon.

2.7 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.19 for a description of the Company's impairment policies.

2.8 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of the unconsolidated cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks, cash and cheques held at branches and running finance facilities under mark-up arrangements availed from the banks.

2.9 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

2.10 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.11 Lease liability and right-of-use asset

Policy effective for accounting periods beginning on or after July 01, 2019: leases are recognised as right-of-use assets with corresponding lease liabilities at the date on which leased assets are available for use by the Company except for leases of short term or low value.

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 different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using interest rate implicit in the lease or the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. 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. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the unconsolidated statement of profit or loss and other comprehensive income if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost model. 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.

As detailed in note 3, the Company has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and 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.

2.12 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

2.13 Income tax

i. Current

The charge for current taxation is based on the taxable income at the current rate of taxation after taking into account tax credits and rebates available, if any.

ii. Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the unconsolidated statement of profit or loss account.

Deferred tax is determined at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates enacted at the reporting date.

2.14 Employee benefits

i. Defined contribution plan

The Company operates a recognised provident fund for its eligible and permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 10% of basic salary. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii. Leave encashment - compensated absences

The Company accounts for employees' leave encashment at the end of December each year on the basis of 15 days of unavailed leave balance of each employee. The liability recognised in this respect is based on one half of the employee's last drawn basic salary.

2.15 Revenue recognition

Sale of goods

Revenue is recognised when control of the products has been transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

Sale of goods is recognised on dispatch of goods to customers i.e when significant risks and rewards of ownership have been transferred to the customer.

No element of financing is deemed present as the sales are made with credit term of upto 60 days, which is consistent with the market practice.

2.16 Borrowings and their cost

Borrowings are recognised initially at fair value net of transaction cost incurred and subsequently at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use when the borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Such borrowing costs are capitalised as part of the cost of that asset.

Borrowings payable within next twelve months are classified as current liabilities.

2.17 Foreign currency transactions and translation

The unconsolidated financial statements are presented in Pakistan Rupee, which is the Company's functional and presentation currency. The figures are rounded off to the nearest thousand of Rupees.

Transactions in foreign currencies are accounted for in Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies, if any, as at the reporting date are translated into Rupees using the exchange rates prevailing at the reporting date. Exchange gains and losses, if any, are included in the unconsolidated statement of profit or loss and other comprehensive income.

2.18 Dividend distribution

Dividend distribution to shareholders is accounted for in the period in which the dividend is approved.

2.19 Financial Instruments - Initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Company classifies its financial assets in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the unconsolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Company recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs;

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that result from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECLs that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to the unconsolidated statement of changes in equity.

ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the unconsolidated statement of profit or loss and other comprehensive income.

2.20 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the unconsolidated statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. CHANGE IN ACCOUNTING POLICIES

i) IFRS 16 - Leases

Effective July 01, 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 polices relating to the Company's right-of-use asset and lease liability are disclosed in note 2.11 of the unconsolidated financial statements.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- By accounting for operating leases with a remaining lease term of less than 12 months as at July 01, 2019 as short-term leases; and

- By electing not to reassess whether a contract is, or contains a lease at the date of initial application.Instead, for contracts entered into before the transition date, the Company relied on its arrangement made applying IAS 17 and interpretation for determining whether an arrangement contains a Lease.

The Company has evaluated the impact of the new standard and has concluded that there is no impact that needs to be given effect in these unconsolidated financial statements. However at the time of interim reporting on December 31, 2019 the management decided not to use the practical expedients stated above and in note 2.11.

4. PROPERTY AND EQUIPMENT

	2020	2019
	(Rupees '000)	
Operating assets - note 4.1	2,590	3,381
Capital work in progress - note 4.3	8,449	-
	11,039	3,381

4.1 Operating assets and right-of-use assets

	Leasehold Improvements	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
	(Rupees '000)				
Net carrying value basis Year ended June 30, 2020					
Opening net book value (NBV)	-	384	2,997	-	3,381
Additions (at cost)	-	-	236	-	236
Depreciation charge - note 4.2	-	(45)	(982)	-	(1,027)
Closing net book value (NBV)	-	339	2,251	-	2,590
Gross carrying value basis At June 30, 2020					
Cost	1,698	1,518	13,751	2,842	19,809
Accumulated depreciation	(1,698)	(1,179)	(11,500)	(2,842)	(17,219)
Net book value (NBV)	-	339	2,251	-	2,590
Net carrying value basis Year ended June 30, 2019					
Opening net book amount	-	902	3,489	-	4,391
Additions (at cost)	-	201	1,879	-	2,080
Disposals (at NBV)	-	(659)	(1,378)	-	(2,037)
Depreciation charge - note 4.2	-	(60)	(993)	-	(1,053)
Closing net book value (NBV)	-	384	2,997	-	3,381
Gross carrying value basis At June 30, 2019					
Cost	1,698	1,518	13,515	2,842	19,573
Accumulated depreciation	(1,698)	(1,134)	(10,518)	(2,842)	(16,192)
Net book value (NBV)	-	384	2,997	-	3,381
Useful life in years	10	10	5	5	

	2020	2019
	(Rupees '000)	
4.2 Depreciation for the year has been allocated as follows:		
Cost of services - note 19.2	-	136
Marketing and distribution expenses - note 20	**802**	679
Administrative and general expenses - note 21	**225**	238
	1,027	1,053

4.3 Capital work-in-progress

	Balance as at July 01, 2019	Additions during the year	Transfers	Balance as at June 30, 2020	Balance as at July 01, 2018	Additions during the year	Transfers	Balance as at June 30, 2019
	Rupees '000							
Machinery items -note 4.4	-	**8,449**	-	**8,449**	-	-	-	-

4.4 Machinery items represent moulds and cylinders having cost of **Rs. 7.70 million** (2019: Nil) and **Rs. 0.75 million** (2019: Nil) which are located at premises of Afeef Packages (Private) Limited and Fazleesons (Private) Limited respectively, as these are being used for manufacturing of the Company's products as disclosed in note 1.

	2020	2019
	(Rupees '000)	
5. INTANGIBLE ASSETS		
Computer software - note 5.1	**232**	322
5.1 Computer software		
Net carrying value basis		
Opening net book value	**322**	699
Addition during the year	**-**	171
Disposals (at NBV)	**-**	(85)
Asset written off	**-**	(373)
Amortisation charge	**(90)**	(90)
Net book value	**232**	322
Gross carrying value basis		
Cost	**452**	452
Accumulated amortisation	**(220)**	(130)
Net book value	**232**	322
Useful life in years	**5**	5
6. INVESTMENT IN SUBSIDIARY		
Subsidiary company (at cost) - note 6.1	**25,000**	25,000

6.1 The above investment represents investment in IBL logistics (Pvt.) Limited (the subsidiary). The subsidiary was incorporated on 23 April 2018. The Company beneficially owns 100% of the share capital of the subsidiary.

The subsidiary was incorporated in Pakistan and its principal place of business is 1st Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi.

	2020	2019
7. LONG TERM DEPOSITS	(Rupees '000)	
Long term deposits - note 7.1	**1,914**	114

7.1 As at June 30, 2020, this includes rent deposit amounting to **Rs. 0.114 million** (2019: Rs. 0.114 million) and against security deposit to Pakistan State Oil Limited for fuel card facility of **Rs. 1.8 million** (2019: Nil). These facilities are given to the employees in accordance with the terms of employment. These deposits do not carry any mark up arrangement.

	2020	2019
8. INVENTORIES	(Rupees '000)	
Finished goods:		
in hand - notes 8.1 & 8.2	**550,823**	558,005
in transit - note 8.2	**158,427**	544,066
	709,250	1,102,071

8.1 These include stock-in-trade amounting to Nil (2019: Rs. 30.63 million) held with third party.

8.2 As at June 30, 2020, this includes inventory of Johnson & Johnson Middle East FZ-LLC amounting to **Rs. 38.77 million** (2019: Rs. 119.29 million) in hand and **Rs. 111.65 million** in transit (2019: Rs. 331.38 million) out of which inventory having carrying value of **Rs. 87.44 million** will be recovered through the inventory transfer agreement.

	2020	2019
9. TRADE AND OTHER RECEIVABLES - unsecured	(Rupees '000)	
Trade receivables - note 9.1	**449,136**	252,551
Other receivables - note 9.2	**210,088**	354,345
	659,224	606,896
9.1 Trade receivables - unsecured		
Considered good		
Related party - note 9.1.1	**1,591**	8,268
Others - note 9.1.2	**447,545**	244,283
Considered doubtful	**54,099**	26,965
	503,235	279,516
Less: Loss allowance on doubtful receivables - note 9.1.3	**(54,099)**	(26,965)
	449,136	252,551

9.1.1 As at June 30, 2020, age analysis of trade receivables from related parties is as follows:

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
				(Rupees '000)			
The Searle Company Limited	633	633	-	-	-	633	34,423
IBL Logistics (Private) Limited	958	958	-	-	-	958	958
	1,591	1,591	-	-	-	1,591	35,381

9.1.2 As at June 30, 2020, the age analysis of these trade receivables is as follows:

	2020	2019
	(Rupees '000)	
Not yet due	**349,403**	137,803
Past due		
- Less than 30 days	**40,121**	61,035
- 31 to 90 days	**51,956**	31,033
- 90 to 360 days	**17,215**	24,189
- More than 360 days	**42,949**	17,063
	152,241	133,320
	501,644	271,123

	2020	2019
9.1.3 Balance at beginning of the year	**26,965**	6,846
Recognition of expected credit losses - at initial application	**-**	19,617
Charge during the year - net	**27,134**	502
Balance at end of the year	**54,099**	26,965

9.2 Other receivables - unsecured considered good

	2020	2019
Related party - note 9.2.1	**2,179**	7,161
Others - note 9.2.2	**207,909**	347,184
	210,088	354,345

9.2.1 This represents amount receivable from IBL Logistics (Private) Limited - subsidiary Company. The amount represents claims in respect of payroll expenses paid on behalf of the subsidiary Company.

9.2.2 This represents receivable from principals in respect of stock claims, expenses and others.

9.2.3 As at June 30, 2020, age analysis of other receivables from related party is as follows:

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
	(Rupees '000)						
IBL Logistics (Private) Limited	2,179	2,179	-	-	-	-	2,179
	2,179	2,179	-	-	-	-	2,179

10. PREPAYMENTS AND ADVANCES - unsecured

	2020	2019
	(Rupees '000)	
Prepayments - note 10.1	**323**	101,652
Advances - note 10.2	**143,133**	367,831
	143,456	469,483

10.1 PREPAYMENTS

Rent		
- Deposit	**298**	1,011
- Prepaid	**-**	108
Insurance	**-**	193
Others	**25**	100,340
	323	101,652

10.2 Advances - considered good

- Advance against letter of credit - note 10.2.1	**102,875**	333,328
- Advance against toll manufacturing - note 10.2.2	**4,028**	-
- Advance to employees	**1,499**	956
- Advance to suppliers	**1,911**	-
- Advance against marketing	**353**	-
- Others - note 10.2.3	**32,467**	33,547
	143,133	367,831

10.2.1 This represents advances paid as 100% margin as per the BPRD Circular No. 02 of 2017 issued by the SBP under the Banking Companies Ordinance, 1962 for the import of goods.

10.2.2 This represents advance to Afeef Packages (Private) Limited against toll manufacturing of products.

10.2.3 The amount represents advances given to clearing agents, shipping companies and regulatory authorities.

10.2.4 These advances do not carry any mark up arrangement.

11. CASH AND BANK BALANCES

	2020	2019
	(Rupees '000)	
Cash at banks		
Current accounts - note 11.1	**27,282**	141,456
Savings accounts - note 11.2	**2,254**	20,216
	29,536	161,672
Cash and cheques in hand	**12,258**	39,243
	41,794	200,915

11.1 All current accounts are maintained under conventional banking system.

11.2 Savings accounts are maintained under Islamic banking system carrying profit sharing rate ranging from 0.05% to 3.25% (2019: 0.05%)

12. SHARE CAPITAL

Authorised Share Capital

Number of Shares			2020	2019
2020	2019		(Rupees '000)	
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	**1,000,000**	1,000,000

Issued, Subscribed and Paid-up Share Capital

91,800,000	91,800,000	Ordinary shares of Rs. 10/- each fully paid in cash	**918,000**	918,000

12.1 As at June 30, 2020, International Brands Limited together with its nominees holds 88,200,462 (June 30, 2019: 88,200,462) ordinary shares of Rs. 10 each.

13. LONG-TERM BORROWINGS

	2020	2019
	(Rupees '000)	
Salary refinancing	**13,749**	-
less: current portion of salary refinancing	**(4,737)**	-
	9,012	-

13.1 The Company has obtained payroll refinancing amounting to Rs.13.75 million in June 2020 for the payment of wages and salaries for the months of April and May 2020. The loan is repayable in 8 quarterly instalments starting from January 2021. It carries mark-up equal to SBP Refinance rate plus 3%.

14. TRADE AND OTHER PAYABLES

	2020	2019
	(Rupees '000)	
Trade creditors	**439,151**	155,688
Payable to International Brands Limited - note 14.1	**5,154**	8,032
Payable to IBL Operations (Private) Limited - note 14.2	**241,945**	9,793
Payable to The Searle Company Limited - note 14.3	**12,118**	44,427
Payable to IBL Logistics (Private) Limited - note 14.4	**6,592**	13,662
Payable to IBL Healthcare Limited - note 14.3	**579**	-
Accrued liabilities	**83,267**	88,858
Bills payables	**6,530**	311,065
Payable to employees' provident fund - note 14.5	**1,689**	2,180
Advances from customers	**9,984**	-
Withholding tax payable	**136**	1,343
EOBI and SESSI payable	**-**	307
Other liabilities	**8,981**	30,720
	816,126	666,075

14.1 This represents amount payable on account of corporate service charges.

14.2 This includes amount payable to IBL Operations (Private) Limited - associated company under agreement for sharing of expenses relating to sales and administrative infrastructure. It also includes Rs. 117 million as funds transferred to the Company to meet working capital requirements which do not carry mark-up and are repayable on demand.

14.3 This represents amount payable in respect of goods purchased from related party.

14.4 This represents payment made by IBL Logistics (Private) Company on behalf of the Company.

14.5 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

15. ACCRUED MARK-UP

Accrued mark-up comprises of mark-up on short term borrowings and on running finance.

16. SHORT TERM FINANCING

	2020	2019
	(Rupees '000)	
Running finance under mark-up arrangement - note 16.1	**30,207**	30,210
Short term loans - notes 16.2 & 16.3	**736,245**	1,423,059
	766,452	1,453,269

16.1 As at June 30, 2020, available running finance facility under mark-up arrangement from a commercial bank amounted to Rs. 35 million (2019: Rs. 35 million). The arrangement is secured by way of pari passu charge over the inventories and receivables of the Company with 25% margin.

The arrangement carries mark-up at the rate of 2.25% above one month KIBOR (2019: 2.25% above one month KIBOR) to be determined on monthly basis.

16.2 These represent short term loans obtained under financing arrangement from commercial banks. These are secured by way of hypothecation charge over inventories and receivables of the Company with 25% margin. These are maturing between July and December 2020.

The arrangements carry mark-up ranging from 0.15% and 2.5% above six months KIBOR to 1.75% above three month KIBOR (2019: average six month KIBOR to 2.5% over three month KIBOR).

16.3 Following are the changes in the short term loans (i.e. for which cash flows have been classified as financing activities in the statement of cashflows):

	2020	2019
	(Rupees '000)	
Balance as at July 1	**1,423,059**	805,111
Disbursements during the year	**2,406,115**	3,738,473
Repayments during the year	**(3,092,929)**	(3,120,525)
Balance as at June 30	**736,245**	1,423,059

17. CONTINGENCY AND COMMITMENTS

17.1 Contingency

During the year, the Deputy Commissioner Inland Revenue issued a demand under section 137(2) of the Income Tax Ordinance, 2001 (the Ordinance) dated January 31, 2020 for recovery of tax amounting to Rs. 94.66 million created pursuant to order dated January 31, 2020 passed under section 122(1) for tax year 2018. The Company has filed a Constitutional Petition No. D-1421 of 2020 before the Honorable High Court of Sindh. On Feburary 28, 2020 the Honorable High Court of Sindh restrained the Deputy Commissioner Insland Revenue from enforcing the impugned income tax demand. The matter was fixed for March 19, 2020 but got discharged due to COVID-19 and shall be fixed for hearing subsequent to the year end. However, the management based on the opinion of its tax advisor is confident that the petition shall be decided in the favor of the Company with stay from recovery of demand till the disposal of the appeal before the Commissioner Inland Revenue (Appeals-II). Therefore, no provision has been made in these unconsolidated financial statements.

17.2 Commitments

The facilities for opening letter of credit and guarantees as at June 30, 2020 amounted to **Rs. 650 million** (June 30, 2019: Rs. 840 million) and **Rs. 150 million** (June 30, 2019: Rs. 233 million) respectively. The amount remaining unutilised at the year end for letter of credit and guarantees was **Rs. 634 million** (June 30, 2019: Rs. 554 million) and **Rs. 50 million** (June 30, 2019: Rs. 61 million) respectively.

The facilities are secured by way of pari passu charge against hypothecation of the Company's inventories and receivables.

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2020	2019
	(Rupees '000)	
Revenue from		
Goods	**4,079,678**	5,176,674
Services	**-**	256,660
Less:		
- Trade discount	**(84,819)**	(566,795)
- Sales returns	**(75,560)**	(110,609)
- Sales tax	**(648,655)**	(680,086)
- Provincial sales tax	-	(27,227)
	(809,034)	(1,384,717)
	3,270,644	4,048,617

19. COST OF SALES AND SERVICES

	2020	2019
Cost of sales - note 19.1	**2,435,664**	2,802,809
Cost of services - note 19.2	**-**	217,628
	2,435,664	3,020,437

19.1 COST OF SALES

	2020	2019
Opening inventory	**1,102,071**	970,112
Purchases during the year - net of claims	**2,042,843**	2,934,768
Closing inventory	**(709,250)**	(1,102,071)
	2,435,664	2,802,809

19.2 COST OF SERVICES

	2020	2019
Salaries, wages and allowances - note 19.3	**-**	64,148
Freight and cartage	**-**	110,982
Vehicle running and repair & maintenance	**-**	1,997
Rent, rates and taxes	**-**	22,117
Insurance and security expenses	**-**	631
Utilities	**-**	1,723
Depreciation	**-**	136
Printing and stationary	**-**	1,123
Communication	**-**	815
Others	**-**	13,956
	-	217,628

19.3 Salaries, wages and allowances include Nil (2019: Rs. 1.62 million) in respect of contributory provident fund.

20. MARKETING AND DISTRIBUTION EXPENSES

	2020	2019
	(Rupees '000)	
Salaries, wages and allowances - note 20.1	**47,623**	99,170
Freight and cartage	**21,790**	69,705
Vehicle running and repair & maintenance	**36,631**	55,931
Rent, rates and taxes	**78,094**	75,047
Advertising and sales promotion - note 20.2	**394,944**	400,410
Insurance and security expenses	**11,916**	12,306
Utilities	**8,206**	8,731
Travelling and conveyance	**1,878**	4,016
Depreciation	**802**	679
Printing and stationary	**1,644**	2,060
Communication and entertainment	**3,284**	5,692
Others	**14**	586
	606,826	734,333

20.1 Salaries, wages and allowances include **Rs. 0.98 million** (2019: Rs. 2 million) in respect of contributory provident fund.

20.2 This includes **Rs. 295.7 million** (2019: Rs. 299.3 million) in respect of amortisation of short term prepayments pertaining to marketing contribution for Red Bull.

21. ADMINISTRATIVE AND GENERAL EXPENSES

	2020	2019
	(Rupees '000)	
Salaries, wages and allowances - note 21.1	**67,781**	68,408
Legal and professional	**2,527**	5,045
Auditors' remuneration - note 21.2	**3,193**	2,750
Travelling and conveyance	**2,902**	12,159
Corporate service charges - note 21.3	**12,000**	12,000
Rent, rates and taxes	**2,097**	2,732
Vehicle running and repair & maintenance	**2,090**	2,961
Fee and subscription	**204**	3,347
Communication and entertainment	**606**	750
Depreciation	**225**	238
Amortisation	**90**	90
Utilities	**562**	917
Insurance and security expenses	**258**	263
Demurrages	**-**	5,063
Printing and stationary	**162**	211
Donations - note 21.4	**5,400**	5,099
Others	**1,506**	-
	101,603	122,033

21.1 Salaries, wages and allowances include **Rs. 0.72 million** (2019: Rs. 0.54 million) in respect of contributory provident fund.

21.2 Auditors' remuneration

	2020	2019
	(Rupees '000)	
Annual audit fee	**1,000**	1,000
Fee for review of half yearly financial information, Statement of Compliance with Code of Corporate Governance, other certifications and others	**1,193**	750
Taxation services	**600**	600
Out-of-pocket expenses	**400**	400
	3,193	2,750

21.3 This represents reimbursement of information technology charges to International Brands Limited (Holding Company) at **Rs. 1 million** (2019: Rs.1 million) per month.

21.4 During the year, the Company made a donation amounting to **Rs. 5.4 million** (2019: Rs. 3.6 million) to Jamil Dehlavi.

22. OTHER OPERATING EXPENSES

	2020	2019
	(Rupees '000)	
Provision for expired and damaged stock - note 22.1	**137,927**	33,673
Loss incurred on discontinuance of business arrangement	**-**	164,068
Balance considered irrecoverable written off	**3,406**	22,722
	141,333	220,463

22.1 This mainly includes provisions for damaged and expired items of J&J amounting to Rs. 62 million and Kellogg's amounting to Rs. 46.5 million.

23. OTHER INCOME

	2020	2019
	(Rupees '000)	
Scrap sales - note 23.1	**24,360**	1,371
Group relief - note 23.2	**14,325**	-
Profit on savings accounts	**593**	678
	39,278	2,049

23.1 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.

23.2 During the year, the Company has availed Group relief under section 59B of the Income Tax Ordinance, 2001 (the Ordinance). As allowed under the Ordinance, the Company has surrendered its taxable loss amounting to Rs. 53.35 million to its associated company, The Searle Company Limited.

24. FINANCE COSTS

	2020	2019
	(Rupees '000)	
Bank charges	**8,925**	8,162
Mark up on running finance arrangements	**4,940**	3,498
Mark up on short term loans	**123,733**	127,331
Exchange (gain) / loss - net	**(12,507)**	185,717
	125,091	324,708

25. INCOME TAX EXPENSE

	2020	2019
	(Rupees '000)	
- for current year	**129,942**	178,987
- for prior year	**(1,995)**	(883)
	127,947	178,104

25.1 Relationship between tax expense and accounting loss

	2020
	(Rupees '000)
Loss before income tax	**(143,962)**
Tax calculated at the rate of **29%** (2019: 29%)	**(41,749)**
Minimum tax on imports	**146,945**
Minimum tax under section 113	**25,083**
Prior year impact	**(1,995)**
Others	**(337)**
Income tax expense for the year	**127,947**

26. BASIC LOSS PER SHARE

	2020	2019
	(Rupees '000)	
Loss for the year attributable to ordinary shareholders	**(255,676)**	(549,914)
Weighted average number of ordinary shares outstanding during the year	**91,800,000**	91,800,000
Basic loss per share	**(2.79)**	(5.99)

26.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2020 and 2019 which would have any effect on the loss per share if the option to convert is exercised.

27. CASH GENERATED FROM / (USED IN) OPERATIONS

	2020	2019
	(Rupees '000)	
Loss before income tax	**(127,729)**	(371,810)
Adjustments for non-cash charges and other items		
Depreciation	**1,027**	1,053
Amortisation	**90**	90
Intangible asset written off	**-**	373
Finance cost	**137,598**	138,991
	138,715	140,507
	10,986	(231,303)

	2020	2019
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:	(Rupees '000)	
Inventories	**392,821**	(131,959)
Trade and other receivables	**(52,328)**	51,933
Prepayments and advances	**326,027**	218,370
Tax refunds due from government - sales tax	**(23,471)**	24,886
	643,049	163,230
Increase / (decrease) in trade and other payables	**150,051**	(267,695)
Cash generated from / (used in) operations	**804,086**	(335,768)

28. CASH AND CASH EQUIVALENTS

	2020	2019
Cash and bank balances - note 11	**41,794**	200,915
Running finance under mark-up arrangements - note 16	**(30,207)**	(30,210)
	11,587	170,705

29. REMUNERATION TO CHIEF EXECUTIVE AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVES	
	June 30, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019
	(Rupees '000)			
Managerial remuneration	**960**	960	**19,917**	12,358
Allowances	**480**	480	**9,958**	6,179
Bonus	**160**	160	**4,019**	2,060
Company's contribution to provident fund	**-**	-	**652**	1,236
Leave encashment	**40**	40	**830**	515
Medical expenses	**80**	80	**1,660**	1,030
	1,720	1,720	**37,036**	23,378
Number of persons	**1**	1	**6**	4

29.1 The Chief Executive and certain Executives are entitled for medical facility to the extent of reimbursement of actual expenditure and other benefits in accordance with their terms of employment.

29.2 In addition to the above, fee paid to directors for attending Board of Directors meetings during the year amounted to **Rs. 0.25 million** (2019: Rs. 0.82 million).

30. RELATED PARTY TRANSACTIONS

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

Nature of relationship		Nature of transactions	2020	2019
			(Rupees '000)	
Holding Company	-	Corporate service charges	**12,000**	12,000
Associated companies	-	Purchases	**14,311**	4,344
	-	Allocation of expenses - note 30.2	**124,945**	224,931
	-	Funds received for working capital - note 14.2	**117,000**	-
	-	Group relief - note 23.2	**14,325**	-
	-	Sale of goods	**41,536**	18,257
Post employment staff benefit plans	-	Contributions to provident fund	**1,701**	3,807
Key management employees compensation	-	Salaries and other employee benefits	**38,104**	23,862
	-	Contributions to provident fund	**652**	1,236
	-	Directors' fees	**250**	820

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

30.3 The status of outstanding balances with related parties as at June 30, 2020 is included in the respective notes to the unconsolidated financial statements. These are settled in the ordinary course of business.

30.4 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

S.No.	Company Name	Basis of association	Aggregate % of Shareholding
1.	International Brands Limited	Parent	96.08%
2.	IBL Logistics (Private) Limited	Subsidiary	100.00%
3.	IBL Operations (Private) Limited	Group Company	N/A
4.	The Searle Company Limited	Group Company	N/A
5.	IBL Unisys (Private) Limited	Group Company	N/A
6.	Mycart (Private) Limited	Group Company	N/A
7.	International Franchises (Private) Limited	Group Company	N/A
8.	IBL Healthcare Limited	Group Company	N/A

31. NUMBER OF EMPLOYEES

	2020	2019
Number of employees	**160**	206
Average number of employees during the year	**160**	377

32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

32.1 All the financial assets and financial liabilities of the Company are classified at amortised cost. The carrying value of all financial assets and liabilities approximate their fair values.

	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
	(Rupees '000)						
FINANCIAL ASSETS - amortized cost							
Investment in subsidiary - at cost	-	-	-	-	25,000	25,000	25,000
Long term deposits	-	-	-	-	1,914	1,914	1,914
Trade and other receivables	-	-	-	659,224	-	659,224	659,224
Advances	-	-	-	143,133	-	143,133	143,133
Cash and bank balances	2,254	-	2,254	39,540	-	39,540	41,794
June 30, 2020	**2,254**	**-**	**2,254**	**841,897**	**26,914**	**868,811**	**871,065**
June 30, 2019	20,216	-	20,216	1,155,426	114	1,155,540	1,175,756
FINANCIAL LIABILITIES - amortized cost							
At amortised cost							
Trade and other payables	-	-	-	816,126	-	816,126	816,126
Unclaimed dividend	-	-	-	353	-	353	353
Long-term borrowings	4,737	9,012	13,749	-	-	-	13,749
Short term financing	766,452	-	766,452	-	-	-	766,452
June 30, 2020	771,189	9,012	780,201	816,479	-	816,479	1,596,680
June 30, 2019	1,453,269	-	1,453,269	666,446	-	666,446	2,119,715
ON REPORTING DATE GAP							
June 30, 2020	**(768,935)**	**(9,012)**	**(777,947)**	**25,418**	**26,914**	**52,332**	**(725,615)**
June 30, 2019	(1,433,053)	-	(1,433,053)	488,980	114	489,094	(943,959)
OFF STATEMENT OF FINANCIAL POSITION ITEMS							
Letters of credit / guarantees							
June 30, 2020							**783,350**
June 30, 2019							615,000

32.2 Financial Risk Management

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at June 30, 2020, the Company is not materially exposed to interest rate risk.

As at June 30, 2020, the Company had variable interest bearing financial liabilities of **Rs. 780.21 million** (2019: Rs. 1,453.26 million) and had the interest rate varied by 200 basis points with all the other variables held constant, loss before income tax for the year would have been approximately **Rs.15.61 million** (2019: Rs. 29.06 million) lower / higher.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is exposed to currency risk on payables in respect of imported inventory denominated in US Dollar ($) and Swiss Francs. The total foreign currency risk exposure as at June 30, 2020 is **Rs. 6.53 million** (June 30, 2019: Rs 311.06 million).

As at June 30, 2020, if the Pak Rupee had weakened / strengthened by **4.27%** (2019: 29.94%) against US Dollar with all other variables held constant, loss before tax for the year would have been higher / lower by **Rs. 0.28 million** (2019: loss before tax would have been higher / lower by Rs. 93.13 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company only as at the reporting date and assumes this is the position for the year. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (5 years) rates have moved on average basis by the mentioned percentage per annum.

(b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The Company believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties. To manage exposure to credit risk, the Company applies credit limits to its customers.

As at June 30, 2020 there are no past due or impaired balances other than **Rs. 54.09 million** (June 30, 2019: Rs 26.95 million) and the carrying amount of trade debts relate to number of independent customers for whom there is no history of default.

Loans to employees are secured against their retirement benefits.

Bank balances represent low credit risk as these are placed with banks having good credit rating assigned by credit rating agencies.

Due to the Company's long standing relations with the counterparties, the management does not expect non performance by these counterparties on their obligations to the Company.

(c) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity based on expected cash flow by holding highly liquid assets, creditor concentration and maintaining sufficient reserve financing facilities.

33. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can provide adequate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

The debt to capital ratios at June 30, 2020 and at June 30, 2019 were as follows:

	2020	2019
	(Rupees '000)	
Total borrowings	**780,201**	1,453,269
Cash and bank - note 11	**(41,794)**	(200,915)
Net debt	**738,407**	1,252,354
Equity	**51,334**	307,010
Total capital	**789,741**	1,559,364
Debt to capital ratio	**0.93**	0.80

34. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

SALES OFFICES	ADDRESSES
Abbottabad	Rashid Building, Mir Pur Road Near Mir Pur Chashma. IBL Abbottabad.
Attock	Opposite Wapda Office, Dhoke Fateh, Fateh Jung Road. IBL Attock.
Badin	Ward No. 06, Channa Mohalla Cantt Road Near Jafferi Hospital. IBL Badin.
Bahawalnagar	Street No. 03 Taqwa Colony. IBL Bahawalnagar.
Bahawalpur	Plot No. 73-74/A, Small Industrial Area Estate, Multan Road, Near NBP. Bahawalpur.
Bhalwal	Factory Area, Street No. 2, Block No. 6. Tahsil. IBL Bhalwal.
Burewala	House No. 13C, Fine Executive City Check 437, EB. IBL Burewala.
Chakwal	IBL Operations "Lahore Health Centre" Girls College Road. IBL Chakwal.
Chichawatni	96/W, Housing Colony. IBL Chichawatni.
Dadu	Ward A House No. 931/18, Pir Buksh Colony, Near Cicuit House. IBL Dadu.
Dera Gazi Khan	House No. 64-65,Block No. 16, Al-Mansoor Lodge, Ex PTCL Revenue Office. IBL Dera Ghazi Khan.
Dera Ismail Khan	House No. 2, Kher Abad Colony, Al-Nisa Clinic & Maternity, Diyal Road. IBL D.I. Khan.
Faisalabad	Plot No. 387,388, Amin Town, Askari Road Near Educators School, West Canal Road. IBL Faisalabad.
Ghotki	Paryal house, Main G.T. Road, Near Bilal Masjid. IBL Ghotki.
Gilgit	Ayub Colony Opposite Nadra Office, Shahra-e-Quaid Azam Jutial. IBL Gilgit.
Gujranwala	8 KM G.T Road , G Mangolia Housing Society. IBL Gujranwala.
Gujrat	Near Railway Crossing Shadiwal Road. IBL Gujrat.

SALES OFFICES	ADDRESSES
Hafizabad	169 D, Housing Colony, Jinnah Chowk, Gujranwala Road. IBL Hafizabad.
Hyderabad	A/135 Near Al-Khair Agenceis Workshop SITE Area. IBL Hyderabad.
Islamabad	Plot No. 65 & 66, Street 13, I/9-2, Industrial Area. IBL Islamabad.
Jacobabad	House No. 635, Shaheed Mohammad Tagyal Road, Dangar Mohalla. IBL Jacobabad.
Jhang	Opposite Chungi No. 14 Faisalabad Road Jhang Sadar. IBL Jhang.
Jhelum	House No. BXV-1499 Azeem Road Kala Gujran Tehsil & Distt. IBL Jhelum.
Karachi	House No. D-26, Block B, North Nazimabad, Near Life Line Hospital. IBL Karachi.
Karachi	A-126, PIA Housing Society. Phase No. 1, Gate No.1. Karachi.
Karachi	F2Q SITE, Near Khaadi Factory. Karachi.
Karachi	House No. 14, Block 7 & 8, D.M.C.H.S., Tipu Sultan Road. Karachi.
Kasur	2ND-13/R-25 Khara Road O/S Kot Rukan Din Khan. IBL Kasur.
Khanewal	House No. 4 Main Road Allama Iqbal Town Khanewal.
Kharian	Shakir House, Shakir Street, Near Boys Degree Collage, G.T Road. IBL Kharian.
Khushab	House No. 190, MOH Laywer Colony, Block No. 12, Jauharabad DISTT. IBL Khushab.
Kohat	House No 30-Street No 3 Sector No 10 KDA. IBL Kohat.
Korangi	Plot No. 12 & 32, Sector 19, Industrial Area. IBL Korangi.
Kotli	Roli Cross Mohalla, Plather Road. IBL Kotli.
Larkana	Latif Colony, Main Road Rehmatpur. IBL Larkana.
Layyah	House 250/C Housing Scheme 2 Opposite Dr.Qaiser Abbasi Clinic TDA Road Tehsil & Dist. IBL Layyah.
Mandi Bahuddin	Mohalla Shadman Town, Near Old Rasool Road. IBL Mandi Bahauddin.
Manshera	Shafique House, Street No. 1, House No. 1, Mohalla Kohistanabad, Near Butt Pull. IBL Manshera.
Mardan	Ittifaq Colony Near Custom Office Koragh Chowk. IBL Mardan.
Mian Wali	Kala Bagh Road Near Mianwali Stadium , Masjid Street, Muslim Colony. IBL Mianwali.
Mingora	Saidu Sharif Road, Near Swat Museum, Mingora Swat. IBL Mingora.
Mirpur AJK	House No. 385-A Sector F/3 Hallroad, OPP.M.I.T College. IBL Mirpur (AJK).
Mirpur Khas	House No No. 1204 Near Al Shahab Homeo Store Sir Syed Road, Behind UBL Bank,Torabad. IBL Mir Pur Khas.
Multan	Plot No.590, 591 Jahangir Abad NLC Chowk Main G.T Road. IBL Multan.
Muridke	Muhalla Nizam Park, Near Faizan e Madina Masjid. IBL Muridke.
Muzaffar Garh	House No. B/VIII-1864, Laal Haveli House, Near General Bus Stand Basti Maharan. IBL Muzaffar Garh.
Muzaffarabad	House No. ZD-541/20, Ward No.24, OPP. Edenz INN Guest House. IBL Muzaffarabad.
Naroval	Mohalla Farooq Ganj Opposite Pakistan Church DPO House Street. IBL Narowal .
Nawabshah	H No 138- Ghulam Haider Shah Colony, Near Bukhtawer Park. IBL Nawabshah.
New Challi	Shop No.2 FR 6/22 - 111 - C Serai Quarter, Maan Singh Building. KA.RS Captain Road. IBL New Challi.
Nowshera	The Mall Opposite Daewoo Terminal Nowshera Cantt. IBL Nowshera.
Okara	House No. 4, Ali Street, Fardious Town G.T. Road. IBL Okara.
Pakpatan	Lalazar Colony, St. No. 2, Near Punjab Cadet School. IBL Pakpatan.
Peshawar	Jhagra Stop, Near Jhagra Gattering Hall, G.T. Road. IBL Peshawar.
Phool Nagar	House No. 1, Street No. 1, Asgha Town. IBL Phool Nagar.
Quetta	Plot No. 935 Killi Syedan Airport Road. IBL Quetta.
Rahim Yar Khan	House No. 89 A/R Abbasia Banglows Near New ABL Bank National Solidarity Avenue. IBL Rahim Yar Khan.
Rawla Kot	Green Town, Kasai Gali. IBL Rawla Kot.
Sadiqabad	Sahib Naseeb Town, Street No.1, Manthar Road, IBL Sadiqabad.
Sahiwal	House No. 7, Street No. 1, Gunj Shakar Colony, IBL Sahiwal.

SALES OFFICES	ADDRESSES
Samundri	House No. 335, Housing Colony No. 2. IBL Samundari.
Sargodha	Hosue No. 42, Officer Colony, Behind Commerce College, Faisalabad Road. IBL Sargodha.
Sawabi	Plot No 107 Faquir Elahi Chowk Opposite Gul Bahar Street Topi Road. IBL Swabi.
Shahkot	Chattha House, Near Sabzi Mandin Nankana Road. IBL Shahkot.
Shaikhupura	B - II-11S-18, Street No. 1, Khalid Road, Muslim Gunj. IBL Sheikhupura.
Shikarpur	City Survey No. 23/34/5, Station Road, Old Mehran Hotel, Sattari Building, Jahaz Chowk. IBL Shikarpur.
Sialkot	Plot No. 656,657 Barkat Town Near Moltex Factory Off Kasmir Road. IBL Sialkot.
Sukkur	Plot No. A - 3, Golimar Area, Near Khabrain Newspaper Press. IBL Sukkur.
Tando Adam	Plot No. 17/18, Block 27, Gulshan e Nawaz, Town Hyderabad. IBL Tando Adam.
Timergarrah	Opposite D3 Hotel, Bypass Road. IBL Timmergara.
Toba Tek Singh	House No. 5, Street No. 2,Mohala Roshan Park, Canal Road. IBL Toba Tek Singh.
Wah Cantt	Street No.1, Green Town Ghatiya Road Wah Garden. IBL Wah Cantt.

DISTRIBUTION WAREHOUSES	ADDRESSES
Lahore	Lahore, 131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpat, Lahore.

35. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved by the board of directors of the Company and authorised for issue on September 29, 2020.

Syed Qaisar Abbas	Zubair Razzak Palwala	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED BRANDS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of United Brands Limited (the Holding Company) and its subsidiary(the Group), which comprise theconsolidated statement of financial position as at June 30, 2020, andthe consolidated statement ofprofit or loss and other comprehensive income, the consolidated statement of changes in equity and theconsolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	Impact of COVID - 19 (Refer note 1) Due to COVID-19 pandemic and resulting lockdown in the country since March 2020, the business activities in the country have been adversely affected. In March 2020, staff attendance at the Group's head office and sales offices was reduced, however essential goods continued to be sold and distributed. Further, due to this closure, various year-end activities relating to financial closing were impacted. This situation affected the overall audit	Our audit procedures, amongst others included the following: • obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy;

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	strategy. In relation to the accounting and reporting obligations, management assessed the following significant areas for incorporating any potential impact of COVID-19 in the consolidated financial statements: • expected credit losses (ECL) under IFRS 9, 'Financial Instruments'; • provisions and contingent liabilities under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', including onerous contracts'; • the net realisable value (NRV) of inventory under IAS 2, 'Inventories'; and • going concern assumption used for the preparation of the consolidated financial statements. The COVID-19 pandemic is a significant development during the year having impact on audit strategy and its execution and involved assessment of management judgements in the preparation of consolidated financial statements. Therefore, we considered it to be a key audit matter.	• utilised audit software for review and supervision of audit work; • obtained management's plan regarding execution of physical and virtual inventory check; • observed physical and virtual inventory check carried out by management subsequent to year-end and tested the roll-back of the inventory quantities prepared by management on a sample basis; • for confirmation received through email, the authenticity of the confirmations was ensured by performing alternate procedure such as making telephone calls to confirming parties; • assessed the reasonableness of forward-looking factors under the COVID-19 situation used by management in preparing ECL model; • evaluated management's assessment as to whether any provisions were required to be recorded as a result of COVID-19; • obtained the computation of NRV and checked its reasonableness; • evaluated management's going concern assessment by reviewing the approved budget/future cash flow forecast and management plans and assessed whether going concern assumption is appropriate; and • reviewed the adequacy of the disclosures made by the Group under applicable accounting and reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing theconsolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of theConsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether theconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of theseconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of theconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in theconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of theconsolidated financial statements, including the disclosures, and whether theconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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: October 5, 2020

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000')	
ASSETS			
Non-current assets			
Property and equipment	4	**15,070**	5,487
Intangible assets	5	**949**	1,317
Long - term deposits	6	**1,914**	114
		17,933	6,918
Current assets			
Inventories	7	**811,593**	1,194,899
Trade and other receivables	8	**745,049**	610,238
Prepayments and advances	9	**154,353**	474,483
Taxation - payments less provisions		**33,965**	52,455
Tax refunds due from government - sales tax		**24,506**	3,772
Cash and bank balances	10	**57,890**	203,854
		1,827,356	2,539,701
Total assets		**1,845,289**	2,546,619
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	11	**918,000**	918,000
Accumulated losses		**(871,010)**	(611,464)
		46,990	306,536
Liabilities			
Long-term borrowings	12	**9,012**	-
Current liabilities			
Trade and other payables	13	**1,010,605**	748,802
Unclaimed dividend		**353**	371
Accrued mark-up	14	**7,140**	37,641
Current portion of long-term borrowings	12	**4,737**	-
Short term financing	15	**766,452**	1,453,269
		1,789,287	2,240,083
Total liabilities		**1,798,299**	2,240,083
Contingency and commitments	16		
Total equity and liabilities		**1,845,289**	2,546,619

The annexed notes from 1 to 34 form an integral part of these consolidated financial statements

Syed Qaisar Abbas	Zubair Razzak Palwala	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000')	
Revenue from contracts with customers	17	**3,574,526**	4,052,412
Cost of sales and services	18	**(2,668,312)**	(3,022,474)
Gross profit		**906,214**	1,029,938
Marketing and distribution expenses	19	**(645,263)**	(735,305)
Administrative and general expenses	20	**(124,211)**	(123,892)
Loss allowance on trade receivables	8.1.3	**(27,508)**	(502)
Other operating expenses	21	**(145,487)**	(220,463)
Other income	22	**40,317**	2,672
Profit / (loss) from operations		**4,062**	(47,552)
Finance costs	23	**(125,523)**	(324,714)
Loss before income tax		**(121,461)**	(372,266)
Income tax expense	24	**(138,085)**	(178,122)
Loss for the year		**(259,546)**	(550,388)
Other comprehensive income		**-**	-
Total comprehensive loss		**(259,546)**	(550,388)
		(Rupees)	
Basic loss per share	25	**(2.83)**	(6.00)

The annexed notes from 1 to 34 form an integral part of these consolidated financial statements

Syed Qaisar Abbas	Zubair Razzak Palwala	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	26	**828,448**	(354,330)
Increase in long-term deposits		**(1,800)**	-
Income taxes paid		**(119,595)**	(177,426)
Mark-up paid		**(168,361)**	(107,159)
Net cash generated from / (used in) operating activities		**538,692**	(638,915)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property and equipment		**(3,008)**	(4,518)
Payment in advance for capital work in progress		**(8,449)**	-
Payment for acquisition of intangible assets		**(113)**	(1,166)
Net cash used in investing activities		**(11,570)**	(5,684)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		**(18)**	(220)
Proceeds from long term financing		**13,749**	-
(Repayment of) / proceeds from short term financing		**(686,814)**	617,948
Net cash (used in) / generated from financing activities		**(673,083)**	617,728
Net decrease in cash and cash equivalents		**(145,961)**	(26,871)
Cash and cash equivalents at the beginning of the year		**173,644**	200,515
Cash and cash equivalents at the end of the year	27	**27,683**	173,644

The annexed notes from 1 to 34 form an integral part of these consolidated financial statements

Syed Qaisar Abbas	Zubair Razzak Palwala	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Share capital		
	Issued, subscribed and paid up capital	Accumulated loss	Total Equity
	(Rupees 000)		
Balance as at July 1, 2018	918,000	(41,459)	876,541
Recognition of expected credit losses on adoption of IFRS 9	-	(19,617)	(19,617)
Balance as at July 01, 2018	918,000	(61,076)	856,924
Total comprehensive loss for the year ended June 30, 2019	-	(550,388)	(550,388)
Balance as at July 01, 2019	**918,000**	**(611,464)**	**306,536**
Total comprehensive loss for the year ended June 30, 2020	**-**	**(259,546)**	**(259,546)**
Balance as at June 30, 2020	**918,000**	**(871,010)**	**46,990**

The annexed notes from 1 to 34 form an integral part of these consolidated financial statements

Syed Qaisar Abbas	Zubair Razzak Palwala	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

1. CORPORATE AND GENERAL INFORMATION

1.1 The Group consists of:

Holding Company - United Brands Limited (the Company)

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 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 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. Subsequent to year end, the Company has started production of safety razors through toll manufacturing.

These financial statements have been prepared for the year ended June 30, 2014 in relation to the intended listing of Holding Company of the Company in Pakistan.

The geographical locations and addresses of the Company's business units are as under:

- Registered office of the Company is situated at 1st Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi; and

- The Company has various sale offices and distribtuion warehouses, detailed list is provided in note 33.

Subsidiary companies are companies in which the Company owns over 50% of voting rights or companies directly or indirectly controlled by the Company. As at June 30, 2020, the Company owns 100% ordinary shares of IBL Logistics (Private) Limited (IBLPL).

Subsidiary Company - IBL Logistics (Private) Limited (IBLPL)

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.

The geographical locations and addresses of the subsidiary's business units are as under:

- The registered office of the IBLPL is situated at 1st Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi;

- IBLPL has warehouses situated on the following address:

  - Plot # 39, Sector 19, Korangi Industrial Area, Karachi;
  - Pepsi North East Warehouse, Dera Gujran Near Quaid-e-Azam Interchange;
  - Pepsi Warehouse RB 241 Dhudhanwala Ghaziabad Near Machli Form Stop Lower Canal Road, Jarranwala Road, Faisalabad; and
  - 18th KM, Ferozpur Road, Opposite Pak Arab Society, Near Medix Hospital, Lahore.

1.2 Impact of COVID-19 on the consolidated financial statements

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 20, 2020, the Government of Sindh announced a temporary lock down as a measure to reduce spread of COVID–19. Complying with the government directive, the Group temporarily reduced its operations from March 23, 2020, keeping in view safety of its employees, customers and other stakeholders.

The Group implemented all the necessary Standard Operating Procedures (SOPs) to continue its business in order to maintain its business performance despite slowed down economic activity. The lockdown has caused disruptions in supply chain including supply to the customers resulting in a decline in sales. It is also expected that the outbreak may result in lower demand in future. Due to this, management has assessed the accounting implications of these developments on these consolidated financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, ‘Financial Instruments';
- the net realisable value of inventory under IAS 2, ‘Inventories';
- provisions and contingent liabilities under IAS 37, ‘Provisions, Contingent Liabilities and Contingent Assets’, including onerous contracts'; and
- going concern assumption used for the preparation of these consolidated financial statements.

According to the management’s assessment, there is no significant accounting impact of the effects of COVID-19 on these consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

2.1.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. There are no matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the consolidated financial statements.

There have been no critical judgments made by the Groups's management in applying the accounting policies that would have significant effect on the amounts recognised in the consolidated financial statements.

2.1.3 Changes in accounting standards, interpretations and pronouncements

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

IFRS 16 ‘Leases’. This standard replaces the previous lease standard: IAS 17 'Leases'. It will result in almost all leases being recognised on the consolidated 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 impact of changes laid down by these standards are detailed in note 3.

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 July 1, 2019 are considered not to be relevant for the Group's consolidated financial statements and hence have not been detailed here.

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

The new standards, certain amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2020 are considered not to be relevant for the Group's consolidated financial statements and hence have not been detailed here.

2.2 Overall valuation policy

These consolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2.3 Basis of consolidation

i) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affects its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated financial statements include United Brands Limited (the Holding Company) and IBL Logistics (Private) Limited (the Subsidiary Company).

The consolidated financial statements of the subsidiaries have been consolidated on a line by line basis. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

ii) Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the year, even if that results in a deficit balance.

The Group treats transactions with NCI that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

2.4 Property and equipment

These are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and impairment losses (if any) except capital work-in-progress which is stated at cost.

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating assets category as and when assets are available for use.

Depreciation is charged to income using the straight-line method whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 4.1 to the consolidated financial statements. Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The carrying value of operating assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Maintenance and normal repairs are charged to consolidated statement of profit or loss and other comprehensive income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets are included in the consolidated statement of profit or loss and other comprehensive income.

2.5 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Group and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Computer software licenses are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life using the straight line method.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

2.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the First-In-First out (FIFO) basis. Provision is made for obsolete and slow-moving items.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

2.7 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.19 for a description of the Group's impairment policies.

2.8 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks, cash and cheques held at branches and running finance facilities under mark-up arrangements availed from the banks.

2.9 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

2.10 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.11 Lease liability and right-of-use asset

Policy effective for accounting periods beginning on or after July 01, 2019: leases are recognised as right-of-use assets with corresponding lease liabilities at the date on which leased assets are available for use by the Group except for leases of short term or low value.

At inception of a contract, the Group 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 different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using interest rate implicit in the lease or the Group's incremental borrowing rate.

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Group reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss and other comprehensive income if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost model. 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.

As detailed in note 3, the Group has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and 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.

2.12 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

2.13 Income tax

i. Current

The charge for current taxation is based on the taxable income at the current rate of taxation after taking into account tax credits and rebates available, if any.

ii. Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the consolidated statement of profit or loss account.

Deferred tax is determined at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates enacted at the reporting date.

2.14 Employee benefits

i. Defined contribution plan

The Group operates recognised and unrecognised provident funds for its eligible and permanent employees. Equal monthly contributions are made both by the Group and the employees at the rate of 10% of basic salary. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii. Leave encashment - compensated absences

The Group accounts for employees' leave encashment at the end of December each year on the basis of 15 days of unavailed leave balance of each employee. The liability recognised in this respect is based on one half of the employee's last drawn basic salary.

2.15 Revenue recognition

Sale of goods

Revenue is recognised when control of the products has been transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

Sale of goods is recognised on dispatch of goods to customers i.e when significant risks and rewards of ownership have been transferred to the customer.

No element of financing is deemed present as the sales are made with credit term of upto 60 days, which is consistent with the market practice.

Rendering of services

Revenue from transportation and warehousing services is recognised in the accounting period in which the services are rendered.

No element of financing is deemed present as the services are rendered with a credit term of 15 days, which is consistent with the market practice.

2.16 Borrowings and their cost

Borrowings are recognised initially at fair value net of transaction cost incurred and subsequently at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use when the borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Such borrowing costs are capitalised as part of the cost of that asset.

Borrowings payable within next twelve months are classified as current liabilities.

2.17 Foreign currency transactions and translation

The consolidated financial statements are presented in Pakistan Rupee, which is the Group's functional and presentation currency. The figures are rounded off to the nearest thousand of Rupees.

Transactions in foreign currencies are accounted for in Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies, if any, as at the reporting date are translated into Rupees using the exchange rates prevailing at the reporting date. Exchange gains and losses, if any, are included in the consolidated statement of profit or loss and other comprehensive income.

2.18 Dividend distribution

Dividend distribution to shareholders is accounted for in the period in which the dividend is approved.

2.19 Financial Instruments - Initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Group classifies its financial assets in the following categories:
- at fair value through profit or loss (“FVTPL”),
- at fair value through other comprehensive income (“FVTOCI”), or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group’s business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows.

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit and loss (“FVTPL”), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income/(loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs ae expensed in the consolidated statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Group’s own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Group recognises loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Group considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that result from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to consolidated statement of changes in equity.

ii) Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss and other comprehensive income.

2.20 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the consolidated statement of financial position if the Group has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. CHANGE IN ACCOUNTING POLICIES

i) IFRS 16 - Leases

Effective July 01, 2019, the Group 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 polices relating to the Group's right-of-use asset and lease liability are disclosed in note 2.11 of the consolidated financial statements.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- By accounting for operating leases with a remaining lease term of less than 12 months as at July 01, 2019 as short-term leases; and

- By electing not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its arrangement made applying IAS 17 and interpretation for determining whether an arrangement contains a Lease.

The Group has evaluated the impact of the new standard and has concluded that there is no impact that needs to be given effect in these consolidated financial statements. However at the time of interim reporting on December 31, 2019 the management decided not to use the practical expedients stated above and in note 2.11.

	2020	2019
	(Rupees '000)	
4. PROPERTY AND EQUIPMENT		
Operating assets - note 4.1	**6,621**	5,487
Capital work in progress - note 4.3	**8,449**	-
	15,070	5,487

4.1 Operating assets

	Leasehold Improvements	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
	(Rupees '000)				
Net carrying value basis					
Year ended June 30, 2020					
Opening net book value (NBV)	**-**	**1,024**	**4,463**	**-**	**5,487**
Additions (at cost)	**660**	**281**	**2,067**	**-**	**3,008**
Depreciation charge - note 4.2	**(28)**	**(154)**	**(1,692)**	**-**	**(1,874)**
Closing net book value (NBV)	**632**	**1,151**	**4,838**	**-**	**6,621**
Gross carrying value basis					
At June 30, 2020					
Cost	**2,358**	**2,485**	**17,334**	**2,842**	**25,019**
Accumulated depreciation	**(1,726)**	**(1,334)**	**(12,496)**	**(2,842)**	**(18,398)**
Net book value (NBV)	**632**	**1,151**	**4,838**	**-**	**6,621**
Net carrying value basis					
Year ended June 30, 2019					
Opening net book amount	-	902	3,489	-	4,391
Additions (at cost)	-	887	3,631	-	4,518
Disposals (at NBV)	-	(659)	(1,378)	-	(2,037)
Depreciation charge - note 4.2	-	(106)	(1,279)	-	(1,385)
Closing net book value (NBV)	-	1,024	4,463	-	5,487

	Leasehold Improvements	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
	(Rupees '000)				
Gross carrying value basis					
At June 30, 2019					
Cost	1,698	2,204	15,267	2,842	22,011
Accumulated depreciation	(1,698)	(1,180)	(10,804)	(2,842)	(16,524)
Net book value (NBV)	**-**	**1,024**	**4,463**	**-**	**5,487**
Useful life in years	**10**	**10**	**5**	**5**	

4.2 Depreciation for the year has been allocated as follows:

	2020	2019
	(Rupees '000)	
Cost of services note-18.2	**555**	136
Marketing and distribution expenses note-19	**1,030**	685
Administrative and general expenses note-20	**289**	564
	1,874	1,385

4.3 Capital Work In Progress

	Balance as at July 01, 2019	Additions during the year	Transfers	Balance as at June 30, 2020	Balance as at July 01, 2018	Additions during the year	Transfers	Balance as at June 30, 2019
	(Rupees '000)							
Machinery - items note 4.4	-	**8,449**	-	**8,449**	-	-	-	-

4.4 Machinery items represent moulds and cylinders having cost of **Rs 7.70 million** (2019: Nil) and **0.75 million** (2019: Nil) which are located at premises of Afeef Packages (Private) Limited and Fazleesons (Private) Limited respectively, as these are being used for manufacturing of the Group's products as disclosed in note 1.

5. INTANGIBLE ASSETS

	2020	2019
	(Rupees '000)	
Computer software - note 5.1	**949**	1,317

5.1 Computer software

	2020	2019
Net carrying value basis		
Opening net book value	**1,317**	699
Addition during the year	**113**	1,408
Disposals (at NBV)	**-**	(85)
Asset written off	**-**	(373)
Amortisation charge	**(481)**	(332)
Net book value	**949**	1,317

	2020	2019
	(Rupees '000)	
Gross carrying value basis		
Cost	**1,802**	1,689
Accumulated Amortisation	**(853)**	(372)
Net book value	**949**	1,317
Useful life in years	**3 to 5**	3 to 5

6. LONG TERM DEPOSITS

	2020	2019
Long term deposits - note 6.1	**1,914**	114

6.1 As at June 30, 2020, this includes rent deposit amounting to **Rs. 0.114 million** (2019: Rs. 0.114 million) and against security deposit to Pakistan State Oil Limited for fuel card facility of **Rs. 1.8 million** (2019: Nil) . These facilities are given to the employees in accordance with the terms of employment. These deposits do not carry any mark up arrangement.

7. INVENTORIES

	2020	2019
	(Rupees '000)	
Finished goods:		
in hand - notes 7.1 & 7.2	**653,166**	649,812
in transit - note 7.2	**158,427**	545,087
	811,593	1,194,899

7.1 These include stock-in-trade amounting to **Nil** (2019: Rs. 30.63 million) held with third party.

7.2 As at June 30, 2020, this includes inventory of Johnson & Johnson Middle East FZ-LLC amounting to Rs. **38.77 million** (2019: Rs. 119.29 million) in hand and **Rs. 111.65 million** in transit (2019: Rs. 331.38 million) out of which inventory having carrying value of **Rs. 87.44 million** will be recovered through the inventory transfer agreement.

8. TRADE AND OTHER RECEIVABLES - unsecured

	2020	2019
	(Rupees '000)	
Trade receivables - note 8.1	**530,575**	254,882
Other receivables - note 8.2	**214,474**	355,356
	745,049	610,238

8.1 Trade receivables - unsecured

	2020	2019
Considered good		
Related party - note 8.1.1	**5,135**	8,755
Others - note 8.1.2	**525,440**	246,127
Considered doubtful	**54,473**	26,965
	585,048	281,847
Less: Loss allowance on doubtful receivables - note 8.1.3	**(54,473)**	(26,965)
	530,575	254,882

8.1.1 As at June 30, 2020, age analysis of trade receivables from related parties is as follows:

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
	(Rupees '000)						
The Searle Company Limited	4,781	3,203	-	-	-	4,781	8,571
International Brands Limited	57	57	-	-	-	57	57
IBL Operations (Private) Limited	175	175	-	-	-	175	175
OBS Pakistan (Private) Limited	80	80	-	-	-	80	80
International Franchises (Private) Limited	3	3	-	-	-	3	470
IBL Frontier Markets (Private) Limited	39	39	-	-	-	39	39
	5,135	3,557	-	-	-	5,135	9,392

8.1.2 As at June 30, 2020, the age analysis of these trade receivables is as follows:

	2020	2019
	(Rupees '000)	
Not yet due	**387,589**	139,647
Past due		
- Less than 30 days	**78,245**	61,035
- 31 to 90 days	**52,324**	31,033
- 90 to 360 days	**18,806**	24,189
- More than 360 days	**42,949**	17,063
	192,324	133,320
	579,913	272,967
8.1.3 Balance at beginning of the year	**26,965**	6,846
Recognition of expected credit losses - note 3	**-**	19,617
Charge during the year - net	**27,508**	502
Balance at end of the year	**54,473**	26,965
8.2 Other receivables - unsecured		
Considered good		
Related party - note 8.2.2	**1,468**	8,172
Others - note 8.2.1	**213,006**	347,184
	214,474	355,356

8.2.1 This represents receivable from principals in respect of stock claims, expenses and others.

8.2.2 As at June 30, 2020, age analysis of other receivables from related party is as follows:

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
	(Rupees '000)						
United Retail (SMC-Private) Limited	1,468	-	-	-	-	1,468	1,748
	1,468	-	-	-	-	1,468	1,748

8.2.2.1 This represents amount receivable from United Retail (SMC-Private) Limited - associated company. The amount represents claims in respect of warehousing and transportation expenses paid on behalf of the associated company.

9. PREPAYMENTS AND ADVANCES - unsecured

	2020	2019
	(Rupees '000)	
Prepayments - note 9.1	2,058	101,652
Advances - note 9.2	152,295	372,831
	154,353	474,483

9.1 PREPAYMENTS

	2020	2019
Rent		
Deposit	1,608	1,011
Prepaid	400	108
Insurance	-	193
Others	50	100,340
	2,058	101,652

9.2. Advances - considered good

	2020	2019
- Advance against letter of credit - note 9.2.1	102,875	333,328
- Advance against toll manufacturing 9.2.2	4,028	-
- Advance to employees	1,499	956
- Advance against raw material	1,815	-
- Advance to suppliers	6,111	-
- Advance against marketing	353	-
- Others 9.2.3	35,614	38,547
	152,295	372,831

9.2.1 This represents advances paid as 100% margin as per the BPRD Circular No. 02 of 2017 issued by the SBP under the Banking Companies Ordinance, 1962 for the import of goods.

9.2.2 This represents advance to Afeef Packages (Private) Limited against toll manufacturing of products.

9.2.3 The amount represents advances given to clearing agents, shipping companies and regulatory authorities.

9.2.4 These advances do not carry any mark up arrangement.

10. CASH AND BANK BALANCES

	2020	2019
	(Rupees '000)	
Cash at banks		
Current accounts - note 10.1	**32,637**	141,556
Savings accounts - note 10.2	**12,840**	23,035
	45,477	164,591
Cash and cheques in hand	**12,413**	39,263
	57,890	203,854

10.1 All current accounts are maintained under conventional banking system.

10.2 Savings accounts are maintained under Islamic banking system carrying profit sharing rate ranging from 0.05% to 3.54% (2019: 0.05% to 6.26%)

11. SHARE CAPITAL

Authorised Share Capital

Number of Shares			2020	2019
2020	2019		(Rupees '000)	
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	**1,000,000**	1,000,000

Issued, Subscribed and Paidup Share Capital

91,800,000	10,800,000	Ordinary shares of Rs. 10/- each fully paid in cash	**918,000**	108,000

11.1 As at June 30, 2020 International Brands Limited together with its nominees held 88,200,462 (June 30, 2018: 88,200,462) ordinary shares of Rs. 10 each.

12. LONG-TERM BORROWINGS

	2020	2019
	(Rupees '000)	
Salary refinancing	**13,749**	-
less: current portion of salary refinancing	**(4,737)**	-
	9,012	-

12.1 The Group has obtained payroll refinancing amounting to Rs.13.75 million in June 2020 for the payment of wages and salaries for the months of April and May 2020. The loan is repayable in 8 quarterly instalments starting from January 2021. It carries mark-up equal to SBP Refinance rate plus 3%.

13. TRADE AND OTHER PAYABLES

	2020	2019
	(Rupees '000)	
Trade creditors	**439,400**	153,714
Payable to International Brands Limited - note 13.1	**5,154**	8,032
Payable to IBL Operations (Private) Limited - note 13.2	**279,802**	9,793
Payable to The Searle Company Limited - note 13.3	**117,071**	141,266
Payable to IBL Unisys (Private) Limited	**-**	1,102
Payable to IBL Healthcare Limited - note 13.3	**579**	-
Accrued liabilities	**136,870**	88,858
Advances from customers	**11,259**	-
Bills payables	**6,530**	311,065
Payable to employees' provident fund - note 13.4	**4,759**	2,381
Withholding tax payable	**136**	1,343
EOBI and SESSI payable	**-**	376
Other liabillities	**9,045**	30,872
	1,010,605	748,802

13.1 This represents amount payable on account of corporate service charges.

13.2 This includes amount payable to IBL Operations (Private) Limited - associated company under agreement for sharing of expenses relating to sales and administrative infrastructure. It also includes Rs. 117 million as funds transferred to the Group to meet working capital requirements which do not carry mark-up and are repayable on demand.

13.3 This represents amount payable in respect of goods purchased from a related party.

13.4 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

14. ACCRUED MARK-UP

Accrued mark-up comprises of mark-up on short term borrowings and on running finance.

15. SHORT TERM FINANCING

	2020	2019
	(Rupees '000)	
Running finance under mark-up arrangement - notes 15.1	**30,207**	30,210
Short term loans - notes 15.2 & 15.3	**736,245**	1,423,059
	766,452	1,453,269

15.1 As at June 30, 2020, available running finance facility under mark-up arrangement from a commercial bank amounted to Rs. 35 million (2019: Rs. 35 million). The arrangement is secured by way of pari passu charge over the inventories and receivables of the Group with 25% margin.

The arrangement carries mark-up at the rate of **2.25% above one month** KIBOR (2019: 2.25% above one month KIBOR) to be determined on monthly basis.

15.2 These represent short term loans obtained under financing arrangement from commercial banks. These are secured by way of hypothecation charge over inventories and receivables of the Group with 25% margin. These are maturing between July and December 2020.

The arrangements carry mark-up ranging from **0.15%** and **2.5%** above six months KIBOR to **1.75%** above three month KIBOR (2019: average six month KIBOR to 2.5% over three month KIBOR).

15.3 Following are the changes in the short term loans (i.e. for which cash flows have been classified as financing activities in the consolidated statement of cashflows):

	2020	2019
	(Rupees '000)	
Balance as at July 1	**1,423,059**	805,111
Disbursements during the year	**2,406,115**	3,738,473
Repayment during the year	**(3,092,929)**	(3,120,525)
Balance as at June 30	**736,245**	1,423,059

16. CONTINGENCY AND COMMITMENTS

16.1 Contingency

During the year, the Deputy Commissioner Inland Revenue issued a demand under section 137(2) of the Income Tax Ordinance, 2001 (the Ordinance) dated January 31, 2020 for recovery of tax amounting to Rs. 94.66 million created pursuant to order dated January 31, 2020 passed under section 122(1) for tax year 2018. The Group has filed a Constitutional Petition No. D-1421 of 2020 before the Honorable High Court of Sindh. On Feburary 28, 2020 the Honorable High Court of Sindh restrained the Deputy Commissioner Insland Revenue from enforcing the impugned income tax demand. The matter was fixed for March 19, 2020 but got discharged due to COVID-19 and shall be fixed for hearing subsequent to the year end. However, the management based on the opinion of its tax advisor is confident that the petition shall be decided in the favor of the Group with stay from recovery of demand till the disposal of the appeal before the Commissioner Inland Revenue (Appeals-II). Therefore, no provision has been made in these consolidated financial statements.

16.2 Commitments

The facilities for opening letter of credit and guarantees as at June 30, 2020 amounted to **Rs. 750 million** (June 30, 2019: Rs. 840 million) and **Rs. 150 million** (June 30, 2019: Rs. 233 million) respectively. The amount remaining unutilised at the year end for letter of credit and guarantees was **Rs. 733 million** (June 30, 2019: Rs. 554 million) and **Rs. 50 million** (June 30, 2019: Rs. 61 million) respectively.

The facilities are secured by way of pari passu charge against hypothecation of the Group's inventories and receivables.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2020	2019
	(Rupees '000)	
Revenue from		
Goods	**4,254,446**	5,180,469
Services - note 17.1	**232,545**	256,660
Less:		
- Trade discount	**(138,416)**	(566,795)
- Sales returns	**(96,346)**	(110,609)
- Sales tax	**(648,764)**	(680,086)
- Provincial sales tax	**(28,939)**	(27,227)
	(912,465)	(1,384,717)
	3,574,526	4,052,412

17.1 This represents warehousing and transportation services to a bottling plant.

18. COST OF SALES AND SERVICES

	2020	2019
Cost of sales - note 18.1	**2,489,941**	2,804,846
Cost of services - note 18.2	**178,371**	217,628
	2,668,312	3,022,474

18.1 Cost of sales

	2020	2019
Opening inventory	**1,194,899**	970,112
Purchases during the year - net of claims	**2,106,635**	3,029,633
Closing inventory	**(811,593)**	(1,194,899)
	2,489,941	2,804,846

18.2 Cost of services

	2020	2019
Salaries, wages and allowances - note 18.3	**70,373**	64,148
Freight and cartage	**266**	110,982
Vehicle running and repair & maintenance	**73,205**	1,997
Rent, rates and taxes	**29,738**	22,117
Insurance and security expenses	**367**	631
Utilities	**335**	1,723
Depreciation	**555**	136
Amortisation	**36**	-
Printing and stationary	**380**	1,123
Communication & entertainment	**557**	815
Others	**2,559**	13,956
	178,371	217,628

18.3 Salaries, wages and allowances include **Rs. 1.2 million** (2019: Rs. 1.62 million) in respect of contributory provident fund.

19. MARKETING AND DISTRIBUTION EXPENSES

	2020	2019
	(Rupees '000)	
Salaries, wages and allowances - note 19.1	**73,871**	100,115
Warranty and claims - note 19.2	**2,764**	-
Freight and cartage	**23,153**	69,705
Vehicle running and repair & maintenance	**38,357**	55,931
Rent, rates and taxes	**78,522**	75,047
Advertising and sales promotion - note 19.3	**395,138**	400,410
Insurance and security expenses	**12,202**	12,306
Utilities	**10,585**	8,731
Travelling and conveyance	**1,878**	4,016
Depreciation	**1,030**	685
Amortisation	**333**	21
Printing and stationary	**2,621**	2,060
Communication and entertainment	**4,592**	5,692
Fees and subscription	**12**	-
Others	**205**	586
	645,263	735,305

19.1 Salaries, wages and allowances include **Rs. 1.43 million** (2019: Rs. 2.02 million) in respect of contributory provident fund.

19.2 This represents provision against replacement of damaged products of Future Technologies subject to warranty period aligned with customers.

19.3 This includes **Rs. 295.7 million** (2019: Rs. 299.3 million) in respect of amortisation of short term prepayments pertaining to marketing contribution for Red Bull.

20. ADMINISTRATIVE AND GENERAL EXPENSES

	2020	2019
	(Rupees '000)	
Salaries, wages and allowances - note 20.1	**84,936**	69,501
Legal and professional - note 20.2	**5,719**	5,095
Auditors' remuneration - note 20.3	**3,313**	2,870
Freight and cartage	**652**	-
Travelling and conveyance	**2,902**	12,159
Corporate service charges - note 20.4	**12,000**	12,000
Rent, rates and taxes	**2,097**	2,732
Vehicle running and repair & maintenance	**2,369**	3,004
Fee and subscription	**544**	3,347
Communication and entertainment	**819**	752
Depreciation	**289**	564
Amortisation	**112**	311
Utilities	**562**	917
Insurance and security expenses	**365**	267
Demurrages	**-**	5,063
Printing and stationary	**626**	211
Donations - note 20.5	**5,400**	5,099
Others	**1,506**	-
	124,211	123,892

20.1 Salaries, wages and allowances include **Rs. 1.01 million** (2019: Rs. 0.61 million) in respect of contributory provident fund.

20.2 This includes Rs. 1.48 million paid for consultancy in relation to Schick business line.

20.3 Auditors' remuneration

	2020	2019
	(Rupees '000)	
Annual audit fee	**1,100**	1,100
Fee for review of half yearly financial information, Statement of Compliance with Code of Corporate Governance and other certifications	**1,193**	750
Taxation services	**600**	600
Out-of-pocket expenses	**420**	420
	3,313	2,870

20.4 This represents reimbursement of information technology charges to International Brands Limited (Holding Company) at Rs. 1 million (2019: Rs.1 million) per month.

20.5 During the year, the Group made a donation amounting to Rs. 5.4 million (2019: Rs. 3.6 million) to Jamil Dehlavi.

21. OTHER OPERATING EXPENSES

	2020	2019
	(Rupees '000)	
Provision for expired and damaged stock - note 21.1	**140,518**	33,673
Loss incurred on discontinuance of business arrangement	**-**	164,068
Balance considered irrecoverable written off	**3,406**	22,722
Others - note 21.2	**1,563**	-
	145,487	220,463

21.1 This mainly includes provisions for damaged and expired items of J&J amounting to Rs. 62 million and Kellogg's amounting to Rs. 46.5 million.

21.2 This pertains to deductions by the principals on account of incomplete execution of sales order.

22. OTHER INCOME

	2020	2019
	(Rupees '000)	
Scrap sales - note 22.1	**24,360**	1,371
Profit on savings accounts	**1,632**	1,301
Group relief - note 22.2	**14,325**	-
	40,317	2,672

22.1 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.

22.2 During the year, the Group has availed Group relief under section 59B of the Income Tax Ordinance, 2001 (the Ordinance). As allowed under the Ordinance, the Group has surrendered its taxable loss amounting to Rs. 53.35 million to its associated company, The Searle Company Limited.

	2020	2019
23. FINANCE COSTS	(Rupees '000)	
Bank charges	**9,187**	8,168
Mark up on running finance arrangements	**4,940**	3,498
Mark up on short term loans	**123,733**	127,331
Exchange (gain)/loss - net	**(12,337)**	185,717
	125,523	324,714
24. INCOME TAX EXPENSE		
- for current year	**140,008**	179,005
- for prior year	**(1,923)**	(883)
	138,085	178,122

24.1 This represents current tax expense for the year. As the major portion of the Group's income is covered under Minimum Tax Regime, accordingly, tax reconciliation between accounting loss and tax expense is not presented.

	2020	2019
25. Basic loss per share	(Rupees '000)	
Loss for the year attributable to ordinary shareholders	**(259,546)**	(550,388)
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	**91,800,000**	91,800,000
	(Rupees)	
Basic loss per share	**(2.83)**	(6.00)

25.1 A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2020 and 2019 which would have any effect on the loss per share if the option to convert is exercised.

26. CASH GENERATED FROM / (USED IN) OPERATIONS		
Loss before income tax	**(121,461)**	(372,266)
Adjustments for non-cash charges and other items		
Depreciation	**1,874**	1,385
Amortisation	**481**	332
Intangible asset written off	**-**	373
Finance cost	**137,860**	138,997
	140,215	141,087
	18,754	(231,179)

	2020	2019
	(Rupees '000)	
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Inventories	**383,306**	(224,787)
Trade and other receivables	**(134,811)**	48,591
Prepayments and advances	**320,130**	213,370
Tax refunds due from government - sales tax	**(20,734)**	24,885
	547,891	62,059
Increase / (decrease) in trade and other payables	**261,803**	(185,210)
Cash generated from / (used in) operations	**828,448**	(354,330)

27. CASH AND CASH EQUIVALENTS

	2020	2019
Cash and bank balances - note 10	**57,890**	203,854
Running finance under mark-up arrangements - note 15	**(30,207)**	(30,210)
	27,683	173,644

28. REMUNERATION TO CHIEF EXECUTIVE AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVES	
	June 30, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019
	(Rupees '000)			
Managerial remuneration	**960**	960	**24,313**	12,358
Allowances	**480**	480	**12,838**	6,179
Bonus	**160**	160	**4,752**	2,060
Group's contribution to provident fund	**-**	-	**1,092**	1,236
Leave encashment	**40**	40	**1.013**	515
Medical expenses	**80**	80	**2,026**	1030
	1,720	1,720	**46,034**	23,378
Number of persons	**1**	1	**9**	3

28.1 The Chief Executive and certain Executives are entitled for medical facility to the extent of reimbursement of actual expenditure and other benefits in accordance with their terms of employment.

28.2 In addition to the above, fee paid to directors for attending Board of Directors meetings during the year amounted to **Rs. 0.25 million** (2019: Rs. 0.82 million).

29. RELATED PARTY TRANSACTIONS

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

Nature of relationship	Nature of transactions	2020	2019
		(Rupees '000)	
Ultimate Parent	- Corporate service charges	**12,000**	12,000
Associated companies	- Purchases	**71,764**	101,183
	- Allocation of expenses - note 29.2	**124,945**	224,931
	- Funds received for working capital - note 13.2	**117,000**	-
	- Group relief - note 22.2	**14,325**	-
	- Sale of goods	**52,865**	18,905
Post employment staff benefit plans	- Contributions to provident fund	**1,701**	3,807
Key management employees compensation	- Salaries and other employee benefits	**46,662**	24,290
	- Contributions to provident fund	**1,092**	1,265
	- Directors' fees	**250**	820

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

29.3 The status of outstanding balances with related parties as at June 30, 2020 is included in the respective notes to the consolidated financial statements. These are settled in the ordinary course of business.

29.4 Following are the related parties with whom the Group had entered into transactions or have arrangement / agreement in place.

S.No.	Company Name	Basis of association	Aggregate % of Shareholding
1.	International Brands Limited	Ultimate Parent	96.08%
2.	IBL Operations (Private) Limited	Group Company	N/A
3.	The Searle Company Limited	Group Company	N/A
4.	IBL Unisys (Private) Limited	Group Company	N/A
5.	Mycart (Private) Limited	Group Company	N/A
6.	IBL Frontier Markets (Private) Limited	Group Company	N/A
7.	International Franchises (Private) Limited	Group Company	N/A
8.	OBS Paakistan (Private) Limited	Group Company	N/A
9.	United Retail (SMC-Private) Limited	Group Company	N/A
10.	IBL Healthcare Limited	Group Company	N/A

30. NUMBER OF EMPLOYEES

	2020	2019
Number of employees	**313**	227
Average number of employees during the year	**322**	398

31. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

31.1 All the financial assets and financial liabilities of the Group are classified at amortised cost. The carrying value of all financial assets and liabilities approximate their fair values.

	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
FINANCIAL ASSETS	(Rupees '000)						
At amortized cost							
Long term deposits	-	-	-	-	1,914	1,914	1,914
Trade and other receivables	-	-	-	745,049	-	745,049	745,049
Advances	-	-	-	152,295	-	152,295	152,295
Cash and bank balances	12,840	-	12,840	45,050	-	45,050	57,890
June 30, 2020	**12,840**	**-**	**12,840**	**942,394**	**1,914**	**944,308**	**957,148**
June 30, 2019	23,035	-	23,035	1,163,888	114	1,164,002	1,187,037
FINANCIAL LIABILITIES							
At amortized cost							
Trade and other payables	-	-	-	1,005,710	-	1,005,710	1,005,710
Unclaimed dividend	-	-	-	353	-	353	353
Long-term borrowings	4,737	9,012	13,749	-	-	-	13,749
Lease liabilities	-	-	-	-	-	-	-
Short term financing	766,452	-	766,452	-	-	-	766,452
Accrued mark-up	7,140	-	7,140	-	-	-	7,140
Unclaimed dividend	-	-	-	353	-	353	353
June 30, 2020	**778,329**	**9,012**	**787,341**	**1,006,416**	**-**	**1,006,416**	**1,793,757**
June 30, 2019	1,453,269	-	1,453,269	749,173	-	749,173	2,202,442
ON REPORTING DATE GAP							
June 30, 2020	**(765,489)**	**(9,012)**	**(774,501)**	**(64,022)**	**1,914**	**(62,108)**	**(836,609)**
June 30, 2019	(1,430,234)	-	(1,430,234)	414,715	114	414,829	(1,015,405)
OFF STATEMENT OF FINANCIAL POSITION ITEMS							
Letters of credit / guarantees							
June 30, 2020							**783,350**
June 30, 2019							615,000

31.2 Financial risk management

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or cashflows of a financial instrument will fluctuate due to changes in the market interest rates. As at June 30, 2020, the Group is not materially exposed to interest rate risk.

As at June 30, 2020, the Group had variable interest bearing financial liabilities of **Rs. 766.45 million** (2019:Rs. 1,453.26 million) and had the interest rate varied by 200 basis points with all the other variables held constant, loss before income tax for the year would have been approximately **Rs.15.32 million** (2019: 29.06 million) lower / higher.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Group is exposed to currency risk on payables in respect of imported inventory denominated in US Dollar ($) and Swiss Francs . The total foreign currency risk exposure as at June 30, 2020 is **Rs. 6.53 million** (June 30, 2019: Rs 311.06 million).

As at June 30, 2020, if the Pak Rupee had weakened / strengthened by **4.27%** (2019: 29.94%) against US Dollar with all other variables held constant, loss before tax for the year would have been higher / lower by **Rs. 0.28 million** (2019: loss before tax would have been higher / lower by Rs. 93.13 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets and liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Group only as at the reporting date and assumes this is the position for the year. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (5 years) rates have moved on average basis by the mentioned percentage per annum.

(b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The Group believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties. To manage exposure to credit risk, the Group applies credit limits to its customers.

As at June 30, 2020 there are no past due or impaired balances other than **Rs. 54.47 million** (June 30, 2019: Rs 26.95 million) and the carrying amount of trade debts relate to number of independent customers for whom there is no history of default.

Loans to employees are secured against their retirement benefits.

Bank balances represent low credit risk as these are placed with banks having good credit rating assigned by credit rating agencies.

Due to the Group's long standing relations with the counterparties, the management does not expect non performance by these counterparties on their obligations to the Group.

(c) Liquidity risk

Liquidity risk reflects the Group's inability in raising funds to meet commitments. The management closely monitors the Group's liquidity and cash flow position. The Group's approach to manage liquidity risk is to maintain sufficient level of liquidity based on expected cash flow by holding highly liquid assets, creditor concentration and maintaining sufficient reserve financing facilities.

32. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide adequate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The dept to capital ratio at june 30, 2020 and at june 30, 2019 were as follows.

	2020	2019
	(Rupees '000)	
Total borrowings	780,201	1,453,269
Cash and bank - note 10	(57,890)	(203,854)
Net debt	722,311	1,249,415
Equity	46,990	306,536
Total capital	769,301	1,555,951
Debt to capital ratio	0.94	0.80

33. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

SALES OFFICES	ADDRESSES
Abbottabad	Rashid Building, Mir Pur Road Near Mir Pur Chashma. IBL Abbottabad.
Attock	Opposite Wapda Office, Dhoke Fateh, Fateh Jung Road. IBL Attock.
Badin	Ward No. 06, Channa Mohalla Cantt Road Near Jafferi Hospital. IBL Badin.
Bahawalnagar	Street No. 03 Taqwa Colony. IBL Bahawalnagar.
Bahawalpur	Plot No. 73-74/A, Small Industrial Area Estate, Multan Road, Near NBP. Bahawalpur.
Bhalwal	Factory Area, Street No. 2, Block No. 6. Tahsil. IBL Bhalwal.
Burewala	House No. 13C, Fine Executive City Check 437, EB. IBL Burewala.
Chakwal	IBL Operations "Lahore Health Centre" Girls College Road. IBL Chakwal.
Chichawatni	96/W, Housing Colony. IBL Chichawatni.
Dadu	Ward A House No. 931/18, Pir Buksh Colony, Near Cicuit House. IBL Dadu.
Dera Gazi Khan	House No. 64-65,Block No. 16, Al-Mansoor Lodge, Ex PTCL Revenue Office. IBL Dera Ghazi Khan.
Dera Ismail Khan	House No. 2, Kher Abad Colony, Al-Nisa Clinic & Maternity, Diyal Road. IBL D.I. Khan.
Faisalabad	Plot No. 387,388, Amin Town, Askari Road Near Educators School, West Canal Road. IBL Faisalabad.
Ghotki	Paryal house, Main G.T. Road, Near Bilal Masjid. IBL Ghotki.
Gilgit	Ayub Colony Opposite Nadra Office, Shahra-e-Quaid Azam Jutial. IBL Gilgit.
Gujranwala	8 KM G.T Road , G Mangolia Housing Society. IBL Gujranwala.
Gujrat	Near Railway Crossing Shadiwal Road. IBL Gujrat.
Hafizabad	169 D, Housing Colony, Jinnah Chowk, Gujranwala Road. IBL Hafizabad.

SALES OFFICES	ADDRESSES
Hyderabad	A/135 Near Al-Khair Agenceis Workshop SITE Area. IBL Hyderabad.
Islamabad	Plot No. 65 & 66, Street 13, I/9-2, Industrial Area. IBL Islamabad.
Jacobabad	House No. 635, Shaheed Mohammad Tagyal Road, Dangar Mohalla. IBL Jacobabad.
Jhang	Opposite Chungi No. 14 Faisalabad Road Jhang Sadar. IBL Jhang.
Jhelum	House No. BXV-1499 Azeem Road Kala Gujran Tehsil & Distt. IBL Jhelum.
Karachi	House No. D-26, Block B, North Nazimabad, Near Life Line Hospital. IBL Karachi.
Karachi	A-126, PIA Housing Society. Phase No. 1, Gate No.1. Karachi.
Karachi	F2Q SITE, Near Khaadi Factory. Karachi.
Karachi	House No. 14, Block 7 & 8, D.M.C.H.S., Tipu Sultan Road. Karachi.
Kasur	2ND-13/R-25 Khara Road O/S Kot Rukan Din Khan. IBL Kasur.
Khanewal	House No. 4 Main Road Allama Iqbal Town Khanewal.
Kharian	Shakir House, Shakir Street, Near Boys Degree Collage, G.T Road. IBL Kharian.
Khushab	House No. 190, MOH Laywer Colony, Block No. 12, Jauharabad DISTT. IBL Khushab.
Kohat	House No 30-Street No 3 Sector No 10 KDA. IBL Kohat.
Korangi	Plot No. 12 & 32, Sector 19, Industrial Area. IBL Korangi.
Kotli	Roli Cross Mohalla, Plather Road. IBL Kotli.
Larkana	Latif Colony, Main Road Rehmatpur. IBL Larkana.
Layyah	House 250/C Housing Scheme 2 Opposite Dr.Qaiser Abbasi Clinic TDA Road Tehsil & Dist. IBL Layyah.
Mandi Bahuddin	Mohalla Shadman Town, Near Old Rasool Road. IBL Mandi Bahauddin.
Manshera	Shafique House, Street No. 1, House No. 1, Mohalla Kohistanabad, Near Butt Pull. IBL Manshera.
Mardan	Ittifaq Colony Near Custom Office Koragh Chowk. IBL Mardan.
Mian Wali	Kala Bagh Road Near Mianwali Stadium , Masjid Street, Muslim Colony. IBL Mianwali.
Mingora	Saidu Sharif Road, Near Swat Museum, Mingora Swat. IBL Mingora.
Mirpur AJK	House No. 385-A Sector F/3 Hallroad, OPP.M.I.T College. IBL Mirpur (AJK).
Mirpur Khas	House No No. 1204 Near Al Shahab Homeo Store Sir Syed Road, Behind UBL Bank,Torabad. IBL Mir Pur Khas.
Multan	Plot No.590, 591 Jahangir Abad NLC Chowk Main G.T Road. IBL Multan.
Muridke	Muhalla Nizam Park, Near Faizan e Madina Masjid. IBL Muridke.
Muzaffar Garh	House No. B/VIII-1864, Laal Haveli House, Near General Bus Stand Basti Maharan. IBL Muzaffar Garh.
Muzaffarabad	House No. ZD-541/20, Ward No.24, OPP. Edenz INN Guest House. IBL Muzaffarabad.
Naroval	Mohalla Farooq Ganj Opposite Pakistan Church DPO House Street. IBL Narowal .
Nawabshah	H No 138- Ghulam Haider Shah Colony, Near Bukhtawer Park. IBL Nawabshah.
New Challi	Shop No.2 FR 6/22 - 111 - C Serai Quarter, Maan Singh Building. KA.RS Captain Road. IBL New Challi.
Nowshera	The Mall Opposite Daewoo Terminal Nowshera Cantt. IBL Nowshera.
Okara	House No. 4, Ali Street, Fardious Town G.T. Road. IBL Okara.
Pakpatan	Lalazar Colony, St. No. 2, Near Punjab Cadet School. IBL Pakpatan.
Peshawar	Jhagra Stop, Near Jhagra Gattering Hall, G.T. Road. IBL Peshawar.
Phool Nagar	House No. 1, Street No. 1, Asgha Town. IBL Phool Nagar.
Quetta	Plot No. 935 Killi Syedan Airport Road. IBL Quetta.
Rahim Yar Khan	House No. 89 A/R Abbasia Banglows Near New ABL Bank National Solidarity Avenue. IBL Rahim Yar Khan.
Rawla Kot	Green Town, Kasai Gali. IBL Rawla Kot.
Sadiqabad	Sahib Naseeb Town, Street No.1, Manthar Road, IBL Sadiqabad.
Sahiwal	House No. 7, Street No. 1, Gunj Shakar Colony, IBL Sahiwal.
Samundri	House No. 335, Housing Colony No. 2. IBL Samundari.
Sargodha	Hosue No. 42, Officer Colony, Behind Commerce College, Faisalabad Road. IBL Sargodha.

Sawabi	Plot No 107 Faquir Elahi Chowk Opposite Gul Bahar Street Topi Road. IBL Swabi.
Shahkot	Chattha House, Near Sabzi Mandin Nankana Road. IBL Shahkot.
Shaikhupura	B - II-11S-18, Street No. 1, Khalid Road, Muslim Gunj. IBL Sheikhupura.
Shikarpur	City Survey No. 23/34/5, Station Road, Old Mehran Hotel, Sattari Building, Jahaz Chowk. IBL Shikarpur.
Sialkot	Plot No. 656,657 Barkat Town Near Moltex Factory Off Kasmir Road. IBL Sialkot.
Sukkur	Plot No. A - 3, Golimar Area, Near Khabrain Newspaper Press. IBL Sukkur.
Tando Adam	Plot No. 17/18, Block 27, Gulshan e Nawaz, Town Hyderabad. IBL Tando Adam.
Timergarrah	Opposite D3 Hotel, Bypass Road. IBL Timmergara.
Toba Tek Singh	House No. 5, Street No. 2,Mohala Roshan Park, Canal Road. IBL Toba Tek Singh.
Wah Cantt	Street No.1, Green Town Ghatiya Road Wah Garden. IBL Wah Cantt.

DISTRIBUTION WAREHOUSES	ADDRESSES
Lahore	Lahore, 131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpat, Lahore.

34. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved by the Board of directors of the Group and authorised for issue on September 29, 2020.

Syed Qaisar Abbas	Zubair Razzak Palwala	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

Pattern of Shareholding

As of June 30, 2020

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors & their spouse	11	576,050	0.63%
Associated Companies, undertaking and related parties	2	88,200,462	96.08%
Executives	1	142	0.00%
Public Sector Companies & Corporations	2	14,029	0.02%
Banks, DFIs, NBFCs, insurance companies, takaful, modarbas,pension funds	2	220,303	0.24%
Mutual Funds	0	0	0.00%
Foreign Companies	1	8,500	0.01%
General Pubic Foreign	1	1,000	0.00%
General Public Local	1,012	2,662,267	2.90%
Others	11	117,227	0.13%
Total	1,043	91,800,000	100%

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
International Brands Limited	1	88,200,462	96.08%

Number of Shareholders	Shareholding's Slab			Total Shares Held
470	1	to	100	9,959
172	101	to	500	64,240
132	501	to	1000	120,172
167	1001	to	5000	451,997
42	5001	to	10000	323,944
12	10001	to	15000	147,000
13	15001	to	20000	228,200
8	20001	to	25000	181,250
4	25001	to	30000	109,531
1	35001	to	40000	36,000
5	40001	to	45000	209,275
3	45001	to	50000	140,975
2	50001	to	55000	103,300
2	65001	to	70000	133,950
1	70001	to	75000	73,000
1	80001	to	85000	83,200
1	100001	to	105000	100,750
1	105001	to	110000	109,125
1	110001	to	115000	114,950
1	135001	to	140000	136,200
1	165001	to	170000	169,950
1	215001	to	220000	219,570
1	335001	to	340000	336,750
1	88195001	to	88200000	88,196,712
1043				91,800,000

Pattern of Shareholding

As of June 30, 2020

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
Directors And Their Spouse(S) And Minor Children					
1	596	RASHID ABDULLA	1	45,475	0.05
2	882	MR. RASHID ABDULLAH	1	29,750	0.03
3	03277-11384	RASHID ABDULLA	1	169,950	0.19
4	817	ZUBAIR PALWALA	1	4,250	0.00
5	03277-93293	ZUBAIR RAZZAK PALWALA	1	19,950	0.02
6	689	SHAKILA RASHID	1	12,325	0.01
7	818	SYED NADEEM AHMED	1	4,250	0.00
8	01826-102244	HASAN TARIQ KHAN	1	83,200	0.09
9	03277-20909	ASAD ABDULLA	1	68,450	0.07
10	03277-21385	AYAZ ABDULLA	1	136,200	0.15
11	05116-25660	SYED QAISER ABBAS NAQVI	1	2,250	0.00
			11	576,050	0.63
Associated Companies, undertakings and related parties					
1	01826-88492	International Brands Limited	1	3,750	0.00%
2	03277-2937	International Brands Ltd.	1	88,196,712	96.07%
			2	88,200,462	96.08%
Executives					
1	854	Shariq Ahmed (R-1)	1	142	0.00%
			1	142	0.00%
Banks, DFIs, NBFCs, insurance companies, takaful, modarbas,pension funds					
1	00083-36	Idbl (Icp Unit)	1	14,025	0.02%
2	03277-1651	First Udl Modaraba	1	219,570	0.24%
3	03277-78335	Trustee National Bank Of Pakistan Employees Pension Fund	1	733	0.00%
4	03889-28	National Bank Of Pakistan	1	4	0.00%
			4	234,332	0.26%
Foreign Companies					
1	00521-700	Deutsche Bank Ag London Branch	1	8,500	0.01%
			1	8,500	0.01%

Pattern of Shareholding
As of June 30, 2020

Others

1	812	NAEEM'S SECURITIES (PVT) LTD.	17,000	0.02
2	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	26	0.00
3	03525-87235	MAPLE LEAF CAPITAL LIMITED	1	0.00
4	04085-24	MRA SECURITIES LIMITED	8,000	0.01
5	04317-11261	IQBAL ADAMJEE TRUST	20,500	0.02
6	04341-3265	RAO SYSTEMS (PVT.) LTD.	8,000	0.01
7	10470-29	GPH SECURITIES (PVT.) LTD.	3,000	0.00
8	16857-26	MRA SECURITIES LIMITED - MF	41,700	0.05
9	16923-27	N. U. A. SECURITIES (PRIVATE) LIMITED - MF	10,000	0.01
10	17236-20	TIME SECURITIES (PVT.) LIMITED - MF	7,500	0.01
11	17509-26	TRUST SECURITIES & BROKERAGE LIMITED - MF	1,500	0.00
		11	117,227	0.13%

General Public Foreign

1	1,000	0.00%
1	1,000	0.00%

General Public Local

1,012	2,662,287	2.90%
1,012	2,662,287	2.90%

FORM OF PROXY

Company Secretary
UNITED BRANDS LIMITED
1st Floor, One IBL Centre,
Block No. 7 & 8, DMMCHS,
Shahrah-e-Faisal, Karachi.

Please quote:
No. of shares held. ________________
Folio No. ____________________

I/We, ______________________________ of ______________, holding Computerized National Identity Card (CNIC)/Passport No.________________ and being a member of UNITED BRANDS LIMITED, hereby appoint________________________________ of ________________________, holding CNIC/Passport No.___________________________, or failing him/her hereby appoint________________________________of ____________________________________, holding CNIC/Passport No.__________________, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Tuesday, October 27, 2020, at 02:00 pm and at any adjournment thereof.

As witness my/our hand/seal this ________________day of _____, 2020

Witnesses:

1. Signature ___________________________
   Name ___________________________
   Address ___________________________
   CNIC/Passport No. ___________________________

2. Signature ___________________________
   Name ___________________________
   Address ___________________________
   CNIC/Passport No. ___________________________

____
Signature

Rupee five revenue stamp

Notes:

- A shareholder entitled to attend and vote at the Annual General Meeting of the Company may appoint any person as his/her proxy to attend and vote instead of him/her. The proxy shall have the right to attend, speak and vote in place of the shareholder appointing him/her at the meeting. A proxy must be a member of the Company.
- The instrument appointing a proxy should be signed by the Shareholder or by his/her Attorney, duly authorised in writing and person appointed proxy. In case of corporate entity, the Board of Director resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.
- Proxies, in order to be effective, must be received at the Company's Registered Office or Shares Registrar not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
- CDC shareholders and their proxies are requested to attach an attested photocopy of their CNIC or Passport with this proxy form before submission to the Company.

پراکسی فارم

دی کمپنی سیکریٹری

یونائیڈ برانڈ زلمیٹڈ

فرسٹ فلور، ون آئی بی ایل سینٹر، شاہراہ فیصل، کراچی۔

مختار نامہ

میں/ہم ____

ساکن ____

بحیثیت یونائیڈ برانڈ زلمیٹڈ کے ممبر اور حامل حصص بمطابق شیئر رجسٹر فولیو/سی ڈی سی اکاؤنٹ نمبر ______________

اپنی جانب سے جناب/محترمہ ___________________________ فولیو/ CDC اکاؤنٹ نمبر

______________ کو بطور پراکسی نامزد کرتا/کرتے ہیں۔ یہ میری/ہماری جانب سے بروز منگل مورخہ 27 اکتوبر 2020ء کو بوقت 02:00 بجے دوپہر بمقام گراؤنڈ فلور، ون آئی بی ایل سینٹر، شاہراہ فیصل، کراچی پر کمپنی کی سالانہ جنرل میٹنگ میں شرکت کرنے، بولنے اور ووٹ دینے کے مجاز ہیں۔

آج بروز ___________ بتاریخ ___________ 2020ء کو دستخط کئے گئے۔

گواہان:

ا۔ دستخط ______________________

نام ______________________

پتہ ______________________

شناختی کارڈ نمبر ______________________

پاسپورٹ نمبر ______________________

پانچ روپے کے ریونیو اسٹیمپ پر دستخط کمپنی میں کئے جانے والے دستخط سے مماثل ہونے چاہئیں

دستخط: -----------------

نوٹس:

☆ شیئر ہولڈر کمپنی کی سالانہ جنرل میٹنگ میں حاضر ہونے اور ووٹ دینے کا اختیار کسی دوسرے کو بطور پراکسی دے سکتا ہے۔ پراکسی کو شیئر ہولڈر کی جانب سے میٹنگ میں بولنے اور ووٹ ڈالنے کا حق حاصل ہوگا۔ پراکسی کو کمپنی کا ممبر ہونا ضروری ہے۔

☆ پراکسی کی تقرری کیلئے فارم پر شیئر ہولڈر یا اس کے اٹارنی کے ذریعہ دستخط ہونے چاہئیں۔ میٹنگ میں کارپوریٹ کی نمائندگی کے معاملے میں اپنے ہمراہ بورڈ آف ڈائریکٹرز کی جانب سے دی گئی قرارداد یا مختار نامہ لائیں گے

☆ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس یا میٹنگ کے شروع ہونے سے 48 گھنٹے پہلے تک کمپنی شیئر رجسٹرار سے وصول کئے جانے چاہئیں جو کہ مہر شدہ، دستخط شدہ ہوں۔

☆ CDC شیئر ہولڈرز اور ان کے پراکسیز سے گزارش ہے کہ وہ فارم جمع کرانے سے پہلے اس پراکسی فارم کے ساتھ تصدیق شدہ شناختی کارڈ کی کاپی یا پاسپورٹ کی کاپی منسلک کریں۔

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