

Striving For **PROGRESS**



UB

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Vision Statement

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

Overall Corporate Strategy

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

Mission Statement

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

Core Values

- Integrity
- Courage
- Passion
- Partnership
- Excellence
- Innovation
- Responsibility
- Humility



Johnson & Johnson

Johnson & Johnson is a multinational organization established in 1886. The organization is present in medical services, pharmaceuticals and consumer packaged segments. J&J includes a total of 250 subsidiaries on a global scale with operations in 60 countries and product availability across 175 countries. United Brands Limited (UBL) is a Pakistani organization that handles the sales, marketing and distribution of Johnson & Johnson products locally. The product categories include baby care, personal wash and feminine care.

Baby Range:

Johnson's baby is the market leader in the Pakistani market with high trust and credibility among the mothers. The product segments include baby shampoo, baby lotion, baby powder, baby wash, baby oils, baby wipes, nappy rash cream, petroleum jelly and baby cologne.

Clean and Clear:

Clean and Clear is one of the oldest brands in the personal wash category specially targeted towards the skin care needs of females. The flagship SKU "Clean and Clear face wash essentials" is the most relied upon brand by females when it comes to facial skin. Under the Clean and Clear umbrella other facial care products include moisturizers, scrubs, ex-foliating daily wash, pore cleansers, foaming wash and black head remover bars.

Stay free:

Stay free are sanitary napkins under the feminine care portfolio distributed by UBL.

Baby Shampoo



Blackhead Clearing



Morning Energy



UB

Essentials
Foaming
Facial Wash

Baby
Bath

Baby
Cooling
Powder

Baby
Lotion





Chocolate Making Is An Art

Every single details counts when it comes to creating the finest chocolate. The LINDT's Maitres Chocolatiers, real masters of their craft, are always striving to offer you a chocolate that melts tenderly in your mouth and gently caresses all your senses.

For 150 years, Lindt offers the most inspiring passion for chocolate. The top quality and the spirit of innovation have transformed Lindt symbol in the most exclusive and traditional Swiss chocolate

Lindor

Silky creamy chocolate ever created by LINDT's Maitres Chocolatiers. A majestic round ball made from the finest premium chocolate with the most temptingly smooth chocolate filling will simply endow an unforgettable experience. Elegantly packed; each LINDOR is wrapped in decorative paper making it special

Surprise your taste buds with an unexpected alliance of Assorted, White Chocolate, 60% Dark and hints of Caramel created to melt-in-your-mouth and make life sweeter.

Swiss Classic

Perfection, Bite After Bite!

It is the careful selection of the finest ingredients, the expertise and passion that will ensure that Lindt Swiss Classic becomes your milk chocolate of choice.

Experience LINDT's signature smooth and creamy tasting Swiss milk chocolates combined with delicious raisins and gently roasted hazelnuts and almonds.

Excellence

It's demanding. It's powerful. It's an experience to taste. It's all about selecting and roasting cocoa beans and the art of creating distinctive and delightful chocolate taste profiles.

Lindor Cornet Milk



Swiss Luxury Selection



Napolitains



The bitter and Sweet flavors compliment each other and ensure a unique and superior tasting experience. The mellowing effect of the cocoa butter ensures the taste is well balanced

Discover all the variants of LINDT EXCELLENCE creations.

Creation

Lindt Creation is the most indulgent range of soft centered bars created by Lindt Master Chocolatiers with multiple textures and flavors enrobed in the finest Lindt milk and dark chocolate

Les Grandes

Lindt's Maîtres Chocolatiers have created this masterpiece using whole hazelnuts, toasted to perfection, mixed with crunchy caramelized hazelnut slivers surrounded by Lindt's exceptionally creamy milk chocolate.

Gold Tablets

Be delighted with the finest Swiss milk chocolate taste and the precious tasty ingredients that LINDT's Maitres Chocolatiers select to create what we think is definitely the GOLD standard. Share your passion for Gold with your loved ones

Swiss Tradition Deluxe

Every single SWISS LUXURY SELECTION praline is proof of the LINDT Maitres Chocolatiers unmatched passion for high quality chocolate.

Tempting combinations of the finest ingredients and meticulous presentation make the SWISS LUXURY Selection pralines incomparable in taste and a pleasure to the eye.

A perfect gift to meet the most demanding taste

Napolitians

The smooth, creamy richness of LINDT fine chocolate block in miniature.

A sociable selection to share with friends and family.

The NAPOLITAINS Chocolate box contains an assortment of individually wrapped squares.

Lindor
Single



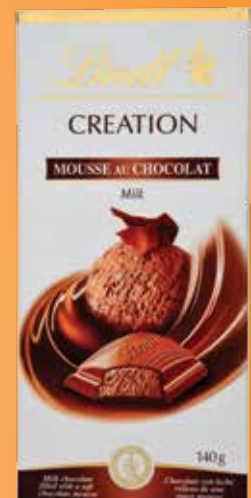
Swiss
Classic



Excellence
70%



Creation
Mousse Milk



Company Information

BOARD OF DIRECTORS

Mr. Rashid Abdulla	Chairman
Mr. Arshad Anis	Chief Executive Officer
Mr. Munis Abdullah	Director
Mr. Ayaz Abdulla	Director
Mr. Syed Nadeem Ahmed	Director
Mr. Zubair Razzak Palwala	Director
Mr. Hasan Tariq Khan	Director

AUDIT COMMITTEE

Mr. Hasan Tariq Khan	Chairman
Mr. Zubair Razzak Palwala	Member
Mr. Syed Nadeem Ahmed	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Zubair Razzak Palwala	Chairman
Mr. Arshad Anis	Member
Mr. Ayaz Abdulla	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Syed Atik Ali

AUDITORS

A.F. Ferguson & Company, Chartered Accountants

INTERNAL AUDITORS

BDO Ebrahim & Company, Chartered Accountants

LEGAL ADVISOR

Saleem & Khan Law Associates

BANKERS

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

REGISTERED OFFICE

8th Floor, NIC Building, Abbasi Shaheed Road, Karachi-75530
Tel: 35683944-6, 35675111-7, Fax: 35635530, 35682772

SHARE REGISTRAR

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, SMCHS
Shahra-e-Faisal, Karachi - 74400



Notice of Annual General Meeting

Notice is hereby given that 52nd Annual General Meeting of the members of M/s. United Brands Limited will be held on Monday, 31st October, 2016 at 07:00 p.m. at 9th floor, NIC building, Abbasi Shaheed Road, Karachi to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting of the Company held on October 31st, 2015.
2. To receive, consider and adopt annual audited financial statements for the year ended June 30, 2016 together with the Directors' and Auditors' Report thereon.
3. To appoint auditor for the next financial year ending June 30, 2017 and to authorize the directors to fix their remuneration. The present auditor, M/s. A.F. Ferguson & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By the order of the board



Syed Atik Ali
Company Secretary

Date: October 10, 2016
Place: Karachi

NOTES:

Book Closure:

- i. The share transfer books of the Company will remain close from October 25, 2016 to October 31, 2016 (both days inclusive). Transfers (if any) should be received at the office of our share registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S. Shahra-e-Faisal, Karachi, latest by the close of business on October 24, 2016.
- ii. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need to be a member of the Company. The instrument appointing a proxy and the power of attorney or other authority under which it is signed must be deposited at the registered office of the Company, 8th floor, NIC Building, Abbasi Shaheed Road, Karachi, at least 48 hours before the time of the meeting. The proxy shall produce his/her original CNIC or original passport at the time of the meeting to prove his/her identity.
- iii. The form of proxy is attached in the Annual Report.
- iv. Shareholders are requested to notify any change of address immediately to our Share Registrar Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S. Shahra-e-Faisal, Karachi.
- v. 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 produce at the time of the meeting). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

Directors' Report to Shareholders

The Directors of United Brands Limited are pleased to present their report together with the Company's audited financial statements for the year ended June 30, 2016.

Summary of Financial Performance

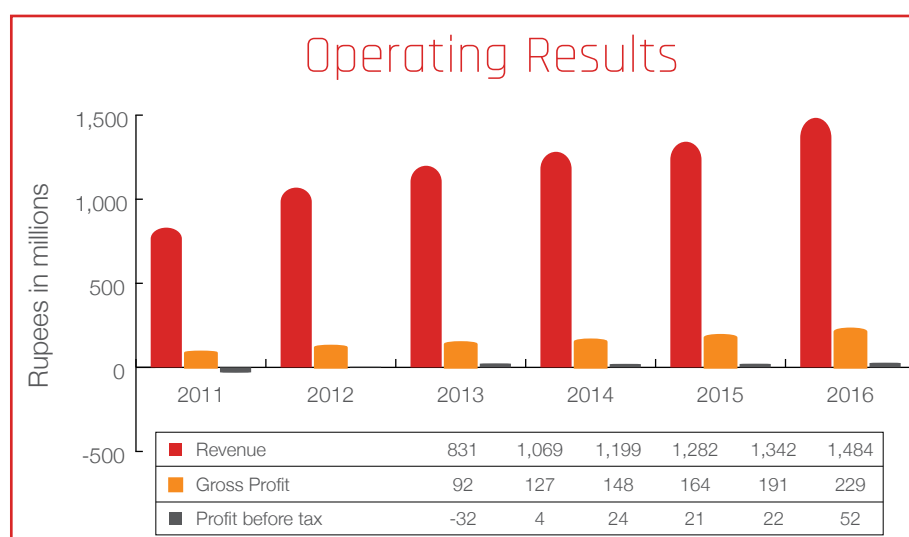
	2016	2015
	(Rupees in thousand)	
Revenue	1,483,737	1,342,485
Gross profit	229,244	191,265
Gross profit as a percentage of revenue	15.45%	14.2%
Operating profit	57,705	31,736
Profit after taxation	28,441	12,248

Financial Performance:

The revenues of the Company have shown growth of 10.5% as compared to the comparative year. The main reason for growth is new customers, achievement of aggressive targets and introduction of 2 new business lines 'Ovaltine' and 'Twinings'. Gross profit as a percentage of revenue also improved from 14.2% to 15.01% for the current fiscal year. The main reason for increase in GP is growth in sales of Lindt.

Distribution and administrative expenses have shown a steady state and remained at same % as to total sales where as other expenses have shown a significant decline due to control over expiries and bad debts. The steadiness of expenses has resulted in increased operating profit of 3.9% (2015: 2.4%) which is 1.5% more as compared to comparative year.

Net profit has increased by Rs. 16 million increase as compared to comparative year. Net profit as % of sales has increased by 1% 2016: 1.9% (2015: 0.9% of total sales).



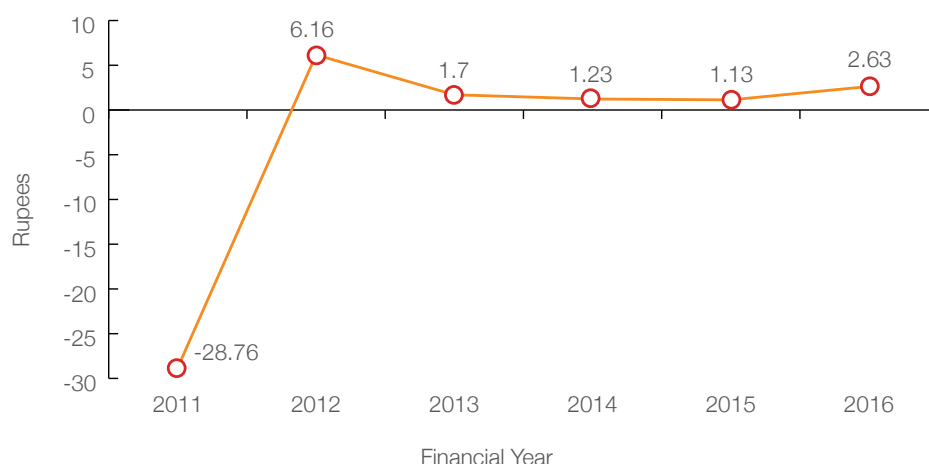
Holding Company

International Brands Limited is the holding Company of United Brands Limited. As at June 30, 2016, International Brands Limited held 10,381,225 shares of PKR 10 each (96.12%).

Basic / diluted earnings per share

Basic / diluted earnings per share were PKR 2.63 (2015: PKR 1.13)

Earnings per share



Dividends

Dividends were not announced in the current year, as we plan to invest the profits within the Company. We foresee higher profits in the upcoming years which will hopefully result in higher dividends.

Statement of Ethics and Business Practices

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

Corporate Social Responsibility

'We make a living by what we get, but we make a life by what we give' – William Churchill

Our business is driven by our core values which ensures the commitment of all those involved to everything we do. We recognize that we must integrate our business values and operations to meet the expectations of our stakeholders; employees, customers, suppliers, the community in which we work and the environment.

Change of Chief Executive:

Mr. Asad Abdulla resigned from the post of Chief Executive from March 2, 2016 and in his place Mr. Arshad Anis was appointed as the new Chief Executive of the Company on with effect from March 16, 2016 for the remainder of the period ending June 30, 2016.

The Board wishes to place on record the valuable contributions made by the outgoing Chief Executive Mr. Asad Abdulla and welcomes the new Chief Executive Mr. Arshad Anis.

Director's Training Program

Board of Directors training helps the Board fulfils its roles and make a real difference to a Company's performance. It takes a practical and pragmatic approach- because every Board has a unique role in Company oversight including duty to stakeholders. Therefore, keeping the same in mind and the requirements of the Code, Director namely Mr. Arshad Anis and Mr. Hasan Tariq Khan has attended the Director's training program conducted by Institute of Chartered Accountants of Pakistan during the year.

Meetings of the Board of Directors

During the Year 2016, four Board meetings were held and attended as follows:

Name of Directors	Meeting Attended
Mr. Rashid Abdulla	4
Mr. Arshad Anis	2
Mr. Asad Abdulla*	2
Mr. Munis Abdullah	3
Mr. Ayaz Abdulla	3
Mr. Syed Nadeem Ahmed	4
Mr. Zubair Razzak Palwala	4
Mr. Hasan Tariq Khan	4

*Resigned from March 2, 2016

Audit Committee

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

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

An independent audit function reporting to the Board's audit committee reviews risks and controls across the organization. The Board has outsourced the Internal Audit Function to BDO Ebrahim & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

During the year 2016, four audit committee meetings were held and attended as follows:

Members	Meeting Attended
Mr. Hasan Tariq Khan	4
Mr. Zubair Razzak Palwala	4
Mr. Syed Nadeem Ahmed	4

Human Resource and Remuneration Committee

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

Financial statements and auditors

The financial statements of the company have been audited without qualification by the auditors, A.F. Ferguson, Chartered Accountants. Further, the present auditors, A.F. Ferguson, Chartered Accountants, retired and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their reappointment as Auditors of the company for the year ending June 30, 2017, at a fee to be mutually agreed.

Subsequent Events

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

Value of Investments of Provident Fund

The fair value of investment of provident fund as per its financial statements at June 30, 2016 is PKR 10.227 million (June 30, 2015 is PKR 7.76 million).

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The financial statements are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatements or loss. The internal control is regularly reviewed. This has been formulized by the Board's Audit Committee and updated as and when needed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Code of Corporate Governance as detailed in the listing regulations..

Future Outlook

The management is looking forward to significant future growth in United Brands Limited. We are focused on enhancing current business and tapping new opportunities. Our sales force is continuously focusing in expanding coverage of the baby products and cosmetic products. Besides enhanced coverage and focus on our key customers will not only increase our market share but will also result in an increase in the Company's sales growth.

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

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

Shareholding Information

The Company's shares are traded on Pakistan Stock Exchange. The pattern of Shareholding as at June 30, 2016 and other related information is set out on page 55 and 56.

None of the Directors, CEO, CFO and Company Secretary and their spouses and minor children has carried out any trades in the shares of the Company.

Karachi.

Date: September 19, 2016

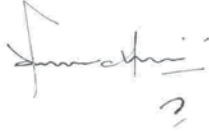


Arshad Anis
Chief Executive Officer

شیر ہولڈنگ کی معلومات

کمپنی کے شیرز کی پاکستان اسٹاک ایکسچینج میں تجارت ہوتی ہے۔ ۳۰ جون ۲۰۱۶ء کے مطابق شیر ہولڈنگ کا طریقہ کار اور دیگر معلومات صفحہ نمبر 55 اور 56 پر درج ہیں۔

کسی بھی ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں کا کمپنی کے شیرز میں تجارت کا کوئی حصہ نہیں۔



ارشاد نیس
چیف ایگزیکٹو آفیسر

کراچی
۱۹ ستمبر ۲۰۱۶ء

پراویڈنٹ فنڈ کی سرمایہ کاریوں کی مالیت

۳۰ جون ۲۰۱۶ء کو پراویڈنٹ فنڈ کی درست مالیت مطابق اس کے مالیاتی حسابات ۲۲۷.۱۰ ملین روپے تھی (۷۷.۷ ملین پاک روپے: ۳۰ جون ۲۰۱۵ء)۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات اس کے تمام کاروباری امور، اس کے آپریشن کے نتائج، بہاؤ اور اس کی ایکویٹی میں تبدیلی کو شفاف انداز میں پیش کرتے ہیں۔
- کمپنی کے حسابات کی باقاعدہ کتب تیار کی جاتی ہیں۔
- موزوں ترین اکاؤنٹنگ پالیسیاں مالیاتی حسابات اور اکاؤنٹنگ کے تخمینہ جات کی تیاری میں مستقل طور پر لاگو کی جاتی ہیں اور یہ مناسب اور محتاط فیصلوں پر منحصر ہوتی ہیں۔
- مالیاتی حسابات پاکستان میں نافذ العمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز کے مطابق تیار کئے جاتے ہیں۔
- کمپنی ایک مستحکم اندرونی کنٹرول سسٹم کا حامل ہے جو کسی بھی غلط بیانی یا نقصان کے خلاف قابل قدر ضمانت فراہم کرتا ہے انٹرل کنٹرول سسٹم کا باقاعدہ سے جائزہ لیا جاتا ہے یہ بورڈ کی آڈٹ کمیٹی کی جانب سے حتمی طور پر تیار کیا جاتا ہے اور جب اور جہاں ضرورت ہو اسے بہتر بنایا جاتا ہے۔
- اس امر میں کوئی شبہ نہیں کہ کمپنی میں ترقی کرنے کی بہترین صلاحیت موجود ہے۔
- کوڈ آف کارپوریٹ گورننس کے بہترین طریقہ کار سے قطعی روگردانی نہیں کی جاتی جیسا کہ لسٹنگ ریگولیشنز میں درج ہے۔

مستقبل پر ایک نظر

انتظامیہ یونائیٹڈ برانڈز میں آئندہ مسلسل ترقی کی خواہاں ہے۔ ہم اپنے موجودہ کاروبار اور نئے مواقع تلاش کرنے پر توجہ دے رہے ہیں۔ ہماری سیلن فورس مستقل طور پر چھوٹی مصنوعات اور کاسمیٹک پروڈکٹس کے دائرہ کار کو وسیع کرنے پر توجہ دے رہی ہے۔ کوریج میں توسیع اور اپنے مرکزی صارفین پر توجہ دینے کے ساتھ ساتھ ہم نہ صرف مارکیٹ شیئر میں اضافہ کریں گے بلکہ کمپنی کی سیلن فورس میں بھی نہایت مثبت اثرات سامنے آئیں گے۔

ہم پُر اعتماد ہیں کہ ہم اپنے شیئر ہولڈرز کے لئے بہتری خدمات فراہم کریں گے اور اس کے ساتھ انہیں بہترین مصنوعات اور خدمات بھی دے سکیں گے۔ اس سلسلے میں ہم اپنی سیلن فورس کے بے مثال تعاون اور سپورٹ کو خراج تحسین پیش کرتے ہیں جن کے بغیر یہ نتائج حاصل کرنے ممکن نہ تھے۔ ہم کمپنی کے حاصل کردہ اہداف کو تکمیل تک پہنچانے کے لئے اپنے ملازمین کی انتھک جدوجہد پر ان کے بھی شکر گزار ہیں۔

آڈٹ کمیٹی

کمیٹی تین ممبران پر مشتمل ہے، تمام نان ایگزیکٹو ڈائریکٹرز ہیں اور کمیٹی کے چیئرمین ایک خود مختار ڈائریکٹر ہیں۔ کمپنی کے ٹرمز آف ریفرنس کا تعین بورڈ آف ڈائریکٹرز کی جانب سے لسٹنگ ریگولیشنز میں فراہم کردہ رہنما ہدایات اور عملدرآمد کے لئے کمپنی کی ہدایات کے مطابق کیا جاتا ہے۔ کمپنی نے سال کے دوران ۴ اجلاس طلب کیے۔

بورڈ کی آڈٹ کمیٹی کو رپورٹ کرتے ہوئے ایک آزادانہ آڈٹ فنکشن پورے ادارے میں خدشات و خطرات اور انتظام کا جائزہ لیتا ہے۔ بورڈ نے انٹرنل آڈٹ کا عمل بیرونی طور پر بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سے کرایا جو موزوں طور پر اس مقصد کے لئے اہل اور تجربہ کار تصور کیے گئے اور کمپنی کی پالیسیوں اور طریقہ کار سے بخوبی واقف ہیں۔

سال ۲۰۱۶ء کے دوران آڈٹ کمیٹی کے ۴ اجلاس منعقد ہوئے اور ان میں حاضری درج ذیل کے مطابق رہی:

ارکان اجلاس میں حاضری

4	جناب حسن طارق خان
4	جناب زبیر رزاق پال والا
4	جناب سید ندیم احمد

ہیومن ریسورس اینڈ ریمونریشن کمیٹی

یہ کمیٹی تین ممبران پر مشتمل ہے، ان میں سے دو بشمول کمیٹی چیئرمین نان ایگزیکٹو ڈائریکٹرز ہیں۔

مالیاتی اسٹیٹمنٹ اور آڈیٹرز

کمپنی کے مالیاتی اسٹیٹمنٹ آڈیٹرز اے ایف فرگوسن چارٹرڈ اکاؤنٹینٹس کی جانب سے بغیر کوالیفیکیشن آڈٹ کیے گئے ہیں۔ مزید برآں موجودہ آڈیٹرز اے ایف فرگوسن چارٹرڈ اکاؤنٹینٹس سبکدوش ہو رہے ہیں اور اہل ہونے کی بناء پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی سفارشات پر انہیں باہمی طے کردہ معاوضے پر ۳۰ جون ۲۰۱۷ء کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز کی حیثیت سے دوبارہ تقرری کی توثیق کرتا ہے۔

بعد از آن ہونے والے واقعات

کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کوئی ایسی ترامیم یا معاہدے نہیں کئے گئے جو کمپنی کی مالیاتی پوزیشن پر اثرات مرتب کیں۔

کارپوریٹ سوشل ریسپانسیبیلٹی (CSR)

”ہم جو حاصل کرتے ہیں اُس سے ہم زندگی کو چلاتے ہیں لیکن ہم جو دیتے ہیں اُس سے زندگی بناتے ہیں“۔ ولیم چرچل۔
ہمارا کاروبار ہمارے بنیادی اصولوں پر قائم ہے جو اس امر کو یقینی بناتا ہے کہ ہم ان تمام باتوں پر قائم ہیں جن کا ہم نے وعدہ کر رکھا ہے۔ ہم تسلیم کرتے ہیں کہ ہمیں لازماً اپنے کاروباری اصولوں اور آپریشنز کو مربوط بنانا ہے تاکہ ہم اپنے اسٹیک ہولڈرز، ملازمین، صارفین، سپلائرز اور کمیونٹی کی توقعات پر پورا اتر سکیں جس میں ہم کام کر رہے ہیں۔

چیف ایگزیکٹو کی تبدیلی

جناب اسد عبداللہ نے ۲ مارچ ۲۰۱۶ء سے چیف ایگزیکٹو کے عہدے سے استعفیٰ دے دیا تھا اور ان کی جگہ جناب ارشد انیس کی ۱۶ مارچ ۲۰۱۶ء سے بطور کمپنی کانٹے چیف ایگزیکٹو تقرری کی گئی جو ۳۰ جون ۲۰۱۶ء کو ختم ہونے والی باقیماندہ مدت تک کے لئے تھی۔

بورڈ مستعفی ہونے والے چیف ایگزیکٹو جناب اسد عبداللہ کی گرانقدر خدمات کو خراج تحسین پیش کرتا ہے اور نئے چیف ایگزیکٹو جناب ارشد انیس کا خیر مقدم کرتا ہے۔

ڈائریکٹرز کا تربیتی پروگرام

بورڈ آف ڈائریکٹرز کی تربیت سے بورڈ کو کمپنی کی کارکردگی میں حقیقی تبدیلی لانے کے لئے اپنا کردار ادا کرنے میں مدد ملتی ہے۔ یہ ایک عملی اور حتمی اپروچ ہے چونکہ ہر ایک بورڈ کا کمپنی میں ایک منفرد کردار بشمول اسٹیک ہولڈرز کے ضمن میں ان کی ضروریات کو پورا کرتا ہے لہذا اس امر کو مد نظر رکھتے ہوئے اور کوڈ کے ضوابط کے تحت ڈائریکٹر بنام جناب ارشد انیس اور جناب حسن طارق نے ڈائریکٹرز کے تربیتی پروگرام میں شرکت کی جس کا انعقاد سال کے دوران انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی جانب سے کیا گیا تھا۔

بورڈ آف ڈائریکٹرز کے اجلاس

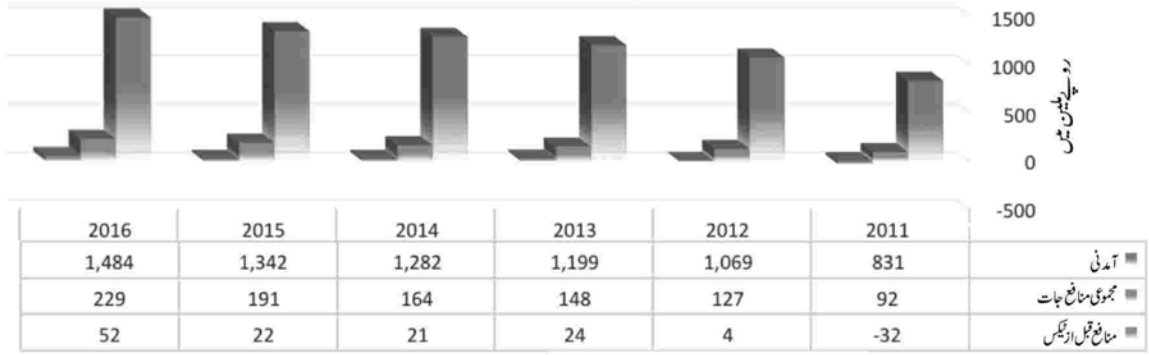
سال ۲۰۱۶ء کے دوران بورڈ کے ۱۴ اجلاس منعقد ہوئے اور ان میں حاضری درج ذیل کے مطابق رہی:

ڈائریکٹرز اجلاس میں حاضری

4	جناب راشد عبداللہ
2	جناب ارشد انیس
2	جناب اسد عبداللہ *
3	جناب مونس عبداللہ
3	جناب ایاز عبداللہ
4	جناب سید ندیم احمد
4	جناب زبیر رزاق پال والا
4	جناب حسن طارق خان

* ۲ مارچ ۲۰۱۶ء سے سبکدوش

آپریٹنگ نتائج



آمدنی ■ مجموعی منافع جات ■ منافع قبل از ٹیکس

ہولڈنگ کمپنی

انٹرنیشنل برانڈ لمیٹڈ یونائیٹڈ برانڈز لمیٹڈ کی ہولڈنگ کمپنی ہے۔ ۳۰ جون ۲۰۱۶ء کے مطابق انٹرنیشنل برانڈ لمیٹڈ ہر ایک ۱۰ پاکستانی روپے مالیت کے ۲۲۵،۳۸۱،۰۰۰ شیئرز (۹۶.۱۲ فیصد) کی ملکیت کی حامل تھی۔

بنیادی/معتدل آمدنیاں فی شیئر

بنیادی/معتدل آمدنیاں فی شیئر ۲۰۱۳ء پاک روپے رہی۔ (۱۳ء پاک روپے: ۲۰۱۵ء)



منافع منقسمہ

سال رواں میں منافع منقسمہ کا اعلان نہیں کیا گیا کیونکہ ہم نے منافع جات کو کمپنی کے اندر انویسٹ کرنے کا منصوبہ بنایا ہے ہم آنے والے سالوں میں بھاری منافع دیکھتے ہیں جس سے امید ہے کہ زیادہ منافع منقسمہ کا اعلان کیا جاسکے گا۔

ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ

یونائیٹڈ برانڈز لمیٹڈ میں کارکردگی کے ساتھ نظم و ضبط کو بنیادی حیثیت حاصل ہے۔ بورڈ آف ڈائریکٹرز نے ضابطہ اخلاق اور کاروباری طریقہ کار کا ایک اسٹیٹمنٹ رائج کیا ہے۔ تمام ملازمین کو اس سے مطلع اور آگاہ کر دیا گیا ہے اور سب کے لئے یہ ضروری ہے کہ وہ کاروبار اور ضابطوں سے متعلق ان اصولوں پر عملدرآمد کریں۔

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

یونائیٹڈ برانڈز لمیٹڈ کے ڈائریکٹرز بمسرت اپنی رپورٹ مع سال ختمہ ۳۰ جون ۲۰۱۶ء کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کر رہے ہیں۔

مالیاتی کارکردگی کا خلاصہ

2015	2016	
(روپے، ہزاروں میں)		
1,342,485	1,483,737	آمدنی
191,265	229,244	مجموع منافع جات
14.2%	15.45%	مجموع منافع جات کی شرح بہ نسبت آمدنی
31,736	57,705	آپریٹنگ منافع جات
12,248	28,441	منافع بعد از ٹیکس

مالیاتی کارکردگی

کمپنی کی آمدنی میں گزشتہ مالی سال کے مقابلے میں ۵.۱۰ فیصد بہتری ظاہر ہوئی۔ اس ترقی کی بنیادی وجہ نئے صارفین، جارحانہ اہداف کا حصول اور ۲ نئی برنس لائنیں ”اوولٹین“ اور ”ٹوٹنگز“ کا آغاز تھا۔ مجموعی منافع بطور شرح آمدنی میں بھی رواں سال کے دوران ۱۴.۲۲ فیصد کے مقابلے میں ۱۵.۴۵ فیصد تک بہتری آئی اور مجموعی منافع میں اضافے کا بنیادی سبب لنڈٹ (Lindt) کی فروخت میں بہتری تھا۔

ڈسٹری بیوشن اور انتظامی اخراجات کو مستحکم ظاہر کیا گیا ہے اور یہ مکمل سیلز کے مطابق اسی طرح فیصد پر برقرار ہیں جب کہ دیگر اخراجات پر کنٹرول کی وجہ ایکسپانڈری اور قرضوں میں پھنسے ہوئے روپوں کی ریکوری۔ اخراجات میں استحکام کے نتیجے میں آپریٹنگ منافع بڑھ کر ۳۹ فیصد (۲۴ فیصد: ۲۰۱۵ء) ہو گیا جو گزشتہ سال کے مقابلے میں ۵.۱۰ فیصد زائد ہے۔

خالص منافع گزشتہ سال کے مقابلے میں بڑھ کر ۱۶ ملین روپے ہو گیا۔ خالص منافع بحیثیت سیلز کا فیصد ۱۵ فیصد تک بڑھ کر ۲۰۱۶ء میں ۹.۱۰ فیصد رہا (مجموعی سیلز کا ۹.۰۹ فیصد: ۲۰۱۵ء)۔

Financial Highlights

Operational Results:

	---Amount in '000---						
	2016	2015	2014	2013	2012	2011	2010
Sales	1,483,737	1,342,485	1,282,432	1,198,620	1,069,166	831,475	711,461
Gross Profit	229,244	191,265	164,301	148,223	126,923	91,818	87,163
Operating Profit / (Loss)	57,705	31,736	33,874	36,720	28,127	(2,181)	22,527
Financial Charges	6,076	9,932	12,462	12,597	24,490	29,967	11,852
Profit / (Loss) before Taxation	51,629	21,904	21,412	24,353	3,863	(31,984)	10,674
Profit / (Loss) after Taxation	28,441	12,248	13,298	15,621	7,396	(34,513)	1,409
Proposed Dividend	-	10,800	10,800	10,800	-	-	-

Balance Sheet:

	---Amount in '000---						
	2016	2015	2014	2013	2012	2011	2010
Shareholders' Equity	95,134	77,493	76,045	73,548	(38,073)	(45,469)	(10,955)
Non-Current Liabilities	-	-	-	-	96,764	84,255	72,098
Current Liabilities	726,256	643,916	495,870	307,116	208,301	212,596	138,441
Non-Current Assets	1,492	2,267	2,709	5,976	7,263	8,745	4,990
Current Assets	819,898	719,142	569,206	374,688	259,730	242,636	194,592

Financial Ratios:

	2016	2015	2014	2013	2012	2011	2010
Turnover on Profit / (Loss) before Tax	3.48%	1.63%	1.67%	2.03%	0.36%	-3.85%	1.50%
Proposed Dividend	-	10%	10%	10%	-	-	-
Return on Assets	3.46%	1.69%	2.32%	4.10%	2.77%	-13.73%	0.71%
Return on Equity	29.90%	15.81%	17.49%	21.24%	-	-	-
Earnings / (Loss) per Share	2.63	1.13	1.23	1.70	6.16	(28.76)	1.17
Market value per Share	55.49	86.54	91.00	28.35	31.80	27.48	33.00
Book Value per Share	8.79	7.18	7.04	6.81	(31.73)	(37.89)	(9.13)
Current Ratio	1.13	1.12	1.15	1.22	1.25	1.14	1.41

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Statement Of Compliance With The Code Of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code), contained in Regulation No. 5.19 of the listing regulations of Pakistan Stock Exchange Limited 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, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name of Director
Independent Director	Mr. Hasan Tariq Khan
Executive Director	Mr. Arshad Anis
Non-Executive Directors	Mr. Rashid Abdulla
	Mr. Ayaz Abdulla
	Mr. Syed Nadeem Ahmed
	Mr. Zubair Razzak Palwala
	Mr. Munis Abdullah

The independent director meets the criteria of independence under clause 5.19.1 (b) of the Code

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
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 a NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred on the Board upon resignation of Mr. Asad Abdulla on March 2, 2016 which was filled up by the Board within 90 days on March 16, 2016.
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.
8. The meetings of the Board were presided over by the Chairman 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. During the year, two directors Mr. Arshad Anis and Mr. Hasan Tariq Khan have obtained certificate of director training program from the Institute of Chartered Accountants of Pakistan (ICAP).

10. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.
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 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 Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent 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 Code. 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 of three members, of whom two are non-executive directors including chairman of the committee.
18. The Board has outsourced the internal audit function to M/s BDO Ebrahim & Company Chartered Accountants who are considered suitably qualified and experienced for the purpose and are 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.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board

September 19, 2016


Arshad Anis
 Chief Executive Officer



A. F. FERGUSON & CO.

Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of United Brands Limited for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code 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 the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.



A. F. FERGUSON & CO.

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 as applicable to the Company for the year ended June 30, 2016.

A handwritten signature in black ink, appearing to be "A. F. Ferguson", written in a cursive style.

Chartered Accountants
Karachi

Dated: September 30, 2016



A. F. FERGUSON & CO.

Auditors' Report to the Members

We have audited the annexed balance sheet of United Brands Limited as at June 30, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, 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, 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 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;



A. F. FERGUSON & CO.

- (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 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, 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A handwritten signature in black ink, appearing to read "Farrukh Rehman".

Chartered Accountants

Karachi

Dated: September 27, 2016

Name of the Engagement Partner: Farrukh Rehman

UB

Financial **STATEMENTS**

Balance Sheet

As at June 30, 2016

	Note	June 30, 2016	June 30, 2015
		Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,005	2,007
Intangible assets	4	373	83
Long term deposits	5	114	177
		<u>1,492</u>	<u>2,267</u>
Current assets			
Stock-in-trade	6	436,549	428,072
Trade debts	7	74,201	38,227
Advances	8	5,582	7,185
Other receivables	9	233,118	163,050
Refunds due from government - sales tax		9,989	11,735
Taxation - payments less provision		5,096	7,654
Cash and bank balances	10	55,363	63,219
		<u>819,898</u>	<u>719,142</u>
Total assets		<u>821,390</u>	<u>721,409</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	108,000	108,000
Accumulated loss		(12,866)	(30,507)
		<u>95,134</u>	<u>77,493</u>
Liabilities			
Current liabilities			
Trade and other payables	12	726,256	615,218
Short term borrowings	13	-	28,698
Total liabilities		<u>726,256</u>	<u>643,916</u>
Commitments			
	14		
Total equity and liabilities		<u>821,390</u>	<u>721,409</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.


Arshad Anis
Chief Executive Officer

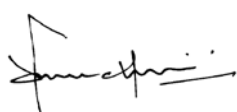

Zubair Razzak Palwala
Director

Profit and Loss Account

For the year ended June 30, 2016

	Note	June 30, 2016 Rupees '000	June 30, 2015
Revenue	15	1,483,737	1,342,485
Cost of sales	16	(1,254,493)	(1,151,220)
Gross profit		229,244	191,265
Distribution cost	17	(128,528)	(112,587)
Administrative expenses	18	(40,647)	(38,233)
Other expenses	19	(2,364)	(8,709)
Operating profit		57,705	31,736
Finance cost	20	(6,076)	(9,832)
Profit before taxation		51,629	21,904
Taxation	21	(23,188)	(9,656)
Profit after taxation		28,441	12,248
Other comprehensive income		-	-
Total comprehensive income		28,441	12,248
Basic and diluted earnings per share	22	(Rupees) 2.63	1.13

The annexed notes from 1 to 32 form an integral part of these financial statements.



Arshad Anis
Chief Executive Officer



Zubair Razzak Palwala
Director

Cash Flow Statement

For the year ended June 30, 2016

	Note	June 30, 2016	June 30, 2015
		Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	23	58,634	59,566
Income tax paid		(20,630)	(15,261)
Finance cost paid		(6,076)	(9,832)
Increase in long term deposits		63	(177)
Net cash generated from operating activities		31,991	34,296
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(505)	(1,010)
Net cash used in investing activities		(505)	(1,010)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(10,644)	(10,800)
Short term borrowings		(28,698)	(67,737)
Net cash used in financing activities		(39,342)	(78,537)
Net decrease in cash and cash equivalents		(7,856)	(45,251)
Cash and cash equivalents at the beginning of the year		63,219	108,470
Cash and cash equivalents at the end of the year	24	55,363	63,219

The annexed notes from 1 to 32 form an integral part of these financial statements.


Arshad Anis
Chief Executive Officer

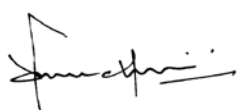

Zubair Razzak Palwala
Director

Statement of Changes in Equity

For the year ended June 30, 2016

	Share capital	Accumulated loss (Rupees '000)	Total
	-----	-----	-----
Balance as at July 1, 2014	108,000	(31,955)	76,045
Profit for the year	-	12,248	12,248
Other comprehensive income	-	-	-
Total comprehensive income	-	12,248	12,248
Final dividend for the year ended June 30, 2014 - Rs. 1.00 per share	-	(10,800)	(10,800)
Balance as at July 1, 2015	108,000	(30,507)	77,493
Profit for the year	-	28,441	28,441
Other comprehensive income	-	-	-
Total comprehensive income	-	28,441	28,441
Final dividend for the year ended June 30, 2015 - Rs. 1.00 per share	-	(10,800)	(10,800)
Balance as at June 30, 2016	108,000	(12,866)	95,134

The annexed notes from 1 to 32 form an integral part of these financial statements.



Arshad Anis
Chief Executive Officer



Zubair Razzak Palwala
Director

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Company Act, 1913. The Company was renamed as UDL Industries Limited on March 16, 1987 under the Companies Ordinance, 1984. The Company was again renamed as United Brands Limited, a public limited Company on April 5, 2006 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 8th Floor, N.I.C Building, Abbasi Shaheed Road, Karachi.

The Company is a subsidiary of International Brands Limited, which is the Company's ultimate parent also.

The principal activities of the Company are trading and distribution of consumer goods and allied products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 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.

2.1.2 Critical accounting estimates and judgements

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

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

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

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

2.1.3 Changes in accounting standards, interpretations and pronouncements

- a) Standards, interpretations and amendments to published approved accounting standards that are effective

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

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

Amendments to IAS 1 - Disclosure initiative

The amendments provides clarification on number of issues, including :

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

It is unlikely that the amendment will have any significant impact on the Company's financial statements.

2.2 Overall valuation policy

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

2.3 Property, plant and equipment

i. Owned

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

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

Depreciation is charged to income using the straight-line method whereby the cost of an asset is written off over its estimated useful life at the rates stated in note 3.1 to the financial statements. Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of fixed assets are included in profit and loss account.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

ii. Assets subject to finance lease

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets. The related obligations under the lease are accounted for as liabilities. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability. Depreciation is charged to income applying the same basis as of owned assets.

2.4 Intangible assets

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

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

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

2.5 Stock-in-trade

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

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

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

2.6 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at invoice value less a provision for impairment. Trade debts and other receivables considered irrecoverable are written-off. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

2.7 Cash and cash equivalents

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

2.8 Share capital

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

2.9 Trade and other payables

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

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

2.10 Provisions

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

2.11 Taxation

i. Current

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

ii. Deferred

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

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

2.12 Employee benefits

i. Defined contribution plan

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

ii. Leave encashment - compensated absences

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

2.13 Revenue recognition

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of government levies, discounts and incentives.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

2.14 Borrowings and their cost

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

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

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

2.15 Foreign currency transactions and translation

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

Transactions in foreign currencies are accounted for in rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies, if any, as at the balance sheet date are translated into rupees using the exchange rates prevailing at the balance sheet date. Exchange gains and losses, if any, are included in the profit and loss account.

2.16 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivables and cash and bank balances in the balance sheet.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

iv. Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Financial liabilities

All financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

Financial liabilities carried in the balance sheet include running finance under markup arrangements and trade and other payables.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognised amounts and the company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.17 Dividend

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

3. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 3.1

June 30,
2016 June 30,
2015
Rupees '000

1,005 2,007

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

3.1 Operating assets

	Leasehold Improvements	Furniture and Fittings	Office and other Equipments - note 3.2	Motor Vehicles	Total
	----- Rupees '000 -----				
Net carrying value basis					
Year ended June 30, 2016					
Opening net book value (NBV)	-	232	1,775	-	2,007
Additions (at cost)	-	-	215	-	215
Depreciation charge	-	(190)	(1,027)	-	(1,217)
Closing net book value (NBV)	-	42	963	-	1,005
Gross carrying value basis					
At June 30, 2016					
Cost	1,698	1,114	9,692	2,842	15,346
Accumulated depreciation	(1,698)	(1,072)	(8,729)	(2,842)	(14,341)
Net book value (NBV)	-	42	963	-	1,005
Net carrying value basis					
Year ended June 30, 2015					
Opening net book amount	-	437	2,272	-	2,709
Additions (at cost)	-	33	894	-	927
Depreciation charge	-	(238)	(1,391)	-	(1,629)
Closing net book value (NBV)	-	232	1,775	-	2,007
Gross carrying value basis					
At June 30, 2015					
Cost	1,698	1,114	9,477	2,842	15,131
Accumulated depreciation	(1,698)	(882)	(7,702)	(2,842)	(13,124)
Net book value (NBV)	-	232	1,775	-	2,007
Useful lives (years)	10	10	5	5	

3.2 Office equipments includes air conditioners and computers, which were disclosed separately as at June 30, 2015.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

	June 30, 2016	June 30, 2015
	Rupees '000	
4 INTANGIBLE ASSETS		
Capital work-in-process - note 4.1	<u>373</u>	<u>83</u>
4.1 The amount relates to advance paid to vendor for development of the Company's website.		
	June 30, 2016	June 30, 2015
	Rupees '000	
5 LONG TERM DEPOSITS		
Long term deposits - note 5.1	<u>114</u>	<u>177</u>
5.1 The amount represent house rent deposit given to the employees in accordance with the terms of employment.		
5.2 These deposits do not carry any mark up arrangement.		
	June 30, 2016	June 30, 2015
	Rupees '000	
6. STOCK-IN-TRADE		
Finished goods:		
- in hand - note 6.1	432,153	410,779
- in transit	<u>4,396</u>	<u>17,293</u>
	<u>436,549</u>	<u>428,072</u>
6.1 These include stock-in-trade amounting to Rs 172 million held with third party.		
7. TRADE DEBTS - unsecured		
Considered good		
- Related party - note 7.1	505	145
- Others - note 7.2	<u>73,696</u>	<u>38,082</u>
	<u>74,201</u>	<u>38,227</u>
7.1 Represents amounts due from following related parties:		
- Habitt - associated undertaking	426	145
- The Searle Company Limited - associated company	11	-
- Mycart Private Limited	<u>68</u>	<u>-</u>
	<u>505</u>	<u>145</u>
As at June 30, 2016, trade debt from related party is not yet due.		

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

7.2 As at June 30, 2016, the age analysis of these trade debts is as follows:

	June 30, 2016	June 30, 2015
	Rupees '000	
Not yet due	47,929	25,352
Past due but not impaired		
- 1 to 3 months	22,760	11,490
- 3 to 6 months	2,465	887
- 6 to 12 months	542	353
	25,767	12,730
	<u>73,696</u>	<u>38,082</u>

8. ADVANCES - considered good

- Executives - note 8.1	9	739
- Others	5,573	6,446
	<u>5,582</u>	<u>7,185</u>

8.1 Reconciliation of the carrying amounts of advances to Executives:

Opening balance	739	541
Further extended	-	739
Repayments / settlements	(730)	(541)
Closing Balance	<u>9</u>	<u>739</u>

8.2 No amount was extended to Executives at any point in time during the year (2015: Rs. 739 thousand).

8.3 These advances do not carry any mark up arrangement.

	June 30, 2016	June 30, 2015
	Rupees '000	
9. OTHER RECEIVABLES - unsecured		
Considered good		
- Related party - note 9.1	-	60,420
- Others - note 9.2	233,118	102,630
	<u>233,118</u>	<u>163,050</u>

9.1 This represents amount receivable from IBL Operations (Private) Limited (IBL). The Company has an agreement with IBL regarding sharing of expenses relating to sales and administrative infrastructure.

9.2 This represents receivable from Johnson & Johnson Pakistan (Private) Limited in respect of stock claims, expenses and others.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

	June 30, 2016	June 30, 2015
	Rupees '000	
10. CASH AND BANK BALANCES		
With banks on current accounts - note 10.1	46,001	51,484
With banks on savings account - note 10.2	25	-
Cash and cheques in hand	9,337	11,735
	<u>55,363</u>	<u>63,219</u>

10.1 All current accounts are maintained under conventional banking system.

10.2 Savings account is maintained under Islamic banking system carrying profit sharing rate of 0.05% (2015: Nil)

11. SHARE CAPITAL

Authorised Share Capital

Number of Shares	June 30, 2016	June 30, 2015
	Rupees '000	
2016 2015		
12,000,000 12,000,000	120,000	120,000
Ordinary Shares of Rs. 10/-each		

Issued, Subscribed and Paidup Share Capital

Number of Shares	June 30, 2016	June 30, 2015
	Rupees '000	
2016 2015		
10,800,000 10,800,000	108,000	108,000
Ordinary shares of Rs. 10/- each fully paid in cash		
10,800,000 10,800,000	108,000	108,000

11.1 As at June 30, 2016 International Brands Limited together with its nominees held 10,381,225 (June 30, 2015: 10,381,225) ordinary shares of Rs. 10 each.

	June 30, 2016	June 30, 2015
	Rupees '000	
12. TRADE AND OTHER PAYABLES		
Creditors	533,256	585,384
Payable to International Brands Limited - note 12.1	200	1,200
Payable to IBL Operations (Private) Limited - note 12.2	178,693	-
Accrued liabilities	5,352	10,061
Provision for imports	1,326	10,499
Payable to provident fund	372	576
Advances from customers	455	950
Taxes deducted at source and payable to statutory authorities	89	348
Workers welfare fund payable - note 12.3	-	-
Unpaid dividend	542	386
EOBI and SESSI payable	2,564	1,857
Others	3,407	3,957
	<u>726,256</u>	<u>615,218</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

- 12.1** This represents amount payable on account of corporate service charges.
- 12.2** This includes Rs 140 million borrowed by the Company for onward payment to creditors. It does not carry any mark up arrangement. The above amount also includes amount payable under agreement for sharing of expenses relating to sales and administrative infrastructure.
- 12.3** The Company has not recognised a provision for workers welfare fund in view of the recent decisions of the Honourable High Court of Peshawar.

	June 30, 2016	June 30, 2015
	Rupees '000	

13. SHORT TERM BORROWINGS

Domestic supplier finance - note 13.1	-	28,698
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- 13.1** This represents the utilised amount against domestic supplier finance available from a commercial bank amounting to Rs. 140 million (2015: Rs. 140 million). The rate of markup is 1 month KIBOR + 3.25% per annum (2015: 1 month KIBOR + 2.5% per annum).

- 13.2** The arrangement is secured by way of hypothecation of stocks and receivables of the company.

14. COMMITMENTS

The facilities for opening letter of credit and guarantees as at June 30, 2016 amounted to Rs. 40 million (June 30, 2015: Rs. 40 million) and Rs. 40 million (June 30, 2015: Rs. 40 million) respectively. The amount remaining unutilised at the year end for letter of credit and guarantees was Rs. 19.67 million (June 30, 2015: Rs. 24.6 million) and Rs. 40 million (June 30, 2015: Rs. 40 million) respectively.

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

	June 30, 2016	June 30, 2015
	Rupees '000	

15. REVENUE

Gross sales	1,797,822	1,644,469
Less:		
Trade discounts	33,609	39,017
Sales return	9,435	11,243
	1,754,778	1,594,209
Less: Sales tax	271,041	251,724
	1,483,737	1,342,485

16. COST OF SALES

Opening stock	428,072	344,675
Purchases during the year - net of claims	1,262,970	1,234,617
Closing stock	(436,549)	(428,072)
	1,254,493	1,151,220

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

	June 30, 2016	June 30, 2015
	Rupees '000	
17. DISTRIBUTION COST		
Salaries, wages and allowances - note 17.1	54,584	42,199
Freight and cartage	22,048	24,233
Vehicle running and repair & maintenance	21,970	19,042
Rent, rates and taxes	12,051	9,994
Advertising and sales promotion	4,582	5,834
Insurance and security expenses	6,142	4,459
Utilities	2,427	2,427
Traveling and conveyance	2,337	1,655
Depreciation	1,168	1,043
Printing and stationary	334	893
Communication and entertainment	885	808
	<u>128,528</u>	<u>112,587</u>

- 17.1 Salaries, wages and allowances include Rs. 0.87 million (2015: Rs. 0.9 million) in respect of contributory provident fund.

	June 30, 2016	June 30, 2015
	Rupees '000	
18. ADMINISTRATIVE EXPENSES		
Salaries, wages and allowances - note 18.1	22,911	22,759
Legal and professional	4,899	4,967
Auditors' remuneration - note 18.2	2,467	2,313
Traveling and conveyance	2,964	1,655
Corporate service charges - note 18.3	2,400	1,200
Rent, rates and taxes	1,470	1,110
Vehicle running and repair & maintenance	65	793
Fee and subscription	729	729
Communication and entertainment	551	687
Depreciation	49	586
Utilities	580	569
Insurance and security expenses	92	134
Printing and stationary	738	134
Others	732	597
	<u>40,647</u>	<u>38,233</u>

- 18.1 Salaries, wages and allowances include Rs. 1.47 million (2015: Rs. 0.6 million) in respect of contributory provident fund.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

	June 30, 2016	June 30, 2015
	Rupees '000	
18.2 Auditors' remuneration		
Audit fee	800	800
Fee for review of half yearly financial information and Statement of Compliance with Code of Corporate Governance	500	800
Taxation services	856	247
Out-of-pocket expenses	311	466
	<u>2,467</u>	<u>2,313</u>

18.3 This represents reimbursement of information technology charges to International Brands Limited (Holding company) at Rs. 200 thousand per month.

	June 30, 2016	June 30, 2015
	Rupees '000	
19. OTHER EXPENSES		
Expired and damaged stock written off	2,364	5,768
Receivables considered irrecoverable written off	-	2,941
	<u>2,364</u>	<u>8,709</u>

20. FINANCE COST

Bank charges	1,360	1,158
Financial charges on domestic supplier finance	4,066	8,276
Exchange gain / loss - note 20.1	650	398
	<u>6,076</u>	<u>9,832</u>

20.1 This is net of exchange loss on imports amounting to Rs. 0.65 million (2015: Rs. 0.4 million). This exchange gain / loss relates to actual currency fluctuations and not by derivative financial instruments.

	June 30, 2016	June 30, 2015
	Rupees '000	
21. TAXATION		
Current	<u>23,188</u>	<u>9,656</u>

21.1 Relationship between current tax expenses and accounting profit

Accounting profit before taxation	<u>51,629</u>	<u>21,904</u>
Tax at the applicable tax rate of 32% (2015: 33%)	16,521	7,228
Effect of applicability of final tax	6,403	2,428
Expenses not deductible for tax purposes	11	-
Others	253	-
Tax expense for the year	<u>23,188</u>	<u>9,656</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

	June 30, 2016	June 30, 2015
	Rupees '000	
22. Basic and diluted earnings per share		
Profit after taxation attributable to ordinary shareholders	28,441	12,248
Weighted average number of ordinary shares outstanding during the year	10,800,000	10,800,000
Basic and diluted earnings per share	2.63	1.13
	(Rupees)	
22.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2016 and 2015 which would have any effect on the earnings per share if the option to convert is exercised.		
	June 30, 2016	June 30, 2015
	Rupees '000	
23. CASH GENERATED FROM OPERATIONS		
Profit before taxation	51,629	21,904
Adjustments for non-cash charges and other items		
Depreciation	1,217	1,629
Finance cost	6,076	9,832
	7,293	11,461
	58,922	33,365
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stock-in-trade	(8,477)	(83,397)
Trade debts	(35,974)	14,041
Advances	1,603	(5,947)
Short term prepayments	-	52
Other receivables	(70,068)	(113,765)
Refunds due from government - sales tax	1,746	(566)
	(111,170)	(189,582)
Increase in current liabilities:		
Trade and other payables	110,882	215,783
Cash generated from operations	58,634	59,566
24. CASH AND CASH EQUIVALENTS		
Cash and bank balances	55,363	63,219

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

25. REMUNERATION TO CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive June 30, 2016	June 30, 2015	Executives June 30, 2016	June 30, 2015
	Rupees '000			
Basic Salary	693	280	10,337	3,876
Allowances	392	175	6,781	1,938
Bonus	93	47	2,727	646
Company's contribution to provident fund	69	28	1,034	388
Leave encashment	56	12	431	162
Medical expenses	58	23	861	323
	<u>1,361</u>	<u>565</u>	<u>22,171</u>	<u>7,333</u>
	<u>1</u>	<u>1</u>	<u>7</u>	<u>8</u>

- 25.1 The amount paid to the Chief Executive of the Company includes an amount of Rs 0.75 million paid during the year to the outgoing CEO.
- 25.2 The Chief Executive and certain Executives are entitled for medical facility to the extent of reimbursement of actual expenditure and other benefits in accordance with their terms of employment.
- 25.3 In addition to the above, fee paid to directors for attending Board of Directors meetings during the year amounted to Rs. 655 thousand (2015: Rs. 470 thousand).

26. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	2016 Rupees '000	2015
Holding Company	- Payments of Dividend	10,381	10,381
	- Corporate Service Charges	2,400	1,200
Associated companies	- Purchases	-	71,754
	- Shared Cost	44,470	46,523
	- Sale of goods	1,662	2,084
Post employment staff benefit plans	- Contributions to provident fund	2,019	1,610
Key management employees compensation	- Salaries and other employee benefits	22,429	7,481
	- Contributions to provident fund	1,103	416
	- Directors' fees	655	470

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

26.2 The Company has an agreement with IBL regarding sharing of expenses relating to sales and administrative infrastructure.

26.3 The status of outstanding balances with related parties as at June 30, 2016 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

27. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the Fund as at June 30:

	2016 Rupees '000	2015
Size of the fund - Total assets	10,832	9,067
Percentage of investments made	94.41%	85.64%
Fair value of investments	10,227	7,765

27.1 The cost of above investments amounted to Rs. 5 million (2015: Rs. 5 million).

27.2 The break-up fair value of investments is as follows:

	June 30, 2016 Percentage	June 30, 2015	June 30, 2016 Rupees '000	June 30, 2015
Government Securities	20%	27%	2,085	2,092
Unit trust scheme	33%	37%	3,317	2,877
Balance with banks	47%	36%	4,825	2,796
	100%	100%	10,227	7,765

27.3 The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

28. NUMBER OF EMPLOYEES

	June 30, 2016	June 30, 2015
Number of employees	121	133
Average number of employees during the year	130	119

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

29.1 All the financial assets of the Company are classified as loans and receivables and all the financial liabilities are categorised as financial liabilities measured at fair value. The carrying value of all financial assets and liabilities approximate their fair values.

	Interest / mark-up bearing			Non-Interest / mark-up bearing			
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	Total
	(Rupees in thousand)						
Financial Assets							
Long term deposits	-	-	-	-	114	114	114
Trade Debts	-	-	-	74,201	-	74,201	74,201
Advances	-	-	-	5,582	-	5,582	5,582
Other receivables	-	-	-	233,118	-	233,118	233,118
Cash and bank balances	-	-	-	55,363	-	55,363	55,363
June 30, 2016	-	-	-	368,264	114	368,378	368,378
June 30, 2015	-	-	-	271,681	177	271,858	271,858
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	726,256	-	726,256	726,256
Short term borrowings	-	-	-	-	-	-	-
June 30, 2016	-	-	-	726,256	-	726,256	726,256
June 30, 2015	28,698	-	28,698	615,218	-	615,218	643,916
ON BALANCE SHEET DATE GAP							
June 30, 2016	-	-	-	(357,992)	114	(357,878)	(357,878)
June 30, 2015	(28,698)	-	(28,698)	(343,537)	177	(343,360)	(372,058)
OFF BALANCE SHEET ITEMS							
Letters of credit / guarantees							
June 30, 2016							19,726
June 30, 2015							15,449

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

29.2 Financial Risk Management

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at June 30, 2016, the Company is not materially exposed to interest rate risk.

At June 30, 2015, the Company had variable interest bearing financial liabilities of Rs. 28.69 million, and had the interest rate varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been approximately Rs. 0.12 million lower / higher.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is exposed to currency risk on payables in respect of imported stock denominated in Swiss Franc (CHF). The total foreign currency risk exposure as at June 30, 2016 is Rs 1.3 million (June 30, 2015: Rs 10.5 million).

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

(b) Credit risk

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

As at June 30, 2016 there are no past due or impaired balances other than Rs 0.41 million (June 30, 2015: Rs 0.37) and the carrying amount of trade debts relate to number of independent customers for whom there is no history of default.

Loans to employees are secured against their retirement benefits.

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

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

(c) Liquidity risk

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

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2016

30. CAPITAL RISK MANAGEMENT

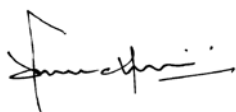
The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can provide adequate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

31. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on September 19, 2016 proposed a final cash dividend of Rs. Nil per share (2015: Rs. 1.00 per share) amounting to Rs. Nil million (2015: Rs. 10.8 million) subject to the approval of the Company in the forthcoming annual general meeting.

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved by the board of directors of the Company and authorised for issue on September 19, 2016.



Arshad Anis
Chief Executive Officer



Zubair Razzak Palwala
Director

Pattern of Shareholding

As of June 30, 2016



Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors' & their spouse & minor children	6	10,800	0.10%
Associated companies, undertakings & related parties	2	10,381,225	96.12%
Executives	-	-	0.00%
Public sector companies & corporations	2	1,654	0.02%
Banks, DFIs, NBFCs, insurance companies, takaful, modarabas, pension funds	2	72,293	0.67%
Mutual Funds	-	-	0.00%
General Public - Foreign	-	-	0.00%
General Public - Local	350	332,001	3.07%
Others	3	2,027	0.02%
Total	365	10,800,000	100.00%

Shareholders holding 5% or more shares	Number of Shareholders	Shares Held	Percentage
International Brands Limited	1	10,381,225	96.12%

Number of Shareholders	Shareholding's Slab			Total Shares Held
251	1	to	100	6,125
52	101	to	500	15,590
17	501	to	1000	14,950
28	1001	to	5000	74,950
7	5001	to	10000	46,250
5	10001	to	30000	93,350
2	30001	to	70000	96,000
2	70001	to	100000	150,610
1	100001	to	10305000	10,302,175
365				10,800,000

Pattern of Shareholding

As of June 30, 2016



S.No.	Folio No. / CDS Account No.	Name of Shareholder	Number of Shareholder	Number of Shares	%
Directors' & their spouse & minor children					
1	596	Rashid Abdulla	1	5,350	0.05%
2	843	Munis Abdullah	1	500	0.00%
3	03277-21385	Ayaz Abdulla	1	2,500	0.02%
4	818	Syed Nadeem Ahmed	1	500	0.00%
5	817	Zubair Razzak Palwala	1	500	0.00%
6	689	Shakila Rashid	1	1,450	0.01%
			6	10,800	0.10%
Associated companies, undertakings & related parties					
1	770	International Brands Limited	1	79,050	0.73%
2	03277-2937	International Brands Limited	1	10,302,175	95.39%
			2	10,381,225	96.12%
Executives					
		Nil	-	-	-
			-	-	-
Public sector companies & corporations					
1	00083-36	IDBL (ICP Unit)	1	1,650	0.02%
2	03889-28	National Bank of Pakistan	1	4	0.00%
			2	1,654	0.02%
Banks, DFIs, NBFCs, insurance companies, takaful, modarabas, pension funds					
1	03277-1651	First UDL Modaraba	1	71,560	0.66%
2	03277-78335	Trustee NBP Employee Pension Fund	1	733	0.01%
			2	72,293	0.67%
Mutual Funds					
		Nil	-	-	-
			-	-	-
General Public Foreign					
		Nil	-	-	-
			-	-	-
General Public Local					
		General Public	350	332,001	3.07%
			350	332,001	3.07%
Others					
1	03277-82127	Trustee NBP Employee Benevolent Fund	1	26	0.00%
2	03525-87235	MAPLE LEAF CAPITAL LIMITED	1	1	0.00%
3	812	Naeem Securities (Private) Limited	1	2,000	0.02%
			3	2,027	0.02%
			365	10,800,000	100.00%

Proxy Form

I/We _____
of _____
a member of United Brands Limited and holders of _____
ordinary shares as per shared Register Folio No. / CDS Account No. _____
hereby appoint _____
Of _____
as my/our proxy to vote for me/us and on my/our behalf at the 52ND Annual General Meeting of the Company to be
held on _____ and at any adjournment thereof
as witness my / our hand this _____ day of _____ 2016.

Signature of member: _____

Folio No. / CDS Account No.: _____

Number of Share held: _____

Please affix
Revenue Stamp

Signature and Address of Witness:

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 (Originally 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.

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[illegible]



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