United Brands Limited

ANNUAL REPORT

2011

CONTENTS

Corporate Information

BOARD OF DIRECTORS

1.	Mr. Rashid Abdulla	Chairman & Chief Executive
2.	Mr. Asad Abdulla	Director
3.	Mr. Ayaz Abdulla	Director
4.	Syed Qaiser Abbas Naqvi	Director
5.	Mr. Zubair Palwala	Director
6.	Syed Nadeem Ahmed	Director
7.	Mr. Faisal Abdulla	Director

AUDIT COMMITTEE

1.	Mr. Zubair Palwala	Chairman
2.	Mr. Asad Abdulla	Director
3.	Syed Qaiser Abbas Naqvi	Director

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Muhammad Tariq

AUDITORS

Baker Tilly Mehmood Idrees Qamar

CHIEF INTERNAL AUDITOR

Mr. Ashraf Khan

LEGAL ADVISOR

Raja Qasit Nawaz Khan

BANKERS

Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited
Habib Bank Limited

REGISTERED OFFICE

1st Floor NIC Building, Abbasi Shaheed Road, Karachi - 75530
Tel: 35675111-7, 35683944-6 Fax: 35682772

REGISTRAR

Gangjees Registrar Services (Private) Limited
516, 5th Floor, Clifton Centre, Khayaban-e-Roomi, Block 5, Clifton, Karachi.

MISSION STATEMENT

We will strive to be the best and serve as a standard by which other distribution companies are measured.

We will empower our employees to be responsible and accountable for the continuous growth and success of our Company, Principals, Customers and Shareholders and to be a responsible corporate citizen.

VISION STATEMENT

United Brands Limited is committed to being a profitable, customer-driven and socially responsible, to be a leader and set benchmarks for others.

To realize our vision we will:

Listen to our customers, and exceed their expectations, capitalize on the strength and leadership skills of all our employees and management, we will be socially responsible and provide return to shareholders.

Dated: November 15, 2011
Place: Karachi

Rashid Abdulla
Chief Executive

Notice of the Annual General Meeting

Notice is hereby given that 47th Annual General Meeting of **United Brands Limited** will be held on Saturday, December 17, 2011 at 11:30 a.m. at The Institute of Cost & Management Accountants (ICMAP), Hussain Shah Shaheed Road, Soldier Bazar, Karachi to transact the following business:

AGENDA

1. To confirm the minutes of the last Annual General Meeting of the Company.

2. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' Report for the year ended June 30, 2011.

3. To appoint auditors for the next financial year ending June 30, 2012 and fix their remuneration. The present Auditors, Messrs. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants, retire and being eligible offer themselves for re-appointment.

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

By Order of the Board

Karachi: November 27, 2011

MUHAMMAD TARIQ
Company Secretary

NOTES:

1. The shares transfer books of the Company will remain closed from December 11, 2011 to December 17, 2011 (both days inclusive). Transfers (if any) should received at the office of our Registrar M/s. GANGJEES REGISTRAR SERVICES (Pvt.) LIMITED, Room No. 516, 5th Floor, Clifton Centre, Khayaban-e-Roomi, Block-5, Clifton, Karachi-75600, latest by the close of business on December 10, 2011.

2. A Member entitled to attend and vote at the General meeting of Members is entitled to appoint a proxy to attend and vote on his / her behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially certified of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A form of proxy is enclosed. Shareholders are requested to notify any change of address immediately.

4. CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company (Original CNIC / Passport is required to be produced at the time of the meeting.

5. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

6. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

7. The proxy shall produce his / her original CNIC or original passport at the time of meeting.

8. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company, are requested to send the same at the earliest.

DIRECTORS' REPORT

The Board of Directors of United Brands Limited (UBL) is pleased to present the Annual Report together with the audited Financial Statements of the Company for the year ended June 30, 2011. The report covers UBL activities for the year 2010-11 and describes the financial, operating and social performance of the Company.

The Directors' Report is prepared under section 236 of the Companies Ordinance, 1984 and Clause xix of the Code of Corporate Governance.

	2011	**2010**
	Rupees in 000	
Net sales	831,475	711,461
Profit / (Loss) before tax	(31,983)	10,674
Profit / (Loss) after tax	(34,513)	1,409
EPS (in Rupees)	(28.76)	1.17

Overview

The overall performance of the Company remained under pressure during the period under review because of the overall economic condition of the country. Despite of growth in sales by 16.9% compared to last year the gross profit for the current year reduced to 11.04% from 12.3% due to higher special discounts. Effective controls were applied to arrest the expenses resulting in reduction of the distribution costs from 7.32% to 6.89% of sales. The administrative expenses have registered an abnormal increase due to expired inventories write-off and one-off high discounts of a closed business line which resulted into operating loss of Rs.2.2 million. Had these expenses not been charged off, the company would have been profitable. During the year, the full utilization of Invoice Discounting facility and markup charges on current account of an associate company which were not levied last year resulted in increase in the financial charges to Rs.29.96m. This resulted in the loss before tax of Rs.31.98m for the year ended June 30, 2011.

Meetings of Board of Directors

During the year 2010-11 four Board meetings held and attended as follows:

S. No.	Name of Directors	Number of Meetings Attended
1.	Mr. Rashid Abdulla	3
2.	Mr. Azhar Aqil	3
3.	Syed Nadeem Ahmed	4
4.	Mr. Asad Abdulla	4
5.	Mr. Ayaz Abdulla	4
6.	Mr. Zubair Razzak Palwala	4
7.	Mr.Noor Alam	1
8.	Mr. Faisal Abdulla	3

Leave of absence was granted to the Directors who could not attend some of the Board Meetings. We would like to extend our gratitude to Mr. Azhar Aqil who has resigned from the Board.

Audit Committee

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

The terms of reference of the Committee have been determined by the Board of Directors in accordance with guidelines provided in the Listing Regulations and advised to the Committee for compliance. The Committee held four meetings during the year.

S. No.	Name of Directors	Number of Meetings Attended
1.	Mr. Zubair Razzak Palwala	4
2.	Mr.Asad Abdulla	4
3.	Mr. Azhar Aqil	3

Auditors

The present auditors, Baker Tilly Mehmood Idrees Qamar and Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending June 30, 2012 at a fee to be mutually agreed.

Future Outlook

In the first half of the calendar year 2011, the Board of Directors initiated a management restructuring program to uplift the performance of the Company. The measures undertaken have now resulted in improved performance as evident from the results of the 4th quarter in which a profit of 1.83 million was recorded that has reduced the overall loss from Rs. 36.34 million in the first three quarters to Rs. 34.5 million for the full year 2010-11. Some of the measures undertaken were the induction of controls to monitor and reduce expenses, focus on improving margins in existing business lines, addition of new business lines (confectionary and infant formula), sales force automation and ERP implementation. The Management is confident that the negative trend has been arrested and the company's profitability has been restored going forward.

Pattern of Shareholding

The statement of pattern of shareholding as at June 30, 2011 is annexed at page No. 30 of this report.

Appropriations

The directors proposed Nil dividend for the year ended June June 30, 2011.

Acknowledgements

The Directors would like to express their gratitude to the Customer, Bankers and other Stakeholders for their continued support and encouragement and also place on record the appreciation of the valuable services rendered by the employees of the Company.

For and on behalf of the Board

Rashid Abdulla
Chief Executive
Karachi: November 21, 2011

Six Year's Financial Analysis

Operational Results:

	2011	2010	2009	2008	2007	2006
Sales	831,475	711,461	580,268	441,952	321,517	118,270
Gross Profit	91,818	87,163	58,439	46,381	43,681	14,216
Operating Profit / (Loss)	(2,181)	22,527	(15,339)	7,413	7,762	5,007
Finacial Charges	29,967	11,852	1,528	1,377	1,568	492
Profit / (Loss) before Taxation	(31,984)	10,674	(16,867)	6,036	6,210	4,515
Profit / (Loss) after Taxation	(34,513)	1,409	(16,867)	1,804	2,315	2,935
Proposed Dividend	-	-	-	1,200	1,200	-

Balance Sheet:

	2011	2010	2009	2008	2007	2006
Shareholders' Equity	(45,469)	(10,955)	(12,364)	5,098	5,702	3,932
Non-Current Liabilities	84,255	72,098	73,585	56,159	40,980	16,484
Current Liabilities	212,596	138,441	106,684	93,529	78,798	42,393
Fixed Assets	8,745	4,871	5,629	6,927	11,212	1,917
Non-Current Assets	-	119	339	613	366	292
Current Assets	242,636	194,592	161,935	147,850	113,298	60,651

Financial Ratios:

	2011	2010	2009	2008	2007	2006
Profit / (Loss) before Tax Ratio	-299.64%	1.50%	-2.90%	1.36%	2.41%	3.82%
Proposed Dividend	-	-	-	10%	10%	10%
Return on Assets	-13.73%	0.72%	-10%	1.16%	1.85%	4.67%
Return on Equity	-	-	-	31.64%	45.41%	73.68%
Earnings / (Loss) per Share	(28.76)	1.17	(14.06)	1.5	1.93	2.45
Market value per Share	27	33	61	45.07	28.9	19.05
Book Value per Share	(37.89)	(9.12)	(10.3)	6.28	4.25	3.28
Debt / Equity Ratio	-	-	-	-	-	-
Current Ratio	1.1	1.4	1.51	1.58	1.7	0.7

Statement of Compliance with the Code of Corporate Governance

This statement of compliance is being presented to comply with the Code of Corporate Governance contained is listing regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent Executive Directors and Directors representing minority interest on its Board of Directors.

2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The Casual vacancies occured during the year in the Board was filled by the Directors within thirty days, if any.

5. The company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees of the company.

6. The Board has developed a vision and mission statement, overall corporate strategy business conduct principles and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they where approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and termsand conditions of Employment of the Executives.

8. In the absence of the Chairman, the meetings of the Board were presided over by a Director elected by the Board for this purpose. The Board met atleast once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors are conversant of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and aware of their duties and responsibilities.

10. The Chief Financial Officer (CFO) was appointed prior to implementation of the COde of Corporate Governance. The Board has approved the appointments of Head of Internal Audit and Company Secretary. Future appointments, if any, on these positions including remuneration, terms and conditions, as determined by the CEO, will be referred to the Board for approval.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee which comprises of three members; who are Non-Executive Directors.

16. The meeting of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the code, the terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set up an effective internal audit function.

18. 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, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listings regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with as stated above.

Dated : November 15, 2011
Place: Karachi

RASHID ABDULLA
Chief Executive

BAKER TILLY
MEHMOOD IDREES
QAMAR
CHARTERED ACCOUNTANTS
4th Floor, Central Hotel Building,
Civil Lines, Mereweather Road,
Karachi - Pakistan.
Tel: +92 (021) 35644872-7
Fax: +92(021) 35694573
Email: mim@mimandco.com

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of UNITED BRANDS LIMITED to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects that status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the code.

As 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's Statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub Regulation (xiii a) of Listing Regulations 35 of the Karachi Stock Exchange require the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Furhter, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Director and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

Baker Tilly Mehmood Idrees Qamar

Engagement Partner : M. Rehan Siddiqui
Karachi : November 15, 2011

BAKER TILLY
MEHMOOD IDREES
QAMAR
CHARTERED ACCOUNTANTS
4th Floor, Central Hotel Building,
Civil Lines, Mereweather Road,
Karachi - Pakistan.
Tel: +92 (021) 35644872-7
Fax: +92(021) 35694573
Email: mim@mimandco.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of UNITED BRANDS LIMITED as at June 30, 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, (hereinafter referred to as financial statements), for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion-
   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts, and are further in accordance with the accounting policies consistently applied.
   (ii) the expenditure incurred during the year was for the purpose of the company's business; and
   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explainations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2011, and of the loss , its cash flow and changes in equity for the year then ended; and

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

BAKER TILLY
MEHMOOD IDREES
QAMAR
CHARTERED ACCOUNTANTS

Without qualifying our opinion, we draw your attention to note no. (1.3) of the financial statements. The Company has incurred a net loss of Rs. 34,512,780/- during the year and the accumulated loss of the Company has reached to the level of Rs. 57,468,557/- resulting in a negative equity of Rs. 45,468,557/-. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, these financial statements have been prepared on a going concern basis.

Baker Tilly Mehmood Idrees Qamar

Engagement Partner : M. Rehan Siddiqui
Karachi : November 15, 2011

BALANCE SHEET
As at June 30, 2011

	Note	June 2011 (Rupees)	June 2010 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share Capital			
12,000,000 (2010: 3,000,000) Ordinary shares of Rs. 10/- each	4	120,000,000	30,000,000
Issued, subscribed and paid-up share capital			
1,200,000 ordinary shares of Rs. 10/- each fully paid-up in cash	4	12,000,000	12,000,000
Accumulated (loss)		(57,468,557)	(22,955,778)
		(45,468,557)	(10,955,778)
NON CURRENT LIABILITIES			
Due to related parties	5	81,021,206	71,039,930
Staff retirement benefits	6	1,058,487	1,058,487
Liabilities against assets subject to finance lease	7	2,174,920	-
		84,254,613	72,098,417
CURRENT LIABILITIES			
Current maturity of liabilities against assets subject to finance lease	7	1,249,050	249,922
Trade and other payables	8	109,752,874	34,504,118
Domestic supplier finance	9	98,332,656	99,422,263
Provision for taxation		3,260,960	4,265,526
		212,595,540	138,441,829
		251,381,595	**199,584,468**
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipments	10	8,745,394	4,871,805
Intangible assets	11	-	119,996
CURRENT ASSETS			
Stock in trade		125,398,997	84,101,412
Trade debts unsecured -considered good	12	33,795,073	45,251,725
Loans and advances	13	254,736	785,587
Trade deposits and prepayments	14	441,305	415,669
Other Receivables	15	34,169,793	32,281,576
Cash and Bank Balances	16	48,576,297	31,756,698
		242,636,201	194,592,667
		251,381,595	**199,584,468**

The annexed notes form an integral part of these financial statements.

RAHSID ABDULLA
Chief Executive Officer

SYED NADEEM AHMED
Director

PROFIT AND LOSS ACCOUNT
For the year ended June 30, 2011

	Note	June 2011 (Rupees)	June 2010 (Rupees)
Sales	17	980,353,107	828,830,243
Sales tax		(148,878,321)	(117,369,172)
		831,474,786	711,461,071
Cost of goods sold	18	(739,656,725)	(624,298,156)
Gross Profit		**91,818,061**	**87,162,915**
Distribution Cost	19	(57,339,147)	(52,077,524)
Administrative expenses	20	(36,659,795)	(12,340,349)
Other charges - Workers' welfare fund		-	(217,845)
		(2,180,881)	**22,527,197**
Financial charges	21	(29,966,847)	(11,852,784)
Other Income		164,150	-
(Loss)/Profit before taxation		**(31,983,578)**	**10,674,413**
Taxation	22	(2,529,202)	(9,265,526)
(Loss)/profit after taxation		**(34,512,780)**	**1,408,887**
Other comprehensive income		-	-
Total comprehensive (loss)/income		**(34,512,780)**	**1,408,887**
(Loss)/earnings per share	23	(28.76)	1.17

The annexed notes form an integral part of these financial statements.

RAHSID ABDULLA
Chief Executive Officer

SYED NADEEM AHMED
Director

Statement of Comprehensive Income
For the year ended June 30, 2011

	Note	June 2011 (Rupees)	June 2010 (Rupees)
Profit / (Loss) after taxation		(34,512,780)	1,408,887
Other Comprehensive Income		-	-
Total Comprehensive Income / (Loss)		**(34,512,780)**	**1,408,887**

The annexed notes form an integral part of these financial statements.

RAHSID ABDULLA
Chief Executive Officer

SYED NADEEM AHMED
Director

CASH FLOW STATEMENT
For the year ended June 30, 2011

	Note	June 2011 (Rupees)	June 2010 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		(31,983,578)	10,674,413
Adjustment for non cash items:			
Depreciation		1,153,059	1,037,168
Amortisation of intangible assets		119,996	219,709
Provision for gratuity		-	472,369
Financial Charges		29,966,847	11,852,784
		31,239,902	13,582,030
(Loss)/profit before changes in working capital		**(743,676)**	**24,256,443**
Working Capital changes			
(Increase)/decrease in current assets			
Stock in trade		(41,297,585)	(7,597,652)
Trade debts unsecured - considered good		11,456,652	(19,158,422)
Loans and advances		530,851	(605,315)
Trade deposits and prepayments		(25,636)	1,807,949
Other receivables		1,629,073	(6,802,207)
		(27,706,645)	(32,355,647)
Increase/(Decrease) in current liabilities			
Trade and other payables		75,248,756	10,938,575
Domestic supplier finance		(1,089,607)	24,429,847
		74,159,149	35,368,422
		45,708,828	**27,269,218**
Financial charges paid		(29,966,847)	(11,852,784)
Income tax paid		(7,051,058)	(489,144)
Gratuity paid		-	(2,700,966)
Net cash inflow from operating activities		**8,690,923**	**12,226,324**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,026,649)	(279,154)
Net cash (used in) investing activities		**(5,026,649)**	**(279,154)**
CASH FLOW FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		3,174,048	(1,380,365)
Due to related parties		9,981,276	990,124
		13,155,324	(390,241)
Net increase in cash and cash equivalents		**16,819,599**	**11,556,929**
Cash and bank balance at the beginning of the year		31,756,698	20,199,769
Cash and bank balance at the end of the year	16	**48,576,297**	**31,756,698**

The annexed notes form an integral part of these financial statements.

RAHSID ABDULLA
Chief Executive Officer

SYED NADEEM AHMED
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2011

	Issued, Subscribed and Paid-up Share Capital	Accumulated (Loss)	Total
	Rupees		
Balance as at July 01, 2009	12,000,000	(24,364,665)	(12,364,665)
Profit for the year ended June 30, 2010	-	1,408,887	1,408,887
Balance as at June 30, 2010	12,000,000	(22,955,778)	(10,955,778)
(Loss) for the year ended June 30, 2011	-	(34,512,780)	(34,512,780)
Balance as at June 30, 2011	12,000,000	(57,468,557)	(45,468,557)

The annexed notes form an integral part of these financial statements.

RAHSID ABDULLA
Chief Executive Officer

SYED NADEEM AHMED
Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

1. STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated in Pakistan in 1965 as a Public Limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on Karachi Stock Exchange. The registered office of the Company is situated at 1st Floor, NIC Building, Abbasi Shaheed Road, Karachi. The principal activities of the Company are trading and distribution of consumer goods, pharmaceutical and allied products.

1.2 The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

1.3 During the year the Company has incurred significant loss of Rs. 34.51 million resulting in a negative equity of Rs. 45.4 million. The loss is attributed to the expired stock of Rs. 18 million written off during the period and special discount of Rs. 10 million which was given to discard slow moving stock. Despite the fact the equity has been eroded, the management is confident that the addition of new business line will turn around the affairs of Company's operations into profitable ones in near future. However, these financial statements have been prepared on a going concern basis.

2. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The matter involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements are provision for staff retirement benefit, provision of doubtful and debts written off, stock obsolescence and write off etc.

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.

Standards, amendments and interpretations which became effective during the year

Following are the standards that became effective for periods beginning on or after January 1, 2010:

Amendments to IFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions became effective from July 1, 2010 which requires an entity receiving goods or services (receiving entity) in either an equity settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

Standards, amendments and interpretations not yet effective during the year

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

IAS 24 Related Party disclosures (revised 2009) - (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment may result in certain changes in disclosures.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

Amendments to IFRC 14 IAS 19 - The Limit on a defined benefit Asset, minimum funding requirements and their interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have an impact on Company's financial statements.

Improvements to IFRSs 2010 - IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011). These amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial Instruments. In addition, the IASB amended and removed existing disclosure requirements. The amendment may result in certain changes in disclosures.

Improvements to IFRSs 2010 - IAS 1 Presentation of financial statements (effective for annual periods beginning on or after 01 January 2011). These amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendment may result in certain changes in disclosures.

Improvements to IFRSs 2010 - IFRIC 13 customer loyalty programmes. The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. This amendment is not likely to have material impact on company's financial statements.

2.2 Staff Retirement benefits

Certain acturial assumptions have been adopted as disclosed in note 7.1 to the financial statements for valuation of present value of defined benefit obligation.

2.3 Property, plant and equipment

The Company has made certain estimates with respect to residual value, depreciation method and depreciable lives of property, plant and equipment. Further, the Company reviews the value of assets of possible impairment on an annual basis. Any change in the estimates in future years might effect the remaining amounts of respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

2.4 Income Taxes

In making the estimates for income taxes payable by the Company, the management considers current Income tax law and the decisions of appellate authorities on certain cases issued in past.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

These financial statements have been prepared under the ' historical cost convention'.

3.2 Fixed Assets

Property, Plant and Equipment

Operating assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Major repairs and maintenance are capitalized. Minor repairs

and maintenance are charged to profit and loss account as and when incurred.

Depreciation is charged to income applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Full month's depreciation is charged on additions, while no depreciation is charged on disposal in the month of disposal.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

The depreciation rates charged are given as follows:

Office Equipments	15%
Computers	20%
Air-Conditions	15%
Furniture and Fixture	10%
Vehicle	20%
Leasehold Improvements	20%

Leased Assets

Assets subject to finance lease are stated at lower of the present value of minimum lease payments under the lease agreement and fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets on the same basis as of owned assets.

Intangible Assets

These are stated at cost less amortization. These are amortized over a period of four years from the date when such cost is incurred.

3.3 Stock-in-Trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is determined using the First-In-First Out (FIFO) basis.

Cost of Stock in transit comprises of invoice value plus other charges accumulated to the balance sheet date.

Net realizable value represents the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

3.4 Trade Debts

Debts considered irrecoverable are written-off, while provisions are made for debts considered doubtful of recovery.

3.5 Revenue Recognition

Revenue from sale of products is recognized upon transfer of title to customers which coincides with physical delivery and acceptance.

3.6 Provisions

Provisions are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. Cash and cash equivalents are carried in the balance sheet at cost.

3.8 Financial Instruments

All the financial assets and liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instruments. All the financial assets are derecognized at the time when the company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to profit and loss account, currently.

3.9 Off Setting

Financial assets and liabilities are offset when the company has a legally enforceable right to offset and the company intends to settle either on net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
For the year ended June 30, 2011

3.10 Staff Retirement Benefits Schemes

Defined Benefit Plan

The Company operates an unfunded gratuity scheme (defined benefit plan) for all of its permanent employees with ten or more years of service. Contribution is made to this scheme on the basis of acturial recommendations. The acturial valuation is carried out using the Project Unit Credit Method. The Company has discontinued its gratuity scheme during this year.

Defined Contribution Plan

The Company also operates a recognized provident fund scheme (defined contribution plan) for its eligible employees. Matching contributions made by the company under the terms of the scheme are charged to profit and loss account.

3.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or turnover tax, which ever is higher, in accordance with the provision of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

3.12 Foreign Currencies

Transactions in foreign currencies are accounted for in Pak Rupees at the rates prevailing on the date of the transaction. Assets and liabilities in foreign currencies as at the balance sheet date are translated into Pak rupees at the rate of exchange prevailing on that date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Exchanges gains or losses are included in income currently.

3.13 Transactions with Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and retirement benefit funds. Amount due from and due to these associated companies are shown under receivables and payables. The Company has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method.

3.14 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any assets or group assets. If any such indication exists, the recoverable amount of such asset is estimated and impairment loss is recognized in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

	Note	June 2011 (Rupees)	June 2010 (Rupees)
4. SHARE CAPITAL			
Authorized Capital			

Number of Shares 2011	Number of Shares 2010		June 2011 (Rupees)	June 2010 (Rupees)
12,000,000	3,000,000	Ordinary Shares of Rs. 10/- each	120,000,000	30,000,000

Issued, Subscribed and Paid-up Share Capital

Number of Shares 2011	Number of Shares 2010		June 2011 (Rupees)	June 2010 (Rupees)
1,200,000	1,200,000	Ordinary Shares of Rs. 10/- each fully paid in cash	12,000,000	12,000,000

	Note	June 2011 (Rupees)	June 2010 (Rupees)
5. DUE TO RELATED PARTIES			
International Brands (Private) Limited		81,021,206	71,039,930
		81,021,206	71,039,930
6. STAFF RETIREMENT BENEFITS			
Staff gratuity payable	6.1	1,058,487	1,058,487
		1,058,487	1,058,487

The Company has discontinued the gratuity scheme during the year

6.1 The amounts recognized in the balance sheet are as follows:

	June 2011 (Rupees)	June 2010 (Rupees)
Present Value of defined benefit obligation	**1,058,487**	**1,058,487**
Movement in the net liability recognized in the balance sheet are as follows:		
Opening balance	1,058,487	3,287,084
Charge for the year	-	472,369
Contributions / payments during the year	-	(2,700,966)
Closing balance	**1,058,487**	**1,058,487**
The amount recognized in the profit and loss account is as follows:		
Current service cost	-	214,265
Interest cost	-	258,104
	-	**472,369**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

	June 2011 (Rupees)	June 2010 (Rupees)
The Charge for the year has been allocated as follows:		
Distribution Costs	-	283,421
Administrative expenses	-	188,948
Principal actuarial assumptions used are as follows:		
Expected rate of increase in salary level	-	12%
Valuation discount rate	-	14%

Comparison for five years	2011	2010	2009	2008	2007
As at June 30	1,058,487	1,058,487	3,287,084	2,789,969	2,522,131

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

7.1 The minimum lease payments have been discounted at an implicit interest rate 6 month KIBOR plus 2.75% to arrive at their present value. Rentals are paid in monthly installments. Lessee has the option to purchase the assets after expiry of the lease term.

Taxes, repairs and insurance costs are to be borne by the company. In case of early termination of lease, the lessee shall pay entire amount of rentals for unexpired period of lease agreement.

7.2 The amount of future payments of the lease and the period in which these payments will become due are as follows:

	June 2011			June 2010		
	Minimum Lease Payments	Financial Charges	Principal	Minimum Lease Payments	Financial Charges	Principal
	Rupees					
Not later than one year	1,599,900	350,850	1,249,050	258,807	8,885	249,922
Later than one year but not later than five years	2,391,180	216,260	2,174,920	-	-	-
	3,991,080	567,110	3,423,970	258,807	8,885	249,922

8. TRADE AND OTHER PAYABLES

	June 2011 (Rupees)		June 2010 (Rupees)	
Creditors		82,774,053		23,600,488
Accrued Liabilities		23,105,851		7,937,866
Other Liabilities				
Unclaimed dividend	127,585		127,585	
Others	3,745,385		2,838,179	
		3,872,970		2,965,764
		109,752,874		**34,504,118**

8.1 This includes financial charges amounting to Rs. 14,701,270 payable to International Brands (Private) Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

	Note	June 2011 (Rupees)	June 2010 (Rupees)
9. DOMESTIC SUPPLIER FINANCE	9.1	98,332,656	99,422,263

9.1 This represents the unutilized amount against domestic supplier finance available from a commercial bank amounting to Rs.100 million (2010:Rs.100 million). The rate of markup is 3 months KIBOR + 3% per quarter (2010: 3 months KIBOR +3%)

9.2 Arrangement is secured by way of hypothecation of stocks and receivables of the Company.

10. PROPERTY, PLANT AND EQUIPMENT

	Office Equipments	Computers		Air-Conditions	Furniture and Fixtures	Lease Hold Improvements	Vehicles		Total
		Owned	Held under Finance Lease				Owned	Held under Finance Lease	
	Rupees								
2010									
Year ended June 30									
Opening net book value	128,016	487,992	-	264,394	682,141	803,787	1,061,106	2,202,382	5,629,819
Addition	-	163,744	-	-	115,410	-	-	-	279,154
Deletion	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-
Depreciation Charge	(19,200)	(94,715)	-	(39,659)	(70,138)	(160,758)	(212,221)	(440,477)	(1,037,168)
Depreciation against assets disposed off/ transfer	-	-	-	-	-	-	-	-	-
Closing net book value	108,816	557,021	-	224,735	727,413	643,029	848,885	1,761,905	4,871,805
At June 30									
Cost	275,418	2,108,684	-	484,866	1,023,735	1,698,187	2,220,500	4,993,000	12,804,390
Accumulated Depreciation	(166,602)	(1,551,663)	-	(260,131)	(296,322)	(1,055,158)	(1,371,615)	(3,231,095)	(7,932,585)
Net book value	108,816	557,021	-	224,735	727,413	643,029	848,885	1,761,905	4,871,805
2011									
Year ended June 30									
Opening net book value	108,816	557,021	-	224,735	727,413	643,029	848,885	1,761,905	4,871,805
Addition	76,845	298,370	4,491,337	123,375	36,722	-	-	-	5,026,649
Deletion	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	4,993,000	(4,993,000)	-
Depreciation Charge	(16,323)	(133,116)	(254,926)	(42,374)	(72,741)	(129,041)	(328,349)	(176,189)	(1,153,059)
Depreciation against assets disposed off/ transfer	-	-	-	-	-	-	(3,407,248)	3,407,284	-
Closing net book value	169,338	722,275	4,236,411	305,736	691,394	513,988	2,106,252	-	8,745,394
At June 30									
Cost	353,263	2,407,054	4,491,337	608,241	1,060,457	1,698,187	7,213,500	-	17,831,039
Accumulated Depreciation	(182,925)	(1,684,779)	(254,926)	(302,505)	(369,063)	(1,184,199)	(5,107,248)	-	(9,085,645)
Net book value	169,338	722,275	4,236,411	305,736	691,394	513,988	2,106,252	-	8,745,394

Notes to the Financial Statements
For the year ended June 30, 2011

	June 2011 (Rupees)	June 2010 (Rupees)
11. INTANGIBLE ASSETS		
Opening Balance	119,996	339,705
Add: Additions during the year	-	-
Less: Amortization charge	(119,996)	(219,709)
	-	119,996
12. TRADE DEBTS		
Considered Good	33,795,073	45,251,725
Considered doubtful	-	267,782
	33,795,073	45,519,507
Less: Provision for doubtful debts	-	(267,782)
	33,795,073	**45,251,725**
13. LOANS AND ADVANCES		
Loans due from		
Employees	81,000	732,087
Advance to		
Employees	173,736	53,500
	254,736	**785,587**
14. TRADE DEPOSITS AND PREPAYMENTS		
Trade Deposits	441,305	393,300
Prepayments	-	22,369
	441,305	**415,669**
15. OTHER RECEIVABLES		
Advance Income tax	5,511,008	1,993,718
Sales tax refundable	3,783,779	5,320,531
Other receivable		
- Considered good	24,875,006	24,967,327
- Considered doubtful	8,515,302	5,676,868
	33,390,308	30,644,195
Less: Provision for doubtful debts	(8,515,302)	(5,676,868)
	34,169,793	**32,281,576**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

	Note	June 2011 (Rupees)	June 2010 (Rupees)
16. CASH AND BANK BALANCES			
Cash in hand		20,000	20,000
Cash at bank:			
- In current accounts		48,428,944	31,609,114
- In dividend accounts		127,353	127,585
		48,556,297	31,736,698
		48,576,297	**31,756,698**
17. NET SALES			
Sales		1,034,528,131	861,650,603
Sales Discount		(42,141,598)	(26,855,948)
Sales Return		(12,033,426)	(5,964,412)
		980,353,107	**828,830,243**
18. COSTS OF GOODS SOLD			
Opening Stock		84,101,412	76,503,760
Purchases		780,954,310	631,895,808
		865,055,722	708,399,468
Less: Closing Stock		(125,398,997)	(84,101,412)
		739,656,725	**624,298,156**
19. DISTRIBUTION COST			
Salaries, wages and benefits		22,323,222	21,880,480
Travelling and conveyance		1,430,254	2,159,329
Rent, rates and taxes		3,852,693	4,279,331
Insurance expense		334,471	53,118
Advertising and sales promotion		1,337,856	2,292,002
Vehicle running and maintenance		9,485,981	10,521,517
Printing and stationery		1,050,435	481,132
Repair and maintanence		1,160,809	97,431
Utilities		19,373	13,858
Security expense		700,387	535,966
Legal and professional		114,364	6,335
Fee and subscription		10,500	392
Freight and octroi		11,551,569	7,833,580
Depreciation	10	691,836	650,561
Communication		736,594	428,975
Entertainment		265,062	15,920
Training		11,046	87,224
Bad debts written off		2,262,696	200,341
Others		-	540,032
		57,339,147	**52,077,524**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

		June 2011 (Rupees)	June 2010 (Rupees)
20. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		6,615,379	5,173,610
Travelling and conveyance		953,660	8,305
Rent, rates and taxes		2,568,886	457,019
Insurance expense		223,017	364,097
Advertising and sales promotion		-	44,407
Auditors' remuneration	20.1	353,000	351,800
Vehicle running and maintenance		1,249,389	620,871
Printing and stationery		311,291	407,264
Repair and maintanence		344,000	155,476
Utilities		437,425	309,267
Security expense		92,247	241,133
Legal and professional		1,029,272	440,827
Fee and subscription		254	45,877
Depreciation	10	461,224	386,607
Amortization	11	119,996	219,709
Communication		291,048	137,292
Entertainment		176,737	138,354
Provision against other receivable		2,838,434	2,838,434
Expired stock written off		18,594,536	-
		36,659,795	**12,340,349**

		June 2011 (Rupees)	June 2010 (Rupees)
20.1 Auditor's Remuneration			
Audit Fee		250,000	250,000
Fee for half yearly review		65,000	65,000
Out of pocket		38,000	36,800
		353,000	**351,800**

		June 2011 (Rupees)	June 2010 (Rupees)
21. FINANCIAL CHARGES			
Financial charges on finance lease		230,245	87,727
Interest on providnet fund		137,136	294,603
Bank charges		808,854	652,052
Financial charges on domestic supplier finance		14,089,342	10,818,403
Financial charges on related party		14,701,270	-
		29,966,847	**11,852,784**

		June 2011 (Rupees)	June 2010 (Rupees)
22. TAXATION			
Current		1,676,938	4,265,526
Prior		852,264	5,000,000
	22.1	**2,529,202**	**9,265,526**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

Tax Charge Reconciliation

22.1 Relationship between tax expense and accounting profit has not been presented as tax has been computed under section 113 of Income Tax Ordinance, 2001 i.e. Minimum tax.

	June 2011 (Rupees)	June 2010 (Rupees)
23. (LOSS) / EARNINGS PER SHARE		
(Loss)/Profit after taxation	(34,512,780)	1,408,887
Number of Shares	1,200,000	1,200,000
	(28.76)	1.17

24. REMUNERATION OF CHIEF EXECUTIVE

	Chief Executive		Executives	
	2011	2010	2011	2010
	Rupees			
Managerial remuneration	1,083,332	-	1,008,390	2,926,764
Bonus	194,442	-	84,033	195,108
Leave encashment	486,108	-	42,016	81,288
Medical expenses	22,538	-	103,946	162,588
Total	**1,786,420**	-	**1,238,385**	**3,365,748**
Number of persons	1	-	2	2

25. FINANCIAL ASSETS AND LIABILITIES

	Markup bearing			Non-Markup bearing			2011 Total	2010 Total
	Maturity upto one year	Maturity after one year	Sub-Total	Maturity upto one year	Maturity after one year	Sub-Total		
	Rupees							
Financial Assets								
Trade debts	-	-	-	33,795,073	-	33,795,073	33,795,073	45,251,725
Loans and advance	-	-	-	254,736	-	254,736	254,736	785,587
Trade deposits and prepayments	-	-	-	441,305	-	441,305	441,305	393,300
Other receivables	-	-	-	24,875,006	-	24,875,006	24,875,006	24,967,327
Cash and bank balances	-	-	-	48,576,297	-	48,576,297	48,576,297	31,756,698
	-	-		**107,942,417**		**107,942,417**	**107,942,417**	**103,154,637**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

	Markup bearing			Non-Markup bearing			2011 Total	2010 Total
	Maturity upto one year	Maturity after one year	Sub-Total	Maturity upto one year	Maturity after one year	Sub-Total		
	Rupees							
Financial Liabilities								
Liabilities against assets subject to finance lease	1,249,050	2,174,920	3,423,970	-	-	-	3,423,970	249,922
Creditors	-	-	-	82,774,053	-	82,774,053	82,774,053	23,600,488
Accrued liabilities	-	-	-	23,105,851	-	23,105,851	23,105,851	7,937,866
Domestic supplier finance	98,332,656	-	98,332,656	-	-	-	98,332,656	99,422,263
Other liabilities	-	-	-	3,872,970	-	3,872,970	3,872,970	2,965,764
Due to related party	-	81,021,206	81,021,206	-	-	-	81,021,206	71,039,930
	99,581,706	**83,196,126**	**182,777,832**	**109,752,874**	-	**109,752,874**	**292,530,706**	**205,216,233**

25.1 Financial Risk Management Objectives

The Company finances its operation through equity and borrowings from parent company and management of working capital with a view to maintain a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risks arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments. The company manages its exposure to financial risk in the following manner:

(a) Currency Risk

Currency risk is the risk that the value of financial instrument will fluctuate due to change in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transaction with foreign buyers and suppliers. The Company believes that it is not exposed to major foreign exchange risk.

(b) Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company follows an effective cash management and planning policy to ensure availability of funds.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

25.2 Fair Value of Financial Instruments

The carrying values of all financial assets and liabilities reflected to the financial statements approximate their fair values. Fair values are determined on the basis of objective evidence at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2011

	June 2011 (Rupees)	June 2010 (Rupees)
26. STAFF STRENGTH		
Number of Employees	148	97

27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on November 15, 2010 by the Board of Directors of the Company.

28. CORRESPONDING FIGURES

Corresponding figures' have been reclassified / rearranged, wherever necessary.

29. GENERAL

Figures have been rounded off to the nearest rupee.

RAHSID ABDULLA
Chief Executive Officer

SYED NADEEM AHMED
Director

Combined Pattern of CDC & Physical Share Holding

Number of Shareholders	Shareholdings			Total Shares Held
183	1	-	100	5,601
43	101	-	500	11,609
8	501	-	1000	6,370
30	1001	-	5000	82,860
7	5001	-	10000	74,325
2	10001	-	15000	26,900
1	20001	-	25000	21,250
2	25001	-	30000	51,800
1	40001	-	45000	43,700
1	50001	-	55000	52,300
1	70001	-	75000	74,560
1	75001	-	80000	79,050
1	695001	-	700000	696,675
281				1,200,000

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
1. Individuals	272	340,519	28.377%
2. Joint Stock Companies	3	777,725	64.810%
3. Financial Institutions	5	7,196	.600%
4. Modaraba Companies	1	74,560	6.213%
TOTALS	281	1,200,000	100.000%

PROXY FORM

I/We ____

of ____ a member of

United Brands Limited and holder of ______________________ ordinary shares

as per shared Register Folio No. ______________________ hereby

appoint ____ of

____

as my/our proxy to vote for me/us and on my/our behalf at the 47th Annual General Meeting of the Company to be held on ______________________ and at any adjournment thereof as witness my / our hand this ______________ day of ______________ 2011.

Signature of Member : ______________________

Folio Number : ______________________

Number of Share held : ______________________

Signature and Address of Witness:

Please Affix Revenue Stamp

Signature & Company Seal

1. ____

2. ____

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized. A proxy need not be a member of the Company.
3. CDS Shareholders and their proxies are each requested to attach an attested copy of their CNIC or Passport with the proxy form before submission to the Company (Original CNIC/Passport is required to be produced at the time of the meeting).
4. The instrument appointing a proxy, together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered office of the Company not less than 48 hours before the time of holding the meeting.
5. An individual Beneficial owner of proxy must enclose an attested copy of his /her National Identity Card or Passport. The representative of corporate entity, shall submit Board of Director's resolution / power of attorney with specimen signature (unless it has been provided earlier) alongwith proxy form to the company.