United Brands Limited

Annual Report

2012

CONTENTS

Corporate Information

BOARD OF DIRECTORS

1.	Mr. Rashid Abdulla	Chairman
2.	Syed Qaiser Abbas Naqvi	Director & Chief Executive
3.	Mr. Asad Abdulla	Director
4.	Mr. Ayaz Abdulla	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	Member
3.	Syed Qaiser Abbas Naqvi	Member

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: 35683944-6, 35675111-7, Fax : 35635530, 35682772
www.ubrands.biz

REGISTRAR

Central Depository Company of Pakistan
CDC House, 99-B, Block ”B” S.M.C.H.S. , Main Shahrah-e-Faisal Karachi – 74400.

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: 25 September, 2012 Chief Executive
Place: Karachi

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 48th Annual General Meeting of **United Brands Limited** will be held on Saturday, October 20, 2012 at 07:30 P.M. at the Institute of Cost & Management Accountants, ICMAP City Campus, Plot no. 36/4, Hussain Shah Shaheed Road, Soldier Bazar Karachi, to transact the following business:

AGENDA

1. To confirm the minutes of the last Extraordinary 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, 2012.

3. To appoint auditors for the next financial year ending June 30, 2013 and fix their remuneration. The present Auditors, M/s. Baker Tilly Mehmood Idrees Qamar., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

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

By Order of the Board

Karachi: September 29, 2012

MUHAMMAD TARIQ
Company Secretary

NOTES:

(i) The share transfer book of the Company will remain closed from October 13, 2012 to October 20, 2012 (both days inclusive). Transfers (if any) should received at the office of Share registrar department of Central Depository Company, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi - 74400, latest by the close of business on October 12, 2012.

(ii) 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.

(iii) 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.

(iv) 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).

(v) 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.

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

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

(viii) 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, 2012. The report covers UBL activities for the year 2011-12 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.

	2012	2011
	Rupees in 000	
Net sales	1,069,166	831,475
Profit / (Loss) before tax	3,863	(31,983)
Profit / (Loss) after tax	7,396	(34,513)
EPS (in Rupees)	6.16	(28.76)

Overview

The company achieved remarkable performance in the current challenging business environment. The Net sales for the current financial year stood at Rs. 1.069 billion thereby registering an increase of 28.58% compared to Rs.0.831 billion for the corresponding period last year. The increase in sales is a combination of focused distribution coverage and increase in market share of existing products.

The Gross margin during the period remained at Rs.127 million as compared to Rs.92 million for the corresponding period last year. The overall expenses remained under tight control at Rs. 99 million, which is 9.23% of the net sales as compared to 11.31% for the same period last year.

The company has recorded a profit after tax Rs. 7.396 million as compared to a loss of Rs.34.512 million in the corresponding last year. The earnings per share recorded at Rs. 6.16 against a loss of Rs. 28.76 per share as compared to the corresponding period last year.

The SECP has granted approval for conversion loan into quity vide letter no EMD/233/616/2002.907 dated September 11, 2012. The issuance of shares would convert negative equity into positive.

Meetings of Board of Directors

During the year 2011-12 four Board meetings held and attended as follows:

S. No.	Name of Directors	Number of Meetings Attended
1.	Mr. Rashid Abdulla	4
2.	Syed Qaisar Abbas Naqvi	4
3.	Syed Nadeem Ahmed	4
4.	Mr. Asad Abdulla	4
5.	Mr. Ayaz Abdulla	4
6.	Mr. Zubair Palwala	4
7.	Mr. Faisal Abdulla	3

Leave of absence was granted to the Directors who could not attend some of the Board Meetings.

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.	Syed Qaisar Abbas Naqvi	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, 2013 at a fee to be mutually agreed.

Future Outlook

The management of your company is confident of maintaining and subsequently improving the profitability, by enhancing market share, strict control over expenditure and further increasing distribution coverage.

Pattern of Shareholding

The statement of pattern of shareholding as at June 30, 2012 is annexed at page no. 29 of this report.

Appropriations

The directors proposed Nil dividend for the year ended June 30, 2012.

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

Chief Executive
KARACHI: SEPTEMBER 25, 2012

Six Year's Financial Analysis

Operational Results:

	2012	2011	2010	2009	2008	2007
Sales	1,069,166	831,475	711,461	580,268	441,952	321,517
Gross Profit	126,923	91,818	87,163	58,439	46,381	43,681
Operating Profit / (Loss)	28,127	(2,181)	22,527	(15,339)	7,413	7,762
Finacial Charges	24,490	29,967	11,852	1,528	1,377	1,568
Profit / (Loss) before Taxation	3,863	(31,984)	10,674	(16,867)	6,036	6,210
Profit / (Loss) after Taxation	7,396	(34,513)	1,409	(16,867)	1,804	2,315
Proposed Dividend	-	-	-	-	1,200	1,200

Balance Sheet:

	2012	2011	2010	2009	2008	2007
Shareholders' Equity	(38,073)	(45,469)	(10,955)	(12,364)	5,098	5,702
Non-Current Liabilities	96,764	84,255	72,098	73,585	56,159	40,980
Current Liabilities	218,277	212,596	138,441	106,684	93,529	78,798
Fixed Assets	7,263	8,745	4,871	5,629	6,927	11,212
Non-Current Assets	-	-	119	339	613	366
Current Assets	269,706	242,636	194,592	161,935	147,850	113,298

Financial Ratios:

	2012	2011	2010	2009	2008	2007
Profit / (Loss) before Tax	0.36%	-3.85%	1.50%	-2.90%	1.36%	2.41%
Proposed Dividend	-	-	-	-	10%	10%
Return on Assets	2.67%	-13.73%	0.72%	-10%	1.16%	1.85%
Return on Equity	-	-	-	-	31.64%	45.41%
Earnings / (Loss) per Share	6.16	(28.76)	1.17	(14.06)	1.5	1.93
Market value per Share	31.80	27.48	35.56	64.00	45.07	28.9
Book Value per Share	-31.73	(37.89)	(9.12)	(10.3)	6.28	4.25
Debt / Equity Ratio	-	-	-	-	-	-
Current Ratio	1.2	1.1	1.4	1.51	1.58	1.7

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company : **UNITED BRANDS LIMITED**

Year ending : **30-Jun-2012**

This statement is being presented to comply with the Code of Governance contained in Regulation No. (35) of listing regulations of 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 CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

CATEGORY	NAMES
Independent Directors	Nil
Executive Directors	Nil
Non-Executive Directors	Mr. Rashid Abdulla
	Syed Qaiser Abbas Naqvi
	Syed Nadeem Ahmed
	Mr. Asad Abdulla
	Mr. Ayaz Abdulla
	Mr. Zubair Palwala
	Mr. Faisal Abdulla

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the board during the year.
5. 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.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.

The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged a training program for its directors during the year.

10. The board has approved appointment of CFO, and Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG 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 company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises 3 members, of whom all are non-executive directors and the chairman of the committee is a non-executive director.

16. The meetings 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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises 3 members, of whom two of the members are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 the ICAP.

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

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with except those that are not yet applicable.

Dated : 25 September, 2012
Place : Karachi

Syed Qaiser Abbas Naqvi
Chief Executive

BAKER TILLY
MEHMOOD IDREES
QAMAR
CHARTERED ACCOUNTANTS
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Civil Lines, Mereweather Road,
Karachi - Pakistan.
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Review Report To the Members on Statement of Compliance with 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 wit:-i 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. Further, 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 of the year ended June 30, 2012.

Engagement Partner: M. Rehan Siddiqui
Karachi.
Date: 25 September, 2012

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet Of **UNITED BRANDS LIMITED** as at June 30, 2012 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, (here-in-after referred to as the 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, and 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;

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 account and are further in accordance with 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.

BAKER TILLY
MEHMOOD IDREES
QAMAR
CHARTERED ACCOUNTANTS

c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss accounts, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standard 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, 2012, and of the profit, 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).

Without qualifying our opinion, we draw your attention to note no. (1.3) of the financial statements. The loss of the company has reached to the level of Rs. 50,073,004/- resulting in a negative equity of Rs. 38,073,004/-. 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.

Engagement Partner: M. Rehan Siddiqui
Karachi.
Date: 25 September, 2012

Balance Sheet
As at June 30, 2012

	Note	June 2012 (Rupees)	June 2011 (Rupees)
EQUITY AND LIABILITIES			
Authorized share Capital			
12,000,000 (2011: 12,000,000) Ordinary shares of Rs. 10/- each	4	120,000,000	120,000,000
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)		(50,073,004)	(57,468,557)
		(38,073,004)	(45,468,557)
NON CURRENT LIABILITIES			
Due to related parties	5	96,000,000	81,021,206
Staff retirement benefits	6	-	1,058,487
Liabilities against assets subject to finance lease	7	763,973	2,174,920
		96,763,973	84,254,613
CURRENT LIABILITIES			
Current maturity of liabilities against assets subject to finance lease	7	1,410,947	1,249,050
Trade and other payables	8	94,310,950	109,752,874
Domestic supplier finance	9	112,579,597	98,332,656
Provision for taxation		9,975,798	3,260,960
		218,277,292	212,595,540
		276,968,261	**251,381,595**
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipments	10	7,262,608	8,745,394
Intangible assets	11	-	-
CURRENT ASSETS			
Stock in trade		164,691,426	125,398,997
Trade debts unsecured- considered good	12	34,893,070	33,795,073
Loans and advances	13	282,436	254,736
Trade deposits and prepayments	14	469,300	441,305
Other receivables	15	29,771,385	34,169,793
Cash and bank balances	16	39,598,036	48,576,297
		269,705,653	242,636,201
		276,968,261	**251,381,595**

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

Chief Executive

Director

PROFIT AND LOSS ACCOUNT
For the Year ended June 30, 2012

	Note	June 2012 (Rupees)	June 2011 (Rupees)
Sales	**17**	1,240,554,842	980,353,107
Sales tax		(171,389,087)	(148,878,321)
		1,069,165,755	831,474,786
Cost of goods sold	**18**	(942,243,156)	(739,656,725)
Gross Profit		126,922,599	91,818,061
Distribution cost	**19**	(75,427,311)	(57,339,147)
Administrative expenses	**20**	(23,237,182)	(36,659,795)
Other charges - Workers' welfare fund		(130,768)	-
		28,127,338	(2,180,881)
Financial charges	**21**	(24,489,849)	(29,966,847)
Other income		225,690	164,150
Profit/(loss) before taxation		3,863,179	(31,983,578)
Taxation	**22**	3,532,375	(2,529,202)
Profit/(loss) after taxation		7,395,554	(34,512,780)
Other comprehensive income		-	-
Total comprehensive income /(loss)		**7,395,554**	**(34,512,780)**
Earnings /(loss) per share	**23**	6.16	(28.76)

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

Chief Executive

Director

CASH FLOW STATEMENT
For the year ended June 30, 2012

	Note	June 2012 (Rupees)	June 2011 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		3,863,179	(31,983,578)
Adjustment for non cash items:			
Depreciation		1,692,287	1,153,059
Amortization of intangible assets		-	119,996
Financial charges		24,489,849	29,966,847
		26,182,136	31,239,902
Profit /(loss) before changes in working capital		**30,045,315**	**(743,676)**
Working Capital Changes			
(Increase) / Decrease in current assets			
Stock in trade		(39,292,429)	(41,297,585)
Trade debts unsecured - considered good		(1,097,997)	11,456,652
Loans and advances		(27,700)	530,851
Trade deposits and prepayments		(27,995)	(25,636)
Other receivables		9,402,361	1,629,073
		(31,043,760)	**(27,706,645)**
Increase / (Decrease) in current liabilities			
Trade and other payables		(15,441,924)	75,248,756
Domestic supplier finance		14,246,941	(1,089,607)
		(1,194,983)	74,159,149
		(2,193,428)	**45,708,828**
Financial charges paid		(24,489,849)	(29,966,847)
Income tax paid		(5,003,953)	(7,051,058)
Tax loss surrendered to group company		10,247,213	-
Gratuity paid		1,058,487)	-
Net cash (used in)/inflow from operating activities		**(22,498,504)**	**8,690,923**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(209,500)	(5,026,649)
Net cash (used) in investing activities		**(209,500)**	**(5,026,649)**
CASH FLOW FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance lease		(1,249,050)	3,174,048
Due to related parties		14,978,794	9,981,276
		13,729,744	13,155,324
Net (decrease)/ increase in cash and cash equivalents		**(8,978,260)**	**16,819,599**
Cash and bank balance at the beginning of the year		48,576,297	31,756,698
Cash and bank balance at the end of the year	**16**	**39,598,036**	**48,576,297**

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

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2012

	Issued, Subscribed and Paid-up Share Capital	Accumulated (Loss)	Total
	Rupees		
Balance as at July 01, 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)**
Profit for the year ended June 30, 2012	-	7,395,554	7,395,554
Balance as at June 30, 2012	**12,000,000**	**(50,073,004)**	**(38,073,004)**

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

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

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 earned profit of Rs. 7.4 million which reduced the negative equity from 45.4 million to 38 million. The management is confident that business will grow further and the profitability of the company will continue to improve in the years to come. However, these financial statements have been prepared on a going concern basis. Further, the SECP has granted approval for conversion loan into equity vide letter no EMD/233/616/2002.907 dated September 11, 2012.The issuance of shares would convert equity into positive.

2. SIGNIFICANT ACCOUNTING JUDGEMENTS 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 judgement in the process of applying the company's accounting policies. The matters 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

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after the following dates:

- IAS 1, 'Presentation of financial statements' (effective January 01, 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- IAS 24 Related Party Disclosures (revised 2009) - (effective for annual periods beginning on or after January 01, 2011). The revision amends the definition of related party and modifies certain related party disclosure requirements for government related entities. The amendment may result in certain changes in disclosures.

- IAS 34 (amendment), 'Interim financial reporting', is effective for annual periods beginning on or after January 01, 2011. The amendment provides guidance as to application of disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. This amendment does not have a material impact on the company's financial statements.

- IFRS 7 (amendment), 'Financial instruments: Disclosures', is effective for annual periods beginning on or after January 01, 2011. The amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment does not have any impact on the company's financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 01, 2011 but are considered not to be relevant or do not have any significant effect on the Company's Operations and therefore not detailed in these financial statements.

Standards and interpretations issued but not yet effective for the current financial year

		Effective for periods beginning
IFRS 1	First-time adoption of financial reporting standards	January 01, 2013
IFRS 7	Financial instruments: Disclosures	January 01, 2013
IFRS 9	Financial instruments	January 01, 2013
IFRS 10	Consolidated financial statements	January 01, 2013
IFRS 11	Joint arrangements	January 01, 2013
IFRS 12	Disclosure of interests in other entities	January 01, 2013
IFRS 13	Fair value measurement	January 01, 2013
IAS 1	Presentation of financial statements (amendments)	July 01, 2012
IAS 12	Income taxes (amendments)	January 01, 2012
IAS 16	Property, plant and equipment	January 01, 2013
IAS 19	Employee benefits (amendments)	January 01, 2013
IAS 27	Consolidated and separates financial statements (amendments)	January 01, 2013
IAS 28	Investments in associates and joint ventures (amendments)	January 01, 2013
IAS 32	Financial instruments: Presentation - classification of rights issue	January 01, 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	January 01, 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the Standards will not affect the Company's financial statements except enhanced disclosures.

2.2 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.

2.3 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 authoritories 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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

carrying amount or recognized 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.

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 recognized 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

3.8 Financial Instruments

All the financial assets and liabilities are recognized 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 losses 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.

3.10 Staff Retirement Benefits Schemes

Defined Contribution Plan
The Company 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 recognized for all taxable temporary differences and deferred tax assets are recognized 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, 2012

	Note	June 2012 (Rupees)	June 2011 (Rupees)
4. SHARE CAPITAL			

Authorized Share Capital

Number of Shares 2012	Number of Shares 2011			
12,000,000	12,000,000	Ordinary Shares of Rs.10/ - each	120,000,000	120,000,000

Issued, Subscribed and Paid-up Share Capital

Number of Shares 2012	Number of Shares 2011			
12,000,000	12,000,000	Ordinary Shares of Rs.10/ - each fully paid in cash	120,000,000	120,000,000

5. DUE TO RELATED PARTIES

	Note	June 2012 (Rupees)	June 2011 (Rupees)
International Brands (Private) Limited		96,000,000	81,021,206
		96,000,000	81,021,206

6. STAFF RETIREMENT BENEFITS

	Note	June 2012 (Rupees)	June 2011 (Rupees)
Staff gratuity payable	**6.1**	-	1,058,487
		-	1,058,487

The Company has discontinued the gratuity scheme last year

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

	June 2012 (Rupees)	June 2011 (Rupees)
Present Value of defined benefit obligation	-	**1,058,487**
Movement in the net liability recognized in the balance sheet are as follows:		
Opening balance	1,058,487	1,058,487
Charge for the year	-	-
Contributions / (payments) during the year	(1,058,487)	-
Closing balance	**-**	**1,058,487**
The amount recognized in the profit and loss account is as follows:		
Current service cost	-	-
Interest cost	-	-
	-	**-**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

	June 2012 (Rupees)	June 2011 (Rupees)
The Charge for the year has been allocated as follows:		
Distribution Costs	-	-
Administrative expenses	-	-
Principal actuarial assumptions used are as follows:		
Expected rate of increase in salary level	-	-
Valuation discount rate	-	-

Comparisons for five years:	2012	2011	2010	2009	2008
	Rupees				
As at June 30	-	1,058,487	1,058,487	3,287,084	2,789,969

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 in follows:

	June 2012			June 2011		
	Minimum Lease Payments	Financial Charges	Principal	Minimum Lease Payments	Financial Charges	Principal
	Rupees					
Not later than one year	1,599,899	188,952	1,410,947	1,599,900	350,850	1,249,050
Later than one year but not later than five years	791,281	27,308	763,973	2,391,180	216,260	2,174,920
	2,391,180	216,260	2,174,920	3,991,080	567,110	3,423,970

8. TRADE AND OTHER PAYABLES

	June 2012 (Rupees)	June 2010 (Rupees)
Creditors	92,019,796	82,774,053
Accrued liabilities	1,315,389	23,105,851
Other Liabilities		
Unclaimed dividend	127,585	127,585
Provident fund payable	120,658	-
Others	727,522	3,745,385
	975,765	3,872,970
	94,310,950	109,752,874

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

	Note	June 2012 (Rupees)	June 2011 (Rupees)
9. DOMESTIC SUPPLIER FINANCE	**9.1**	112,579,597	98,332,656

9.1 This represents the unutilized amount against domestic supplier finance available from a commercial bank amounting to Rs. 140 million (2011: Rs.100 million). The rate of markup is 3 months KIBOR + 3% per quarter (2011: 3 months KIBOR +3% per quarter).

9.2 The arrangement is secured by way of hypothecation of stocks and receivables of the company.

10. PROPERTY, PLANT AND EQUIPMENT

	Office Equipments	Computers Owned	Computers Held under Finance Lease	Air-Conditions	Furniture and Fixtures	Lease Hold Improvements	Vehicles Owned	Vehicles Held under Finance Lease	Total
	Rupees								
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	-	-	-	-	-	-	(3,407,284)	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	352,263	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
2012									
Year ended June 30									
Opening net book value	169,338	722,275	4,236,411	305,736	691,394	513,988	2,106,252	-	8,745,394
Addition	-	209,500	-	-	-	-	-	-	209,500
Deletion	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-
Depreciation charge	(25,551)	(180,405)	(847,283)	(45,860)	(69,140)	(102,797)	(421,251)	-	(1,692,287)
Depreciation against assets disposedoff/ transfer	-	-	-	-	-	-	-	-	-
Closing net book value	143,787	751,370	3,389,128	259,876	622,254	411,191	1,685,001	-	7,262,608
At June 30									
Cost	352,263	2,616,554	4,491,337	608,241	1,060,457	1,698,187	7,213,500	-	18,040,539
Accumulated depreciation	(208,476)	(1,865,184)	(1,102,209)	(348,365)	(438,203)	(1,286,996)	(5,528,499)	-	(10,777,931)
Net book value	143,787	751,370	3,389,128	259,876	622,254	411,191	1,685,001	-	7,262,608

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

	Note	June 2012 (Rupees)	June 2011 (Rupees)
11. INTANGIBLE ASSETS			
Opening Balance		-	119,996
Add: Additions during the year		-	-
Less: Amortization charge		-	(119,996)
		-	-
12. TRADE DEBTS			
Considered Good		34,893,070	33,795,073
Considered doubtful		34,893,070	33,795,073
Less: Provision for doubtful debts		-	-
		34,893,070	**33,795,073**
13. LOANS AND ADVANCES			
Loans due from			
Employees		57,500	81,000
Advance to			
Employees		224,936	173,736
		282,436	**254,736**
14. TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits		449,300	441,305
Prepayments		20,000	-
		469,300	**441,305**
15. OTHER RECEIVABLES			
Advance income tax		10,514,961	5,511,008
Sales tax refundable		3,037,336	3,783,779
Other receivable			
- Considered good		16,219,088	24,875,006
- Considered doubtful		11,353,736	8,515,302
		27,572,824	33,390,308
Less: Provision for doubtful debts		(11,353,736)	(8,515,302)
		29,771,385	**34,169,793**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

	Note	June 2012 (Rupees)	June 2011 (Rupees)
16. CASH AND BANK BALANCES			
Cash in hand		-	20,000
Cash at bank:			
- In current accounts		39,470,683	48,428,944
- In dividend accounts		127,353	127,353
		39,598,036	48,556,297
		39,598,036	**48,576,297**
17. NET SALES			
Sales		1,287,261,134	1,034,528,131
Sales Discount		(42,752,748)	(42,141,598)
Sales Return		(3,953,544)	(12,033,426)
		1,240,554,842	**980,353,107**
18. COSTS OF GOODS SOLD			
Opening stock		125,398,997	84,101,412
Purchases		981,535,585	780,954,310
		1,106,934,582	865,055,72
Less: Closing stock		(164,691,426)	(125,398,997)
		942,243,156	**739,656,725**
19. DISTRIBUTION COST			
Salaries, wages and benefits		26,443,000	22,323,222
Traveling and conveyance		2,473,861	1,430,254
Rent, rates and taxes		6,475,715	3,852,693
Insurance expense		641,254	334,471
Advertising and sales promotion		219,605	1,337,856
Vehicle running and maintenance		16,382,757	9,485,981
Printing and stationary		1,051,985	1,050,435
Repair and maintenance		277,446	1,160,809
Utilities		1,323,365	19,373
Security expenses		1,889,792	700,387
Legal and professional		62,748	114,364
Fee and subscription		395	10,500
Freight and octroi		15,807,002	11,551,569
Depreciation	**10**	1,015,372	691,836
Communication		888,851	736,594
Entertainment		474,165	265,062
Training		-	11,046
Bad debts written off		-	2,262,696
		75,427,311	**57,339,147**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

	Note	June 2012 (Rupees)	June 2011 (Rupees)
20. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		11,969,739	6,615,379
Traveling and conveyance		888,995	953,660
Rent, rates and taxes		1,064,962	2,568,886
Insurance expense		616,364	223,017
Advertising and sales promotion		988,970	-
Auditors' remuneration	**20.1**	368,088	353,000
Vehicle running and maintenance		857,992	1,249,389
Printing and stationary		681,424	311,291
Repair and maintenance		31,395	344,000
Utilities		202,075	437,425
Security expenses		8,120	92,247
Legal and professional		1,711,511	1,029,272
Fee and subscription		3,050	254
Depreciation	**10**	676,915	461,224
Amortization	**11**	-	119,996
Communication		265,795	291,048
Entertainment		63,353	176,737
Provision against other receivable		2,838,434	2,838,434
Expired stock written off		-	18,594,536
		23,237,182	**36,659,795**

20.1 Auditor's Remuneration

	June 2012 (Rupees)	June 2011 (Rupees)
Audit fee	250,000	250,000
Fee for half yearly review	65,000	65,000
Out of pocket	53,088	38,000
	368,088	**353,000**

21. FINANCIAL CHARGES

	June 2012 (Rupees)	June 2011 (Rupees)
Financial charges on finance lease	350,850	230,245
Interest on provident fund	260,441	137,136
Bank charges	798,637	808,854
Financial charges on domestic supplier finance	12,832,142	14,089,342
Financial charges on related party	10,247,779	14,701,270
	24,489,849	**29,966,847**

22. TAXATION

	Note	June 2012 (Rupees)	June 2011 (Rupees)
Current	**22.1**	6,714,838	1,676,938
Prior		-	852,264
Loss surrendered to group company	**22.2**	(10,247,213)	-
		(3,532,375)	**2,529,202**

22.1 Tax Charge Reconciliation

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 and final tax regime.

22.2 The company has surrendered its assessed tax loss to Searle Pakistan Limited U/s 59B of Income Tax Ordinance, 2001.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

	June 2012 (Rupees)	June 2011 (Rupees)
23. EARNINGS /(LOSS) PER SHARE		
Profit /(loss) after taxation	7,395,554	(34,512,780)
Number of shares	1,200,000	1,200,000
	6.16	**(28.76)**

24. RELATED PARTY TRANSACTIONS

Related party comprises associated company, holding company, companies with common directorship and key management personnel. Transaction of the Company with related parties and balance outstanding at the year end are as follows:

Searle Pakistan Limited	Associate	Tax effect of loss surrendered	10,247,213	-
IBL Operations (Private) Limited	Associate	Current account balance- Receivable	96,000,000	81,021,206
Staff retirement benefits	Provident fund	Contribution	788,788	785,318

25. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives	
	2012	2011	2012	2011
	------ Rupees ------			
Managerial remuneration	-	1,083,332	3,153,265	1,008,390
Bonus	-	194,442	167,221	84,033
Leave encashment	-	486,108	83,611	42,016
Medical expenses	-	22,538	170,231	103,946
Total	-	1,786,420	3,574,328	1,238,385
Number of Persons	-	1	3	2

26. FINANCIAL ASSETS AND LIABILITIES

	Markup bearing			Non-Markup bearing			2012 Total	2011 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	-	-	-	34,893,070	-	34,893,070	34,893,070	33,795,073
Loans and advance	-	-	-	282,436	-	282,436	282,436	254,736
Trade deposits and prepayments	-	-	-	449,300	-	449,300	449,300	441,305
Other receivables	-	-	-	16,219,088	-	16,219,088	16,219,088	24,875,006
Cash and bank balances	-	-	-	39,598,036	-	39,598,036	39,598,036	48,576,297
	-	**-**	**-**	**91,441,930**	**-**	**91,441,930**	**91,441,930**	**107,942,417**
Financial Liabilities								
Liabilities against assets subject to finance lease	1,410,947	763,973	2,174,920	-	-	-	2,174,920	3,423,970
Trade and other payables	-	96,000,000	96,000,000	94,310,950	-	94,310,950	190,310,950	109,752,874
Domestic supplier finance	112,579,597	-	112,579,597	-	-	-	112,579,597	98,332,656
Due to related party	-	-	-	-	-	-	-	81,021,206
	113,990,544	**96,763,973**	**210,754,517**	**94,310,950**	**-**	**94,310,950**	**305,065,467**	**292,530,706**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2012

26.1 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.

26.2 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, 2012

	June 2012 (Rupees)	June 2011 (Rupees)
27. STAFF STRENGTH		
Number of Employees	**138**	**148**

28. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25 September, 2012 by the Board of Directors of the Company.

29. CORRESPONDING FIGURES

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

30. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDING

Number of Shareholders	Shareholdings	Total Shares Held
186	1 - 100	5,966
49	101 - 500	13,778
9	501 - 1000	6,996
33	1001 - 5000	90,875
6	5001 - 10000	41,250
2	10001 - 15000	26,900
2	20001 - 25000	41,650
1	25001 - 30000	26,300
1	40001 - 45000	43,700
1	50001 - 55000	52,300
1	65001 - 70000	69,060
1	75001 - 80000	79,050
1	700001 - 705000	702,175
293		1,200,000

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
1. Individuals	285	340,819	28.40%
2. Joint Stock Companies	4	783,623	65.30%
3. Financial Institutions	3	6,498	0.54%
4. Modaraba Companies	1	69,060	5.76%
TOTAL	**293**	**1,200,000**	**100.00%**

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 48th Annual General Meeting of the Company

to be held on ________________________________ and at any adjournment thereof as witness

my / our hand this ________________________ day of ________________2012.

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 sntitled 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.