UNITED BRANDS LIMITED

Moving FORWARD

ANNUAL REPORT **2022**

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

Passion
Integrity
Partnership
Excellence

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.

BRANDS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Munis Abdullah	Chairman
Mr. Hasan Tariq Khan	Independent Director
Ms. Tayyaba Rasheed	Independent Director
Mr. Syed Nadeem Ahmed	Chief Executive Officer
Mr. Zubair Razzak Palwala	Non-Executive Director
Mr. Syed Qaiser Abbas	Non-Executive Director
Mr. Rizwan Ahmad	Executive Director

AUDIT COMMITTEE

Ms. Tayyaba Rasheed	Chairperson
Mr. Zubair Razzak Palwala	Member
Mr. Hasan Tariq Khan	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Hasan Tariq Khan	Chairman
Mr. Syed Nadeem Ahmed	Member
Mr. Syed Qaiser Abbas	Member

CHIEF FINANCIAL OFFICER

Mr. Shariq Ahmed

COMPANY SECRETARY

Mr. Farooq Akbar

INTERNAL AUDITORS

Grant Thornton Anjum Rahman,
Chartered Accountants

EXTERNAL AUDITORS

A.F. Ferguson & Company,
Chartered Accountants

LEGAL ADVISOR

Abdul Karim Khan & Company

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

2nd 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 58th ANNUAL GENERAL MEETING OF UNITED BRANDS LIMITED

Notice is hereby given that 58th Annual General Meeting of the members of M/s. United Brands Limited will be held on Friday, October 28, 2022 at 12:30 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 October 28, 2021.

2. To receive, consider and adopt annual audited financial statements for the year ended June 30, 2022 together with the Directors' and Auditors' Report thereon.

3. To appoint auditors for the next financial year ending June 30, 2023 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, 2023.

OTHER BUSINESS

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

By the order of the board

Company Secretary

Date: October 07, 2022
Place:Karachi

Notes

A. Book closure:

i. The share transfer books will remain closed from October 22, 2022 to October 28, 2022 (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 21, 2022 will 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: 2nd 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.

C. 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 2022, 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.

Munis Abdullah
Chairman
October 05, 2022

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, 2022. The Directors' Report is prepared in accordance with Section 227 of the Companies Act, 2017

Principal Activities

The principal activities of the Company are trading and distribution of consumer goods and allied products. The subsidiary of the Company is engaged in transportation and warehousing, assembly and trading of electrical goods.

Summary of Financial Performance

	2022	2021
	(Rupees in thousand)	
Revenue	**3,265,824**	3,283,188
Gross profit	**536,460**	526,257
Gross profit as a percentage of revenue	**16.43%**	16.03%
Operating profit / (loss)	**106,268**	77,667
Profit / (loss) after taxation	**21,756**	61,840

Financial Performance:

The revenue of Company has decreased by PKR 17.36 million as compared to same period last year due to discontinuation of Hayat Kimya business. Service income from wholly owned subsidiary IBL Logistics (Private) Limited has increased by PKR 98.53 million which is 17% increase as compared to last year.

Operating expenses of Company have decreased due to discontinuation of business and certain cost control initiatives. Finance cost has also decreased by PKR 5 million due to repayment of Company's debt.

Holding Company

International Brands (Private) Limited is the holding Company of United Brands Limited. As at June 30, 2022, International Brands (Private) Limited held 88,200,462 shares of PKR 10 each (96.08%).

Basic / diluted earnings per share

Basic / diluted earnings per share were **PKR 0.24** (2021: PKR (0.67))

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 reduction in revenue and profit
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	Piling of stock leading to product expiries, increased storage cost and working capital blockage. 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 Janie Lewis;

"We have a social responsibility, a constitutional opportunity and a moral obligation to help others."

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	Chairperson
	Mr. Zubair Razzak Palwala	Member
	Mr. Hasan Tariq Khan	Member
HR Committee	Mr. Hasan Tariq Khan	Chairman
	Mr. Syed Nadeem Ahmed	Member
	Mr. Syed Qaiser Abbass	Member

Meetings of the Board of Directors

During the year 2022, five Board meetings were held and attended as follows:

Name of Directors	Meeting Attended
Mr. Syed Nadeem Ahmed	5
Ms. Tayyaba Rasheed	5
Mr. Hasan Tariq Khan	5
Mr. Zubair Razzak Palwala	5
Mr. Syed Qaisar Abbas	5
Mr. Rizwan Ahmad	5
Mr. Munis Abdullah	3

Fee paid to directors for attending the Board of Directors meetings during the year amounted to Rs. 0.15 million (2021: Rs. 0.58 million).

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 2021-22, four audit committee meetings were held and attended as follows:

Members	Meeting Attended
Ms. Tayyaba Rasheed	4
Mr. Hasan Tariq Khan	4
Mr. Zubair Razzak Palwala	4

Human Resource and Remuneration Committee

The committee comprises of three members; two are non-executive Directors and one is executive including the Chairman of the Committee.

Directors Training:

The Board has arranged Director's Training Program for the following;

- Munis Abdullah – Non-Executive Director

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, 2023, 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, 2022 is PKR 8.36 million (June 30, 2021 is 8.2 million).

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

Pakistan in its entirety is in a suffering state right now either due to overall economic challenges or impacted due to recent flood damages. The Company has also suffered due to such challenges and overall profitability is highly impacted due to fuel price increase, higher utility and labor costs etc.,.

The Company believes that there is huge potential in the consumer and logistics industry of Pakistan and the Company can benefit from these opportunities. The Company is currently exploring to add new local accounts to ensure recoupment against lost imported businesses. The Board of Directors are also optimistic for enhancement and growth by tapping these new avenues.

We are confident that we can generate increased value for shareholders as well as deliver better products and services to our customers. In accomplishing this, we would like to appreciate the enormous cooperation and support of our all-stake holders, without which we will not be able to achieve these results.

We also take this opportunity to thank our employees for their continuing 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, 2022 and other related information is set out on page 105 to 107.

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 28, 2022

Rizwan Ahmad
Director

Syed Nadeem Ahmed
Chief Executive Officer

ڈائریکٹرز رپورٹ برائے حصص کنندگان

یونائیٹڈ برانڈز لمیٹڈ کے ڈائریکٹرز ۳۰ جون ۲۰۲۲ء کے اختتامی سال کے لئے اپنی رپوٹ بمہ آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ یہ رپورٹ کمپنیز ایکٹ ۲۰۱۷ کے سیکشن ۲۲۷ کے مطابق تیار کی گئی ہے۔

بنیادی سرگرمیاں:

کمپنی کی بنیادی سرگرمیاں صارفین کے سامان اور اس سے وابستہ مصنوعات کے تجارت اور تقسیم ہیں۔ کمپنی کا ذیلی ادارہ بجلی کے سامان کی نقل وحمل اور گودام، اسمبلی اور تجارت میں مصروف ہے۔

مالیاتی کارکردگی کا جائزہ:

	2022	2021
	(Rupees in thousand)	
Revenue	3,265,824	3,283,188
Gross profit	**536,460**	**526,257**
Gross Profit as a percentage of revenue	16.43%	16.03%
Operatingprofit / (loss)	106,268	77,667
Profit / (loss) for the period	**21,756**	**61,840**

مالی جائزہ:

حیات کیمیا کے کاروبار کے بند ہونے کی وجہ سے کمپنی کی آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 17.36 PKR ملین کی کمی واقع ہوئی ہے۔ مکمل ملکیتی ذیلی کمپنی IBL لاجسٹک (پرائیویٹ) لمیٹڈ سے سروس کی آمدنی میں 98.53 PKR ملین کا اضافہ ہوا ہے جو کہ گزشتہ سال کے مقابلے میں 17% اضافہ ہے۔

کاروبار بند ہونے اور لاگت پر قابو پانے کے کچھ اقدامات کی وجہ سے کمپنی کے آپریٹنگ اخراجات میں کمی آئی ہے۔ کمپنی کے قرض کی ادائیگی کی وجہ سے مالیاتی لاگت میں بھی 5 PKR ملین کی کمی واقع ہوئی ہے۔

ہولڈنگ کمپنی:

انٹرنیشنل برانڈز لمیٹڈ، یونائیٹڈ برانڈز لمیٹڈ کی ہولڈنگ کمپنی ہے۔ 30 جون 2022 تک انٹرنیشنل برانڈز لمیٹڈ کے پاس فی شیئر 10 روپے کے حساب سے 880,200,462 شیئرز (96.08%) تھے۔

فی حصص آمدنی:

۳۰ جون ۲۰۲۲ کو ختم ہونے والے سال میں فی حصص آمدنی میں 0.24 روپے رہی۔ (۳۰ جون ۲۰۲۱: (0.67) روپے) ہے۔

ماحول پر اثرات:

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

اخلاقیات اور کاروباری امور کا اسٹیٹمنٹ:

یونائیٹڈ برانڈز لمیٹڈ میں کام کرنے کیلئے دیانتداری مرکزی حیثیت رکھتی ہے۔ بورڈ آف ڈائریکٹرز نیا خلاقیات اور کاروباری طریقہ کار کو اپنایا ہے۔ تمام ملازمین کو اس سے با خبر کیا جاتا ہے اور انہیں کاروبار اور قوانین سے متعلق طرز عمل پر عمل کرنے کو ضروری سمجھا گیا 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۔
لیکوئیڈیٹی کا خطرہ	قرضہ جات پر 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 خطرہ	ٹیکسز کے کسٹم ٹیرف، ڈیوٹیز، ریگولیشنز اور غیر ملکی زرمبادلہ کی شرح میں تبدیلی سے مارجن اور منافع میں بگاڑ پیدا ہونا

رسک مینجمنٹ:

کمپنی کا مجموعی رسک مینجمنٹ پروگرام کمپنی کی کارکردگی پر ممکنہ منفی اثرات کو کم کرنے پر مرکوز ہے، سینئر مینجنٹ 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 کئے گئے ہیں۔ کمپنی خطرے کی شناخت، تشخیص اور انتظام کے عمل میں شامل خطرات، اسٹاٹیجک معاملات، مالیاتی، تجارتی اور آپریشنل خطرات کا سامنا کرتی ہے۔ خطرے کی تشخیص کی بنیاد پر کلیدی چیلینجز کا ازالہ کیا جاتا ہے اور مواقع کی نشاندہی کی جاتی ہے، کمپنی کے طویل مدتی اسٹراٹجیک مقاصد کے حصول کیلئے عملی منصوبے تیار کئے جاتے ہیں اور ان پر عمل کیا جاتا ہے۔

کاروباری 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۔

Janie Lewis کے الفاظ میں:

"دوسروں کی مدد کرنا ہماری سماجی ذمہ داری، آئینی موقعہ اور اخلاقی فرض ہیں"

مندرجہ ذیل ممبران 30 جون 2022 کو بورڈ آف ڈائریکٹرز کا حصہ تھے؛

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

کمپنی	ڈائیریکٹرز کے نام	عہدہ
آڈٹ کمیٹی	محترمہ طیبہ رشید	چیئرپرسن
	جناب زبیر رزاق پالوالا	غیرا یگزیکیٹیو ڈائیریکٹر
	جناب حسن طارق خان	غیرا یگزیکیٹیو ڈائیریکٹر
ہومین ریسورس کمیٹی	جناب حسن طارق خان	چیئرمین
	جناب ندیم احمد	غیرا یگزیکیٹیو ڈائیریکٹر
	جناب سید قیصر عباس	غیرا یگزیکیٹیو ڈائیریکٹر

بورڈ آف ڈائیریکٹرز کی میٹنگ:

سال 2022 کے دوران بورڈ کی پانچ میٹنگز منعقد ہوئی جس میں درج زیل ڈائیریکٹرز نے شرکت کی:

ڈائیریکٹرز کے نام	میٹنگ میں حاضری کی تعداد
جناب سید ندیم احمد	5
محترمہ طیبہ رشید	5
جناب حسن طارق خان	5
جناب زبیر رزاق پالوالا	5
جناب سید قیصر عباس	5
جناب رضوان احمد	5
جناب مونس عبداللہ	3

دورانِ سال بورڈ آف ڈائیریکٹرز کی میٹنگ میں شرکت کیلئے ڈائیریکٹرز کو ادا کی جانے والی فیس مبلغ 0.15 میلین روپے تھی-(2021: مبلغ 0.58 میلین روپے)

آڈٹ کمیٹی:

کمیٹی تین ممبران پر مشتمل ہے، تمام غیرا یگزیکیٹیو ڈائریکٹرز کا چیئرمین آزاد ڈائیریکٹر ہے۔
بورڈ آف ڈائیریکٹر نے کمیٹی کے حوالے سے شرائط وضوابط لسٹنگ ریگولیشنز میں فراہم کردہ ہدایت کے مطابق طے کی ہیں اور کمیٹی کو اس پر عمل کرنے کا مشورہ دیا ہے۔ ایک آزاد آڈٹ ڈپارٹمنٹ بورڈ کی آڈٹ کمیٹی کو تمام خطرات کے جائزے اوران کو کنٹرول کرنے کی رپورٹ پیش کرتا ہے۔

سال 22-2021 کے دوران آڈٹ کمیٹی کی چار میٹینگز ہوئیں جس میں درج ذیل نے شرکت کی:

ممبران	میٹینگ میں حاضری کی تعداد
محترمہ طیبہ رشید	4
جناب حسن طارق خان	4
جناب زبیر رزاق پالوالا	4

ہیومن ریسورس اور معاوضے کی کمیٹی:

کمیٹی تین ممبران پر مشتمل ہے، ایک ایگزیکیٹو اور دیگر بشمول چیئرمین غیر ایگزیکیٹو ڈائریکٹرز ہیں۔

ڈائریکٹرز کی تربیت:

دوران سال بورڈ نے مندرجہ ذیل ممبران کی تربیت کا انتظام کیا:

- جناب مونس عبداللہ   نان ایگزیکیٹو ڈائریکٹرز

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 موجود 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 2023 کیلئے انہی شرائط و ضوابط اور اجرت پر دوبارہ تقرر کرنے کیلئے سفارش پیش کی ہے۔

بعد از 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 سرمایا کاری پر ویلیو:

30 جون 2022 کو کمپنی کے مالی بیانات کے مطابق پروویڈنٹ فنڈ میں سرمایہ کاری کی فیئر ویلیو مبلغ 8.36 ملین پاکستانی روپے ہے۔ (30 جون 2021 کو مبلغ 8.2 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 ہے۔

☆ 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 اور اس کے مطابق مالیاتی حسابات کی تیاری کی گئی 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۔

مستقبل پر ایک نظر:

پاکستان اس وقت یا تو مجموعی معاشی چیلنجوں کی وجہ سے یا حالیہ سیلاب سے ہونے والے نقصانات کی وجہ سے متاثر ہوا ہے۔ کمپنی کو اس طرح چیلنجز کی وجہ سے بھی نقصان اٹھانا پڑا ہے اور ایندھن کی قیمتوں میں اضافے، زیادہ افادیت اور مزدوری کے اخراجات وغیرہ کی وجہ سے مجموعی منافع بہت زیادہ متاثر ہوا ہے۔

کمپنی کا خیال ہے کہ پاکستان کی کنزیومر اور لاجسٹک انڈسٹری میں بہت زیادہ پوٹینشل موجود ہے اور کمپنی ان مواقع سے فائدہ اٹھا سکتی ہے۔ کمپنی فی الحال نئے مقامی اکاؤنٹس کو شامل کرنے کی تلاش کر رہی ہے تا کہ گمشدہ درآمد شدہ کاروباروں کی واپسی کو یقینی بنانا جا سکے۔ بورڈ آف ڈائریکٹرز بھی ان نئی راہوں کو استعمال کرتے ہوئے اضافہ اور ترقی کے لیے پرامید ہیں۔

ہمیں یقین ہے کہ حصص یافتگان کے لیے بڑھتی ہوئی قدر پیدا کر سکتے ہیں اور ساتھ ہی اپنے صارفین کو بہتر مصنوعات اور خدمات فراہم کر سکتے ہیں۔ اس کو پورا کرنے میں، ہم اپنے تمام اسٹیک ہولڈرز کے بے پناہ تعاون اور حمایت کی تعریف کرنا چاہیں گے، جس کے بغیر ہم یہ نتائج حاصل نہیں کر سکیں گے۔

شیئر ہولڈنگ کی معلومات:

کمپنی کے شیئر کی تجارت پاکستان اسٹاک ایکسچینج میں ہو رہی ہیں۔ 30 جون 2022 تک شیئر ہولڈنگ کا پیٹرن اور اس سے متعلق دیگر معلومات صفحہ نمبر 105 تا 107 پر بیان کی گئی ہیں۔

کسی بھی ڈائیر، CIO، CFO اور کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں نے کمپنی کے حصص میں کوئی لین دین نہیں کیا۔

کراچی
۲۸ ستمبر ۲۰۲۲ء

سید ندیم احمد
چیف ایگزیکٹو آفیسر

رضوان احمد
ڈائریکٹر

FINANCIAL HIGHLIGHTS

Operational Results:	---Amount in '000---						
	2022	2021	2020	2019	2018	2017	2016
Sales	2,360,090	2,553,666	3,270,644	4,048,617	3,776,649	1,389,745	1,483,737
Gross Profit	343,686	371,231	834,980	1,028,180	983,565	342,931	229,244
Operating (Loss) / Profit	(21,409)	(8,470)	(41,916)	(47,102)	252,997	69,541	57,705
Financial Charges	(36,803)	(45,605)	(137,598)	(324,708)	126,902	15,395	6,076
Profit / (Loss) before Taxation	(45,359)	43,461	(127,729)	(371,810)	126,095	54,146	51,629
Profit / (Loss) after Taxation	(65,625)	3,727	(255,676)	(549,914)	(29,214)	6,021	28,441
Proposed Dividend	-	-	-	-	-	5,400	-

Balance Sheet:	---Amount in '000---						
	2022	2021	2020	2019	2018	2017	2016
Shareholders' Equity	(10,564)	55,061	51,334	307,010	876,541	101,155	95,134
Non-Current Liabilities	-	12,838	9,012	-	-	212,000	-
Current Liabilities	1,167,762	1,036,410	1,567,492	2,157,356	1,747,529	1,455,424	726,256
Non-Current Assets	31,986	34,687	38,185	28,817	30,336	1,349	1,492
Current Assets	1,125,212	1,069,622	1,589,653	2,435,549	2,593,734	1,767,230	819,898

Financial Ratios:	---Amount in '000---						
	2022	2021	2020	2019	2018	2017	2016
Turnover on (Loss) / Profit before Tax	-1.92%	1.70%	-3.91%	-9.18%	3.34%	3.90%	3.48%
Proposed Dividend	-	-	-	-	-	5%	-
Return on Assets	-5.67%	0.34%	-15.45%	-22.31%	-1.11%	0.34%	3.46%
Return on Equity	-621.21 %	6.77%	-498.06%	-179.12%	-3.33%	5.95%	29.90%
Earnings / (Loss) per Share	(0.71)	0.04	(2.79)	(5.99)	(0.56)	0.13	0.62
Market value per Share	17.35	30.62	26.44	14.30	52.08	191.00	55.49
Book Value per Share	-1.15	0.60	0.56	3.34	9.55	9.37	8.79
Current Ratio	0.96	1.03	1.01	1.13	1.48	1.21	1.13

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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 June 30, 2022 in accordance with the requirements of regulation 36 of 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. 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 June 30, 2022.

Chartered Accountants
Karachi

Dated: October 6, 2022

UDIN: CR202210073WxjgJhFis

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

FOR THE YEAR ENDED JUNE 30, 2022

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

1. The total number of Directors as at June 30, 2022 were seven (7) as per the following composition:
   a) Male: 6 (six)
   b) Female: 1 (one)

2. The composition of the Board as at June 30, 2022 was as follows:

Category	Names
Independent Directors*	Mr. Hasan Tariq Khan Ms. Tayyaba Rasheed
Non-Executive Directors	Mr. Munis Abdullah
	Mr. Syed Nadeem Ahmed
	Mr. Zubair Razzak Palwala
Executive Directors	Mr. Syed Qaiser Abbas
	Mr. Rizwan Ahmad
Female Director	Ms. Tayyaba Rasheed

*Determination of number of independent directors arrives at 2.33 (rounded to 2) which is based on seven elected directors. The fraction is not rounded up since the two (2) elected independent directors have requisite competency, knowledge and experience to discharge and execute their responsibilities as per applicable laws and regulations.

3. The directors have confirmed that none of them is serving as a director on more than seven 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 Companies Act, 2017 (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 has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. The Board has arranged Director's Training Program for Mr. Munis Abdullah. The other Directors of the Company have completed the requirements of Director's Training program.

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
Ms. Tayyaba Rasheed	Chairperson
Mr. Zubair Razzak Palwala	Member
Mr. Hasan Tariq Khan	Member

HR and Remuneration Committee

Name	Category
Mr. Hasan Tariq Khan	Chairman
Mr. Syed Nadeem Ahmed	Member
Mr. Syed Qaiser Abbas	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 committees was as follows:

a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2022
b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2022

15. The Board has outsourced the internal audit function to Grant Thornton Anjum 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 regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

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 and senior managers perform the requisite functions and apprise 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, the Company is in the process of updating their newly developed website with all required key elements of its significant policies.	35(1)

On behalf of the Board

Munis Abdullah
Chairman

Syed Nadeem Ahmed
Chief Executive Officer

UNCONSOLIDATED FINANCIAL STATEMENTS

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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 the unconsolidated statement of financial position as at June 30, 2022, and the unconsolidated statement of profit or loss account and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement 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, the unconsolidated statement of profit or loss account and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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, 2022 and of the loss and other comprehensive loss, 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	**Revenue recognition** ***(Refer note 2.15 and 18 to the annexed unconsolidated financial statements)*** The Company recognises revenue when control of the underlying products has been transferred to the customers. We considered revenue as a key audit matter due to revenue being one of the key performance indicators of the Company. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.	Our audit procedures in respect of recognition of revenue, amongst others, included the following: • understood and evaluated the design, implementation and operating effectiveness of control over revenue; • assessed the appropriateness of the Company's revenue recognition accounting policies by comparing with applicable accounting standards; • performed verification on revenue transactions, sales return and discounts on sample basis; • performed revenue analysis including month on month analysis, year on year analysis, business line wise analysis, etc. and inquired unusual fluctuations, if any; • performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period; and • reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

Information Other than the Unconsolidated 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 the unconsolidated 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 the Unconsolidated 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 the unconsolidated 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 the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 these unconsolidated 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 the unconsolidated 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 the unconsolidated 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 the unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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.

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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 unconsolidated statement of profit or loss account and other comprehensive income, the unconsolidated statement 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 06, 2022

UDIN: AR202210073zJkpijnwH

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000')	
ASSETS			
Non-current assets			
Property and equipment	3	**6,522**	9,133
Intangible assets	4	**52**	142
Investment in subsidiary	5	**25,000**	25,000
Long term deposits	6	**412**	412
		31,986	34,687
Current assets			
Inventories	7	**555,170**	502,021
Trade and other receivables	8	**347,161**	354,703
Prepayments and advances	9	**5,512**	15,526
Taxation - payments less provision		**37,464**	38,653
Tax refunds due from Government - sales tax	10	**72,729**	67,112
Accrued interest		**363**	196
Cash and bank balances	11	**106,813**	91,411
		1,125,212	1,069,622
Total assets		**1,157,198**	1,104,309
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	12	**918,000**	918,000
Accumulated losses		**(928,564)**	(862,939)
		(10,564)	55,061
Liabilities			
Non-current liabilities			
Long-term borrowings	13	**-**	12,571
Deferred income - Government grant	14	**-**	267
		-	12,838
Current liabilities			
Trade and other payables	15	**889,038**	729,850
Short-term borrowings	16	**253,034**	272,232
Current portion of deferred income - Government grant	14	**267**	1,781
Current portion of long-term borrowings	13	**14,672**	29,344
Accrued mark-up		**10,398**	2,850
Unclaimed dividend		**353**	353
		1,167,762	1,036,410
Total liabilities		**1,167,762**	1,049,248
Contingency and commitments	17		
Total equity and liabilities		**1,157,198**	1,104,309

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements

Syed Nadeem Ahmed
Chief Executive Officer

Rizwan Ahmad
Director

Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000')	
Revenue from contracts with customers	18	**2,360,090**	2,553,666
Cost of sales	19	**(2,016,404)**	(2,182,435)
Gross profit		**334,686**	371,231
Marketing and distribution expenses	20	**(287,863)**	(276,805)
Administrative and general expenses	21	**(59,360)**	(52,549)
Recognition of loss allowance on trade receivables	8.1.3	**(5,847)**	(5,332)
Other Operting expences	22	**(12,025)**	(45,015)
Loss from operations		**(21,409)**	(8,470)
Other income	23	**12,853**	97,536
Finance costs	24	**(36,803)**	(45,605)
(Loss) / profit before income tax		**(45,359)**	43,461
Income tax expense	25	**(20,266)**	(39,734)
(Loss) / profit for the year		**(65,625)**	3,727
Other comprehensive income		**-**	-
Total comprehensive (loss) / income		**(65,625)**	3,727
		(Rupees)	
Basic and diluted (loss) / earnings per share	26	**(0.71)**	0.04

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements

Syed Nadeem Ahmed
Chief Executive Officer

Rizwan Ahmad
Director

Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	**102,802**	599,179
Decrease in long-term deposits		**-**	1,502
Income taxes paid		**(19,076)**	(42,384)
Finance cost paid		**(21,173)**	(42,172)
Net cash generated from operating activities		**62,553**	516,125
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(114)**	(819)
Interest income received		**1,711**	-
Placement in term deposit receipt		**-**	(32,092)
Net cash generated / (used in) investing activities		**1,597**	(32,911)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		**-**	44,940
Repayment of long term financing		**(29,550)**	(16,409)
Repayment of short term financing - net		**(19,198)**	(464,013)
Net cash used in financing activities		**(48,748)**	(435,482)
Net increase in cash and cash equivalents		**15,402**	47,732
Cash and cash equivalents at beginning of the year		**59,319**	11,587
Cash and cash equivalents at end of the year	28	**74,721**	59,319

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements

Syed Nadeem Ahmed	Rizwan Ahmad	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Reserves		
	Capital	Revenue	
	Issued, subscribed and paid up capital	Accumulated losses	Total Equity
	(Rupees 000)		
Balance as at July 01, 2020	918,000	(866,666)	51,334
Profit for the year	-	3,727	3,727
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended June 30, 2021	-	3,727	3,727
Balance as at July 01, 2021	918,000	(862,939)	55,061
Loss for the year	-	(65,625)	(65,625)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year ended June 30, 2022	-	(65,625)	(65,625)
Balance as at June 30, 2022	**918,000**	**(928,564)**	**(10,564)**

The annexed notes from 1 to 36 form an integral part of these unconsolidated financial statements

Syed Nadeem Ahmed
Chief Executive Officer

Rizwan Ahmad
Director

Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. THE COMPANY AND ITS OPERATIONS

1.1 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 (now Companies Act, 2017). The Company was again renamed as United Brands Limited, a public limited Company on April 5, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are quoted on the Pakistan Stock Exchange.

The Company is a subsidiary of International Brands (Private) 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 and 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 2nd 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 35.

1.2 The Company has investment in subsidiary company - IBL Logistics (Private) Limited (the Subsidiary) incorporated in Pakistan. The unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

1.3 Management prepared these financial statements on a going concern basis, which assumes the realisation of assets and the satisfaction of liabilities in the normal course of business. As at June 30, 2022, the Company had net (deficit) / surplus of Rs. (10.56) million (2021: Rs.55.06 million), net current (liability) / asset position of Rs. (42.55) million (2021: Rs. 33.21 million) and operating cashflows of Rs 62.55 million (2021: Rs. 516.13 million). For the year ended June 30, 2022, the Company has incurred a (loss) / profit of Rs. (65.63) million (2021: Rs. 3.73 million).

The Company has been closely monitoring the cash flows and forecasts on a monthly basis. Management performed analysis over their cash flow forecast to factor in the impact of a decline in both revenue and collection from customers. The Company will continue to receive support for at least the next twelve months from the date of issuance of these financial statements, if needed, from the Ultimate Parent Company. Based on above analysis and support from the Ultimate Parent Company, management has adequate financing lines to be able to maintain liquidity in order to repay its creditors in the foreseeable.

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

Estimates and judgements 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.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgements made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these unconsolidated financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in future periods is described in note 2.20 - Expected Credit Losses (ECLs).

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 judgements other than those disclosed 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, interpretations and pronouncements

a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company’s financial reporting.

b) Standards and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

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 3.1 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 account 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 account 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

Investments in subsidiary companies are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in unconsolidated profit or loss account and other comprehensive income.

2.6 Inventories

These are valued at the lower of cost and net realisable value. Raw and packing material and finished goods of trading stock are valued using first-in first-out method. Cost of finished goods manufactured comprise of direct costs including toll manufacturing charges. Provision is recorded for expired goods.

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

2.7 Trade and other receivables

Trade and other 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 2.20 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 statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks, cash and cheques held at branches.

2.9 Share capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

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 whether billed to the Company or not.

2.11 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, 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

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the unconsolidated statement of profit or loss account and other comprehensive income, except to the extent that it relates to items recognised in OCI or directly in equity. In which case, the tax is also recognised in OCI or directly in equity.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

i. Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation of income using prevailing tax rates 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 and other comprehensive income.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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 at a point in time when control of the products has been transferred, i.e. 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 on dispatch of goods to customers i.e. when significant risks and rewards of ownership have been transferred to the customer.

Sales return are recognized as deduction from revenue on terms on arrangement with customer.

The Company offers discounts to customers as part of its normal course of business to encourage sales of the products. Discounts are recorded as a reduction of revenue of the Company.

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 Contract liability

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs as per the contract.

2.17 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.

2.18 Foreign currency transactions and translation

The unconsolidated financial statements are presented in Pakistan Rupees, 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 Pakistan Rupees at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies, if any, as at the reporting date are translated into Pakistan 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 account and other comprehensive income.

2.19 Dividend distribution

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

2.20 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 or 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 account 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 expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2022 and the corresponding historical credit losses experienced within this period.

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 unconsolidated statement of profit or loss account and other comprehensive income.

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 unconsolidated statement of profit or loss account and other comprehensive income. 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 unconsolidated statement of profit or loss account and other comprehensive income, 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 account and other comprehensive income.

2.21 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.

2.22 Deferred income - Government grant

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

2.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) in respect of its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	2022	2021
	(Rupees '000)	
3. PROPERTY AND EQUIPMENT		
Operating assets - note 3.1	**6,522**	9,133

3.1 Operating assets

	Leasehold Improvements	Machinery note 3.2	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
	(Rupees '000)					
Net carrying value basis						
Year ended June 30, 2022						
Opening net book value (NBV)	**-**	**6,695**	**1,026**	**1,412**	**-**	**9,133**
Additions (at cost)	**-**	**-**	**-**	**114**	**-**	**114**
Depreciation charge - note 3.3	**-**	**(1,540)**	**(119)**	**(1,066)**	**-**	**(2,725)**
Closing net book value (NBV)	**-**	**5,155**	**907**	**460**	**-**	**6,522**
Gross carrying value basis						
At June 30, 2022						
Cost	**1,698**	**8,492**	**2,294**	**13,865**	**2,842**	**29,191**
Accumulated depreciation	**(1,698)**	**(3,337)**	**(1,387)**	**(13,405)**	**(2,842)**	**(22,669)**
Net book value (NBV)	**-**	**5,155**	**907**	**460**	**-**	**6,522**
Net carrying value basis						
Year ended June 30, 2021						
Opening net book amount	-	-	339	2,251	-	2,590
Additions (at cost)	-	43	776	-	-	819
Transfer from CWIP (at cost)	-	8,449	-	-	-	8,449
Depreciation charge - note 3.3	-	(1,797)	(89)	(839)	-	(2,725)
Closing net book value (NBV)	-	6,695	1,026	1,412	-	9,133
Gross carrying value basis						
At June 30, 2021						
Cost	1,698	8,492	2,294	13,751	2,842	29,077
Accumulated depreciation	(1,698)	(1,797)	(1,268)	(12,339)	(2,842)	(19,944)
Net book value (NBV)	-	6,695	1,026	1,412	-	9,133
Annual rate of Depreciation %	**10**	**20**	**10**	**20**	**20**	

3.2 Machinery items represent moulds and cylinders having cost of Rs. 7.70 million and Rs. 0.75 million respectively, 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.

	2022	2021
	(Rupees '000)	
3.3 Depreciation for the year has been allocated as follows:		
Cost of sales - manufactured goods - note 19.1	**1,797**	1797
Marketing and distribution expenses - note 20	**742**	742
Administrative and general expenses - note 21	**186**	186
	2,725	2,725

	2022	2021
	(Rupees '000)	
4. INTANGIBLE ASSETS		
Computer software - note 4.1	**52**	142
4.1 Computer software		
Net carrying value basis		
Opening net book value	**142**	232
Amortisation charge	**(90)**	(90)
Net book value	**52**	142
Gross carrying value basis		
Cost	**452**	452
Accumulated amortisation	**(400)**	(310)
Net book value	**52**	142
Useful life in years	**5**	5

	2022	2021
	(Rupees '000)	
5. INVESTMENT IN SUBSIDIARY		
Subsidiary company (at cost) - note 5.1 2,500,000 (June 30, 2021: 2,500,000) Ordinary shares of Rs. 10 each	**25,000**	25,000

5.1 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 at 2nd Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi.

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

6. LONG TERM DEPOSITS

	2022	2021
	(Rupees '000)	
Long term deposits - note 6.1	**412**	412

6.1 This represents rent deposit. 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

	2022	2021
	(Rupees '000)	
Raw and packaging materials:		
- in hand	**30,447**	17,201
- in transit	**-**	9,573
	30,447	26,774
Finished goods - manufactured:		
- in hand - note 7.1	**11,367**	12,005
Trading goods:		
- in hand - note 7.1	**501,466**	412,019
- in transit	**11,890**	51,223
	513,356	463,242
Total	**555,170**	502,021

7.1 These include inventories amounting to Nil (2021: Rs. 0.83 million) held with third party.

7.2 As at june 30, 2022, stock of finished product has been written down by Rs. 24.99 million (2021 : Rs. 340.23 million) to arrive at its net realisable value of Nil (2021 : Nil).

8. TRADE AND OTHER RECEIVABLES

	2022	2021
	(Rupees '000)	
Trade receivables - note 8.1	**259,740**	243,029
Other receivables - note 8.2	**87,421**	111,674
	347,161	354,703

8.1 Trade receivables

	2022	2021
	(Rupees '000)	
Unsecured - Considered good		
- Due from related parties - note 8.1.1	**1,148**	13
- Others - note 8.1.2	**258,592**	243,016
Considered doubtful - others - note 8.1.2	**65,278**	59,431
	325,018	302,460
Less: Loss allowance on doubtful receivables - note 8.1.3	**(65,278)**	(59,431)
	259,740	243,029

8.1.1 As at June 30, 2022, 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)						
Year ended June 30, 2022							
The Searle Company Limited	**568**	**13**	**-**	**-**	**-**	**568**	**568**
United Retail (Private) Limited	**526**					**526**	**579**
International Brands (Private) Limited	**35**	**-**	**-**	**-**	**-**	**35**	**40**
IBL Healthcare Limited	**19**	**27**	**-**	**-**	**-**	**19**	**19**
	1,148	**40**	**-**	**-**	**-**	**1,148**	**1,206**
Year ended June 30, 2021							
The Searle Company Limited	13	13	-	-	-	13	1,708
	13	13	-	-	-	13	1,708

8.1.2 As at June 30, 2022, the age analysis of these trade receivables is as follows:

	2022	2021
	(Rupees '000)	
Not yet due	**165,606**	158,015
Past due		
Less than 30 days	**43,026**	46,206
- 31 to 90 days	**36,748**	31,203
- 91 to 360 days	**34,202**	19,299
- More than 360 days	**44,288**	47,724
	158,264	144,432
	323,870	302,447

	2022	2021
8.1.3 Balance at beginning of the year	**59,431**	54,099
Recognition of expected credit losses charge during the year - net	**5,847**	5,332
Balance at end of the year	**65,278**	59,431

8.2 Other receivables - unsecured considered good

	2022	2021
Related party - note 8.2.1 & 8.2.3	**8,989**	11,983
Others - note 8.2.2	**78,432**	99,691
	87,421	111,674

8.2.1 This represents amount receivable from IBL Healthcare Limited and IBL Logistics (Private) Limited amounting to Rs.7.81 million and Rs. 1.18 million respectively which pertains to claims raised in respect of discounts, samples, bonuses relating to sales of Canderel and salaries.

8.2.2 This represents receivable from principles in respect of stock claims, expenses and others.

8.2.3 As at June 30, 2022, 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)						
Year ended June 30, 2022							
IBL Healthcare Limited	**7,806**	-	-	-	-	**7,806**	**7,806**
IBL Logistics (Private) Limited	**1,183**					**1,183**	**18,535**
	8,989	-	-	-	-	**8,989**	**26,341**
Year ended June 30, 2021							
The Searle Company Limited	8044	8044	-	-	-	8044	8044
IBL HealthCare Limited	3,939	-	-	-	-	3,939	3,939
	11,983	8,044	-	-	-	11,983	11,983

	2022	2021
	(Rupees '000)	
9. PREPAYMENTS AND ADVANCES		
Prepayments - Unsecured	**1,085**	43
Advances - note 9.1	**4,427**	15,483
	5,512	15,526
9.1 Advances		
Unsecured - Considered good		
- Advance to suppliers	**1,000**	4,451
- Advance against toll manufacturing - note 9.1.1	**3,043**	3,590
- Advance to employees	**184**	329
- Advance against letter of credit	**-**	6,648
- Advance against marketing	**-**	158
- Others - note 9.1.2	**200**	307
	4,427	15,483

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

9.1.2 The amount represents advances given to clearing agent Anwar Asghar Bros.

9.1.3 These advances do not carry any mark up arrangement.

10. TAX REFUNDS DUE FROM GOVERNMENT - SALES TAX

This includes an amount of Rs. 70.64 million relating to sales tax paid in the prior period for which no input was claimed due to dispute with Collector of Customs. The Collector of Customs raised an issue in relation to payment of Federal Excise Duty (FED) on the import of goods made by Company during the month of June 2020. However, due to restriction placed on the "release of the said consignment" due to FED payment dispute, the sales tax paid could not be adjusted by the Company in that month. The Company had paid sales tax amounting to Rs. 42.43 million and Rs. 28.21 million in the months of June 2020 and June 2021 respectively for the above mentioned consignment. Since, the sales tax has been paid in relation to the taxable supplies to be made, the Company intends to claim the same. The Company has asked Customs Department to issue a letter to Federal Board of Revenue requesting it to allow claim of input sales tax in the subsequent sales tax periods for the aforementioned amount

On behalf of the above request by the Company, the Collectorate of Customs Appraisement (EAST) vide their letter No. "C.NO. SI/MISC/164/KAPE/AC-I/2022" has issued intimation to the Large Tax Payer Unit for recognition of sales tax amounting to Rs. 42.43 million and Rs. 28.21 million. On the basis of letter issued, the Company has filed an application to the Commissioner Inland Revenue, for issuance of refund of the above sales tax amount.

11. CASH AND BANK BALANCES

	2022	2021
	(Rupees '000)	
With Banks on		
- Current accounts:		
- Conventional	**42,349**	13,005
- Islamic	**5,464**	5,418
- Savings accounts:		
- Islamic - note 11.1	**20,081**	21,281
Term deposit receipt - note 11.2	**32,092**	32,092
	99,986	71,796
Cash and cheques in hand	**6,827**	19,615
	106,813	91,411

11.1 These are shariah compliant bank balances and carry profit at rates ranging from 0.08% to 2.90% (2021: 0.07% to 3.03%) per annum.

11.2 It represents guarantee deposits placed with Silkbank Limited in form of term deposit receipts carrying mark up at the rate 7.15% to 12.5% (2021: 6.75% to 7.15%) per annum.

12. SHARE CAPITAL

Authorised Share Capital

Number of Shares 2022	Number of Shares 2021		2022	2021
			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

Number of Shares 2022	Number of Shares 2021			
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, 2022, International Brands (Private) Limited together with its nominees holds 88,200,462 (June 30,2021:88,200,462) ordinary shares of Rs. 10 each.

	2022	2021
	(Rupees '000)	
13. LONG-TERM BORROWINGS		
Salary refinancing		
Balance as at July 1	**41,915**	13,749
Disbursements during the year	**-**	44,940
Less:		
- Deferred income - Governement grant - note 14	**-**	(4,516)
- Repayments	**(29,550)**	(16,409)
Unwinding of discount on salary refinancing - note 24	**2,307**	4,151
	14,672	41,915
Less: Current maturity shown under short-term borrowings	**(14,672)**	(29,344)
Balance as at June 30	**-**	12,571

13.1 This represents salary refinancing in relation to the Company availing the State Bank of Pakistan's (SBP) payroll finance facility as part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic. The Company is paying a quarterly mark up at a discounted rate of 3% per anum, with eight equal quarterly installments started from January 2021.

13.2 The facilities are secured against all the present and future movable current assets including but not limited to stocks, raw materials, stock in transit cash etc., now or hereafter stored or located and / or elsewhere in Pakistan including goods in transit.

	2022	2021
	(Rupees '000)	
14. DEFERRED INCOME - GOVERNMENT GRANT		
Balance as at July 1	**2,048**	-
Additions during the year - note 13	**-**	4,516
Deferred income recognised during the year - note 23	**(1,781)**	(2,468)
	267	2,048
Less : current portion of deferred income	**(267)**	(1,781)
Long term portion of deferred income as at the June 30	**-**	267

		2022	2021
		(Rupees '000)	
15.	**TRADE AND OTHER PAYABLES**		
	Trade creditors	**510,628**	432,020
	Payable to IBL Operations (Private) Limited - note 15.1	**230,796**	157,108
	Accrued liabilities	**58,380**	61,141
	Payable to IBL Healthcare Limited - note 15.2	**41,134**	36,432
	Payable to International Brands (Private) Limited - note 15.3	**31,595**	18,194
	Payable to IBL Logistics (Private) Limited	**-**	268
	Payable to The Searle Company Limited	**-**	12,118
	EOBI and SESSI payable	**1,862**	1,667
	Payable to employees' provident fund - note 15.4	**1,415**	1,389
	Withholding tax payable	**849**	125
	Other liabilities	**12,379**	9,388
		889,038	729,850

15.1 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. 126.75 million as funds transferred to the Company to meet working capital requirements which do not carry mark-up and are repayable on demand.

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

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

15.4 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.

		2022	2021
16.	**SHORT-TERM BORROWINGS**	(Rupees '000)	
	Finance against short term loans from Islamic banks	**253,034**	272,232

16.1 These represent short-term loans obtained under financing arrangement from Islamic banks. These are secured by way of hypothecation charge over inventories and receivables of the Company with 25% margin. These are maturing between August and November 2022.

The arrangements carry mark-up ranging from 0.15% to 2% above six months KIBOR (2021: 0.15% to 2.5% above six months KIBOR and 1.75% above three months KIBOR) with a maximum aggregate limit of Rs. 300 million (2021: Rs. 300 million).

17. CONTINGENCY AND COMMITMENTS

17.1 Contingency

17.1.1 During the year ended June 30, 2020, the Deputy Commissioner Inland Revenue issued a notice of 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. The Honorable High Court of Sindh has restrained the Deputy Commissioner Inland Revenue from enforcing the impugned income tax demand till the decision of Commissioner Inland Revenue (Appeals-II). The appeal was heard on December 16, 2021 and is now reserved for order. The management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Company. Therefore, no provision has been made in these unconsolidated financial statements.

17.1.2 During the year, the Assistant / Deputy Commissioner Inland Revenue issued an order dated December 30, 2021 for recovery of witholding tax along with default surcharge amounting to Rs. 156.55 million under section 161 (1) on account of short deduction of tax at the time of making certain payments for the tax year 2018. During the year, the Company has filed an appeal against the aforesaid order before the Commissioner Inland Revenue (Appeals) - (CIRA). The Appeal is currently pending to be heard before CIRA. However, the management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Company. Therefore, no provision has been made in these unconsolidated financial statements.

17.1.3 During the year, the Assistant / Deputy Commissioner Inland Revenue issued an order dated March 30, 2022 for recovery of witholding tax along with default surcharge amounting to Rs. 200.04 million under section 161(1) on account of short deduction of tax at the time of making certain payments for the tax year 2019. During the year, the Company has filed an appeal against the aforesaid order before the Commissioner Inland Revenue (Appeals) - (CIRA). The Appeal is currently pending to be heard before CIRA. However, the management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Company. 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, 2022 amounted to Rs. 200 million (June 30, 2021: Rs. 450 million) and Rs. 132.09 million (June 30, 2021: Rs. 132.09 million) respectively. The amount remaining unutilised at the year end for letter of credit and guarantees was Rs. 200 million (June 30, 2021: Rs. 443.15 million) and Nil (June 30, 2021: Nil) respectively.

The facilities are secured by way of pari passu charge against hypothecation of the Company's current assets. The Parent Company has pledged 421,000 shares of The Searle Company Limited against letter of guarantees.

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022	2021
	(Rupees '000)	
Local Sales		
- Manufactured goods	**31,570**	40,377
- Trading Stock	**2,952,566**	3,151,529
	2,984,136	3,191,906
Less:		
- Trade discount	**76,830**	98,726
- Sales returns	**141,519**	103,772
- Sales tax	**405,697**	435,742
	(624,046)	(638,240)
	2,360,090	2,553,666

18.1 The revenue from Imtiaz Super Market amounts to Rs. 285.27 million (2021: Rs. 294.14 million) which constitutes 11.17% (2021: 11.09%) of the total revenue from contracts with customers.

19. COST OF SALES

	2022	2021
	(Rupees '000)	
Cost of sales - manufactured goods - note 19.1	**17,152**	19,386
Cost of sales - trading stock - note 19.2	**1,999,252**	2,163,049
	2,016,404	2,182,435

19.1 Cost of sales - manufactured goods

	2022	2021
Raw and packaging material consumed	**13,125**	27,544
Toll manufacturing charges	**1,546**	2,021
Depreciation	**1,797**	1,797
Repair & maintenance	**46**	29
	16,514	31,391
Add: Opening inventory of finished goods	**12,005**	-
Less: Closing inventory of finished goods	**(11,367)**	(12,005)
Cost of sales - manufactured goods	**17,152**	19,386

19.2 Cost of sales - trading stock

	2022	2021
Opening stock	**463,242**	703,888
Purchases	**2,049,366**	1,922,403
	2,512,608	2,626,291
Closing stock	**(513,356)**	(463,242)
Cost of sales - trading stock	**1,999,252**	2,163,049

20. MARKETING AND DISTRIBUTION EXPENSES

	2022	2021
	(Rupees '000)	
Salaries, wages and allowances - note 20.1	**130,523**	88,855
Vehicle running and repair & maintenance	**46,828**	43,389
Advertising and sales promotion	**45,351**	38,417
Freight and cartage	**26,024**	21,664
Rent, rates and taxes	**22,076**	58,148
Travelling and conveyance	**4,877**	3,272
Insurance and security expenses	**3,292**	10,786
Utilities	**3,065**	7,736
Communication and entertainment	**2,549**	2,429
Printing and stationery	**2,503**	1,300
Depreciation	**742**	742
Others	**33**	67
	287,863	276,805

20.1 Salaries, wages and allowances include Rs. 2.27 million (2021: Rs. 3.11 million) in respect of contributory provident fund.

	2022	2020
	(Rupees '000)	
21. ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries, wages and allowances - note 21.1	**32,201**	25,339
Corporate service charges - note 21.2	**12,000**	12,000
Auditors' remuneration - note 21.3	**4,200**	2,850
Legal and professional charges	**2,761**	2,380
Travelling and conveyance	**2,401**	2,059
Rent, rates and taxes	**2,310**	2,969
Vehicle running and repair & maintenance	**2,122**	2,213
Fee and subscription	**364**	462
Insurance and security expenses	**250**	273
Depreciation	**186**	186
Printing and stationery	**178**	299
Communication and entertainment	**153**	142
Utilities	**144**	164
Amortisation	**90**	90
Others	**-**	1,123
	59,360	52,549

21.1 Salaries, wages and allowances include Rs. 0.31 million (2021: Rs. 0.85 million) in respect of contributory provident fund.

21.2 This represents reimbursement of information technology charges to International Brands (Private) Limited (Holding Company) at Rs. 1 million (2021: Rs.1 million) per month.

	2022	2020
	(Rupees '000)	
21.3 Auditors' remuneration		
Annual audit fee	**1,100**	1,100
Fee for review of half yearly financial information, Statement of Compliance with Code of Corporate Governance, other certifications and others	**850**	750
Taxation services	**1,800**	600
Out-of-pocket expenses	**450**	400
	4,200	2,850

	2022	2020
22. OTHER OPERATING EXPENSES	(Rupees '000)	
Provision for expired and damaged stock - note 22.1	**12,025**	45,015

22.1 This mainly includes provisions for damaged and expired items of business lines Johnson & Johnson (J&J) amounting to Rs. 1.78 million (2021: Rs. 39.96 million) and Kellogg's amounting to Rs. 5.53 million (2021 Rs. 0.53 million).

	2022	2020
23. OTHER INCOME	(Rupees '000)	
Income from financial assets		
Profit on savings accounts - Islamic	**26**	161
Profit on Term Deposit Receipt	**1,878**	196

Income from non-financial assets	2022	2021
	(Rupees '000)	
Scrap sales - note 23.1	**9,168**	31,091
Deferred income recognised on government grant	**1,781**	2,468
Severance payment	**-**	8,700
Group relief	**-**	8,044
Exchange gain - net	**-**	46,876
	12,853	97,536

23.1 This includes scrap sales in relation to damaged items of Johnson & Johnson (J&J) and Unilever business line amounting to Rs. 8.52 million and Rs. 0.64 million respectively. This sale represents the portion of total stock which could not be sold to other distributor under inventory transfer agreement.

24. FINANCE COSTS

	2022	2021
	(Rupees '000)	
Mark up on short term loans - note 24.1	**28,721**	36,405
Bank charges	**4,229**	3,572
Unwinding of discount on salary refinancing	**2,307**	4,151
Exchange loss - net	**1,546**	-
Mark up on running finance arrangements	**-**	1,477
	36,803	45,605

24.1 It includes mark-up expense of shariah compliant banks in respect of long term borrowings of Rs. 0.09 million (2021: Rs 0.84 million) and short term borrowings of Rs. 28.63 million (2021: Rs. 35.56 million).

25. INCOME TAX EXPENSE

	2022	2021
	(Rupees '000)	
- for current year	**19,216**	39,731
- for prior year	**1,050**	3
	20,266	39,734

25.1 Relationship between tax expense and accounting (loss) / profit	2022	2021	2022	2021
	Effective tax rate %		(Rupees '000)	
Accounting (loss) / profit before income tax			**(45,359)**	43,461
Tax at the enacted tax rate	**29.00**	29.00	**(13,154)**	12,604
Effect of:				
- Minimum tax on imports	**(183.48)**	24.53	**83,225**	10,659
- Minimum tax under section 113	**(86.36)**	56.45	**39,171**	24,535
- Prior year impact	**(2.31)**	0.01	**1,050**	3
- Others	**198.47**	(18.56)	**(90,026)**	(8,067)
Income tax expense for the year			**20,266**	39,734

25.2 Deferred tax asset is not recognised because it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised.

26. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

	2022	2021
	(Rupees '000)	
(Loss) / profit for the year attributable to ordinary shareholders	**(65,625)**	3,727
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year - note 12	**91,800,000**	91,800,000
	(Rupees)	
Basic and diluted (loss) / earnings per share	**(0.71)**	0.04

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, 2022 and 2021 which would have any effect on the loss per share if the option to convert is exercised.

27. CASH GENERATED FROM OPERATIONS

	2022	2021
	(Rupees '000)	
(Loss) / profit before income tax	**(45,359)**	43,461
Adjustments for non-cash charges and other items		
Depreciation	**2,725**	2,725
Deferred income - Government grant	**(1,781)**	(2,468)
Interest income	**(1,878)**	(196)
Amortisation	**90**	90
Recognition of loss allowance on trade receivables	**-** **5,847**	5,332
Mark-up on running finance arrangements	**-**	1,477
Provision for expired and damaged stock	**12,025**	45,015
Mark-up on short term loans	**28,721**	36,405
Unwinding of discount on salary refinancing	**2,307**	4,151
	48,056	92,531
	2,697	135,992
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Inventories	**(65,174)**	162,214
Trade and other receivables	**1,695**	299,189
Prepayments and advances	**10,014**	100,614
Tax refunds due from government - sales tax	**(5,617)**	(39,870)
	(59,082)	522,147
Increase / (decrease) in trade and other payables	**159,188**	(58,960)
Cash generated from operations	**102,803**	599,179

	2022	2021
	(Rupees '000)	
28. CASH AND CASH EQUIVALENTS		
Cash and bank balances excluding term deposit receipt - note 11	74,721	59,319

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

29.1 All the financial assets and financial liabilities of the Company are classified at amortised cost.

	2022						
	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							
Accrued interest	363	-	363	-	-	-	363
Long term deposits	-	-	-	-	412	412	412
Trade and other receivables	-	-	-	347,161	-	347,161	347,161
Cash and bank balances	52,173	-	52,173	54,640	-	54,640	106,813
June 30, 2022	52,536	-	52,536	401,801	412	402,213	454,749
FINANCIAL LIABILITIES							
Accrued mark-up	10,398	-	10,398	-	-	-	10,398
Trade and other payables	-	-	-	827,947	-	827,947	827,947
Unclaimed dividend	-	-	-	353	-	353	353
Long-term borrowings	14,672	-	14,672	-	-	-	14,672
Short-term borrowings	253,034	-	253,034	-	-	-	253,034
June 30, 2022	278,104	-	278,104	828,300	-	828,300	1,106,404
ON REPORTING DATE GAP							
June 30, 2022	(225,568)	-	(225,568)	(426,499)	412	(426,087)	(651,655)

	2021						
	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							
Accrued interest	196	-	196	-	-	-	196
Long term deposits	-	-	-	-	412	412	412
Trade and other receivables	-	-	-	354,703	-	354,703	354,703
Cash and bank balances	53,373	-	53,373	38,038	-	38,038	91,411
June 30, 2021	53,569	-	53,569	392,741	412	393,153	446,722
	-	-	-				
FINANCIAL LIABILITIES							
Accrued mark-up	2,850	-	2,850	-	-	-	2,850
Trade and other payables	-	-	-	666,917	-	666,917	666,917
Unclaimed dividend	-	-	-	353	-	353	353
Long-term borrowings	29,344	12,571	41,915	-	-	-	41,915
Short-term borrowings	272,232	-	272,232	-	-	-	272,232
June 30, 2021	304,426	12,571	316,997	667,270	-	667,270	984,267
ON REPORTING DATE GAP							
June 30, 2021	(250,857)	(12,571)	(263,428)	(274,529)	412	(274,117)	(537,545)

OFF STATEMENT OF FINANCIAL POSITION ITEMS

Letters of credit / guarantees	
June 30, 2022	**332,090**
June 30, 2021	443,150

29.2 Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

29.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to the financial instrument fails 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.

29.3.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2022	2021
Financial assets at amortised cost	(Rupees '000)	
Long term deposits - note 6	**412**	412
Trade and other receivables - note 8	**347,161**	354,703
Accrued interest	**363**	196
Bank balances - note 11	**99,986**	71,796
	447,922	427,107

29.3.2 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, regulatory authorities and utility companies have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates.

a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees, margins against letter of credit and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies.

Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Bank balances

	Rating			2022	2021
	Short term	Long-term	Agency	Rupees in '000	
Habib Bank Limited	A1+	AAA	JCR-VIS	**37,472**	32,432
Silkbank Limited	A2	A-	JCR-VIS	**22,284**	1,962
Al Baraka Bank Pakistan Limited	A1	A	JCR-VIS	**3,307**	253
Habib Metropolitan Bank	A1+	AA+	PCRA	**1,816**	891
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	JCR-VIS	**1,467**	1,506
Meezan Bank Limited	A1+	AAA	JCR-VIS	**898**	842
Bank AL Habib Limited	A1+	AAA	PCRA	**650**	1,818
				67,894	39,704

b) Counterparties without external credit ratings

These mainly include customers which are counter parties to local trade debts against sale of goods. As explained in note 2.20, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used three years monthly data in the calculation of historical loss rates along with the matching monthly ageing brackets for the computation of roll rates. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2022 was determined as follows:

	2022			2021		
	Expected loss rates %	Gross Carrying amount	Loss Allowance	Expected loss rates %	Gross Carrying amount	Loss Allowance
		Rupees in '000			Rupees in '000	
Not past due	**2.25%**	**165,606**	**3,725**	1.30%	158,015	2,056
Past due						
1 - 30 days	**6.08%**	**43,026**	**2,614**	2.90%	46,206	1,338
31 - 90 days	**8.76%**	**36,748**	**3,220**	6.22%	31,203	1,941
91 - 360 days	**33.42%**	**34,202**	**11,431**	33.02%	19,299	6,372
More than 360 days	**100.00%**	**44,288**	**44,288**	100.00%	47,724	47,724
		323,870	**65,278**		302,447	59,431

29.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. 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.

29.4.1 Exposure to liquidity risk

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2022					
	Carrying amount	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**One to five years**	**More than five years**
	Rupees in '000					
Financial liabilities						
Long-term borrowings	**14,672**	**(14,761)**	**(14,761)**	**-**	**-**	**-**
Trade and other payables	**827,947**	**(827,947)**	**-**	**(827,947)**	**-**	**-**
Unclaimed dividend	**353**	**(353)**	**-**	**(353)**	**-**	**-**
Accrued mark-up	**10,398**	**(10,398)**	**-**	**(10,398)**	**-**	**-**
Short-term borrowings	**253,034**	**(260,481)**	**-**	**(260,481)**	**-**	**-**
	1,106,404	**(1,113,940)**	**(14,761)**	**(1,099,179)**	**-**	**-**

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees in '000					
Financial liabilities						
Long-term borrowings	41,915	(44,841)	(15,173)	(14,941)	(14,727)	-
Trade and other payables	666,917	(666,917)	-	(666,917)	-	-
Unclaimed dividend	353	(353)	-	(353)	-	-
Accrued mark-up	2,850	(2,850)	-	(2,850)	-	-
Short-term borrowings	272,232	(272,232)	-	(272,232)	-	-
	984,267	(987,193)	(15,173)	(957,293)	(14,727)	-

29.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

a) 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, 2022, the Company is not materially exposed to interest rate risk.

As at June 30, 2022, the Company had variable interest bearing financial liabilities of Rs. 267.71 million (2021:Rs.314.15 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. 5.35 million (2021: Rs. 6.28 million) lower / higher.

b) 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 not exposed to any of the currency risk since all of its transactions are denominated in Pakistan Rupees.

30. 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, 2022 and at June 30, 2021 were as follows:

	2022	2021
	(Rupees '000)	
Total borrowings	**267,706**	314,147
Cash and bank - note 11	**(106,813)**	(91,411)
Net debt	**160,893**	222,736
Equity	**(10,564)**	55,061
Total capital	**150,329**	277,797
Debt to capital ratio	**1.07**	0.80

31. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021	**June 30, 2022**	June 30, 2021
	Rupees '000					
Managerial remuneration	-	-	-	-	**8,219**	**8,706**
Allowances	-	-	-	-	**4,110**	**4,353**
Bonus	-	-	-	-	**1,370**	**1,451**
Company's contribution to provident fund	-	-	-	-	**547**	**871**
Leave encashment	-	-	-	-	**342**	**363**
Medical expenses	-	-	-	-	**685**	**726**
	-	-	-	-	**15,273**	16,470
Number of persons	**1**	1	**6**	6	**5**	5

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

31.2 In addition to the above, fee paid to directors for attending Board of Directors meetings during the year amounted to Rs. 0.11 million (2021: Rs. 0.38 million).

31.3 Salary of Chief Executive and Directors is borne by another group company.

32. SEGMENT INFORMATION

Based on internal reporting structure for the year, no reportable segments were identified that were of accounting significance for decision making.

33. RELATED PARTY TRANSACTIONS

The related parties comprise of associated undertakings, directors of the Company and key management personnel. The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract / arrangement / agreement. Remuneration of key management personnel are in accordance with their terms of contractual engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary and Non-Executive Directors to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

UNITED BRANDS LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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

Nature of relationship		Nature of transactions	2022	2021
			(Rupees '000)	
Parent Company	-	Corporate service charges	**12,000**	12,000
Subsidiary Company	-	Purchase of goods	**2,420**	4,362
	-	Sale of goods	**197**	-
	-	Services obtained	**27,228**	14,755
Associated companies	-	Purchase of goods	**63,602**	97,287
	-	Allocation of expenses - note 33.2	**98,496**	53,363
	-	Funds received for working capital - note 15.1	**126,748**	107,200
	-	Group relief	**-**	8,044
	-	Sale of goods	**1,772**	2,134
Employees' Provident Fund	-	Contributions paid	**2,579**	3,962

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

33.3 The status of outstanding balances with related parties as at June 30, 2022 is included in the respective notes to the unconsolidated financial statements. These are settled in the ordinary course of business.

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

S.No.	Company	Basis of relationship	Aggregate % of shareholding
1.	International Brands (Private) Limited	Parent	96.08%
2.	IBL Logistics (Private) Limited	Subsidiary	100.00%
3.	IBL Operations (Private) Limited	Common Directorship	N/A
4.	The Searle Company Limited	Common Directorship	N/A
5.	IBL Healthcare Limited	Common Directorship	N/A
6.	United Brands Limited - Staff Provident Fund	Retirement Fund	-
7.	Hasan Tariq Khan	Independent Director	N/A
8.	Tayyaba Rasheed	Independent Director	N/A
9.	Munis Abdullah	Director	N/A
10.	Syed Nadeem Ahmed	Chief Executive	N/A
11.	Zubair Razzak Palwala	Director	N/A
12.	Syed Qaisar Abbas	Director	N/A
13.	Rizwan Ahmad	Director	N/A

34. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

34.1 Number of employees as at June 30

	2022	2021
- Permanent	**191**	225
- Contractual	**5**	9

	2022	2021
Average number of employees during the year		
- Permanent	**207**	251
- Contractual	**8**	4

35. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

SALES OFFICES	ADDRESSES
Bahawalpur	Plot No. 73-74/A, Small Industrial Area Estate, Multan Road, Near NBP. Bahawalpur.
Bannu	Back Side Bannu University IT Campus Fatima Khel Road. IBL Bannu
Buner	Shall Bandle Bypass Road, Sooray Baba swarhi City. IBL Buner
Dera Gazi Khan	House No. 64-65,Block No. 16, Al-Mansoor Lodge, Ex PTCL Revenue Office. IBL Dera Ghazi Khan.
Faisalabad	Plot No. 387,388, Amin Town, Askari Road Near Educators School, West Canal Road. IBL Faisalabad.
Gujranwala	8 KM G.T Road , G Mangolia Housing Society. IBL Gujranwala.
Gujrat	Near Railway Crossing Shadiwal Road. IBL Gujrat.
Hyderabad	Plot # A-10-H, Near Bolevard Mall, SITE Area. IBL Hyderabad
Islamabad	Plot No. 65 & 66, Street 13, V9-2, Industrial Area. IBL Islamabad.
Jhang	Opposite Chungi No. 14 Faisalabad Road Jhang Sadar. IBL Jhang.
Karachi	Plot # L-16 A, Block-22, FB Industrial Area. IBL Karachi
Karachi	Habit Factory and Warehouse Plot # 548, SITE Industrial Area Karachi.
Korangi	Plot # 56, Sector 7, Sharifabad Near Leather Market, Korangi industrial area Karachi.
Lahore	131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpat. IBL Lahore
Larkana	Latif Colony, Main Road Rehmatpur. IBL Larkana.
Mardan	Ittifaq Colony Near Custom Office Koragh Chowk. IBL Mardan.
Multan	Plot No.590, 591 Jahangir Abad NLC Chowk Main G.T Road. IBL Multan.
New Challi	Moon Plaza, Warehouse # 4, Near Burhani Hospital.
Nowshera	The Mall Opposite Daewoo Terminal Nowshera Cantt. IBL Nowshera
Peshawar	Jhagra Stop, Near Jhagra Gattering Hall, G.T. Road. IBL Peshawar.

SALES OFFICES	ADDRESSES
Lahore	131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpat. IBL Lahore
Larkana	Latif Colony, Main Road Rehmatpur. IBL Larkana.
Mardan	Ittifaq Colony Near Custom Office Koragh Chowk. IBL Mardan.
Multan	Plot No.590, 591 Jahangir Abad NLC Chowk Main G.T Road. IBL Multan.
New Challi	Moon Plaza, Warehouse # 4, Near Burhani Hospital.
Nowshera	The Mall Opposite Daewoo Terminal Nowshera Cantt. IBL Nowshera
Peshawar	Jhagra Stop, Near Jhagra Gattering Hall, G.T. Road. IBL Peshawar.
Quetta	Plot # 869 Killi Gul Muhammad, Muslimabad, Opposite TCS Office, Adjacent Taqwa Masjid, Off: Airpport Road. IBL Quetta.
Sahiwal	Khalid Plaza, Near PSO Pump, Baba Farid Park, Arifwala Road. IBL Sahiwal
Sargodha	Hosue No. 42, Officer Colony, Behind Commerce College, Faisalabad Road. IBL Sargodha.
Sawabi	Plot No 107 Faquir Elahi Chowk Near Fauji Foundation, Topi Road. IBL Swabi
Shaikhupura	B - II-11S-18, Street No. 1, Khalid Road, Muslim Gunj. IBL Sheikhupura
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.
Wah Cantt	Street No.1, Green Town Ghatiya Road Wah Garden. IBL Wah Cantt.

DISTRIBUTION WAREHOUSES	ADDRESSES
National Warehouse	Plot # 56, Sector 7, Sharifabad Near Leather Market, Korangi industrial area Karachi.

36. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved by the board of directors of the Company and authorised for issue on 28 September 2022 .

Syed Nadeem Ahmed	Rizwan Ahmad	Shariq Ahmed
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED
FINANCIAL STATEMENTS

A·F·FERGUSON&CO.

INDEPENDENT AUDITOR'S REPORT

To the members of United Brands Limited

Opinion

We have audited the annexed consolidated financial statements of United Brands Limited (the Holding Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of profit or loss account and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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, 2022, 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.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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▪ KARACHI ▪ LAHORE ▪ ISLAMABAD

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
i)	**Revenue recognition** ***(Refer note 2.15 and 17 to the annexed financial statements)*** The Group recognises revenue when control of the underlying products has been transferred to the customers. We considered revenue as a key audit matter due to revenue being one of the key performance indicators of the Group. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.	Our audit procedures in respect of recognition of revenue, amongst others, included the following: • understood and evaluated the design, implementation and operating effectiveness of control over revenue; • assessed the appropriateness of the Group's revenue recognition accounting policies by comparing with applicable accounting standards; • performed verification on revenue transactions, sales return and discounts on sample basis; • performed revenue analysis including month on month analysis, year on year analysis, business line wise analysis, etc. and inquired unusual fluctuations, if any; • performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period; and • reviewed the adequacy of the disclosures made by the Group in this area with regard to 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.

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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, 2017 and 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 the consolidated 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 the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 the consolidated 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 the consolidated 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 the consolidated financial statements, including the disclosures, and whether the consolidated 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 06, 2022

UDIN: AR202210073rBFMOTDqR

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000')	
ASSETS			
Non-current assetsASSETS			
Property and equipment	3	**12,300**	14,736
Intangible assets	4	**68**	452
Long-term deposits	5	**3,212**	2,532
		15,580	17,720
Current assets			
Inventories	6	**665,626**	620,883
Trade and other receivables	7	**613,829**	549,632
Prepayments , deposits and advances	8	**58,848**	22,963
Taxation - payments less provision		**38,757**	31,843
Tax refunds due from Government - sales tax	9	**58,750**	74,976
Accrued interest		**363**	196
Cash and bank balances	10	**149,685**	133,800
		1,585,858	1,434,293
Total assets		**1,601,438**	1,452,013
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	11	**918,000**	918,000
Accumulated losses		**(787,414)**	(809,170)
		130,586	108,830
Non-current liabilities			
Long-term borrowings	12	**-**	12,571
Deferred income - Government grant	13	**-**	267
		-	12,838
Current liabilities			
Trade and other payables	14	**1,192,128**	987,821
Short-term borrowings	15	**253,034**	307,621
Current portion of deferred income - Government grant	13	**267**	1,781
Current portion of long-term borrowings	12	**14,672**	29,344
Accrued mark-up		**10,398**	3,425
Unclaimed dividend		**353**	353
		1,470,852	1,330,345
Total liabilities		**1,470,852**	1,343,183
Contingency and commitments	16		
Total equity and liabilities		**1,601,438**	1,452,013

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Syed Nadeem Ahmed	Rizwan Ahmad	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, 2022

	Note	2022	2021
		(Rupees in '000')	
Revenue from contracts with customers	17	3,265,824	3,283,188
Cost of sales and services	18	(2,729,364)	(2,756,931)
Gross profit		536,460	526,257
Marketing and distribution expenses	19	(310,400)	(297,254)
Administrative and general expenses	20	(86,929)	(93,145)
Recognition of loss allowance on trade receivables	7.1.3	(6,969)	(5,872)
Other operating expenses	21	(25,894)	(52,319)
Profit from operations		106,268	77,667
Other income	22	15,006	98,850
Finance costs	23	(42,212)	(47,121)
Profit before income tax		79,062	129,396
Income tax expense	24	(57,306)	(67,556)
Profit for the year		21,756	61,840
Other comprehensive income		-	-
Total comprehensive income		21,756	61,840
		(Rupees)	
Basic and diluted earnings per share	25	0.24	0.67

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Syed Nadeem Ahmed Chief Executive Officer	Rizwan Ahmad Director	Shariq Ahmed Chief Financial Officer

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Reserves		
	Capital	Revenue	
	Issued, subscribed and paid up capital	Accumulated loss	Total Equity
	(Rupees 000)		
Balance as at July 01, 2020	918,000	(871,010)	46,990
Profit for the year	-	61,840	61,840
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended June 30, 2021	-	61,840	61,840
Balance as at July 01, 2021	918,000	(809,170)	108,830
Profit for the year	-	21,756	21,756
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year ended June 30, 2022	-	21,756	21,756
Balance as at June 30, 2022	918,000	(787,414)	130,586

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Syed Nadeem Ahmed
Chief Executive Officer

Rizwan Ahmad
Director

Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	26	**187,618**	616,982
(Increase) / decrease in long-term deposits		**(680)**	692
Income taxes paid		**(64,220)**	(65,434)
Finance costs paid		**(22,547)**	(42,411)
Net cash generated from operating activities		**100,171**	509,829
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(1,860)**	(3,619)
Interest income received		**1,711**	-
Placement in term deposit receipt		**-**	(32,092)
Net cash used in investing activities		**(149)**	(35,711)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		**-**	44,940
Repayment of long term financing		**(29,550)**	(16,409)
Repayment of short term financing - net		**(54,587)**	(428,624)
Net cash used in financing activities		**(84,137)**	(400,093)
Net increase in cash and cash equivalents		**15,885**	74,025
Cash and cash equivalents at the beginning of the year		**101,708**	27,683
Cash and cash equivalents at the end of the year	27	**117,593**	101,708

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.

Syed Nadeem Ahmed
Chief Executive Officer

Rizwan Ahmad
Director

Shariq Ahmed
Chief Financial Officer

1. CORPORATE AND GENERAL INFORMATION

1.1 The Group consists of:

Holding Company - United Brands Limited (the Holding Company)

The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Companies Act, 1913. The Holding Company was renamed as UDL Industries Limited on March 16, 1987 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company was again renamed as United Brands Limited, a public limited Company on April 5, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Holding Company are quoted on the Pakistan Stock Exchange.

The Holding Company is a subsidiary of International Brands (Private) Limited, which is also the Holding Company's Ultimate Parent.

The principal activities of the Holding Company are trading and distribution of consumer goods and allied products. The Holding Company also manufactures safety razors through toll manufacturing.

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

- Registered office of the Holding Company is situated at 2nd 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 34.

Subsidiary companies are companies in which the Holding Company owns over 50% of voting rights or companies directly or indirectly controlled by the Holding Company. As at June 30, 2022, 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 transportation and warehousing, trading and distribution of goods and assembling of electrical goods.

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

- The registered office of the IBLPL is situated at 2nd Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi;

- The Company has a warehouse situated at Plot No. C-126, Sector 6-F, Mehran Town, Korangi, Karachi;
- Pepsi North East Warehouse, Dera Gujran Near Quaid-e-Azam Interchange;
- IBL Pepsi Warehouse RB 241 Dhudhanwala Ghaziabad Near Machli Form Stop Lower Canal Road, Jarranwala Road, Faisalabad; and
- Ferozpur Road, Opposite Pak Arab Society, Near Medix Hospital, Lahore.

1.2 Management prepared these consolidated financial statements on a going concern basis, which assumes the realisation of assets and the satisfaction of liabilities in the normal course of business. As at June 30, 2022, the Group had net surplus of Rs. 130.59 million (2021: Rs. 108.83 million), net current asset position of Rs. 115.01 million (2021: Rs. 103.95 million) and operating cashflows of Rs. 100.17 million (2021: Rs. 509.83 million). For the year ended June 30, 2022, the Group has incurred a profit of Rs. 21.76 million (2021: Rs. 61.84 million).

The Group has been closely monitoring the cash flows and forecasts on a monthly basis. Management performed analysis over their cash flow forecast to factor in the impact of a decline in both revenue and collection from customers. The Group will continue to receive support for at least the next twelve months from the date of issuance of these financial statements, if needed, from the Ultimate Parent Company. Based on above analysis and support from the Ultimate Parent Company, management has adequate financing lines to be able to maintain liquidity in order to repay its creditors in the foreseeable future.

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

Estimates and judgements 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.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgements made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these consolidated financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in future periods is described in note 2.20 - Expected Credit Losses (ECLs).

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 judgements other than those disclosed by the Group'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 and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 01, 2021. However, these do not have any significant impact on the Group's financial reporting.

b) Standards and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 01, 2022. However, these are considered either not to be relevant or to have any significant impact on the Group's consolidated financial statements and operations and, therefore, have not been disclosed in these consolidated financial statements.

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

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.

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.

ii) Transactions and non-controlling interests

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 3.1 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. Asset’s 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 amounts.

Maintenance and normal repairs are charged to consolidated statement of profit or loss account 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 account 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

These are valued at the lower of cost and net realisable value. Raw and packing material and finished goods of trading goods are valued using first-in first-out (FIFO) method. Cost of finished goods manufactured comprise of direct costs including toll manufacturing charges. Provision is recorded for expired goods.

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 2.20 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.

2.9 Share capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

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 whether billed to the Group or not.

2.11 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.12 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, 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

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the consolidated statement of profit or loss account and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In which case, the tax is also recognised in other comprehensive income or directly in equity.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

i. Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation of income using prevailing tax rates 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 and other comprehensive income.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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 at a point in time when control of the products has been transferred, i.e. 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 on dispatch of goods to customers i.e. when significant risks and rewards of ownership have been transferred to the customer.

Sales return are recognized as deduction from revenue on terms on arrangement with customer.

The Group offers discounts to customers as part of its normal course of business to encourage sales of the products. Discounts are recorded as a reduction of revenue of the Group.

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 Contract liability

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs as per the contract.

2.17 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.

2.18 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 account and other comprehensive income.

2.19 Dividend distribution

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

2.20 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 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 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 are expensed in the consolidated statement of profit or loss account 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 account 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 expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2022 and the corresponding historical credit losses experienced within this period.

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 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 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 consolidated statement of profit or loss account and other comprehensive income.

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 consolidated statement of profit or loss account and other comprehensive income. 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 consolidated statement of profit or loss account and other comprehensive income, 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 account and other comprehensive income.

2.21 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.

2.22 Deferred income - Government grant

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Group recognizes government grants when there is reasonable assurance that grants will be received and the Group will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

2.23 Method of preparation of statement of cashflows

The unconsolidated statement of cashflows is prepared using indirect method.

2.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS) in respect of its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

		2022	2021
		(Rupees '000)	
3.	**PROPERTY AND EQUIPMENT**		
	Operating assets - note 3.1	**12,300**	14,736

3.1 Operating assets

	Leasehold Improvements	Machinery note 3.2	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
	(Rupees '000)					
Net carrying value basis						
Year ended June 30, 2022						
Opening net book value (NBV)	**1,097**	**6,695**	**2,219**	**4,725**	**-**	**14,736**
Additions (at cost)	**146**	**-**	**212**	**1,502**	**-**	**1,860**
Depreciation charge - note 3.3	**(134)**	**(1,540)**	**(420)**	**(2,202)**	**-**	**(4,296)**
Closing net book value (NBV)	**1,109**	**5,155**	**2,011**	**4,025**	**-**	**12,300**
Gross carrying value basis						
At June 30, 2022						
Cost	**3,035**	**8,492**	**4,081**	**20,497**	**2,842**	**38,947**
Accumulated depreciation	**(1,926)**	**(3,337)**	**(2,070)**	**(16,472)**	**(2,842)**	**(26,647)**
Net book value (NBV)	**1,109**	**5,155**	**2,011**	**4,025**	**-**	**12,300**
Net carrying value basis						
Year ended June 30, 2021						
Opening net book value (NBV)	632	-	1,151	4,838	-	6,621
Additions (at cost)	531	43	1,384	1,661	-	3,619
Transfer from CWIP (at cost)	-	8,449	-	-	-	8,449
Depreciation charge - note 3.3	(66)	(1,797)	(316)	(1,774)	-	(3,953)
Closing net book value (NBV)	1,097	6,695	2,219	4,725	-	14,736
Gross carrying value basis						
At June 30, 2021						
Cost	2,889	8,492	3,869	18,995	2,842	37,087
Accumulated depreciation	(1,792)	(1,797)	(1,650)	(14,270)	(2,842)	(22,351)
Net book value (NBV)	1,097	6,695	2,219	4,725	-	14,736
Annual rate of Depreciation %	**10**	**20**	**10**	**20**	**20**	

3.2 Machinery items represent moulds and cylinders having cost of Rs. 7.70 million and Rs. 0.75 million respectively, 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.

3.3 Depreciation for the year has been allocated as follows:

	2022	2021
	(Rupees '000)	
Cost of services - note 18.3	**847**	846
Cost of sales - manufactured goods - note 18.1	**1,797**	1,797
Marketing and distribution expenses - note 19	**981**	1,045
Administrative and general expenses - note 20	**671**	265
	4,296	3,953

4. INTANGIBLE ASSETS

	2022	2021
Computer software - note 4.1	**68**	452

4.1 Computer software

	2022	2021
Net carrying value basis		
Opening net book value	**452**	949
Amortisation charge	**(384)**	(497)
Net book value	**68**	452
Gross carrying value basis		
Cost	**1802**	1802
Accumulated Amortisation	**(1,734)**	(1,350)
Net book value	**68**	452
Useful life in years	**3 to 5**	3 to 5

5. LONG-TERM DEPOSITS

	2022	2021
	(Rupees '000)	
Long term deposits - note 5.1	**3,212**	2,532

5.1 This represents rent deposit. These facilities are given to the employees in accordance with the terms of employment. These deposits do not carry any mark up arrangement.

6. INVENTORIES

	2022	2021
	(Rupees '000)	
Raw and packaging materials:		
- in hand	**90,678**	78,947
- in transit	**-**	17,201
	90,678	96,148
Finished goods:		
- manufactured - note 6.1	**21,832**	12,005
- assembled	-	19,795
- trading goods		
- in hand - note 6.1	**541,226**	441,712
- in transit	**11,890**	51,223
	665,626	620,883

6.1 These include stock-in-trade amounting to Nil (2021: Rs. 0.83 million) held with third party.

6.2 As at June 30, 2022, stock of finished products has been written down by Rs. 24.99 million (2021: Rs. 340.23 million) to arrive at its net realisable value of Nil (2021: Nil).

	2022	2021
	(Rupees '000)	
7. TRADE AND OTHER RECEIVABLES		
Trade receivables - note 7.1	**508,805**	424,395
Other receivables - note 7.2	**105,024**	125,237
	613,829	549,632
7.1 Trade receivables		
Unsecured - Considered good		
Related party - note 7.1.1	**105,088**	51,095
Others - note 7.1.2	**403,717**	373,300
Considered doubtful - others - note 7.1.2	**67,314**	60,345
	576,119	484,740
"Less: Loss allowance on doubtful receivables - note 7.1.3"	**(67,314)**	(60,345)
	508,805	424,395

7.1.1 As at June 30, 2022, 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						
Year ended June 30, 2022							
The Searle Company Limited	**75,839**	**48,988**	-	-	-	**75,839**	**77,374**
International Brands (Private) Limited	**35**	-	-	-	-	**35**	**40**
United Retail (Private) Limited	**7,764**	**6,637**	-	-	-	**7,764**	**11,684**
IBL Healthcare Limited	**9,619**	**5,716**	-	-	-	**9,834**	**9,834**
IBL Operations (Private) Limited	**4,539**	**4,484**	-	-	-	**4,539**	**5,900**
IBL Frontier Markets (Private) Limited	**6**	**6**	-	-	-	**6**	**7**
Searle Pakistan Limited	**7,286**	**4,676**	-	-	-	**7,286**	**9,233**
	105,088	**70,507**	-	-	-	**105,303**	**114,072**
Year ended June 30, 2021							
The Searle Company Limited	39,546	18,620	-	-	-	39,546	48,547
United Retail (SMC-Private) Limited	5,833	3,656	-	-	-	5,833	6,290
IBL Healthcare Limited	3,987	2,006	-	-	-	3,987	3,987
Searle Pakistan Limited	1,729	1,005	-	-	-	1,729	3,543
	51,095	25,287	-	-	-	51,095	62,367

7.1.2 As at June 30, 2022, the age analysis of these trade receivables is as follows:

	2022	2021
	(Rupees '000)	
Not yet due	**230,037**	226,695
Past due		
- Less than 30 days	**87,527**	90,409
- 31 to 90 days	**65,514**	46,330
- 90 to 360 days	**43,640**	22,363
- More than 360 days	**44,313**	47,848
	240,994	206,950
	471,031	433,645

	2022	2021
7.1.3 Balance at beginning of the year	**60,345**	54,473
Recognition of loss allowance on trade receivables	**6,969**	5,872
Balance at end of the year	**67,314**	60,345
7.2 Other receivables - unsecured		
Considered good		
Related party - notes 7.2.1 & 7.2.3	**26,187**	25,546
Others - note 7.2.2	**78,837**	99,691
	105,024	125,237

7.2.1 This includes receivable from IBL HealthCare Limited amounting to Rs. 7.81 million which pertains to claims raised in respect of discounts, samples and bonuses relating to sales of Canderel and receivable from United Retail (Private) Limited amounting to Rs. 16.73 million in respect of warehousing expenses paid on behalf of the associated company.

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

7.2.3 As at June 30, 2022, 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						
Year ended June 30, 2022							
United Retail (Private) Limited	**16,725**	**16,725**	-	-	-	**16,725**	**16,725**
IBL Logistics (Private) Limited - Staff Provident Fund	**1,656**	**1,656**	-	-	-	**1,656**	**1,656**
IBL HealthCare Limited	**7,806**	-	-	-	-	**7,806**	**7,806**
	26,187	**18,381**	-	-	-	**26,187**	**26,187**
Year ended June 30, 2021							
United Retail (SMC - Private) Limited	13,563	11,236	-	-	-	13,563	13,563
The Searle Company Limited	8,044	8,044	-	-	-	8,044	8,044
IBL HealthCare Limited	3,939	-	-	-	-	3,939	3,939
	25,546	19,280	-	-	-	25,546	25,546

		2022	2021
		(Rupees '000)	
8.	**PREPAYMENTS , DEPOSITS AND ADVANCES - unsecured**		
	Prepayments and deposits - note 8.1	**39,251**	853
	Advances - note 8.2	**19,597**	22,110
		58,848	22,963
8.1	**Prepayments and deposits**		
	Rent		
	- Deposit	**-**	810
	- Prepaid	**1,172**	-
	Deposit against letter of credit - note 8.1.1	**36,994**	6,648
	Prepaid expense	**1,085**	-
	Others	**-**	43
		39,251	7,501

8.1.1 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.

		2022	2021
		(Rupees '000)	
8.2.	**Advances - considered good**		
	Advance to suppliers	**11,506**	9,957
	Advance against toll manufacturing - note 8.2.1	**3,043**	3,590
	Advance to employees	**531**	359
	Advance against marketing	**-**	158
	Others - note 8.2.2	**4,517**	1,398
		19,597	15,462

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

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

8.2.3 These advances do not carry any mark up arrangement.

9. TAX REFUND DUE FROM GOVERNMENT - SALES TAX

This includes an amount of Rs. 70.64 million relating to sales tax paid in the prior period for which no input was claimed due to dispute with Collector of Customs. The Collector of Customs raised an issue in relation to payment of Federal Excise Duty (FED) on the import of goods made by the Holding Company during the month of June 2020. However, due to restriction placed on the "release of the said consignment" due to FED payment dispute, the sales tax paid could not be adjusted by the Company in that month. The Holding Company had paid sales tax amounting to Rs. 42.43 million and Rs. 28.21 million in the months of June 2020 and June 2021 respectively for the above mentioned consignment. Since, the sales tax has been paid in relation to the taxable supplies to be made, the Holding Company intends to claim the same. The Holding Company has asked Customs Department to issue a letter to Federal Board of Revenue requesting it to allow claim of input sales tax in the subsequent sales tax periods for the aforementioned amount.

On behalf of the above request by the Holding Company, the Collectorate of Customs Appraisement (EAST) vide their letter No. "C.NO. SI/MISC/164/KAPE/AC-I/2022" has issued intimation to the Large Tax Payer Unit for recognition of sales tax amounting to Rs. 42.43 million and Rs. 28.21 million. On the basis of letter issued, the Holding Company has filed an application to the Commissioner Inland Revenue, for issuance of refund of the above sales tax amount.

10. CASH AND BANK BALANCES

	2022	2021
	(Rupees '000)	
With Banks on		
- Current accounts:		
- Conventional	**60,590**	30,924
- Islamic	**5,464**	5,418
- Savings accounts:		
- Islamic - note 10.1	**41,155**	44,395
Term deposit receipt - note 10.2	**32,092**	32,092
	139,301	112,829
Cash and cheques in hand	**10,384**	20,971
	149,685	133,800

10.1 Savings accounts are maintained under Islamic banking system carrying profit sharing rate ranging from 0.08% to 6.84% (2021: 0.07% to 3.09%) per annum.

10.2 It represents guarantee deposits placed with Silkbank Limited in form of term deposit receipts carrying mark up at the rate 7.15% to 12.5% (2021: 6.75% to 7.15%) per annum.

11. SHARE CAPITAL

Authorised Share Capital

Number of Shares			2022	2021
2022	2021		(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

Number of Shares				
2022	2021			
91,800,000	91,800,000	Ordinary shares of Rs. 10/- each fully paid in cash	**918,000**	918,000

11.1 As at June 30, 2022 International Brands (Private) Limited together with its nominees held 88,200,462 (June 30, 2021: 88,200,462) ordinary shares of Rs. 10 each.

12. LONG-TERM BORROWINGS

	2022	2021
	(Rupees '000)	
Balance as at July 1	**41,915**	13,749
Disbursements during the period	**-**	44,940
Less:		
- Deferred income - governement grant - note 13	**-**	(4,516)
- Repayments	**(29,550)**	(16,409)
Unwinding of discount on salary refinancing - note 23	**2,307**	4,151
	14,672	41,915
Less: Current maturity shown under short-term borrowings	**(14,672)**	(29,344)
Balance as at June 30	**-**	12,571

12.1 This represents salary refinancing in relation to the Holding Company availing the State Bank of Pakistan's (SBP) payroll finance facility as part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic. The Holding Company is paying a quarterly mark up at a discounted rate of 3% per annum, with eight equal quarterly instalments started from January 2021.

12.2 The facilities are secured against all the present and future movable current assets of the Holding Company including but not limited to stocks, raw materials, stock in transit cash etc., now or hereafter stored or located and / or elsewhere in Pakistan including goods in transit.

13. DEFERRED INCOME - GOVERNMENT GRANT

	2022	2021
	(Rupees '000)	
Balance at July 01	**2,048**	-
Additions during the year - note 12	**-**	4,516
Deferred income recognised during the year - note 22	**(1,781)**	(2,468)
	267	2,048
Less : current portion of deferred income	**(267)**	(1,781)
Long term portion of deferred income as at June 30	**-**	267

14. TRADE AND OTHER PAYABLES

	2022	2021
Trade creditors	**516,093**	432,345
Payable to IBL Operations (Private) Limited - note 14.1	**264,952**	208,019
Accrued liabilities	**213,454**	158,285
Payable to The Searle Company Limited - note 14.2	**88,323**	111,751
Payable to IBL Healthcare Limited - note 14.2	**41,134**	36,432
Payable to International Brands (Private) Limited - note 14.3	**31,595**	18,194
Withholding tax payable	**14,915**	8,517
Payable to employees' provident fund - note 14.4	**1,415**	3,202
EOBI and SESSI payable	**1,862**	1,667
Other liabilities	**18,385**	9,409
	1,192,128	987,821

14.1 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. 126.75 million as funds transferred to the Group to meet working capital requirements which do not carry mark-up and are repayable on demand.

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

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

14.4 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.

15. SHORT-TERM BORROWINGS

	2022	2021
	(Rupees '000)	
Short-term facility under Islamic Al-bai finance	-	35,389
Finance against short term loans from Islamic banks - note 15.1	**253,034**	272,232
	253,034	307,621

15.1 These represent short-term loans obtained under financing arrangement from Islamic banks. These are secured by way of hypothecation charge over inventories and receivables of the Holding Company with 25% margin. These are maturing between August and November 2022.

The arrangements carry mark-up ranging from 0.15% to 2% above six months KIBOR (2021: 0.15% to 2.5% above six months KIBOR and 1.75% above three months KIBOR) with a maximum aggregate limit of Rs. 300 million (2021: Rs. 300 million).

16. CONTINGENCY AND COMMITMENTS

16.1 Contingency

16.1.1 During the year ended June 30, 2020, the Deputy Commissioner Inland Revenue issued a notice of 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 Holding Company has filed a Constitutional Petition No. D-1421 of 2020 before the Honorable High Court of Sindh. The Honorable High Court of Sindh has restrained the Deputy Commissioner Inland Revenue from enforcing the impugned income tax demand till the decision of Commissioner Inland Revenue (Appeals-II). The appeal was heard on December 16, 2021 and is now reserved for order. The management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Holding Company. Therefore, no provision has been made in these consolidated financial statements.

16.1.2 During the year, the Assistant / Deputy Commissioner Inland Revenue issued an order dated December 30, 2021 for recovery of witholding tax along with default surcharge amounting to Rs. 156.55 million under section 161 (1) on account of short deduction of tax at the time of making certain payments for the tax year 2018. During the year, the Holding Company has filed an appeal against the aforesaid order before the Commissioner Inland Revenue (Appeals) - (CIRA). The Appeal is currently pending to be heard before CIRA. However, the management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Holding Company. Therefore, no provision has been made in these consolidated financial statements.

16.1.3 During the year, the Assistant / Deputy Commissioner Inland Revenue issued an order dated March 30, 2022 for recovery of witholding tax along with default surcharge amounting to Rs. 200.04 million under section 161(1) on account of short deduction of tax at the time of making certain payments for the tax year 2019. During the year, the Holding Company has filed an appeal against the aforesaid order before the Commissioner Inland Revenue (Appeals) - (CIRA). The Appeal is currently pending to be heard before CIRA. However, the management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Holding Company. 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, 2022 amounted to Rs. 300 million (June 30, 2021: Rs. 550 million) and Rs. 132.09 million (June 30, 2021: Rs. 132.09 million) respectively. The amount remaining unutilised at the year end for letter of credit and guarantees was Rs. 246.94 million (June 30, 2021: Rs. 536.94 million) and Nil (June 30, 2021: Nil) respectively.

The facilities are secured by way of pari passu charge against hypothecation of the Company's current assets. The Ultimate Holding Company has pledged 421,000 shares of The Searle Company Limited for the guarantee provied on behalf of the Group.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022	2021
	(Rupees '000)	
Revenue from		
- Manufactured goods	**28,953**	228,795
- Trading stocks	**3,424,152**	3,275,486
- Services - note 17.1	**639,278**	553,223
	4,092,383	4,057,504
Less:		
- Trade discount	**(115,537)**	(164,379)
- Sales returns	**(182,839)**	(122,105)
- Sales tax	**(464,022)**	(436,028)
- Provincial sales tax	**(64,161)**	(51,804)
	(826,559)	(774,316)
	3,265,824	3,283,188

17.1 This represents revenue from transportation and warehousing.

18. COST OF SALES AND SERVICES

	2022	2021
	(Rupees '000)	
Cost of sales - manufactured goods - note 18.1	**208,203**	110,130
Cost of sales - trading stock - note 18.2	**2,002,862**	2,213,960
Cost of services - note 18.3	**518,299**	432,841
	2,729,364	2,756,931

18.1 Cost of sales - manufactured goods

	2022	2021
Raw and packing material consumed	**186,253**	130,236
Salaries, wages and benefits	**4,936**	2,778
Rent, rates and taxes	**3,294**	1,910
Depreciation	**1,797**	1,797
Toll manufacturing charges	**1,546**	2,021
Utilities	**248**	140
Fuel, water and power	**115**	55
Repair & maintenance	**46**	29
	198,235	138,966
Add:Opening inventory of finished goods	**31,800**	2,964
Less: Closing inventory of finished goods	**(21,832)**	(31,800)
Cost of sales - manufactured goods	**208,203**	110,130

18.2 Cost of sales - trading stock

	2022	2021
	(Rupees '000)	
Opening inventory	**492,935**	786,200
Purchases during the year - net of claims	**2,063,043**	1,920,695
Closing inventory	**(553,116)**	(492,935)
	2,002,862	2,213,960

18.3 Cost of services

	2022	2021
Freight and cartage	**185,800**	157,361
Salaries, wages and allowances - note 18.3.1	**113,335**	126,965
Vehicle running and repair & maintenance	**160,460**	100,330
Rent, rates and taxes	**39,982**	34,057
Utilities	**6,693**	4,063
Communication & entertainment	**2,863**	2,549
Printing and stationery	**2,525**	2,004
Insurance and security expenses	**4,193**	1,900
Depreciation	**847**	846
Amortisation	**13**	341
Others	**1,588**	2,425
	518,299	432,841

18.3.1 Salaries, wages and allowances include Rs. 4.28 million (2021: Rs. 1.90 million) in respect of contributory provident fund.

19. MARKETING AND DISTRIBUTION EXPENSES

	2022	2021
	(Rupees '000)	
Salaries, wages and allowances - note 19.1	**143,362**	100,715
Vehicle running and repair & maintenance	**50,220**	45,937
Advertising and sales promotion	**46,784**	39,182
Freight and cartage	**28,796**	23,758
Rent, rates and taxes	**22,534**	60,229
Travelling and conveyance	**4,877**	3,272
Insurance and security expenses	**3,811**	10,957
Communication and entertainment	**3,267**	2,624
Utilities	**3,065**	7,736
Printing and stationery	**2,662**	1,391
Depreciation	**981**	1,045
Amortisation	**4**	28
Others	**37**	380
	310,400	297,254

19.1 Salaries, wages and allowances include Rs. 2.31 million (2021: Rs. 3.21 million) in respect of contributory provident fund.

20. ADMINISTRATIVE AND GENERAL EXPENSES

	2022	2021
	(Rupees '000)	
Salaries, wages and allowances - note 20.1	**55,531**	61,085
Corporate service charges - note 20.2	**12,000**	12,000
Auditors' remuneration - note 20.3	**4,740**	3,230
Rent, rates and taxes	**3,390**	4,036
Legal and professional	**3,143**	2,595
Travelling and conveyance	**2,401**	2,059
Vehicle running and repair & maintenance	**2,122**	2,213
Fee and subscription	**935**	2,253
Depreciation	**671**	265
Insurance and security expenses	**482**	549
Printing and stationery	**413**	1,017
Communication and entertainment	**372**	376
Amortisation	**367**	128
Utilities	**144**	164
Others	**218**	1,175
	86,929	93,145

20.1 Salaries, wages and allowances include Rs. 1.01 million (2021: Rs. 1.37 million) in respect of contributory provident fund.

20.2 This represents reimbursement of information technology charges to International Brands (Private) Limited (Ultimate Holding Company) at Rs. 1 million (2021: Rs.1 million) per month.

20.3 Auditors' remuneration

	2022	2021
	(Rupees '000)	
Annual audit fee	**1,600**	1,450
Fee for review of half yearly financial information, Statement of Compliance with Code of Corporate Governance and other certifications	**850**	750
Taxation services	**1,800**	600
Out-of-pocket expenses	**490**	430
	4,740	3,230

21. OTHER OPERATING EXPENSES

	2022	2021
	(Rupees '000)	
Provision for expired and damaged stock - note 21.1	**21,600**	52,319
Warranty claim	**4,294**	-
	25,894	52,319

21.1 This mainly includes provisions for damaged and expired items of business lines Johnson & Johnson (J&J) amounting to Rs. 1.78 million (2021: Rs. 39.96 million) and Kellogg's amounting to Rs. 5.53 million (2021 Rs. 0.53 million).

22. OTHER INCOME

	2022	2021
	(Rupees '000)	
Income from financial assets		
Profit on savings accounts - Islamic	**1,611**	882
Profit on Term Deposit Receipt	**1,878**	196
Income from non-financial assets		
Exchange gain - net	**-**	47,293
Scrap sales - note 22.1	**9,168**	31,091
Severance payment	**-**	8,700
Group relief	**-**	8,044
Deferred income recognised on government grant	**1,781**	2,468
Others	**568**	176
	15,006	98,850

22.1 This includes scap sales in relation to damaged items of Johnson & Johnson (J&J) and Unilever business line amounting to Rs. 8.52 million and Rs. 0.64 million respectively. This sale represents the portion of total stock which could not be sold to other distributor under inventory transfer agreement.

23. FINANCE COSTS

	2022	2021
	(Rupees '000)	
Mark up on short term loans - note 23.1	**29,520**	37,219
Exchange loss - net	**5,218**	-
Bank charges	**5,167**	4,274
Unwinding of discount on salary refinancing	**2,307**	4,151
Mark up on running finance arrangements	-	1,477
	42,212	47,121

23.1 It includes mark-up expense of shariah compliant banks in respect of long term borrowings of Rs. Rs. 0.09 million (2021: Rs 0.84 million) and short term borrowings of Rs. 29.43 million (2021: Rs. 36.37 million).

24. INCOME TAX EXPENSE

	2022	2021
	(Rupees '000)	
- for current year	**56,256**	66,697
- for prior year	**1,050**	859
	57,306	67,556

24.1

Relationship between tax expense and accounting profit	2022	2021	2022	2021
	Effective tax rate %		Rupees '000	
Profit before income tax			**79,062**	129,396
Tax at the enacted tax rate	**29.00**	29.00	**22,928**	37,525
Effect of:				
- Minimum tax on imports	**106.27**	9.01	**84,023**	11,665
- Minimum tax under section 113	**49.54**	19.65	**39,171**	25,426
- Prior year impact	**1.33**	0.66	**1,050**	859
- Others	**(113.67)**	(6.12)	**(89,866)**	(7,919)
Income tax expense for the year			**57,306**	67,556

24.2 Deferred tax asset is not recognised because it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised.

25. BASIC AND DILUTED EARNINGS PER SHARE

	2022	2021
	(Rupees '000)	
Profit for the year attributable to ordinary shareholders	**21,756**	61,840
	(Number of Shares)	
Weighted average number of ordinary shares outstanding during the year - note 11	**91,800,000**	91,800,000
	(Rupees)	
Basic and diluted earnings per share	**0.24**	0.67

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, 2022 and 2021 which would have any effect on the earning per share if the option to convert is exercised.

26. CASH GENERATED FROM OPERATIONS

	2022	2021
	(Rupees '000)	
Profit before income tax	**79,062**	129,396

Adjustments for non-cash charges and other items	2022	2021
	(Rupees '000)	
Depreciation	**4,296**	3,953
Amortisation	**384**	497
Deferred income - Government grant	**(1,781)**	(2,468)
Interest income	**(1,878)**	(196)
Mark-up on running finance arrangements	**-**	1,477
Provision for expired and damaged stock	**21,600**	52,319
Loss allowance on trade receivables	**6,969**	5,872
Mark-up on short-term loans	**29,520**	37,219
Unwinding of discount on salary refinancing	**2,307**	4,151
	61,417	102,824
	140,479	232,220

Effect on cash flow due to working capital changes
Decrease / (increase) in current assets:

	2022	2021
Inventories	**(66,343)**	138,391
Trade and other receivables	**(71,166)**	189,545
Prepayments and advances	**(35,885)**	102,764
Tax refunds due from government - sales tax	**16,226**	(50,470)
	(157,168)	380,230
Increase in trade and other payables	**204,307**	4,532
Cash generated from operations	**187,618**	616,982

27. CASH AND CASH EQUIVALENTS

	2022	2021
	(Rupees '000)	
Cash and bank balances excluding term deposit receipt - note 10	**117,593**	101,708

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

28.1 All the financial assets and financial liabilities of the Group are classified at amortised cost.

	2022						
	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	
	Rupees '000						
FINANCIAL ASSETS							
At amortized cost							
Accrued interest	363	-	363	-	-	-	363
Long term deposits	-	-	-	-	3,212	3,212	3,212
Trade and other receivables	-	-	-	613,829	-	613,829	613,829
Cash and bank balances	73,247	-	73,247	76,438	-	76,438	149,685
June 30, 2022	73,610	-	73,610	690,267	3,212	693,479	767,089
FINANCIAL LIABILITIES							
At amortized cost							
Accrued mark-up	10,398	-	10,398	-	-	-	10,398
Trade and other payables	-	-	-	961,897	-	961,897	961,897
Unclaimed dividend	-	-	-	353	-	353	353
Long-term borrowings	14,672	-	14,672	-	-	-	14,672
Short term financing	253,034	-	253,034	-	-	-	253,034
June 30, 2022	278,104	-	278,104	962,250	-	962,250	1,240,354
ON REPORTING DATE GAP							
June 30, 2022	(204,494)	-	(204,494)	(271,983)	3,212	(268,771)	(473,265)

	2021						
	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	
	Rupees '000						
FINANCIAL ASSETS							
At amortized cost							
Accrued interest	196	-	196	-	-	-	196
Long term deposits	-	-	-	-	2,532	2,532	2,532
Trade and other receivables	-	-	-	549,632	-	549,632	549,632
Cash and bank balances	76,487	-	76,487	57,313	-	57,313	133,800
June 30, 2021	76,683	-	76,683	606,945	2,532	609,477	686,160
FINANCIAL LIABILITIES							
At amortized cost							
Accrued mark-up	2,850	-	2,850	575	-	575	3,425
Trade and other payables	-	-	-	819,352	-	819,352	819,352
Unclaimed dividend	-	-	-	353	-	353	353
Long-term borrowings	29,344	12,571	41,915	-	-	-	41,915
Short term financing	307,621	-	307,621	-	-	-	307,621
June 30, 2021	339,815	12,571	352,386	820,280	-	820,280	1,172,666
ON REPORTING DATE GAP							
June 30, 2021	(263,132)	(12,571)	(275,703)	(213,335)	2,532	(210,803)	(486,506)

OFF STATEMENT OF FINANCIAL POSITION ITEMS

Letters of credit / guarantees	
June 30, 2022	**246,943**
June 30, 2021	536,944

28.2 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Group's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Group and the manner in which such risks are managed is as follows:

28.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to the financial instrument fails 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.

28.3.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

Financial assets at amortised cost	2022	2021
	(Rupees '000)	
Long term deposits - note 5	**3,212**	2,532
Trade and other receivables - note 7	**613,829**	549,632
Accrued interest	**363**	196
Bank balances - note 10	**139,301**	112,829
	756,705	665,189

28.3.2 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, regulatory authorities and utility companies have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates.

a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against bank guarantees, margins against letter of credit and accrued return on deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

Bank balances

	Rating			2022	2021
	Short Term	Long Term	Agency	Rupees '000	
Al Baraka Bank Pakistan Limited	A1	A	JCR-VIS	**20,056**	3,589
Habib Metropolitan Bank	A1+	AA+	PCRA	**3,376**	3,179
Silkbank Limited	A2	A-	JCR-VIS	**22,284**	1,962
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	JCR-VIS	**1,467**	1,506
Habib Bank Limited	A1+	AAA	JCR-VIS	**54,153**	48,064
Bank AL Habib Limited	A1+	AAA	PCRA	**650**	1,818
Meezan Bank Limited	A1+	AAA	JCR-VIS	**5,223**	20,619
				107,209	80,737

b) Counterparties without external credit ratings

These mainly include customers which are counter parties to local trade debts against sale of goods. As explained in note 2.20, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off.

The Group has used three years monthly data in the calculation of historical loss rates along with the matching monthly ageing brackets for the computation of roll rates. The analysis of ages of trade receivables and loss allowance using the aforementioned approach as at June 30, 2022 was determined as follows:

	2022			2021		
	Expected loss rates %	Gross carrying amount	Loss allowance	Expected loss rates %	Gross carrying amount	Loss allowance
		Rupees '000			Rupees '000	
Not past due	**1.77%**	**230,037**	**4,080**	1.04%	226,695	2,358
Past due						
1 - 30 days	**3.41%**	**87,527**	**2,983**	1.58%	90,409	1,424
31 - 90 days	**5.49%**	**65,514**	**3,596**	4.36%	46,330	2,018
91 - 360 days	**28.28%**	**43,640**	**12,343**	29.95%	22,363	6,697
More than 360 days	**100.00%**	**44,313**	**44,312**	100.00%	47,848	47,848
		471,031	**67,314**		433,645	60,345

28.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. 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.

28.4.1 Exposure to liquidity risk

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	2022					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees '000					
Financial liabilities						
Long-term borrowings	**14,672**	**(14,761)**	**(14,761)**	-	-	-
Trade and other payables	**961,897**	**(961,897)**	**(961,897)**	-	-	-
Unclaimed dividend	**353**	**(353)**	**(353)**	-	-	-
Accrued mark-up	**10,398**	**(10,398)**	**(10,398)**	-	-	-
Short-term borrowings	**253,034**	**(260,481)**	**(260,481)**	-	-	-
	1,240,354	**(1,247,890)**	**(1,247,890)**	-	-	-

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees '000					
Financial liabilities						
Long-term borrowings	41,915	(44,841)	(15,173)	(14,941)	(14,727)	-
Trade and other payables	819,352	(823,668)	(823,668)	-	-	-
Unclaimed dividend	353	(353)	(353)	-	-	-
Accrued mark-up	3,425	(3,425)	(3,425)	-	-	-
Short-term borrowings	307,621	(307,621)	(307,621)	-	-	-
	1,172,666	(1,179,908)	(1,150,240)	(14,941)	(14,727)	-

28.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

a) 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, 2022, the Group is not materially exposed to interest rate risk.

As at June 30, 2022, the Group had variable interest bearing financial liabilities of Rs. 267.71 million (2021:Rs. 349.54 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. 5.35 million (2021: Rs. 6.99 million) lower / higher.

b) 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 not exposed to any of the currency risk since all of its transactions are denominated in Pakistan Rupees.

29. 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 Group 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, 2022 and at June 30, 2021 were as follows:

	2022	2021
	(Rupees '000)	
Total borrowings	**267,706**	349,536
Cash and bank - note 10	**(149,685)**	(133,800)
Net debt	**118,021**	215,736
Equity	**130,586**	108,830
Total capital	**248,607**	324,566
Debt to capital ratio	**0.47**	0.66

30. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021	**June 30, 2022**	June 30, 2021
	Rupees '000					
Managerial remuneration	-	-	-	-	**14,033**	15,923
Allowances	-	-	-	-	**7,017**	7,962
Bonus	-	-	-	-	**2,339**	2,654
Group's contribution to provident fund	-	-	-	-	**1,128**	1,593
Leave encashment	-	-	-	-	**584**	664
Medical expenses	-	-	-	-	**1,170**	1,327
	-	-	-	-	**26,271**	30,123
Number of persons	**1**	1	**7**	7	**8**	9

30.1 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.

30.2 In addition to the above, fee paid to directors for attending Board of Directors meetings during the year amounted to Rs. 0.15 million (2021: Rs. 0.58 million).

30.3 Salary of Chief Executive and Directors is borne by another group company.

31. SEGMENT INFORMATION

Based on internal reporting structure for the year, no reportable segments were identified that were of accounting significance for decision making.

32. RELATED PARTY TRANSACTIONS

The related parties comprise of associated undertakings, directors of the Group and key management personnel. The Group continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract / arrangement / agreement. Remuneration of key management personnel are in accordance with their terms of contractual engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary and Non-Executive Directors to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

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

Nature of relationship	Nature of transactions	2022	2021
		(Rupees '000)	
Ultimate Holding Company	- Corporate service charges	**12,000**	12,000
Associated companies	- Purchases	**63,602**	97,287
	- Services rendered	**219,396**	199,312
	- Allocation of expenses - note 32.2	**165,201**	136,919
	- Funds received for working capital - note 14.1	**126,748**	107,200
	- Group relief	-	8,044
	- Sale of goods	**14,939**	6,266
Employees' Provident Fund	- Contributions paid	**7,592**	6,482
Key management personnel (KMP)	- Sale of goods	**8**	1,184

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

32.3 The status of outstanding balances with related parties as at June 30, 2022 is included in the respective notes to the consolidated financial statements. These are settled in the ordinary course of business.

32.4 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 relationship	Aggregate % of Shareholding
1.	International Brands (Private) Limited	Ultimate Holding Company	96.08%
2.	IBL Operations (Private) Limited	Common Directorship	N/A
3.	The Searle Company Limited	Common Directorship	N/A
4.	IBL Healthcare Limited	Common Directorship	N/A
5.	Searle Pakistan Limited	Group Company	N/A
6.	United Retail (Private) Limited	Group Company	N/A
7.	Universal Retails (Private) Limited	Group Company	N/A
8.	United Brands Limited- Staff Provident Fund	Retirement Fund	-
9.	Hasan Tariq Khan	Independent Director	N/A
10.	Tayyaba Rasheed	Independent Director	N/A
11.	Munis Abdullah	Chairman of Parent	N/A
12.	Syed Nadeem Ahmed	Chief Executive Officer	N/A
13.	Zubair Razzak Palwala	Director	N/A
14.	Syed Qaisar Abbas	Director	N/A
15.	Hammad Kafeel	Director	N/A
16.	Shariq Ahmed	Chief Financial Officer	N/A
17.	Rizwan Ahmad	Director	N/A

33. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2022	2021
Number of employees as at June 30	(Rupees '000)	
- Permanent	**283**	320
- Contractual	**82**	49
Average number of employees during the year		
- Permanent	**309**	350
- Contractual	**82**	51

34. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

SALES OFFICES	ADDRESSES
Bahawalpur	Plot No. 73-74/A, Small Industrial Area Estate, Multan Road, Near NBP. Bahawalpur.
Bannu	Back Side Bannu University IT Campus Fatima Khel Road. IBL Bannu
Buner	Shall Bandle Bypass Road, Sooray Baba swarhi City. IBL Buner
Dera Gazi Khan	House No. 64-65,Block No. 16, Al-Mansoor Lodge, Ex PTCL Revenue Office. IBL Dera Ghazi Khan.
Faisalabad	Plot No. 387,388, Amin Town, Askari Road Near Educators School, West Canal Road. IBL Faisalabad.
Gujranwala	8 KM G.T Road , G Mangolia Housing Society. IBL Gujranwala.
Gujrat	Near Railway Crossing Shadiwal Road. IBL Gujrat.
Hyderabad	Plot # A-10-H, Near Bolevard Mall, SITE Area. IBL Hyderabad
Islamabad	Plot No. 65 & 66, Street 13, I/9-2, Industrial Area. IBL Islamabad.
Jhang	Opposite Chungi No. 14 Faisalabad Road Jhang Sadar. IBL Jhang.
Karachi	Plot # L-16 A, Block-22, FB Industrial Area. IBL Karachi
Karachi	Habitt Factory and Warehouse Plot # 548, SITE Industrial Area Karachi.
Korangi	Plot # 56, Sector 7, Sharifabad Near Leather Market, Korangi industrial area Karachi.
Lahore	131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpat. IBL Lahore
Larkana	Latif Colony, Main Road Rehmatpur. IBL Larkana.
Mardan	Ittifaq Colony Near Custom Office Koragh Chowk. IBL Mardan.
Multan	Plot No.590, 591 Jahangir Abad NLC Chowk Main G.T Road. IBL Multan.

SALES OFFICES	ADDRESSES
New Challi	Moon Plaza, Warehouse # 4, Near Burhani Hospital.
Nowshera	The Mall Opposite Daewoo Terminal Nowshera Cantt. IBL Nowshera
Peshawar	Jhagra Stop, Near Jhagra Gattering Hall, G.T. Road. IBL Peshawar.
Quetta	Plot # 869 Killi Gul Muhammad, Muslimabad, Opposite TCS Office, Adjacent Taqwa Masjid, Off: Airpport Road. IBL Quetta.
Sahiwal	Khalid Plaza, Near PSO Pump, Baba Farid Park, Arifwala Road. IBL Sahiwal
Sargodha	Hosue No. 42, Officer Colony, Behind Commerce College, Faisalabad Road. IBL Sargodha.
Sawabi	Plot No 107 Faquir Elahi Chowk Near Fauji Foundation, Topi Road. IBL Swabi
Shaikhupura	B - II-11S-18, Street No. 1, Khalid Road, Muslim Gunj. IBL Sheikhupura
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.
Wah Cantt	Street No.1, Green Town Ghatiya Road Wah Garden. IBL Wah Cantt.

DISTRIBUTION WAREHOUSES	ADDRESSES
National Warehouse	Plot # 56, Sector 7, Sharifabad Near Leather Market, Korangi industrial area Karachi.

35. CORRESPONDING FIGURES

Comparative information has been reclassified and re-arranged in these consolidated financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact

36. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved by the Board of directors of the Group and authorised for issue on 28 September 2022.

Syed Nadeem Ahmed Chief Executive Officer	Rizwan Ahmad Director	Shariq Ahmed Chief Financial Officer

Pattern of Shareholding

As of June 30, 2022

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	8	304,849	0.33%
Associated Companies, undertaking and related parties	2	88,243,591	96.13%
Executive	1	142	0.00%
NIT and ICP	1	1,650	0.00%
Banks DFIs, NBFIs	1	4	0.00%
Insurance Companies	0	-	0.00%
Modarabas and Mutual Funds	1	219,570	0.24%
General Public Local	1,004	2,984,434	3.25%
General Public Foreign	3	6,500	0.01%
Foreign Companies	0	-	0.00%
Others	8	39,260	0.04%
Total	1,029	91,800,000	100%

Share holders holding 10% or more	Number of Shareholders	Shares Held	Percentage
International Brands Limited	1	88,200,462	96.08%

Number of Shareholders	Shareholding's Slab			Total Shares Held
511	1	To	100	9,496
139	101	To	500	51,416
115	501	To	1000	103,938
168	1001	To	5000	444,017
29	5001	To	10000	218,650
14	10001	To	15000	175,700
14	15001	To	20000	248,651
10	20001	To	25000	228,250
3	25001	To	30000	78,800
2	30001	To	35000	70,000
1	35001	To	40000	37,000
8	40001	To	45000	339,576
1	45001	To	50000	50,000
2	50001	To	55000	103,300
1	60001	To	65000	60,500
1	65001	To	70000	68,450
1	70001	To	75000	73,000
1	75001	To	80000	77,125
2	80001	To	85000	167,200
1	100001	To	105000	100,750
1	135001	To	140000	136,200
1	200001	To	205000	201,199
1	215001	To	220000	219,570
1	335001	To	340000	336,750
1	88200001	To	88205000	88,200,462
1029				**91,800,000**

Pattern of Shareholding

As of June 30, 2022

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	01826-102244	HASAN TARIQ KHAN	1	83,200	0.09
2	03277-93293	ZUBAIR RAZZAK PALWALA	1	8,700	0.01
3	817	ZUBAIR PALWALA	1	500	0.00
4	03277-39675	MUNIS ABDULLA	1	201,199	0.22
5	843	MR. MONIS ABDULLAH	1	4,250	0.00
6	818	SYED NADEEM AHMED	1	4,250	0.00
7	05116-25660	SYED QAISER ABBAS NAQVI	1	2,250	0.00
8	06122-104240	TAYYABA RASHEED	1	500	0.00
			8	**304,849**	**0.33**

Associated Companies, undertakings and related parties

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	03277-2937	INTERNATIONAL BRANDS LTD.	1	88,200,462	96.08
2	03277-12714	SHAKILA RASHID	1	43,129	0.05
			2	**88,243,591**	**96.13**

Executive

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	854	SHARIQ AHMED (R-1)	1	142	0.00
			1	**142**	**0.00**

NIT and ICP

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	00083-36	IDBL (ICP Unit)	1	1,650	0.00
			1	**1,650**	**0.00**

Banks, DFIs, NBFCs, insurance companies, takaful, modarbas,pension funds

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	03889-28	NATIONAL BANK OF PAKISTAN	1	4	0.00
			1	**4**	**0.00**

Insurance Companies

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1		NIL			-

Pattern of Shareholding

As of June 30, 2022

Modarabas and Mutial Funds

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	03277-1651	First UDL Modaraba	1	219,570	0.24
			1	**219,570**	**0.24**

-

Foreign Companies

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	NIL				

Others

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	812	NAEEM'S SECURITIES (PVT) LTD.	1	2,000	0.00
2	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	733	0.00
3	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	26	0.00
4	03525-87235	MAPLE LEAF CAPITAL LIMITED	1	1	0.00
5	04341-3265	RAO SYSTEMS (PVT.) LTD.	1	1,500	0.00
6	03525-54825	NAEEM'S SECURITIES (PVT) LTD	1	15,000	0.02
7	14118-27	ASDA SECURITIES (PVT.) LTD.	1	15,000	0.02
8	10470-29	GPH SECURITIES (PVT.) LTD.	1	5,000	0.01
			8	**39,260**	**0.04**

General Public Foreign

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
1	01164-20751	IMRAN QAMAR	1	2,500	0.00
2	03277-113643	MUHAMMAD KAMRAN	1	3,500	0.00
3	03277-115447	MUHAMMAD JAHANGIR KHAN	1	500	0.00
			3	**6,500**	**0.01**

General Public Local

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
			1004	2,984,434	3.25%
			1004	**2,984,434**	**3.25%**

FORM OF PROXY

Company Secretary
UNITED BRANDS LIMITED
2nd, 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 Friday, October 28, 2022 at 12:30 pm and at any adjournment thereof.

As witness my/our hand this____________________day of ____________2022
Signed by the Said____________________________in the presence of

Witnesses:

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

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

____
Signature

Rupee five
revenue
stamp

Notes:

- 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.

جناب کمپنی سیکریٹری

یونائیٹڈ برانڈز لمیٹڈ

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

مختار نامہ

میں/ہم ____________ کی جانب سے ____________ بحیثیت یونائیٹڈ برانڈز لمیٹڈ کے ممبران

اور ____________ عام حصص اندراج فولیو نمبر ____________ اور سب اکاؤنٹ نمبر ____________

اپنی طرف سے ____________ کو بطور پراکسی نامزد کرتے ہیں، یہ میری/ہماری جانب سے ون آئی بی ایل سینٹر، شاہراہ فیصل کراچی میں

بروز جمعہ مورخہ 28 اکتوبر 2022 کو بوقت 12:30 بجے دوپہر منعقد کمپنی کے سالانہ اجلاس عام میں ووٹ دینے کے مجاز ہیں۔

لہٰذا گواہان کی موجودگی میں، میں/ہم نے مورخہ ____________ 2022 کو اپنے دستخط کردیئے ہیں۔

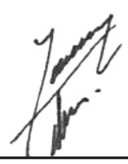
۱۔ دستخط ____________

نام: ____________

پتہ: ____________

شناختی کارڈ/پاسپورٹ نمبر: ____________

ریونیو اسٹیمپ



دستخط

(دستخط نامزد کنندہ کے رجسٹرڈ دستخط سے مماثل ہونے چاہیئے)

نوٹس

☆ کمپنی کا ممبر میٹنگ میں حاضر ہونے اور ووٹ دینے کا اختیار کسی دوسرے کو بطور پراکسی دے سکتا ہے۔ مکمل پر ہوئے پراکسی میٹنگ شروع ہونے سے 48 گھنٹے پہلے تک کمپنی کے رجسٹرڈ آفس یا شیئرز رجسٹرار کو موصول ہوجانے چاہیئے۔

☆ اجلاس میں شرکت اور ووٹ دینے کے مستحق سی ڈی سی حصص داران اپنی شناخت کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ مہیا کریں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی لازمی منسلک کریں۔

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Shahrah-e-Faisal, Karachi.
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