



Moving FORWARD

ANNUAL REPORT **2019**

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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.

MISSION Statement

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

CORE Values

Integrity
Courage
Passion
Partnership
Excellence
Innovation
Responsibility
Humility

OVERALL Corporate Strategy

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

PRODUCTS



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Rashid Abdulla	Chairman
Mr. M. Khalid Dar	Chief Executive Officer
Mr. Ayaz Abdulla	Non-Executive Director
Mr. Asad Abdulla	Non-Executive Director
Mr. Zubair Razzak Palwala	Non-Executive Director
Mr. Faisal Farooq	Non-Executive Director
Mr. Hasan Tariq Khan	Independent Director
Mr. Munis Abdullah*	Non-Executive Director
Mr. Arshad Anis*	Chief Executive Officer

*(During the year Mr. Munis Abdullah and Mr. Arshad Anis resigned from the board and in place of outgoing directors Mr. Faisal Farooq and Mr. M. Khalid Dar were appointed respectively).

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Shariq Ahmed

COMPANY SECRETARY

Mr. Saad Lakhani

INTERNAL AUDITORS

Grant Thornton Anjum Rahman,
Chartered Accountants

EXTERNAL AUDITORS

A.F. Ferguson & Company,
Chartered Accountants

LEGAL ADVISOR

Saleem & Khan Law Associates

BANKERS

Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silkbank Limited
Meezan Bank Limited
Al Baraka Bank Limited
Habib Metropolitan Bank Limited

REGISTERED OFFICE

1st Floor, One IBL Center,
Block No. 7 & 8, DMMCHS,
Shahrah-e-Faisal, Karachi-75530
Tel: 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

WEBSITE

www.ubrandz.biz

NOTICE OF 55th ANNUAL GENERAL MEETING OF UNITED BRANDS LIMITED

Notice is hereby given that 55th Annual General Meeting of the members of M/s. United Brands Limited will be held on Monday, 28th October, 2019 at 05:30 p.m. at Ground Floor, One IBL Center, Block No. 7 & 8, DMMCHS, Shahrah-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting of the Company held on October 24th, 2018.
2. To receive, consider and adopt annual audited financial statements for the year ended June 30, 2019 together with the Directors' and Auditors' Report thereon.
3. To appoint auditors for the next financial year ending June 30, 2020 and fix their remuneration. The present auditors, M/s. A.F. Ferguson & Company, Chartered Accountants, retired and being eligible, have offered themselves for re-appointment. The board has recommended the re-appointment of A. F. Ferguson & Co., Chartered Accountants, as the auditors of the Company for the year ending June 30, 2020.

OTHER BUSINESS

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

By the order of the board



Saad Lakhani

Company Secretary

Date: October 07, 2019
Place: Karachi

Notes

A. Book closure:

- i. The share transfer books will remain closed from October 20, 2019 to October 28, 2019 (both days inclusive). Transfers in good order, received at the office of Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 by close of the business on October 20, 2019 will be treated in time for the purpose of attending the annual general meeting.

B. Participation in General Meeting:

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

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

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

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

C. Request for Video conference facility:

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

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

Signature of Member (s)

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

CHAIRMAN REVIEW REPORT

(Under Section 192 of the Companies Act, 2017)

An annual evaluation of the Board of Directors' overall performance is conducted in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017. The purpose of this evaluation is to ensure that the Board of Directors' (the Board) performance is measured in the context of overall corporate objectives and governance structure of the Company. For the financial year ended 30 June 2019, the Board's overall performance and effectiveness has been assessed as 'Satisfactory'.

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

1. Corporate governance structure and Compliance with regulations

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

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

2. Board of Directors

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

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

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

3. Committees to the Board

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

4. Vision, mission and values

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

5. Engagement in strategic planning

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

6. Formulation of policies

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

7. Monitoring of organisation's business activities

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

8. Monitoring of financial resources

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



Rashid Abdulla

Chairman
27-Sep-19

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of United Brands Limited take pleasure in presenting their report together with the audited Consolidated and Unconsolidated Financial Statements for the year ended June 30, 2019. The Directors' Report is prepared in accordance with Section 227 of the Companies Act, 2017.

Principal Activities

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

Summary of Financial Performance

	2019	2018
	(Rupees in thousand)	
Revenue	4,052,412	3,776,649
Gross profit	1,029,938	983,565
Gross profit as a percentage of revenue	25.4%	26.0%
Operating (loss)/ profit	(47,552)	252,997
Loss after taxation	(550,388)	(29,214)

Financial Performance – United Brands Limited (Parent Company):

Revenue of Company has increased by 7% as compared to last year. The main reason for the increase is the service income generated from warehousing and transportation services.

During the year following businesses were discontinued from Company's portfolio which contributed PKR 1.28 billion in revenue for the year 2018-19 (2018: 1.3 billion).

- | | |
|-----------------|----------------------|
| 1) Mars | 2) Wrigley |
| 3) Haleeb Foods | 4) Heinz |
| 5) IFFCO | 6) Johnson & Johnson |

Gross profit as a percentage of revenue has decreased by 0.6% as compared to last year. Operating expenses have increased by PKR 152 million majorly due to increase in Bond charges, salaries, vehicle running expense and marketing expense.

Operating profit has declined significantly from 6.7% to -1.2% as compared to last year. The main inhibition for net loss are exchange losses, increase in finance cost and settlement costs of discontinued businesses specially Johnson & Johnson. Also the cost of doing business has gone up with rise in fuel rates, utilities cost & minimum wage related compliances. Rupee has depreciated by approximately 31% during the year which has resulted in exchange loss of PKR 186 million during the year. Finance cost has also increased by PKR 86 million on account of borrowings to accommodate cash margin imposition on imports.

Financial Performance – IBL Logistics (Private) Limited (Subsidiary Company):

IBL Logistics is involved in the business of logistics services and sales of electronic LED lights, the Company in its first year of business had a revenue of PKR 5.7 million. However, due to first year incorporation and administrative expenses the net loss after tax was reported PKR 0.4 million. Company expects a major increase in revenue and profitability through this business in the upcoming years.

Holding Company

International Brands Limited is the holding Company of United Brands Limited. As at June 30, 2019, International Brands Limited held 88,200,462 shares of PKR 10 each (96.08%).

Subsidiary Company

United Brands Limited is the holding Company of IBL Logistics (Private) Limited. As at June 30, 2019, United Brands Limited held 2,499,997 shares together with its nominees of PKR 10 each (99.9%).

Basic / diluted loss per share

Basic / diluted loss per share were PKR 6.00 (2018: PKR 0.56)

Revision in Format of Audit Report

Audit report is prepared in accordance with requirements of SECP SRO 558(I)/2018 'Auditors Reporting Obligations'. It mainly includes additional requirements as to key audit matters identified during the period of audit.

Impact on Environment

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

Statement of Ethics and Business Practices

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

Principal Risks and uncertainties

Principal risk associated with the entity includes:

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

Risk Management

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

Corporate Social Responsibility

'Implicit in true freedom of spirit lies a proud and virile will. Such glorious power of free will to choose, envisages beneficent social responsibility as manifest and welcome. – Louis Sullivan

At United Brands, our aim has always been to make useful contributions to the economy we operate-in. One of the primary areas of focus has been the creation of employment opportunities to support large distribution and sales workforce.

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

Financing facility obtained during the year

During the year, Company obtained financing of PKR 663 million from various banks for the investment in business of Johnson and Johnson. The purpose of borrowing was to fulfill cash margin requirements. All facilities are interest based.

Composition of Board

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

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

Committees of the Board

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

Meetings of the Board of Directors

During the Year 2019, Nine Board meetings were held and attended as follows:

Name of Directors	Meeting Attended
Mr. Rashid Abdulla	7
Mr. Ayaz Abdulla	5
Mr. Asad Abdulla	8
Mr. Hasan Tariq Khan	9
Mr. Zubair Razzak Palwala	9
Mr. Faisal Farooq	3
Mr. M. Khalid Dar	3
Mr. Arshad Anis*	3
Mr. Munis Abdullah*	2

Fee paid to directors for attending the Board of Directors meetings during the year amounted to PKR 0.82 million (2018: PKR 0.79 million).

During the year Mr. Munis Abdullah and Mr. Arshad Anis resigned from the board and in place Mr. Faisal Farooq and Mr. Khalid Dar were appointed.

Audit Committee

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

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

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

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

Human Resource and Remuneration Committee

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

Directors Training:

During the year, Mr. Faisal Farooq attended a training arranged by Pakistan Institute of Corporate Governance, in addition to this director either have already attended the directors' training as required in previous years or meet the exemption criteria as contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Financial statements and auditors

The financial statements of the Company have been audited and approved without qualification by the auditors, A.F. Ferguson, Chartered Accountants. Further, the present auditors, A.F. Ferguson, Chartered Accountants, retired and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their reappointment as Auditors of the Company for the year ending June 30, 2020, 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, 2019 is PKR 15.96 million (June 30, 2018 is PKR 8.59 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 Company has suffered losses primarily because of exchange losses, increase in interest cost and discontinuation of businesses, however the board and management is confident that Company shall identify, undertake and avail areas of opportunities for increasing both revenue and profitability in next years.

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

Shareholding Information

The Company's shares are traded on Pakistan Stock Exchange. The pattern of Shareholding as at June 30, 2019 and other related information is set out on page 102 to 104.

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

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

Karachi.
Date: September 27, 2019



Zubair Razzak Palwala
Director



M. Khalid Dar
Chief Executive

شیر ہولڈنگ کی معلومات

کمپنی کے شیرز کی پاکستان اسٹاک ایکسچینج میں تجارت ہوتی ہے۔ ۳۰ جون ۲۰۱۹ء کے مطابق شیر ہولڈنگ کا طریقہ کار اور دیگر معلومات صفحہ نمبر۔۔ اور۔۔ پر درج ہیں۔

سال کے دوران ہمارے ۲ ڈائریکٹرز جناب اسد عبداللہ اور جناب زبیر زاق پال والا نے کمپنی کے شیرز فروخت کئے جس کے بارے میں باقاعدہ طور پر مطلع کر دیا گیا تھا اور ریگولیٹری حکام کو رپورٹ کر دی گئی۔

مذکورہ بالا کے سوا اور کو ایفاننگ شیرز کے ٹرانسفر کے علاوہ کسی بھی ڈائریکٹر، 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۔



ایم۔ خالد ڈار
چیف ایگزیکٹو



زبیر زاق پال والا
ڈائریکٹر

کراچی

۲۷ ستمبر ۲۰۱۹ء

بعد از آں 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 کریں۔

پراویڈنٹ فنڈ کی سرمایہ کاریوں کی مالیت

۳۰ جون ۲۰۱۹ء کو پراویڈنٹ فنڈ کی درست مالیت مطابق اس کے مالیاتی حسابات ۱۵ء۹۶ ملین پاک روپے تھی (۳۰ جون ۲۰۱۸ء: ۸ء۵۹ ملین پاک روپے)۔

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، نقدی 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 اور ٹھوس اندرونی کنٹرول کے نظام کی حامل ہے جو کمپنی کو کسی بھی اہم خطرے یا نقصان کے خلاف مثبت یقین دہانی کراتا ہے۔ اندرونی کنٹرول سسٹم پر باقاعدگی سے نظر ثانی کی جاتی ہے۔ یہ بورڈ کی آڈٹ کمیٹی کی جانب سے تشکیل دیا گیا اور جب اور جہاں ضرورت پڑے اسے اپ ڈیٹ کیا جاتا ہے۔
- اس امر میں کوئی شبہ نہیں کہ کمپنی کا مستقبل مستحکم 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

کمپنی نے آپیکس ریٹس میں نقصان، شرح سود میں اضافے اور کاروبار کے عدم تسلسل کی وجہ سے بنیادی طور پر خسارے کا سامنا کیا تاہم بورڈ اور انتظامیہ پر امید ہیں کہ کمپنی آئندہ سالوں میں آمدنی اور منافع جات دونوں میں اضافے کیلئے مواقعوں کے تمام شعبوں کی شناخت، ان پر عملدرآمد اور انہیں کامیابی سے بروئے کار لانے کے سلسلے میں پر امید ہے۔

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۔

کمیٹی کے ڈائریکٹرز آف ریفرنس کا تعین بورڈ آف ڈائریکٹرز کی جانب سے لسٹنگ ریگولیشنز میں فراہم کردہ رہنما ہدایات اور عملدرآمد کے لئے کمیٹی کی ہدایات کے مطابق کیا جاتا ہے۔ بورڈ کی آڈٹ کمیٹی کیلئے ایک آزادانہ آڈٹ فنکشن نے پورے ادارے میں خطرات اور اس کے نمٹنے کے امور کا جائزہ لیا۔

سال ۲۰۱۹ء 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
-	جناب ایاز عبداللہ

ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی

یہ کمیٹی تین ممبران پر مشتمل ہے، اور تمام نان-ایگزیکٹو ڈائریکٹرز ہیں بشمول کمیٹی چیئرمین۔

ڈائریکٹرز ٹریننگ:

سال کے دوران جناب فیصل فاروق نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کے زیر انتظام ٹریننگ میں شرکت کی۔ اس ڈائریکٹر کے علاوہ دیگر پہلے ہی ڈائریکٹرز کی ٹریننگ میں شرکت کر چکے ہیں جیسا کہ گزشتہ سالوں میں ضروری تھا یا اسٹڈی کے معیار کے مطابق تھا جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۷ میں شامل ہے۔

مالیاتی اسٹیٹمنٹ اور آڈیٹرز

کمپنی کے مالیاتی اسٹیٹمنٹ آڈیٹرز اے ایف فرگوسن، چارٹرڈ اکاؤنٹینٹس کی جانب سے بغیر کوآلیفیکیشن آڈٹ منظور کئے 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 ۲۰۲۰ء کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز کی حیثیت سے دوبارہ تقرری کی توثیق کرتا ہے۔

بورڈ کی کمیٹیاں

عہدہ	ڈائریکٹرز کے نام	بورڈ کی کمیٹیاں
چیئرمین	جناب حسن طارق خان	آڈٹ کمیٹی
نان۔ ایگزیکٹو ڈائریکٹر	جناب ایاز عبداللہ	
نان۔ ایگزیکٹو ڈائریکٹر	جناب زبیر رزاق پال والا	
چیئرمین	جناب حسن طارق خان	ایچ آر کمیٹی
نان۔ ایگزیکٹو ڈائریکٹر	جناب ایاز عبداللہ	
نان۔ ایگزیکٹو ڈائریکٹر	جناب زبیر رزاق پال والا	

بورڈ آف ڈائریکٹرز کے اجلاس

سال ۲۰۱۹ء کے دوران بورڈ کے ۹ اجلاس منعقد ہوئے اور ان میں حاضری درج ذیل کے مطابق رہی:

اجلاس میں حاضری	ڈائریکٹرز کے نام
7	جناب راشد عبداللہ
5	جناب ایاز عبداللہ
8	جناب اسد عبداللہ
9	جناب حسن طارق خان
9	جناب زبیر رزاق پال والا
3	جناب فیصل فاروق
3	جناب ایم۔ خالد ڈار
3	جناب ارشد انیس *
2	جناب مونس عبداللہ *

سال کے دوران بورڈ آف ڈائریکٹرز کے اجلاسوں میں شرکت کرنے کے لئے ڈائریکٹرز کو ادا کئے جانے والے معاوضے کا حجم ۸۲.۷۷ ملین روپے تھا (۲۱۰۸.۷۹: ۷۹.۷۷ ملین روپے)۔

سال کے دوران جناب مونس عبداللہ اور جناب ارشد انیس بورڈ سے مستعفی ہو گئے اور ان کی جگہ جناب فیصل فاروق اور جناب ایم۔ خالد ڈار کا تقرر کیا گیا۔

کارپوریٹ سوشل ریسپانسیبیلٹی (CSR)

روحانی حقیقی آزادی ایک قابل فخر اور جرات مند خواہش میں مضمر ہوتی ہے۔ انتخابات کے لئے آزادانہ خواہش کی ایسی خوشگوار طاقت، مفید سماجی ذمہ داری نبھانے اور اس کا خیر مقدم کیا جاتا ہے۔ لوگ سلیوان

یونائیٹڈ برانڈز میں ہمارا مقصد ہمیشہ کارآمد شریک کار بننا ہے بالخصوص اس معیشت میں جہاں ہم کاروبار کر رہے ہیں۔ ان بنیادی شعبوں میں ایک جہاں خصوصی توجہ دی جاتی ہے وہ روزگار کے مواقع پیدا کرنا ہے تاکہ ڈسٹری بیوشن اور سیلز کی افرادی قوت کو مستحکم بنایا جائے۔

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۔

سال کے دوران حاصل شدہ فنانسنگ کی سہولت

سال کے دوران کمپنی نے جانسن اینڈ جانسن کے کاروبار میں سرمایہ کاری کیلئے مختلف بینکوں سے ۶۶۳ ملین پاک روپے کی فنانسنگ حاصل کی۔ قرضے کا مقصد کیش مارجن کی شرائط کو پورا کرنا تھا یہ تمام سہولتیں سود پر مشتمل تھیں۔

بورڈ کی تشکیل

ڈائریکٹرز کی تعداد	ڈائریکٹرز
7	ڈائریکٹرز کی مجموعی تعداد
7	اے۔ مرد
0	بی۔ خاتون

ڈائریکٹرز کی تعداد	بورڈ کی تشکیل
1	اے۔ انڈیپنڈنٹ ڈائریکٹرز
1	بی۔ ایگزیکٹو ڈائریکٹرز
5	سی۔ دیگر نان۔ ایگزیکٹو ڈائریکٹرز

ماحولیات پر اثرات

کمپنی ایسی کسی بھی کاروباری سرگرمی میں مصروف عمل نہیں ہے جس کے ماحولیات پر منفی اثرات مرتب ہوتے ہیں۔

ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ

یونائیٹڈ برانڈز لمیٹڈ میں کارکردگی کے ساتھ دیانتداری 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۔

بنیادی خطرات اور غیر یقینی صورتحال

ادارے سے منسلک بنیادی خطرات میں درج ذیل شامل ہیں:

تفصیل

خطرے کی نوعیت

کاروبار کا خاتمہ جس کے نتیجے میں آمدنی اور منافع کا نقصان۔

کاروباری خطرات

روپے کی قدر میں کمی کے نتیجے میں زرمبادلہ کا نقصان

آپریشنل/کاروباری خطرات

اسٹاک جمع ہو جانے پر پروڈکٹ کا ضیاع، اسٹوریج کے اخراجات میں اضافہ اور ورکنگ کیپٹل بلاکیج۔
متوازی و متبادل درآمدات کے باعث ریونیو میں خسارہ۔

قرضہ جات پر بلند شرح سود کی مالیت۔

لیکویڈیٹی کے خطرات

فنڈز کی قلت کے باعث آپریٹنگ اور سرمایہ کاری سرگرمیوں کی بروقت فنانشنگ متاثر ہونے کا خطرہ

ٹیکسز، ڈیوٹیز، ریگولیشنز کے کسٹم ٹیرف میں تبدیلی اور غیر ملکی زرمبادلہ کی شرح میں اتار چڑھاؤ
سے شرح اور منافع جات میں کمی۔

ریگولیشنری خطرات

خطرات کا بندوبست (Risk Management)

کمپنی کا مجموعی خطرات سے نمٹنے کا انتظامی پروگرام کمپنی کی کارکردگی پر منفی اثرات کو کم کرنے کے لئے خصوصاً توجہ دیتا ہے۔ کمپنی کے خطرات کی مجموعی جانچ پڑتال گروپ کے کارپوریٹ سینٹر کی نگرانی کے تحت سینئر انتظامیہ کی جانب سے انجام دی جاتی ہے جس کے نتائج سے بورڈ آف ڈائریکٹرز کو آگاہ کر دیا جاتا ہے۔ خطرات کی شناخت، جانچ اور انتظامی عمل کمپنی کو درپیش اسٹریٹجک، فنانشل، کمرشل اور آپریشنل خطرات کی شناخت، جانچ پڑتال اور اس سے نمٹنے کا طریقہ کار طے کرتا ہے۔ خطرات کی جانچ پڑنی بنیادی چیلنجوں سے کمپنی کے طویل مدتی اسٹریٹجک اہداف اور مقاصد کو حاصل کرنے کے لئے مواقع کی نشاندہی، ایکشن پلان تیار کرنے اور اسے انجام دینے میں معاونت ملی ہے۔

مجموعی منافع بطور آمدنی کا فیصد گزشتہ سال کے مقابلے میں ۶.۶ فیصد تک کم ہو گیا۔ آپریٹنگ اخراجات ۱۵۲ ملین روپے تک بڑھ گئے جس کی بڑی وجہ بانڈ چارجز، تنخواہیں، گاڑیوں کے چلانے کے اخراجات اور مارکیٹنگ اخراجات میں اضافہ تھا۔

آپریٹنگ منافع گزشتہ سال کے مقابلے میں ۶.۷ فیصد سے نمایاں حد تک گر کر ۲.۷ فیصد کم ہوا۔ خالص خسارے کی بڑی وجہ ایکسچینج کے خساروں، مالیاتی اخراجات میں اضافہ اور خارج کئے جانے والے کاروباروں بالخصوص جانسن اینڈ جانسن کے سیٹلمنٹ اخراجات میں اضافہ تھا۔ جاری کاروباروں کی لاگت میں بھی فیول کے نرخوں، یوٹیلیٹیز اخراجات میں اضافے اور کم از کم تنخواہ سے متعلق شکایات کے باعث اضافہ ہوا۔ سال کے دوران روپے کی قدر میں ۳۱ فیصد تک کمی آئی جس کے نتیجے میں سال کے دوران زرمبادلہ کے ذخائر میں ۱۸۶ ملین پاک روپے کی کمی آئی۔ مالی لاگت بھی درآمدات پر لاگو کیش مارجن کو شامل کرنے کیلئے قرضہ جات کے اکاؤنٹ میں ۸۶ ملین روپے تک بڑھ گئی۔

مالیاتی کارکردگی۔ آئی بی ایل لاجسٹکس (پرائیویٹ) لمیٹڈ (ذیلی کمپنی)

آئی بی ایل لاجسٹکس الیکٹرونک، ایل ای ڈی لائٹس کی فروخت اور لاجسٹکس سروسز کے کاروبار میں مصروف عمل ہے۔ کمپنی نے اپنے کاروبار کے پہلے سال میں ۷.۵ ملین روپے کاروبار حاصل کیا۔ تاہم پہلے سال تشکیل اور انتظامی اخراجات کے باعث خسارہ بعد از ٹیکس ۰.۴ ملین روپے رہا۔ کمپنی کو توقع ہے کہ آنے والے سالوں کے دوران اس کاروبار کے ذریعے آمدنی اور منافع جات میں نمایاں اضافہ ہوگا۔

ہولڈنگ کمپنی

انٹرنیشنل برانڈز لمیٹڈ یونائیٹڈ برانڈز لمیٹڈ کی ہولڈنگ کمپنی ہے۔ ۳۰ جون ۲۰۱۹ء کے مطابق انٹرنیشنل برانڈز لمیٹڈ ہر ایک ۱۰ پاک روپے مالیت کے ۲۶۲،۲۰۰،۸۸ شیئرز (۹۶.۰۸ فیصد) کی ملکیت کی حامل تھی۔

ذیلی کمپنی

یونائیٹڈ برانڈز لمیٹڈ، آئی بی ایل لاجسٹکس (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی ہے۔ ۳۰ جون ۲۰۱۹ء کے مطابق یونائیٹڈ برانڈز لمیٹڈ ہر ایک ۱۰ پاک روپے کے اس کے نامزد ہندگان کے ساتھ ۲،۴۹۹،۹۹۷ شیئرز کا حامل تھا (۹۹.۹۹ فیصد)۔

بنیادی/معتدل آمدنیاں فی شیئر

بنیادی/معتدل خسارہ فی شیئر ۹۹.۵۶ پاک روپے رہی۔ (۲۰۱۸ء: پاک روپے ۵۶.۰۶)

آڈٹ رپورٹ کے فارمیٹ پر نظر ثانی

آڈٹ رپورٹ ایس ای سی پی کے ایس آر او ۵۵۸ (۱) ۲۰۱۸ ”آڈیٹرز رپورٹنگ آپلیکیشنز“ کی شرائط کے مطابق تیار کی گئی ہے۔ اس میں بنیادی طور پر اضافی شرائط شامل ہیں کیونکہ آڈٹ کے کلیدی معاملات آڈٹ کی مدت کے دوران شناخت کئے گئے۔

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

یونائیٹڈ برانڈز لمیٹڈ کے ڈائریکٹرز بمسرت سال ختمہ ۳۰ جون ۲۰۱۹ء کیلئے آڈٹ شدہ کنسالیدئیٹڈ اور ان کنسالیدئیٹڈ مالیاتی حسابات کے ساتھ اپنی رپورٹ پیش کر رہے ہیں۔ ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۷ کے مطابق تیار کی گئی ہے۔

بنیادی سرگرمیاں

یونائیٹڈ برانڈز لمیٹڈ تیزی سے فروخت ہونے والی اشیاء (FMCG) اور منسلکہ مصنوعات کی تقسیم میں مصروف عمل ہے۔ ان پورٹ فولیو میں بچوں کا سامان، چاکلیٹس، کنفییکشنریز، فلیورڈ ملک، ڈیری مصنوعات، مٹھائیاں، بیوریتجز، دلینے، خوشبو جات، کاسمیٹکس اور دیگر ملتی جلتی اشیاء شامل ہیں۔

مالیاتی کارکردگی کا خلاصہ

2018 2019
(روپے، ہزاروں میں)

3,776,649	4,052,412	آمدنی
983,565	1,029,938	مجموع منافع جات
26.0%	25.4%	مجموع منافع جات کی شرح بہ نسبت آمدنی
252,997	(47,552)	آپریٹنگ (خسارہ)/منافع جات
(29,214)	(550,388)	خسارہ بعد از ٹیکس

مالیاتی کارکردگی۔ یونائیٹڈ برانڈز لمیٹڈ (سرپرست کمپنی)

کمپنی کی آمدنی گزشتہ سال کے مقابلے میں ۷ فیصد تک بڑھ گئی۔ اضافے کی بنیادی وجہ ویرا ہاؤسنگ اور ٹرانسپورٹیشن سروسز سے حاصل کردہ سروس آمدنی میں اضافہ ہے۔

سال کے دوران درج ذیل کاروباروں کو کمپنی کے پورٹ فولیو سے خارج کیا گیا جنہوں نے سال ۱۹-۲۰۱۸ء کے دوران آمدنی میں ۲۸ بلین روپے کی شراکت کی (۲۰۱۸ء: ۱۳ بلین روپے)

- | | |
|--------------|----------------------|
| ۱- مارس | ۴- ہینیز |
| ۲- رگلے | ۵- آئی ایف ایف سی او |
| ۳- حلیب فوڈز | ۶- جانسن اینڈ جانسن |

FINANCIAL HIGHLIGHTS

Operational Results:	---Amount in '000---					
	2019	2018	2017	2016	2015	2014
Sales	4,048,617	3,776,649	1,389,745	1,483,737	1,342,485	1,282,432
Gross Profit	1,028,180	983,565	342,931	229,244	191,265	164,301
Operating (Loss) / Profit	(47,102)	252,997	69,541	57,705	31,736	33,874
Financial Charges	324,708	126,902	15,395	6,076	9,932	12,462
(Loss) / Profit before Taxation	(371,810)	126,095	54,146	51,629	21,904	21,412
(Loss) / Profit after Taxation	(549,914)	(29,214)	6,021	28,441	12,248	13,298
Proposed Dividend	-	-	5,400	-	10,800	10,800

Balance Sheet:	---Amount in '000---					
	2019	2018	2017	2016	2015	2014
Shareholders' Equity	307,010	876,541	101,155	95,134	77,493	76,045
Non-Current Liabilities	-	-	212,000	-	-	-
Current Liabilities	2,157,356	1,747,529	1,455,424	726,256	643,916	495,870
Non-Current Assets	28,817	30,336	1,349	1,492	2,267	2,709
Current Assets	2,435,549	2,593,734	1,767,230	819,898	719,142	569,206

Financial Ratios:	---Amount in '000---					
	2019	2018	2017	2016	2015	2014
Turnover on (Loss) / Profit before Tax	-9.18%	3.34%	3.90%	3.48%	1.63%	1.67%
Proposed Dividend	-	-	5%	-	10%	10%
Return on Assets	-22.31%	-1.11%	0.34%	3.46%	1.69%	2.32%
Return on Equity	-179.12%	-3.33%	5.95%	29.90%	15.81%	17.49%
(Loss) / Earnings per Share	(5.99)	(0.63)	0.13	0.62	0.27	0.29
Market value per Share	14.30	52.08	191.00	55.49	86.54	91.00
Book Value per Share	3.34	9.55	9.37	8.79	7.18	7.04
Current Ratio	1.13	1.48	1.21	1.13	1.12	1.15

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 UNITED BRANDS LIMITED

Year Ending June 30, 2019

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

- The Board comprises as follows:

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

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

- The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
- 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.
- 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.
- All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- The Board has arranged Directors' Training program for Mr. Faisal Farooq (Non-Executive Director) during the year and the board is complied with the training requirements of the Act.
- The board has approved appointment of Chief Financial Officer, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- CFO and CEO duly endorsed the financial statements before approval of the board.

11. The board has formed committees comprising of members and the frequency of meetings are given below:

Committee	No. of Meetings during the year	Name of Directors	Designation
Audit Committee	4	Mr. Hassan Tariq Khan	Chairman
		Mr. Ayaz Abdulla	Non-Executive Director
		Mr. Zubair Razzak Palwala	Non-Executive Director
HR Committee	3	Mr. Hassan Tariq Khan	Chairman
		Mr. Ayaz Abdulla	Non-Executive Director
		Mr. Zubair Razzak Palwala	Non-Executive Director

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
13. The board has outsourced the internal audit function to 'Grant Thornton Anjum Rahman Chartered Accountants' who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
14. 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 and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
15. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
16. We confirm that all other requirements of the Regulations have been complied with.



Zubair Razzak Palwala
Director



M. Khalid Dar
Chief Executive Officer



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

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of United Brands Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

A handwritten signature in blue ink, appearing to be 'A. F. Ferguson & Co.', is written over a horizontal line.

Chartered Accountants
Karachi

Dated: October 07, 2019

UNCONSOLIDATED
FINANCIAL STATEMENTS



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

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of United Brands Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2019, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	<p>Discontinuance of business arrangement <i>(Refer note 1, 8.2 and note 21.1 to the unconsolidated financial statements)</i></p> <p>The Company has discontinued its distribution business with Johnson & Johnson Middle East FZ – LLC (J&J).</p> <p>The distribution of J&J products generated significant revenue for the year. In respect of this discontinuance of business, an inventory transfer agreement has been made with J&J. Under this agreement the stock in hand with the Company will be transferred to another distributor and at discounted value. Further, certain claims of the Company were unapproved by J&J.</p> <p>The discontinuance of this business line has resulted in a charge of Rs. 164.06 million to the Company. Due to this significant development and material impact of the matter, we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> obtained the inventory transfer agreement to understand the terms and conditions of the discontinuance business segment; checked the impact of amount of loss recognised based on the terms and rates stated in the agreement; circularised confirmation for the balance due to J&J in respect of the inventory transfer agreement; reviewed approval of the inventory transfer agreement by the Board of Directors of the Company; and assessed the adequacy of disclosures in the unconsolidated financial statements of the Company.
(ii)	<p>First time adoption of IFRS 9 – Financial Instruments <i>(Refer note 3, and note 9.1.3 to the unconsolidated financial statements)</i></p> <p>IFRS 9 'Financial Instruments' is effective for the Company for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'.</p> <p>In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset</p> <p>In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves several judgmental assumptions.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> reviewed of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates; assessed the reasonableness and accuracy of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose; checked the mathematical accuracy of the ECL model by performing recalculation on test basis; and assessed the adequacy of disclosures in the unconsolidated financial statements of the Company.

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The Company has adopted IFRS 9 using the allowed modified retrospective approach and recognized expected credit loss of Rs 19.61 million in opening retained earnings as at July 1, 2018 and Rs 0.502 million for year ended June 30, 2019.</p> <p>We considered this as key audit matter due to the involvement of significant judgments made by management regarding the matter.</p>	

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

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

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.



Chartered Accountants

Karachi.

Date: October 07, 2019

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	4	3,381	4,523
Intangible assets	5	322	699
Investment in subsidiary	6	25,000	25,000
Long - term deposits	7	114	114
		28,817	30,336
Current assets			
Inventories	8	1,102,071	970,112
Trade and other receivables	9	606,896	678,446
Prepayments and advances	10	469,483	687,853
Current tax asset		52,413	53,151
Tax refunds due from government - sales tax		3,771	28,657
Cash and bank balances	11	200,915	175,515
		2,435,549	2,593,734
Total assets		2,464,366	2,624,070
EQUITY AND LIABILITIES			
Share capital and reserves			
Share Capital	12	918,000	918,000
Accumulated losses		(610,990)	(41,459)
		307,010	876,541
Liabilities			
Current liabilities			
Trade and other payables	13	666,075	936,024
Unclaimed dividend		371	591
Accrued mark-up	14	37,641	5,803
Short term financing	15	1,453,269	805,111
Total liabilities		2,157,356	1,747,529
CONTINGENCY AND COMMITMENTS			
Total equity and liabilities	16	2,464,366	2,624,070

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



Muhammad Khalid Dar
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME**
 FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in '000)	
Revenue from contracts with customers	17	4,048,617	3,776,649
Cost of sales and services	18	(3,020,437)	(2,793,084)
Gross profit		1,028,180	983,565
Marketing and distribution expenses	19	(734,333)	(616,024)
Administrative and general expenses	20	(122,033)	(88,577)
Loss allowance on trade receivables	9.1.3	(502)	(4,831)
Other operating expenses	21	(220,463)	(21,136)
Other income	22	2,049	-
Profit from operations		(47,102)	252,997
Finance costs	23	(324,708)	(126,902)
(Loss) / profit before Income tax		(371,810)	126,095
Income tax expense	24	(178,104)	(155,309)
Loss for the year		(549,914)	(29,214)
Other comprehensive income		-	-
Total comprehensive loss		(549,914)	(29,214)
Basic loss per share (Rupees)	25	(5.99)	(0.56)

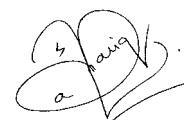
The annexed notes from 1 to 34 form an integral part of these financial statements



Muhammad Khalid Dar
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	26	(335,768)	(642,594)
Income taxes paid		(177,366)	(164,757)
Finance costs paid		(107,153)	(76,796)
Net cash outflow from operating activities		(620,287)	(884,147)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment in subsidiary company		-	(25,000)
Payment for acquisition of property and equipment		(2,080)	(4,403)
Payment for acquisition of intangible assets		(171)	(350)
Net cash outflow from investing activities		(2,251)	(29,753)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from right issue of shares		-	810,000
Dividends paid		(220)	(5,304)
Disbursement of loan		-	100,000
Repayment of long term financing		-	(312,000)
Proceeds from short term financing		617,948	449,436
Net cash inflow from financing activities`		617,728	1,042,132
Net (decrease) / increase in cash and cash equivalents		(4,810)	128,232
Cash and cash equivalents at the beginning of the year		175,515	47,283
Cash and cash equivalents at the end of the year	27	170,705	175,515

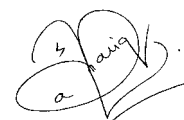
The annexed notes from 1 to 34 form an integral part of these financial statements



Muhammad Khalid Dar
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2019

	Share capital		Total Equity
	Issued, subscribed and paid up capital	Accumulated loss	
	← (Rupees 000) →		
Balance as at July 1, 2017	108,000	(6,845)	101,155
Total comprehensive loss for the year ended June 30, 2018	-	(29,214)	(29,214)
Transactions with owners			
Issue of right shares	810,000	-	810,000
Final dividend for the year ended June 30, 2017 - Rs. 0.5 per share	-	(5,400)	(5,400)
	810,000	(5,400)	804,600
Balance as at June 30, 2018	918,000	(41,459)	876,541
Recognition of expected credit losses on adoption of IFRS 9 - note 3	-	(19,617)	(19,617)
Balance as at July 01, 2018	918,000	(61,076)	856,924
Total comprehensive loss for the year ended June 30, 2019	-	(549,914)	(549,914)
Balance as at June 30, 2019	918,000	(610,990)	307,010

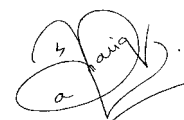
The annexed notes from 1 to 34 form an integral part of these financial statements



Muhammad Khalid Dar
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

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

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

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

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

- The registered office of the Company is situated at 1st Floor, One IBL Center, Block no. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi
- The Company has various sale offices and distribution warehouses, detailed list is provided in note 33.

1.2 Significant transactions and events affecting the company's financial position and performance

- a) The Company ceased its businesses with certain Principals including Johnson & Johnson Middle East FZ-LLC (J&J), Haleeb Foods and IFFCO. The discontinuance of business with J&J is due to the non-recoverability of contribution margin from J&J products. The impacts of discontinuance of business with these Principals is reflected in notes 8.2 and 21.1 to the unconsolidated financial statements.
- b) Exchange loss amounting to Rs. 185.717 million (2018: Rs. 54.69 million) has been recognised in the unconsolidated financial statements due to the volatility in exchange rates during the year. (Refer note 23)
- c) Due to increase in short term finance the Company suffered finance cost amounting to Rs. 130.829 million (2018: Rs. 44.66 million). (Refer note 23)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 Statement of Compliance

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

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

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

UNITED BRANDS LIMITED

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FOR THE YEAR ENDED JUNE 30, 2019

2.1.2 Critical accounting estimates and judgements

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

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

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

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

2.1.3 Changes in accounting standards, interpretations and pronouncements

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

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of changes laid down by these standards are detailed in note 3.

The Securities and Exchange Commission of Pakistan (SECP) through its notification dated July 29, 2019 brought certain alterations in fourth schedule to the Companies Act 2017 (the Act) with regards to the preparation and presentation of financial statements. These alterations resulted in elimination of certain disclosures in the financial statements of the Company as at June 30, 2019.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2018 are considered not to be relevant for the Company's unconsolidated financial statements and hence have not been detailed here.

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

The following is the new standard, that will be effective for the periods beginning on or after January 1, 2019 that may have an impact on the unconsolidated financial statements of the Company.

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IFRS 16 'Leases' - This standard is effective for periods beginning from or after January 01, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its unconsolidated financial statements.

2.2 Overall valuation policy

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

2.3 Property and equipment

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 4.1 to the unconsolidated financial statements. Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

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

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.

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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 exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Method of preparation of statement of cashflows

The statement of cashflows is prepared using indirect method

2.5 Investment in Subsidiary

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

2.6 Inventories

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

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

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

2.7 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.18 for a description of the Company's impairment policies.

2.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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.

2.9 Share capital

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

2.10 Trade and other payables

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

2.11 Provisions

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

UNITED BRANDS LIMITED

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2.12 INCOME TAX

i. Current

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

ii. Deferred

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

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

2.13 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.

2.14 Revenue recognition

Sale of goods

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

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

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

Rendering of services

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

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

UNITED BRANDS LIMITED
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2.15 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.

2.16 Foreign currency transactions and translation

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

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

2.17 Dividend distribution

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

2.18 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

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

Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

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

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

Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortised cost

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

iii) Financial assets and liabilities at FVTPL

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

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

Impairment of financial asset

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

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

UNITED BRANDS LIMITED

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

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

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

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

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

Derecognition

i) Financial assets

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

ii) Financial liabilities

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

2.19 Off-setting of financial assets and liabilities

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

3. Change in accounting policies

i) IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the unconsolidated financial statements. The new accounting policies are set out in note 2.18 above. In accordance with the transitional provisions in IFRS 9, corresponding figures have not been restated.

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Classifications and remeasurement

On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassifications and adjustments are as follows:

Financial assets - July 1, 2018	Note	Carrying amount as reported under IAS 39 July 1, 2018	Reclassification due to IFRS - 9	Remeasure-ment allowance: ECL	Carrying amount as reported under IFRS 9 July 1, 2018
(Rupees '000)					
Long - term deposits		114	-	-	114
Trade receivables	a,b	390,133	-	(19,617)	370,516
Other receivable		288,313	-	-	288,313
Cash and bank balances		175,515	-	-	175,515
		854,075	-	(19,617)	834,458

- (a) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The Company has determined that the application of IFRS 9's impairment requirement at July 1, 2018 results in Rs. 19.617 million additional allowance for trade receivables.
- (b) the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the profit and loss account. Previously, the Company presented bad debts written off and provision for doubtful debts in other expenses. Consequently, bad debts written off and provision for doubtful debts amounting to Rs. 4.83 million, recognised under IAS 39; were reclassified from other expenses to 'Loss allowance on trade receivables' in the statement of profit or loss and other comprehensive income for the year ended June 30, 2018.

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at July 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
(Rupees '000)				
Financial assets				
Long term deposits	Loans and receivables	Amortised cost	114	114
Trade and other receivables	Loans and receivables	Amortised cost	678,446	658,829
Cash and bank balances	Loans and receivables	Amortised cost	200,515	200,515
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	936,024	936,024
Unclaimed dividend	Other financial liabilities	Other financial liabilities	591	591
Short term running finance	Other financial liabilities	Other financial liabilities	805,111	805,111

The impact of these changes on the Company's statement of changes in equity is as follows:

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	2019
	(Rupees '000)
Recognition of Expected Credit Losses under IFRS 9	19,617
Related tax	-
Impact as at July 01, 2018	19,617

ii) IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 Revenue from Contracts with Customers from July 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the unconsolidated financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Company that require retrospective change and restatement of comparatives for the year ended June 30, 2018.

	2019	2018
	(Rupees '000)	
4. PROPERTY AND EQUIPMENT		
Operating assets - note 4.1	3,381	4,391
Capital work in progress	-	132
	3,381	4,523

4.1 Operating assets

	Leasehold Improvements	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
	(Rupees '000)				
Net carrying value basis					
Year ended June 30, 2019					
Opening net book value (NBV)	-	902	3,489	-	4,391
Additions (at cost)	-	201	1,879	-	2,080
Disposals (at NBV)	-	(659)	(1,378)	-	(2,037)
Depreciation charge - note 4.2	-	(60)	(993)	-	(1,053)
Closing net book value (NBV)	-	384	2,997	-	3,381
Gross carrying value basis					
At June 30, 2019					
Cost	1,698	1,518	13,515	2,842	19,574
Accumulated depreciation	(1,698)	(1,134)	(10,518)	(2,842)	(16,192)
Net book value (NBV)	-	384	2,997	-	3,382
Net carrying value basis					
Year ended June 30, 2018					
Opening net book amount	-	64	748	-	812
Additions (at cost)	-	868	3,403	-	4,271
Depreciation charge	-	(30)	(662)	-	(692)
Closing net book value (NBV)	-	902	3,489	-	4,391

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	Leasehold Improvements	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
	← (Rupees '000) →				
Gross carrying value basis					
At June 30, 2018					
Cost	1,698	2,010	13,186	2,842	19,736
Accumulated depreciation	(1,698)	(1,108)	(9,697)	(2,842)	(15,345)
Net book value (NBV)	-	902	3,489	-	4,391
Useful life in years	10	10	5	5	

4.2 Depreciation for the year has been allocated as follows:

	2019	2018
	(Rupees '000)	
Cost of services	136	77
Marketing and distribution expenses	679	445
Administrative and general expenses	238	170
	1,053	692

5. INTANGIBLE ASSETS

Computer software - note 5.1	322	699
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5.1 Computer software

Net carrying value basis		
Opening net book value	699	423
Addition during the year - note 5.1.1	171	350
Disposals (at NBV)	(85)	-
Asset written off	(373)	-
Amortisation charge	(90)	(74)
Net book value	322	699
Gross carrying value basis		
Cost	452	782
Accumulated Amortisation	(130)	(83)
Net book value	322	699
Useful life in years	5	5

5.1.1 This amount represents the purchase of Microsoft Office softwares.

5.2 The amount relates to advance paid to vendor for development of the Company's website which has been transferred to intan

6. INVESTMENT IN SUBSIDIARY

	2019	2018
	(Rupees '000)	
Subsidiary Company (at cost) - Note 6.1	25,000	25,000

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

7. LONG TERM DEPOSITS	2019	2018
	(Rupees '000)	
Long term deposits - note 7.1	114	114

7.1 The amount represents house rent deposit given to the employees in accordance with the terms of employment. These deposits do not carry any mark up arrangement.

8. INVENTORIES	2019	2018
	(Rupees '000)	
Finished goods:		
in hand - notes 8.1 & 8.2	558,005	817,118
in transit - note 8.2	544,066	152,994
	1,102,071	970,112

8.1 These include stock-in-trade amounting to Rs. 30.63 million held with third party (2018: Rs. 34.83 million).

8.2 As at June 30, 2019 this includes inventory of Johnson & Johnson Middle East FZ-LLC amounting to Rs. 119.29 million in hand and Rs. 331.38 million in transit which will be recovered through the inventory transferred agreement.

9. TRADE AND OTHER RECEIVABLES - unsecured	2019	2018
	(Rupees '000)	
Trade receivables - note 9.1	252,551	390,133
Other receivables - note 9.2	354,345	288,313
	606,897	678,446

9.1 Trade receivables - unsecured

Considered good

Related party - note 9.1.1	8,268	1,188
Others - note 9.1.2	244,283	388,945

Considered doubtful	26,965	6,846
	279,516	396,979

Less: Loss allowance on doubtful receivables - note 9.1.3	(26,965)	(6,846)
	252,551	390,133

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9.1.1 As at June 30, 2019 age analysis of trade receivables from related parties is as follows:

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
← (Rupees '000) →							
The Searle Company Limited	8,194	8,171	105	-	-	8,089	8,571
IBL Operations (Private) Limited	28	-	-	-	-	28	28
MyCart (Private) Limited	64	64	6	-	-	58	1,308
International Franchises (Private) Limited	107	28	14	-	-	93	1,181
	8,393	8,263	125	-	-	8,268	11,088

9.1.2 As at June 30, 2019, the age analysis of these trade receivables is as follows:

	2019	2018
	(Rupees '000)	
Not yet due	137,803	248,749
Past due but not impaired		
- Less than 30 days	61,035	64,268
- 31 to 90 days	31,033	30,510
- 90 to 360 days	24,189	45,418
- More than 360 days	17,063	6,846
	133,320	147,042
	271,123	395,791
9.1.3 Balance at beginning of the year	6,846	2,374
Recognition of expected credit losses - note 3	19,617	-
Charge during the year - net	502	4,831
Written off against loss allowance	-	(359)
Balance at end of the year	26,965	6,846
9.2 Other receivables - unsecured		
Considered good		
Related party - note 9.2.1	7,161	8,731
Others - note 9.2.2	347,184	279,582
	354,345	288,313

9.2.1 This represents amount receivable from The Searle Company Limited - associated company. The amount represents claims in respect of marketing expenses and discounts given on behalf of the associated company.

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

9.2.3 As at June 30, 2019 age analysis of other receivables from related party is as follows:

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Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
← (Rupees '000) →							
The Searle Company Limited	7,161	-	-	-	-	-	7,423
	<u>7,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,423</u>

10. PREPAYMENTS AND ADVANCES - unsecured

2019

2018

(Rupees '000)

Prepayments - note 10.1
 Advances - note 10.2

101,652	81,559
367,831	606,294
469,482	687,853

10.1 PREPAYMENTS

Rent
 Deposit
 Prepaid
 Insurance
 Others - note 10.1.1

1,011	881
108	2,396
193	18
100,340	78,264
101,652	81,559

10.1.1 This represents amount paid to Red Bull Asia FZE in respect of marketing contribution as per the terms of the agreement. Such amount is amortised as the related products are distributed.

10.2. Advances - considered good

2019

2018

(Rupees '000)

-Employees
 -Advance against letter of credit - note 10.2.1
 -Others - note 10.2.2

956	1,205
333,327	531,317
33,547	73,772
367,831	606,294

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

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

10.2.3 These advances do not carry any mark up arrangement.

UNITED BRANDS LIMITED
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11. CASH AND BANK BALANCES		2019	2018
		(Rupees '000)	
Cash at banks			
Current accounts - note 11.1		141,456	146,937
Savings accounts - note 11.2		20,216	41
		161,672	146,978
Cash and cheques in hand		39,243	28,537
		200,916	175,515

11.1 All current accounts are maintained under conventional banking system.

11.2 Savings accounts is maintained under Islamic banking system carrying profit sharing rate of 0.05% (2018: 0.05%)

12. SHARE CAPITAL

Authorised Share Capital

Number of Shares			2019	2018
2019	2018		(Rupees '000)	
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	1,000,000	1,000,000

Issued, Subscribed and Paidup Share Capital

91,800,000	10,800,000	Ordinary shares of Rs. 10/- each fully paid in cash	918,000	108,000
-	81,000,000	Ordinary shares of Rs. 10 each fully paid in cash allotted as right shares	-	810,000
91,800,000	91,800,000		918,000	918,000

12.1 As at June 30, 2019 International Brands Limited together with its nominees held 88,200,462 (June 30, 2018: 88,200,462) ordinary shares of Rs. 10 each.

12.2 Movement in Issued, subscribed and paid-up capital

Number of Shares			2019	2018
2019	2018		(Rupees '000)	
91,800,000	10,800,000	Opening shares outstanding	918,000	108,000
-	81,000,000	Right shares issued	-	810,000
91,800,000	91,800,000		918,000	918,000

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	2019	2018
	(Rupees '000)	
13. TRADE AND OTHER PAYABLES		
Trade creditors	155,688	218,224
Payable to International Brands Limited - note 13.1	8,032	1,782
Payable to IBL Operations (Private) Limited - note 13.2	9,793	57,251
Payable to The Searle Company Limited - note 13.3	44,427	43,245
Payable to IBL Logistics (Private) Limited - note 13.5	13,662	-
Accrued liabilities	88,858	58,634
Bills payables	311,065	533,991
Payable to employees' provident fund - note 13.4	2,180	1,056
Advances from customers	-	8,499
Withholding tax payable	1,343	198
EOBI and SESSI payable	307	753
Other liabilities	30,720	12,391
	666,075	936,024

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

13.2 This includes amount payable to IBL Operations (Private) Limited - associated company under agreement for sharing of expenses relating to sales and administrative infrastructure.

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

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

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

14. ACCRUED MARK-UP

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

15. SHORT TERM FINANCING

	2019	2018
	(Rupees '000)	
Running finance under mark-up arrangement - notes 15.1"	30,210	-
Short term loans - notes 15.2 & 15.3	1,423,059	805,111
	1,453,269	805,111

15.1 As at June 30, 2019 available running finance facility under mark-up arrangements from a commercial bank amounted to Rs. 35 million (June 30, 2018: Rs. 35 million). The arrangement is secured by way of pari passu charge over the inventories and receivables of the Company with 25% margin.

The arrangements carry mark-up at the rate of 2.25% above one month KIBOR (June 30, 2018: 2.25% above one month KIBOR) to be determined on monthly basis.

15.2 This represent short term loans obtained under financing arrangement from commercial banks. This arrangement is secured by way of hypothecation charge over inventories and receivables of the Company with 25% margin. These are maturing between July and December 2019.

UNITED BRANDS LIMITED
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The arrangements carry mark-up ranging from average 6 month KIBOR to 2.5% over three month KIBOR.

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

	2019	2018
	(Rupees '000)	
Balance as at July 1	805,111	355,675
Disbursements during the year	3,738,473	2,484,495
Repayment during the year	(3,120,525)	(2,035,059)
Balance as at June 30	<u>1,423,059</u>	<u>805,111</u>

16. CONTINGENCY AND COMMITMENTS

16.1 CONTINGENCY

The assistant / deputy commissioner inland revenue vide order DC No. 01 / 77 dated February 28, 2018 culminated the proceeding for monitoring of withholding taxes, raising certain issues with reference to short deduction. Through the said order, a demand of Rs. 32.89 million has been raised. Subsequent to the year end the Company has deposited 10% of the above amount and obtained stay from Commissioner Inland Revenue (Appeals) . However, the management and their tax advisor are of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these unconsolidated financial statements.

16.2 COMMITMENTS

The facilities for opening letter of credit and guarantees as at June 30, 2019 amounted to Rs. 840 million (June 30, 2018: Rs. 715 million) and Rs. 233 million (June 30, 2018: Rs. 233 million) respectively. The amount remaining unutilised at the year end for letter of credit and guarantees was Rs. 554 million (June 30, 2018: Rs. 269.40 million) and Rs. 61 million (June 30, 2018: Rs. 58.33 million) respectively.

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

	2019	2018
	(Rupees '000)	
17. REVENUE FROM CONTRACT WITH CUSTOMERS		
Revenue from		
Goods	5,176,674	4,684,425
Services - note 17.1	256,660	83,061
Less:		
- Trade discount	(566,795)	(252,090)
- Sales returns	(110,609)	(64,309)
- Sales tax	(680,086)	(661,999)
- Provincial sales tax	(27,227)	(12,439)
	<u>(1,384,717)</u>	<u>(990,837)</u>
	<u>4,048,617</u>	<u>3,776,649</u>

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

2019

2018

(Rupees '000)

18. COST OF SALES AND SERVICES

Cost of sales - note 18.1

Cost of services - note 18.2

2,802,809	2,739,406
217,628	53,678
3,020,437	2,793,084

18.1 COST OF SALES

Opening inventory

Purchases during the year - net of claims

Closing inventory - note 18.1.1

970,112	835,451
3,053,073	2,874,067
(1,220,376)	(970,112)
2,802,809	2,739,406

18.1.1 The closing inventory includes settlement cost on discontinuance business arrangement with Johnson & Johnson Middle East FZ-LLC which has been classified under Other Operating Expenses - refer note 21.1.

2019

2018

(Rupees '000)

18.2 COST OF SERVICES

Salaries, wages and allowances - note 18.3

Freight and cartage

Vehicle running and repair & maintenance

Rent, rates and taxes

Insurance and security expenses

Utilities

Depreciation

Printing and stationary

Communication

Others

64,148	18,408
110,982	27,262
1,997	565
22,117	5,463
631	124
1,723	1,092
136	77
1,123	141
815	160
13,956	386
217,628	53,678

18.3 Salaries, wages and allowances include Rs. 1.62 million (2018: Rs. 0.02 million) in respect of contributory provident fund.

2019

2018

(Rupees '000)

19. MARKETING AND DISTRIBUTION EXPENSES

Salaries, wages and allowances - note 19.1

Freight and cartage

Vehicle running and repair & maintenance

Rent, rates and taxes

Advertising and sales promotion - note 19.2

Insurance and security expenses

Utilities

Travelling and conveyance

Depreciation

Printing and stationary

Communication and entertainment

Others

99,170	85,752
69,705	57,227
55,931	41,785
75,047	28,105
400,410	378,237
12,306	10,958
8,731	4,418
4,016	4,590
679	445
2,060	1,383
5,692	3,124
586	-
734,333	616,024

UNITED BRANDS LIMITED

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FOR THE YEAR ENDED JUNE 30, 2019

19.1 Salaries, wages and allowances include Rs. 2 million (2018: Rs. 1.29 million) in respect of contributory provident fund.

19.2 This includes Rs. 299.3 million (2018: Rs. 319.61 million) in respect of amortisation of short term prepayments pertaining to marketing contribution for Red Bull.

20. ADMINISTRATIVE AND GENERAL EXPENSES

	2019	2018
	(Rupees '000)	
Salaries, wages and allowances - note 20.1	68,408	39,297
Legal and professional	5,045	14,360
Auditors' remuneration - note 20.2	2,750	2,898
Travelling and conveyance	12,159	7,334
Corporate service charges - note 20.3	12,000	10,200
Rent, rates and taxes	2,732	1,872
Vehicle running and repair & maintenance	2,961	849
Fee and subscription	3,347	3,593
Communication and entertainment	750	568
Depreciation	238	170
Amortisation	90	74
Utilities	917	918
Insurance and security expenses	263	79
Demurrages	5,063	2,879
Printing and stationary	211	268
Donations - note 20.4	5,099	3,040
Others	-	178
	122,033	88,577

20.1 Salaries, wages and allowances include Rs. 0.54 million (2018: Rs. 3.05 million) in respect of contributory provident fund.

20.2 Auditors' remuneration

	2019	2018
	(Rupees '000)	
Annual audit fee	1,000	950
Fee for review of half yearly financial information, Statement of Compliance with Code of Corporate Governance and other certifications	750	916
Taxation services	600	632
Out-of-pocket expenses	400	400
	2,750	2,898

20.3 This represents reimbursement of information technology charges to International Brands Limited (Holding company) at Rs. 1 million per month (2018: Rs.0.85 million per month).

20.4 During the year, the Company made donation amounting to Rs. 1.2 million (2018: 3 million) to Hunar Foundation, Karachi, Pakistan and Rs. 3.6 million (2018: Nil) to Various other individuals. During the year, one of the directors of the Parent Company was also director in the Hunar Foundation (donee foundation).

UNITED BRANDS LIMITED
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	2019	2018
	(Rupees '000)	
21. OTHER OPERATING EXPENSES		
Provision for expired and damaged stock	33,673	20,907
Loss incurred on discontinuance of business arrangement - note 21.1	164,068	-
Balance considered irrecoverable written off - note 21.2	22,722	229
	220,463	21,136

21.1 During the year the Company's distribution agreement with J&J had expired. The Company decided not to renew the agreement and discontinue its distribution of J&J business line subsequent to the year end. The discontinuance of business with J&J is due to the non-recoverability of contribution margin from J&J products. Subsequent to the year end the Company mutually agreed with J&J to transfer this distributorship of J&J consumer products from the Company to another distributor under the Inventory Transfer Agreement. Under the said agreement the Company shall transfer the inventory to another distributor on the terms and discounted prices set forth. The agreement also states the net amount payable by the Company in respect to the trade balances owed to J&J. The above amount accordingly represent the loss incurred on the discontinuance of J&J business.

21.2 This includes claims not agreed on discontinuance of business arrangement with Haleeb Foods and IFFCO amounting to Rs. 10.55 million and Rs. 10.04 million respectively.

	2019	2018
	(Rupees '000)	
22. OTHER INCOME		
Scrap sales	1,371	-
Profit on savings accounts	678	-
	2,049	-

	2019	2018
	(Rupees '000)	
23. FINANCE COSTS		
Bank charges	8,162	6,380
Mark up on long term financing	-	21,164
Mark up on running finance arrangements	3,498	-
Mark up on short term loans	127,331	44,666
Exchange loss - net	185,717	54,692
	324,708	126,902

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24. INCOME TAX EXPENSE

	2019	2018
	(Rupees '000)	
- for current year	178,987	149,823
- for prior year	(883)	5,486
	178,104	155,309

24.1 Relationship between tax expense and accounting profit has not been presented as tax has been computed under section 113 of the income tax ordinance 2001 i.e. Minimum tax and Final Tax Regime.

25. Basic loss per share

	2019	2018
	(Rupees '000)	
Loss for the year attributable to ordinary shareholders	(549,914)	(29,214)
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	91,800,000	51,966,590
	(Rupees)	
Basic loss per share	(5.99)	(0.56)

25.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2019 and 2018 which would have any effect on the earnings per share if the option to convert is exercised.

26. CASH GENERATED FROM OPERATIONS

	2019	2018
	(Rupees '000)	
(Loss) / profit before Income tax	(371,810)	126,095
Adjustments for non-cash charges and other items		
Depreciation	1,053	692
Amortisation	90	74
Intangible asset written off	373	-
Finance cost	138,991	72,210
	140,507	72,976
	(231,303)	199,071
Effect on cash flow due to working capital changes (Increase) / decrease in current assets:		
Inventories	(131,959)	(134,661)
Trade and other receivables	51,933	(191,818)
Prepayments and advances	218,370	(359,904)
Tax refunds due from government - sales tax	24,886	(2,441)
	163,230	(688,824)
Decrease in trade and other payables	(267,695)	(152,841)
Accrued markup	31,838	-
	(335,768)	(642,594)
Cash used in operations	(335,768)	(642,594)

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	2019	2018
	(Rupees '000)	
27. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 11	200,915	175,515
Running finance under mark-up arrangements - note 15.1	(30,210)	-
	170,705	175,515

28. REMUNERATION TO CHIEF EXECUTIVE AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVES *	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	(Rupees '000)			
Managerial remuneration	960	1,125	12,358	9,139
Allowances	480	562	6,179	4,569
Bonus	160	187	2,060	1,523
Company's contribution to provident fund	-	-	1,236	914
Leave encashment	40	47	515	381
Medical expenses	80	94	1,030	762
	1,720	2,015	23,378	17,288
Number of persons	1	1	4	3

* Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017.

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

28.2 In addition to the above, fee paid to directors for attending Board of Directors meetings during the year amounted to Rs. 0.82 million (2018: Rs. 0.79 million).

UNITED BRANDS LIMITED
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29. RELATED PARTY TRANSACTIONS

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

Nature of relationship	Nature of transactions	2019	2018
		(Rupees '000)	
Holding Company	- Dividend paid	-	5,191
	- Proceeds of right issue	-	778,239
	- Corporate Service Charges	12,000	10,200
Associated companies	- Purchases	4,344	5,339
	- Allocation of expenses - note 29.2	224,931	139,574
	- Repayment of loans	-	452,000
	- Loans obtained	-	100,000
	- Mark-up on financing paid	-	31,750
	- Sale of goods	18,257	5,452
Post employment staff benefit plans	- Contributions to provident fund	3,807	4,364
Key management employees compensation	- Salaries and other employee benefits	23,862	18,389
	- Contributions to provident fund	1,236	914
	- Directors' fees	820	795

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

29.3 The status of outstanding balances with related parties as at June 30, 2019 is included in the respective notes to the unconsolidated financial statements. These are settled in the ordinary course of business.

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

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

UNITED BRANDS LIMITED
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30. NUMBER OF EMPLOYEES	2019	2018
Number of employees	206	520
Average number of employees during the year	377	284

31. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

31.1 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			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
← (Rupees '000) →							
FINANCIAL ASSETS							
At amortized cost							
Long term deposits	-	-	-	-	114	114	114
Trade and other receivables	-	-	-	606,896	-	606,896	606,896
Advances	-	-	-	367,831	-	367,831	367,831
Cash and bank balances	20,216	-	20,216	180,699	-	180,699	200,915
June 30, 2019	20,216	-	20,216	1,155,426	114	1,155,540	1,175,756
June 30, 2018	41	-	41	1,460,255	114	1,460,369	1,460,410
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	666,075	-	666,075	666,075
Unclaimed dividend	-	-	-	371	-	371	371
Short term borrowings	1,453,269	-	1,453,269	-	-	-	1,453,269
June 30, 2019	1,453,269	-	1,453,269	666,446	-	666,446	2,119,715
June 30, 2018	805,111	-	805,111	933,328	-	933,328	1,738,439
ON REPORTING DATE GAP							
June 30, 2019	(1,433,053)	-	(1,433,053)	488,980	114	489,094	(943,959)
June 30, 2018	(805,070)	-	(805,070)	526,927	114	527,041	(278,029)
OFF STATEMENT OF FINANCIAL POSITION ITEMS							
Letters of credit / guarantees							615,000
June 30, 2019							615,000
June 30, 2018							327,722

UNITED BRANDS LIMITED
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31.2 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, 2019, the Company is not materially exposed to interest rate risk.

As at June 30, 2019, the Company had variable interest bearing financial liabilities of Rs. 1,453.26 million (2018:Rs. 805.11 million) and had the interest rate varied by 200 basis points with all the other variables held constant, loss before income tax for the year would have been approximately Rs. 29.06 million (2018: 16.10 million) lower / higher.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is exposed to currency risk on payables in respect of imported inventory denominated in US Dollar (\$) and Swiss Francs . The total foreign currency risk exposure as at June 30, 2019 is Rs. 311.06 million (June 30, 2018: Rs 635.11 million).

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

(b) Credit risk

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

As at June 30, 2019 there are no past due or impaired balances other than Rs. 26.95 million (June 30, 2018: Rs 6.85 million) and the carrying amount of trade debts relate to number of independent customers for whom there is no history of default.

Loans to employees are secured against their retirement benefits.

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

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

(c) Liquidity risk

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

UNITED BRANDS LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

32. CAPITAL RISK MANAGEMENT

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

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

The debt to capital ratios at June 30, 2019 and at June 30, 2018 were as follows:

	2019	2018
	(Rupees '000)	
Total borrowings	1,453,269	805,111
Cash and bank - note 11	(200,915)	(175,515)
Net debt	1,252,354	629,596
Equity	307,010	876,541
Total capital	1,559,364	1,506,137
Debt to capital ratio	0.80	0.42

33. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

SALES OFFICES

ADDRESSES

Abbotabad	Rashid Building, Mir Pur Road Near Mir Pur Chashma, Abbottabad.
Badin	Ward no. 06, Channa Mohalla Cantt Road, Badin
Bahawalnagar	Street no. 03, Taqwa Colony, Bahawalnagar
Bahawalpur	House no. E-99 satellite Town Near Hussaini Chowk, Near HBL Bank, Bahawalpur
Burewala	Hameed Block Street no. 2 Near Lari Adda Opposite Ittefaq Flying Coach, Burewala
D.G.Khan	House no. 64-65, Block no. 16, Al-Mansoor Lodge, Ex PTCL Revenue Office, Dera Ghazi Khan
Dadu	House no. 931/18, Pir Buksh Colony, Near Circuit House, Dadu
Faisalabad	Plot no. 387,388, Amin Town, Askari Road Near Educators School, West Canal Road, Faisalabad
Ghotki	Paryal house, Main G.T. Road, Near Bilal Masjid, Ghotki.
Gujranwala	8 KM G.T Road , G Mangolia Housing Society, Gujranwala
Gujrat	Near Railway, Crossing Shadiwal Road, Gujrat
Hafizabad	169 D Housing Colony, Jinnah Chowk, Gujranwala Road, Hafizabad
Hyderabad	A/135 Near Al-Khair Agenceis, Workshop SITE Area, Hyderabad.
Islamabad	Plot No. 65 & 66, Street 13, I/9, Industrial Area, Islamabad
Jacobabad	House No. 635, Shaheed Mohammad Tagyal Road, Dangar Mohalla, Jacobabad
Jhelum	House no. BXV-1499, Azeem Road Kala Gujran Tehsil & District., Jhelum
Karachi	L-16/A Block no. 22 F.B. Industrial Area, Opposite Aqsa Masjid Near UMA CNG, Shafique More, Karachi.
Kasur	2nd-13/R-25 Khara Road opposite Kot Rukan Din khan, Kasur
Khairpur	T/615, Hussain Chowk, Pathan Mohallah Luqman, Khairpur
Khanewal	House# 4 Main Road Allama Iqbal Town Khanewal.
Korangi	Plot no. 12 & 32, Sector 19, Industrial Area, Korangi, Karachi
Lahore	131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpat, Lahore

UNITED BRANDS LIMITED

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FOR THE YEAR ENDED JUNE 30, 2019

SALES OFFICES

ADDRESSES

Lahore Lahore Hub Larkana Layyah	Near Mian Gi Restaurant, Loharan Wala Khoo, Maraka, 26 KM Multan Road, IBL Latif Colony, Main Road Rehmatpur. IBL Larkana House no. 250/C Housing Scheme 2 Opposite Dr.Qaiser Abbasi clinic TDA Road Tehsil & Dist, Layyah
Mainwali Mandi Bahuddin Mir Pur Khas	Kala Bagh Road Near Mianwali Stadium , Masjid Street, Muslim Colony, Mianwali Mohalla Shadman Town, Near Old Rasool Road, Mandi Bahauddin House no. 1204 Near Al Shahab Homeo Store Sir Syed Road, Behind Ubl Bank,Torabad. 1 Mir Pur Khas
Multan Muzaffargarh	Plot no. 590, 591, Jahangir Abad NLC Chowk Main G.T Road, Multan House no. B/VIII-1864, Laal Haveli House, Near General Bus Stand Basti Maharani, Muzaffar Garh
Narowal Nawabshah New Challi	Mohallah Farooq Ganj,Opp Pakistan Church, Narowal House no. 138- Ghulam Haider Shah colony, Near Bukhtawer Park., Nawabshah Shop no.2, FR 6/22 - 111 - C Serai Quarter, Maan Singh Building. KA.RS Captain Road, New Challi
Okara Peshawar Quetta Rahim Yar Khan	House no. 4, Ali Street, Fardious Town G.T. Road.,Okara Plot no. 105,A-D Sardar Plaza, Achini Payan Near Sultan CNG, Ring Road, Peshawar Plot no. 935 Killi Syedan Airport Road, Quetta. House no. 89 A/R Abbasia Banglows, Near New ABL Bank National Solidarity Avenue, Rahim Yar Khan
Sahiwal Sargodha Sheikhupura Shikarpur	House no. 14, Sulej Block, Main Shadman Road, Sahiwal House no. 42, Officer Colony, Behind Commerce College, Faisalabad Road, Sargodha B - II-11S-18, Street No. 1, Khalid Road, Muslim Gunj, Sheikhupura City Survey no. 23/34/5, Station Road, Old Mehran Hotel, Sattari Building, Jahaz Chowk, Shikarpur
Sialkot Sukkur Tando Adam Toba Tek Singh Vehari	Plot no. 656,657 Barkat Town near Moltex Factory Off Kashmir road, Sialkot Plot no. A - 3, Golimar Area, Near Khabrain Newspaper Press, Sukkur. Plot no. 17/18, Block 27, Gulshan e Nawaz, Town Hyderabad, Tando Adam House no. 5, Street no. 2,Mohala Roshan Park, Canal Road, Toba Tek Singh House no. N-206 Behind Educator School,Near Bari Wala Chowk Sharqi Colony, Vehari
Wah Cantt Loralai Hyderabad Hub Islamabad HUB Multan Hub Peshawar HUB	Leoz plaza main G.T.road wah garden, Wah Cannt. Jail Road near Girls College. IBL Loralai A/135 Near Al-Khair Agenceis Workshop SITE Area. IBL Hyderabad Hub Plot No. 65 & 66, Street 13, i/9, Industrial Area. IBL Islamabad Hub Plot No.590, 591 Jahangir Abad NLC Chowk Main G.T Road. IBL Multan Hub Plot # 105,A-D Sardar Plaza, Achini Payan Near Sultan CNG, Ring Road. IBL Peshawar Hub
Nowshero Feroz	Plot No. 02, Ward No. 06, Paddidan Road, Sindh Colony Near Bilal Masjid. IBL Nowshero Feroz
Thatta Umar Kot Chakwal Gilgit Gujar Khan Kharian Khushab Kotli Mirpur AJK Muzaffarabad Rawla Kot Chichawatni	House # B-261, Situated in Unit-2, Makli Cooperative Housing Society. IBL Thatta Ward No. 315, Idiphar Mohalla Near Govt. Boys High School. IBL Umar Kot IBL Operations "Lahore Health Centre" Girls College Road. IBL Chakwal Ayub Colony Opposite Nadra Office, Shahra-e-Quaid Azam Jutial. IBL Gilgit Ward no 12,Barki Budhal Near Scheme no 2. IBL Gujar Khan Shakir House, Shakir Street, near boys degree collage, G.T Road. IBL Kharian House #177-N, Block # 01, Jauharabad. IBL Khushab Roli Cross Mohalla, Plather Road. IBL Kotli House # 385-A sector F/3 hallroad, OPP.M.I.T college. IBL Mirpur (AJK) House # ZD-541/20, Ward #24, OPP. Edenz INN Guest House. IBL Muzaffarabad Green Town, Kasai Gali. IBL Rawla Kot 96/W, Housing Colony. IBL Chichawatni

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

SALES OFFICES

ADDRESSES

Muridke	Muhalla Nizam Park, Near Faizan e Madina Masjid. IBL Muridke
Pakpatan	Lalazar Colony, St# 2, Near Punjab Cadet School. IBL Pakpatan
Shahkot	Chattha House, Near Sabzi Mandin Nankana Road. IBL Shahkot
Haroonabad	House & Street No. 2, Lalika Colony, Near Zia Shaheed Road. IBL Haroonabad
Hasilpur	House # 91/A, Street No. 1, Model Town. IBL Hasilpur
Jhang	Opposite Chungi # 14 Faisalabad Road Jhang Sadar. IBL Jhang
Samundri	House # 335, Housing Colony No. 2. IBL Samundri
Attock	Opposite Wapda Office, Dhoke Fateh, Fateh jung Road. IBL Attock
Bannu	Back Side Bannu University IT Campus Fatima Khel Road. IBL Bannu
Bhakkar	House No: 59, Street-3, Near Police Line Official Colony. IBL Bhakkar
Dera Ismail Khan	House # 2, Kher Abad Colony, Al-Nisa Clinic & Maternity, Diyal Road. IBL D.I. Khan
Kohat	House No 30-Street No 3 Sector No 10 KDA. IBL Kohat
Mardan	Ittifaq Colony Near Custom Office Koragh Chowk. IBL Mardan
Mingora	Saidu Sharif Road, Near Swat Museum, Mingora Swat. IBL Mingora
Nowshera	The Mall Opposite Daewoo Terminal Nowshera Cantt. IBL Nowshera
Sawabi	Plot No 107 Faquir Elahi Chowk Opposite Gul Bahar Street Topi Road. IBL Swabi
Timergarrah	Opposite D3 Hotel, Bypass Road. IBL Timmergara
Alipur	House # 1, Ghallwan, College Chowk Muzaffar Garh Road. IBL Alipur
Jampur	Plot # 83, Near Indus School Alhamad Town Kotla Road. IBL Jampur
Khanpur	House # 40 (Ground Floor), Gulshan e Ravi Town. IBL Khanpur
Mehar	Manghi House, Veenjhar Muhalla Theba Road. IBL Mehar
Sadiqabad	Sahib Naseeb Town, Street No.1, Manthar Road, IBL Sadiqabad

DISTRIBUTION WAREHOUSES

ADDRESSES

Lahore	Dera Gujran, near Quaid-e-Azam interchange, Lahore Mohallah Tube Well, Near SPARCO, Samsani Road, Link Multan Road, Lahore-2 Lahore, 131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpat, Lahore
Karachi	National Warehouse, IBL Operations F-2/Q, PTC Compound SITE, Karachi. Plot # 39, Sector 19, Korangi Industrial Area, Karachi. L-16/A Block no. 22 FB Industrial Area, Opposite Aqsa Masjid Near UMA CNG, Shafique More, Karachi.

34. DATE OF AUTHORISATION FOR ISSUE

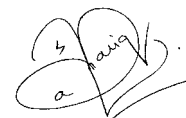
These unconsolidated financial statements were approved by the board of directors of the Company and authorised for issue on October 07, 2019.



Muhammad Khalid Dar
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

CONSOLIDATED
FINANCIAL STATEMENTS



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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of United Brands Limited (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2019 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	<p>Discontinuance of business arrangement <i>(Refer note 1, 7.2 and note 20.1 to the Consolidated financial statements)</i></p> <p>The Group has discontinued its distribution business with Johnson & Johnson Middle East FZ – LLC (J&J).</p> <p>The distribution of J&J products generated significant revenue for the year. In respect of this discontinuance of business, an inventory transfer agreement has been made with J&J. Under this agreement the stock in hand with the Group will be transferred to another distributor and at discounted value. Further, certain claims of the Group were unapproved by J&J.</p> <p>The discontinuance of this business line has resulted in a charge of Rs. 164.06 million to the Group. Due to this significant development and material impact of the matter, we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> obtained the inventory transfer agreement to understand the terms and conditions of the discontinuance business segment; checked the impact of amount of loss recognised based on the terms and rates stated in the agreement; circularised confirmation for the balance due to J&J in respect of the inventory transfer agreement; reviewed approval of the inventory transfer agreement by the Board of Directors of the Group; and assessed the adequacy of disclosures in the consolidated financial statements of the Group.
(ii)	<p>First time adoption of IFRS 9 – Financial Instruments <i>(Refer note 3, and note 8.1.3 to the Consolidated financial statements)</i></p> <p>IFRS 9 'Financial Instruments' is effective for the Group for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'.</p> <p>In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset</p> <p>In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves several judgmental assumptions.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> reviewed of the methodology developed and applied by the Group to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates; assessed the reasonableness and accuracy of the data used for ECL computation based on the accounting records and information system of the Group as well as the related external sources as used for this purpose; checked the mathematical accuracy of the ECL model by performing recalculation on test basis; and assessed the adequacy of disclosures in the Consolidated financial statements of the Group.

S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>The Group has adopted IFRS 9 using the allowed modified retrospective approach and recognized expected credit loss of Rs 19.61 million in opening retained earnings as at July 1, 2018 and Rs 0.502 million for year ended June 30, 2019.</p> <p>We considered this as key audit matter due to the involvement of significant judgments made by management regarding the matter.</p>	

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

The Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Group as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Group's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Group and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.



Chartered Accountants

Karachi.

Date: October 07, 2019

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	4	5,487	4,523
Intangible assets	5	1,317	699
Long - term deposits	6	114	114
		6,918	5,336
Current assets			
Inventories	7	1,194,899	970,112
Trade and other receivables	8	610,238	678,446
Prepayments and advances	9	474,483	687,853
Current tax asset		52,455	53,151
Tax refunds due from government - sales tax		3,772	28,657
Cash and bank balances	10	203,854	200,515
		2,539,701	2,618,734
Total assets		2,546,619	2,624,070
EQUITY AND LIABILITIES			
Share capital and reserves			
Share Capital	11	918,000	918,000
Accumulated losses		(611,464)	(41,459)
		306,536	876,541
Liabilities			
Current liabilities			
Trade and other payables	12	748,802	936,024
Unclaimed dividend		371	591
Accrued mark-up	13	37,641	5,803
Short term financing	14	1,453,269	805,111
Total liabilities		2,240,083	1,747,529
CONTINGENCY AND COMMITMENTS			
Total equity and liabilities		2,546,619	2,624,070

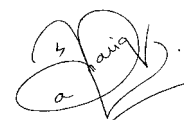
The annexed notes from 1 to 33 form an integral part of these financial statements



Muhammad Khalid Dar
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		(Rupees in '000)	
Revenue from contracts with customers	16	4,052,412	3,776,649
Cost of sales and services	17	(3,022,474)	(2,793,084)
Gross profit		1,029,938	983,565
Marketing and distribution expenses	18	(735,305)	(616,024)
Administrative and general expenses	19	(123,892)	(88,577)
Loss allowance on trade receivables	8.1.3	(502)	(4,831)
Other operating expenses	20	(220,463)	(21,136)
Other income	21	2,672	-
Profit from operations		(47,552)	252,997
Finance costs	22	(324,714)	(126,902)
(Loss) / profit before Income tax		(372,266)	126,095
Income tax expense	23	(178,122)	(155,309)
Loss for the year		(550,388)	(29,214)
Other comprehensive income		-	-
Total comprehensive loss		(550,388)	(29,214)
Basic earnings per share - (loss) (Rupees)	24	(6.00)	(0.56)

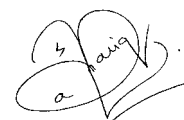
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Muhammad Khalid Dar
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	25	(354,330)	(642,594)
Income taxes paid		(177,426)	(164,757)
Finance costs paid		(107,159)	(76,796)
Net cash outflow from operating activities		(638,915)	(884,147)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property and equipment		(4,518)	(4,403)
Payment for acquisition of intangible assets		(1,166)	(350)
Net cash outflow from investing activities		(5,684)	(4,753)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from right issue of shares		-	810,000
Dividends paid		(220)	(5,304)
Disbursement of loan		-	100,000
Repayment of long term financing		-	(312,000)
Proceeds from short term financing		617,948	449,436
Net cash inflow from financing activities`		617,728	1,042,132
Net (decrease) / increase in cash and cash equivalents		(26,871)	153,232
Cash and cash equivalents at the beginning of the year		200,515	47,283
Cash and cash equivalents at the end of the year	26	173,644	200,515

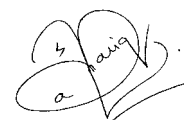
The annexed notes from 1 to 33 form an integral part of these financial statements



Muhammad Khalid Dar
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2019

	Share capital		Total Equity
	Issued, subscribed and paid up capital	Accumulated loss	
	(Rupees 000)		
Balance as at July 1, 2017	108,000	(6,845)	101,155
Total comprehensive loss for the year ended June 30, 2018	-	(29,214)	(29,214)
Transactions with owners			
Issue of right shares	810,000	-	810,000
Final dividend for the year ended June 30, 2017 - Rs. 0.5 per share	-	(5,400)	(5,400)
	810,000	(5,400)	804,600
Balance as at June 30, 2018	918,000	(41,459)	876,541
Recognition of expected credit losses on adoption of IFRS 9 - note 3	-	(19,617)	(19,617)
Balance as at July 01, 2018	918,000	(61,076)	856,924
Total comprehensive loss for the year ended June 30, 2019	-	(550,388)	(550,388)
Balance as at June 30, 2019	918,000	(611,464)	306,536

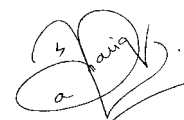
The annexed notes from 1 to 33 form an integral part of these financial statements



Muhammad Khalid Dar
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1. CORPORATE AND GENERAL INFORMATION

1.1 The Group consists of:

Holding Company - United Brands Limited (the "Company")

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

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

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

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

- The registered office of the Company is situated at 1st Floor, One IBL Center, Block no. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi
- The Company has various sale offices and distribution warehouses, detailed list is provided in note 32.

Subsidiary companies - Companies in which the Holding Company owns over 50% of voting rights or companies directly or indirectly controlled by the Holding Company. As at June 30, 2019, Holding Company owns 100% ordinary shares of IBL Logistics (Private) Limited (IBLPL).

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

IBLPL is a private limited company incorporated and registered under the Companies Act, 2017 on April 23, 2018.

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

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

- The registered office of the IBLPL is situated at 1st Floor, One IBL Center, Block no. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi
- IBLPL has a warehouse situated at Plot # 39, Sector 19, Korangi Industrial Area, Karachi.

1.2 Significant transactions and events affecting the company's Financial position and performance

- a) The Group ceased its businesses with certain Principals including Johnson & Johnson Middle East FZ-LLC (J&J), Haleeb Foods and IFFCO. The discontinuance of business with J&J is due to the non-recoverability of contribution margin from J&J products. The impacts of discontinuance of business with these Principals is reflected in notes 7.2 and 20.1 to the consolidated financial statements.
- b) Exchange loss amounting to Rs. 185.72 million (2018: Rs. 54.69 million) has been recognised in the consolidated financial statements due to the volatility in exchange rates during the year. (Refer note 22)
- c) Due to increase in short term finance the Group suffered finance cost amounting to Rs. 130.829 million (2018: Rs. 44.66 million). (Refer note 22)

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 Statement of Compliance

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

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

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

2.1.2 Critical accounting estimates and judgements

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

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

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

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

2.1.3 Changes in accounting standards, interpretations and pronouncements

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

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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The impact of changes laid down by these standards are detailed in note 3.

The Securities and Exchange Commission of Pakistan (SECP) through its notification dated July 29, 2019 brought certain alterations in fourth schedule to the Companies Act 2017 (the Act) with regards to the preparation and presentation of financial statements. These alterations resulted in elimination of certain disclosures in the financial statements of the Group as at June 30, 2019.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2018 are considered not to be relevant for the Group's consolidated financial statements and hence have not been detailed here.

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

The following is the new standard, that will be effective for the periods beginning on or after January 1, 2019 that may have an impact on the consolidated financial statements of the Group.

IFRS 16 'Leases' - This standard is effective for periods beginning from or after January 01, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its consolidated financial statements.

2.2 Overall valuation policy

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

2.3 Basis of consolidation

- i) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:
- it has power to direct the relevant activities of the subsidiaries;
 - is exposed to variable returns from the subsidiaries; and
 - decision making power allows the Group to affect its variable returns from the subsidiaries.

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

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

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

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

2.4 Property and equipment

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 4.1 to the consolidated financial statements. Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal. Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

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

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.

2.5 Intangible assets

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

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

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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 exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

2.6 Inventories

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

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

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

2.7 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.18 for a description of the Group's impairment policies.

2.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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.

2.9 Share capital

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

2.10 Trade and other payables

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

2.11 Provisions

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

2.12 INCOME TAX

i. Current

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

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ii. **Deferred**

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

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

2.13 **Employee benefits**

i. **Defined contribution plan**

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

ii. **Leave encashment - compensated absences**

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

2.14 **Revenue recognition**

Sale of goods

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

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

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

Rendering of services

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

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

2.15 **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.

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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.

2.16 Foreign currency transactions and translation

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

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

2.17 Dividend distribution

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

2.18 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

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

Classification of financial assets

The Group classifies its financial instruments in the following categories:

The Group classifies its financial instruments in the following categories:

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

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

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

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

Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortised cost

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

iii) Financial assets and liabilities at FVTPL

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

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

Impairment of financial asset

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

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

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

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

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

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

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

Derecognition

i) Financial assets

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

ii) Financial liabilities

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

2.19 Off-setting of financial assets and liabilities

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

3. Change in accounting policies

i) IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out in note 2.18 above. In accordance with the transitional provisions in IFRS 9, corresponding figures have not been restated.

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Classifications and remeasurement

On July 1, 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassifications and adjustments are as follows:

Financial assets - July 1, 2018	Carrying amount as reported under IAS 39 July 1, 2018	Reclassification due to IFRS - 9	Remeasure-ment allowance: ECL	Carrying amount as reported under IFRS 9 July 1, 2018
	← (Rupees '000) →			
Long - term deposits	114	-	-	114
Trade receivables	390,133	-	(19,617)	370,516
Other receivable	288,313	-	-	288,313
Cash and bank balances	200,515	-	-	200,515
	<u>879,075</u>	<u>-</u>	<u>(19,617)</u>	<u>859,458</u>

- (a) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The Group has determined that the application of IFRS 9's impairment requirement at July 1, 2018 results in Rs. 19.617 million additional allowance for trade receivables.
- (b) the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the profit and loss account. Previously, the Group presented bad debts written off and provision for doubtful debts in other expenses. Consequently, bad debts written off and provision for doubtful debts amounting to Rs. 4.83 million, recognised under IAS 39; were reclassified from other expenses to 'Loss allowance on trade receivables' in the statement of profit or loss and other comprehensive income for the year ended June 30, 2018

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and liabilities as at July 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
	(Rupees '000)			
Financial assets				
Long term deposits	Loans and receivables	Amortised cost	114	114
Trade and other receivables	Loans and receivables	Amortised cost	678,446	658,829
Cash and bank balances	Loans and receivables	Amortised cost	200,515	200,515
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	936,024	936,024
Unclaimed dividend	Other financial liabilities	Other financial liabilities	591	591
Short term running finance	Other financial liabilities	Other financial liabilities	805,111	805,111

The impact of these changes on the Group's statement of changes in equity is as follows:

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	2019
	(Rupees '000)
Recognition of Expected Credit Losses under IFRS 9	19,617
Related tax	-
Impact as at July 01, 2018	19,617

ii) IFRS 15 - Revenue from contracts with customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers from July 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Group that require retrospective change and restatement of comparatives for the year ended June 30, 2018.

	2019	2018
	(Rupees '000)	
4. PROPERTY AND EQUIPMENT		
Operating assets - note 4.1	5,487	4,391
Capital work in progress	-	132
	5,487	4,523

4.1 Operating assets

	Leasehold Improvements	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
	(Rupees '000)				
Net carrying value basis					
Year ended June 30, 2019					
Opening net book value (NBV)	-	902	3,489	-	4,391
Additions (at cost)	-	887	3,631	-	4,518
Disposals (at NBV)	-	(659)	(1,378)	-	(2,037)
Depreciation charge - note 4.2	-	(106)	(1,279)	-	(1,385)
Closing net book value (NBV)	-	1,024	4,463	-	5,487
Gross carrying value basis					
At June 30, 2019					
Cost	1,698	2,204	15,267	2,842	22,011
Accumulated depreciation	(1,698)	(1,180)	(10,804)	(2,842)	(16,524)
Net book value (NBV)	-	1,024	4,463	-	5,487
Net carrying value basis					
Year ended June 30, 2018					
Opening net book amount	-	64	748	-	812
Additions (at cost)	-	868	3,403	-	4,271
Disposals (at NBV)	-	-	-	-	-
Depreciation charge	-	(30)	(662)	-	(692)
Closing net book value (NBV)	-	902	3,489	-	4,391

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	Leasehold Improvements	Furniture and Fittings	Office and other Equipments	Motor Vehicles	Total
	← (Rupees '000) →				
Gross carrying value basis					
At June 30, 2018					
Cost	1,698	2,010	13,186	2,842	19,736
Accumulated depreciation	(1,698)	(1,108)	(9,697)	(2,842)	(15,345)
Net book value (NBV)	-	902	3,489	-	4,391
Useful life in years	10	10	3 to 5	5	

4.2 Depreciation for the year has been allocated as follows:

	2019	2018
	(Rupees '000)	
Cost of services	136	77
Marketing and distribution expenses	685	445
Administrative and general expenses	564	170
	1,385	692

5. **INTANGIBLE ASSETS**

Computer software - note 5.1

5.1 **Computer software**

Net carrying value basis

	2019	2018
Opening net book value	699	423
Addition during the year - note 5.1.1	1,408	350
Disposals (at NBV)	(85)	-
Asset written off	(373)	-
Amortisation charge	(332)	(74)
Net book value	1,317	699

Gross carrying value basis

Cost	1,689	782
Accumulated Amortisation	(372)	(83)
Net book value	1,317	699
Useful life in years	3 to 5	5

5.1.1 This amount represents the purchase of Microsoft Office softwares, Windows software and SAP software and implementation charges.

6. **LONG TERM DEPOSITS**

Long term deposits - note 6.1

	2019	2018
	(Rupees '000)	
Long term deposits - note 6.1	114	114

6.1 The amount represents house rent deposit given to the employees in accordance with the terms of employment. These deposits do not carry any mark up arrangement.

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7. INVENTORIES	2019	2018
	(Rupees '000)	
Finished goods:		
in hand - notes 7.1 & 7.2	649,812	817,118
in transit - note 7.2	545,087	152,994
	1,194,899	970,112

7.1 These include stock-in-trade amounting to Rs. 30.63 million held with third party (2018: Rs. 34.83 million).

7.2 As at June 30, 2019 this includes inventory of Johnson & Johnson Middle East FZ-LLC amounting to Rs. 119.29 million in hand and Rs. 331.38 million in transit which will be recovered through the inventory transferred agreement.

8. TRADE AND OTHER RECEIVABLES - unsecured	2019	2018
	(Rupees '000)	
Trade receivables - note 8.1	254,882	390,133
Other receivables - note 8.2	355,356	288,313
	610,238	678,446

8.1 Trade receivables - unsecured

Considered good

Related party - note 8.1.1	8,755	1,188
Others - note 8.1.2	246,127	388,945

Considered doubtful

	26,965	6,846
	281,847	396,979

Less: Loss allowance on doubtful receivables - note 8.1.3

	(26,965)	(6,846)
	254,882	390,133

8.1.1 As at June 30, 2019 age analysis of trade receivables from related parties is as follows:

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
	(Rupees '000)						
The Searle Company Limited	8,194	8,171	105	-	-	8,089	8,571
IBL Operations (Private) Limited	234	-	-	-	-	234	28
MyCart (Private) Limited	64	64	6	-	-	58	1,308
International Franchises (Private) Limited	107	28	14	-	-	93	1,181
IBL Frontier Markets (Private) Limited	281	-	-	-	-	281	281
	8,880	8,263	125	-	-	8,755	11,369

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8.1.2 As at June 30, 2019, the age analysis of these trade receivables is as follows:

	2019	2018
	(Rupees '000)	
Not yet due	139,647	248,749
Past due but not impaired		
- Less than 30 days	61,035	64,268
- 31 to 90 days	31,033	30,510
- 90 to 360 days	24,189	45,418
- More than 360 days	17,063	6,846
	133,320	147,042
	272,967	395,791
8.1.3 Balance at beginning of the year	6,846	2,374
Recognition of expected credit losses - note 3	19,617	-
Charge during the year - net	502	4,831
Written off against loss allowance	-	(359)
Balance at end of the year	26,965	6,846
8.2 Other receivables - unsecured		
Considered good		
Related party - note 8.2.1	8,172	8,731
Others - note 8.2.2	347,184	279,582
	355,356	288,313

8.2.1 This represents amount receivable from The Searle Company Limited - associated company. The amount represents claims in respect of marketing expenses and discounts given on behalf of the associated company.

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

8.2.3 As at June 30, 2019 age analysis of other receivables from related party is as follows:

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision for doubtful receivables	Amount due written off	Net amount due	Maximum amount outstanding at any time during the year
	(Rupees '000)						
The Searle Company Limited	8,172	-	-	-	-	-	8,172
	8,172	-	-	-	-	-	8,172

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	2019	2018
9. PREPAYMENTS AND ADVANCES - unsecured		
	(Rupees '000)	
Prepayments - note 9.1	101,652	81,559
Advances - note 9.2	372,831	606,294
	474,483	687,853
9.1 PREPAYMENTS		
Rent		
Deposit	1,011	881
Prepaid	108	2,396
Insurance	193	18
Others - note 9.1.1	100,340	78,264
	101,652	81,559

9.1.1 This represents amount paid to Red Bull Asia FZE in respect of marketing contribution as per the terms of the agreement. Such amount is amortised as the related products are distributed.

	2019	2018
9.2. Advances - considered good		
	(Rupees '000)	
Employees	956	1,205
Advance against letter of credit - note 9.2.1	333,328	531,317
Others - note 9.2.2	38,547	73,772
	372,831	606,294

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

9.2.2 The amount includes advances given to clearing agents, shipping companies and regulatory authorities.

10.2.3 These advances do not carry any mark up arrangement.

	2019	2018
10. CASH AND BANK BALANCES		
	(Rupees '000)	
Cash at banks		
Current accounts - note 10.1	141,556	146,937
Savings accounts - note 10.2	23,035	25,041
	164,591	171,978
Cash and cheques in hand	39,263	28,537
	203,854	200,515

10.1 All current accounts are maintained under conventional banking system.

10.2 Savings accounts is maintained under Islamic banking system carrying profit sharing rate of 6.26% (2018: 0.05%).

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11. SHARE CAPITAL

Authorised Share Capital

Number of Shares			2019	2018
2019	2018		(Rupees '000)	
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	1,000,000	1,000,000

Issued, Subscribed and Paidup Share Capital

91,800,000	10,800,000	Ordinary shares of Rs. 10/- each fully paid in cash	918,000	108,000
-	81,000,000	Ordinary shares of Rs. 10 each fully paid in cash allotted as right shares	-	810,000
91,800,000	91,800,000		918,000	918,000

11.1 As at June 30, 2019 International Brands Limited together with its nominees held 88,200,462 (June 30, 2018: 88,200,462) ordinary shares of Rs. 10 each.

11.2 Movement in Issued, subscribed and paid-up capital

Number of Shares			2019	2018
2019	2018		(Rupees '000)	
91,800,000	10,800,000	Opening shares outstanding	918,000	108,000
-	81,000,000	Right shares issued	-	810,000
91,800,000	91,800,000		918,000	918,000

12. TRADE AND OTHER PAYABLES

Trade creditors

Payable to International Brands Limited - note 12.1

Payable to IBL Operations (Private) Limited - note 12.2

Payable to The Searle Company Limited - note 12.3

Payable to IBL Unisys (Private) Limited - note 12.5

Accrued liabilities

Bills payables

Payable to employees' provident fund - note 12.4

Advances from customers

Withholding tax payable

EOBI and SESSI payable

Other liabilities

2019	2018
(Rupees '000)	
153,714	218,224
8,032	1,782
9,793	57,251
141,266	43,245
1,102	-
88,858	58,634
311,065	533,991
2,381	1,056
-	8,499
1,343	198
376	753
30,872	12,391
748,802	936,024

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

12.2 This includes amount payable to IBL Operations (Private) Limited - associated company under agreement for sharing of expenses relating to sales and administrative infrastructure.

UNITED BRANDS LIMITED
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12.3 This represents amount payable in respect of goods purchased from related party.

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

12.5 This represents amount payable in respect of SAP software and implementation charges to related party.

13. ACCRUED MARK-UP

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

14. SHORT TERM FINANCING

	2019	2018
	(Rupees '000)	
Running finance under mark-up arrangement - notes 14.1	30,210	-
Short term loans - notes 14.2 & 14.3	1,423,059	805,111
	1,453,269	805,111

14.1 As at June 30, 2019 available running finance facility under mark-up arrangements from a commercial bank amounted to Rs. 35 million (June 30, 2018: Rs. 35 million). The arrangement is secured by way of pari passu charge over the inventories and receivables of the Company with 25% margin.

The arrangements carry mark-up at the rate of 2.25% above one month KIBOR (June 30, 2018: 2.25% above one month KIBOR) to be determined on monthly basis.

14.2 This represent short term loans obtained under financing arrangement from commercial banks. This arrangement is secured by way of hypothecation charge over inventories and receivables of the Company with 25% margin. These are maturing between July and December 2019.

The arrangements carry mark-up ranging from average 6 month KIBOR to 2.5% over three month KIBOR.

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

	2019	2018
	(Rupees '000)	
Balance as at July 1	805,111	355,675
Disbursements during the year	3,738,473	2,484,495
Repayment during the year	(3,120,525)	(2,035,059)
Balance as at June 30	1,423,059	805,111

15. CONTINGENCY AND COMMITMENTS

15.1 Contingency

The assistant / deputy commissioner inland revenue vide order DC No. 01 / 77 dated February 28, 2018 culminated the proceeding for monitoring of withholding taxes, raising certain issues with reference to short deduction. Through the said order, a demand of Rs. 32.89 million has been raised. Subsequent to the year end the Company has deposited 10% of the above amount and obtained stay from Commissioner Inland Revenue (Appeals) . However, the management and their tax advisor are of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these consolidated financial statements.

UNITED BRANDS LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

15.2 COMMITMENTS

The facilities for opening letter of credit and guarantees as at June 30, 2019 amounted to Rs. 840 million (June 30, 2018: Rs. 715 million) and Rs. 233 million (June 30, 2018: Rs. 233 million) respectively. The amount remaining unutilised at the year end for letter of credit and guarantees was Rs. 554 million (June 30, 2018: Rs. 269.40 million) and Rs. 61 million (June 30, 2018: Rs. 58.33 million) respectively.

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

16. REVENUE FROM CONTRACT WITH CUSTOMERS

	2019	2018
	(Rupees '000)	
Revenue from		
Goods	5,180,469	4,684,425
Services - note 17.1	256,660	83,061
Less:		
- Trade discount	(566,795)	(252,090)
- Sales returns	(110,609)	(64,309)
- Sales tax	(680,086)	(661,999)
- Provincial sales tax	(27,227)	(12,439)
	(1,384,717)	(990,837)
	4,052,412	3,776,649

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

17. COST OF SALES AND SERVICES

Cost of sales - note 17.1	2,804,846	2,739,406
Cost of services - note 17.2	217,628	53,678
	3,022,474	2,793,084

17.1 COST OF SALES

Opening inventory	970,112	835,451
Purchases during the year - net of claims	3,147,938	2,874,067
Closing inventory - note 18.1.1	(1,313,204)	(970,112)
	2,804,846	2,739,406

18.1.1 The closing inventory includes settlement cost on discontinuance business arrangement with Johnson & Johnson Middle East FZ-LLC which has been classified under Other Operating Expenses - refer note 20.1.

UNITED BRANDS LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

17.2 COST OF SERVICES

	2019	2018
	(Rupees '000)	
Salaries, wages and allowances - note 17.3	64,148	18,408
Freight and cartage	110,982	27,262
Vehicle running and repair & maintenance	1,997	565
Rent, rates and taxes	22,117	5,463
Insurance and security expenses	631	124
Utilities	1,723	1,092
Depreciation	136	77
Printing and stationary	1,123	141
Communication	815	160
Others	13,956	386
	217,628	53,678

17.3 Salaries, wages and allowances include Rs. 1.62 million (2018: Rs. 0.02 million) in respect of contributory provident fund.

18. MARKETING AND DISTRIBUTION EXPENSES

	2019	2018
	(Rupees '000)	
Salaries, wages and allowances - note 18.1	100,115	85,752
Freight and cartage	69,705	57,227
Vehicle running and repair & maintenance	55,931	41,785
Rent, rates and taxes	75,047	28,105
Advertising and sales promotion - note 18.2	400,410	378,237
Insurance and security expenses	12,306	10,958
Utilities	8,731	4,418
Travelling and conveyance	4,016	4,590
Depreciation	685	445
Printing and stationary	2,060	1,383
Communication and entertainment	5,692	3,124
Amortization	21	-
Others	586	-
	735,305	616,024

18.1 Salaries, wages and allowances include Rs. 2.02 million (2018: Rs. 1.29 million) in respect of contributory provident fund.

18.2 This includes Rs. 299.3 million (2018: Rs. 319.61 million) in respect of amortisation of short term prepayments pertaining to marketing contribution for Red Bull.

UNITED BRANDS LIMITED
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 FOR THE YEAR ENDED JUNE 30, 2019

19. ADMINISTRATIVE AND GENERAL EXPENSES

	2019	2018
	(Rupees '000)	
Salaries, wages and allowances - note 19.1	69,501	39,297
Legal and professional	5,095	14,360
Auditors' remuneration - note 19.2	2,870	2,898
Travelling and conveyance	12,159	7,334
Corporate service charges - note 19.3	12,000	10,200
Rent, rates and taxes	2,732	1,872
Vehicle running and repair & maintenance	3,004	849
Fee and subscription	3,347	3,593
Communication and entertainment	752	568
Depreciation	564	170
Amortisation	311	74
Utilities	917	918
Insurance and security expenses	267	79
Demurrages	5,063	2,879
Printing and stationary	211	268
Donations - note 19.4	5,099	3,040
Others	-	178
	123,892	88,577

19.1 Salaries, wages and allowances include Rs. 0.61 million (2018: Rs. 3.05 million) in respect of contributory provident fund.

19.2 Auditors' remuneration

	2019	2018
	(Rupees '000)	
Annual audit fee	1,100	950
Fee for review of half yearly financial information, Statement of Compliance with Code of Corporate Governance and other certifications	750	916
Taxation services	600	632
Out-of-pocket expenses	420	400
	2,870	2,898

19.3 This represents reimbursement of information technology charges to International Brands Limited (Holding company) at Rs. 1 million per month (2018: Rs.0.85 million per month).

19.4 During the year, the Company made donation amounting to Rs. 1.2 million (2018: 3 million) to Hunar Foundation, Karachi, Pakistan and Rs. 3.6 million (2018: Nil) to Various other individuals. During the year, one of the directors of the Parent Company was also director in the Hunar Foundation (donee foundation).

UNITED BRANDS LIMITED
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	2019	2018
	(Rupees '000)	
20. OTHER OPERATING EXPENSES		
Provision for expired and damaged stock	33,673	20,907
Loss incurred on discontinuance of business arrangement - note 20.1	164,068	-
Balance considered irrecoverable written off - note 20.2	22,722	229
	220,463	21,136

20.1 During the year the Company's distribution agreement with J&J had expired. The Company decided not to renew the agreement and discontinue its distribution of J&J business line subsequent to the year end. The discontinuance of business with J&J is due to the non-recoverability of contribution margin from J&J products. Subsequent to the year end the Company mutually agreed with J&J to transfer this distributorship of J&J consumer products from the Company to another distributor under the Inventory Transfer Agreement. Under the said agreement the Company shall transfer the inventory to another distributor on the terms and discounted prices set forth. The agreement also states the net amount payable by the Company in respect to the trade balances owed to J&J. The above amount accordingly represent the loss incurred on the discontinuance of J&J business.

20.2 This includes claims not agreed on discontinuance of business arrangement with Haleeb Foods and IFFCO amounting to Rs. 10.55 million and Rs. 10.04 million respectively.

	2019	2018
	(Rupees '000)	
21. OTHER INCOME		
Scrap sales	1,371	-
Profit on savings accounts	1,301	-
	2,672	-
22. FINANCE COSTS		
Bank charges	8,168	6,380
Mark up on long term financing	-	21,164
Mark up on running finance arrangements	3,498	-
Mark up on short term loans	127,331	44,666
Exchange loss - net	185,717	54,692
	324,714	126,902
23. INCOME TAX EXPENSE		
- for current year	178,987	149,823
- for prior year	(883)	5,486
	178,104	155,309

23.1 Relationship between tax expense and accounting profit has not been presented as tax has been computed under section 113 of the income tax ordinance 2001 i.e. Minimum tax and Final Tax Regime.

UNITED BRANDS LIMITED
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	2019	2018
24. Basic loss per share		
	(Rupees '000)	
Loss for the year attributable to ordinary shareholders	(550,388)	(29,214)
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	91,800,000	51,966,590
	(Rupees)	
Basic loss per share	(6.00)	(0.56)
24.1	A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2019 and 2018 which would have any effect on the earnings per share if the option to convert is exercised.	
25. CASH GENERATED FROM OPERATIONS	2019	2018
	(Rupees '000)	
(Loss) / profit before Income tax	(372,266)	126,095
Adjustments for non-cash charges and other items		
Depreciation	1,385	692
Amortisation	332	74
Intangible asset written off	373	-
Finance cost	138,997	72,210
	141,087	72,976
	(231,179)	199,071
Effect on cash flow due to working capital changes (Increase) / decrease in current assets:		
Inventories	(224,787)	(134,661)
Trade and other receivables	48,591	(191,818)
Prepayments and advances	213,370	(359,904)
Tax refunds due from government - sales tax	24,885	(2,441)
	62,059	(688,824)
Decrease in trade and other payables	(185,210)	(152,841)
Cash used in operations	(354,330)	(642,594)
26. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 10	203,854	175,515
Running finance under mark-up arrangements - note 14.1	(30,210)	-
	173,644	175,515

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27. REMUNERATION TO CHIEF EXECUTIVE AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVES	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	← (Rupees '000) →			
Managerial remuneration	960	1,125	12,358	9,139
Allowances	480	562	6,179	4,569
Bonus	160	187	2,060	1,523
Company's contribution to provident fund	-	-	1,236	914
Leave encashment	40	47	515	381
Medical expenses	80	94	1,030	762
	1,720	2,015	23,378	17,288
Number of persons	1	1	4	3

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

27.2 In addition to the above, fee paid to directors for attending Board of Directors meetings during the year amounted to Rs. 0.82 million (2018: Rs. 0.79 million).

28. RELATED PARTY TRANSACTIONS

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

Nature of relationship	Nature of transactions	2019	2018
		(Rupees '000)	
Holding Company	- Dividend paid	-	5,191
	- Proceeds of right issue	-	778,239
	- Corporate Service Charges	12,000	10,200
Associated companies	- Purchases	101,183	5,339
	- Allocation of expenses - note 28.2	224,931	139,574
	- Repayment of loans	-	452,000
	- Loans obtained	-	100,000
	- Mark-up on financing paid	-	31,750
	- Sale of goods	18,905	5,452
Post employment staff benefit plans	- Contributions to provident fund	3,807	4,364
Key management employees compensation	- Salaries and other employee benefits	24,290	18,389
	- Contributions to provident fund	1,265	914
	- Directors' fees	820	795

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

28.3 The status of outstanding balances with related parties as at June 30, 2019 is included in the respective notes to the consolidated financial statements. These are settled in the ordinary course of business.

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

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

	2019	2018
30. NUMBER OF EMPLOYEES		
Number of employees	227	520
Average number of employees during the year	398	284

31. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

31.1 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.

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	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
← (Rupees '000) →							
FINANCIAL ASSETS							
At amortized cost							
Long term deposits	-	-	-	-	114	114	114
Trade and other receivables	-	-	-	610,238	-	610,238	610,238
Advances	-	-	-	372,831	-	372,831	372,831
Cash and bank balances	23,035	-	23,035	180,819	-	180,819	203,854
June 30, 2019	23,035	-	23,035	1,163,888	114	1,164,002	1,187,037
June 30, 2018	41	-	41	1,460,255	114	1,460,369	1,460,410
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	748,802	-	748,802	748,802
Unclaimed dividend	-	-	-	371	-	371	371
Short term borrowings	1,453,269	-	1,453,269	-	-	-	1,453,269
June 30, 2019	1,453,269	-	1,453,269	749,173	-	749,173	2,202,442
June 30, 2018	805,111	-	805,111	933,328	-	933,328	1,738,439
ON REPORTING DATE GAP							
June 30, 2019	(1,430,234)	-	(1,430,234)	414,715	114	414,829	(1,015,405)
June 30, 2018	(805,070)	-	(805,070)	526,927	114	527,041	(278,029)
OFF STATEMENT OF FINANCIAL POSITION ITEMS							
Letters of credit / guarantees							
June 30, 2019							615,000
June 30, 2018							327,722

30.2 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, 2019, the Company is not materially exposed to interest rate risk.

As at June 30, 2019, the Company had variable interest bearing financial liabilities of Rs. 1,453.26 million (2018:Rs. 805.11 million) and had the interest rate varied by 200 basis points with all the other variables held constant, loss before income tax for the year would have been approximately Rs. 29.06 million (2018: 16.10 million) lower / higher.

UNITED BRANDS LIMITED
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(ii) Currency risk

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is exposed to currency risk on payables in respect of imported inventory denominated in US Dollar (\$) and Swiss Francs . The total foreign currency risk exposure as at June 30, 2019 is Rs. 311.06 million (June 30, 2018: Rs 635.11 million).

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

(b) Credit risk

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

As at June 30, 2019 there are no past due or impaired balances other than Rs. 26.95 million (June 30, 2018: Rs 6.85 million) and the carrying amount of trade debts relate to number of independent customers for whom there is no history of default.

Loans to employees are secured against their retirement benefits.

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

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

(c) Liquidity risk

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

31. CAPITAL RISK MANAGEMENT

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

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

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The debt to capital ratios at June 30, 2019 and at June 30, 2018 were as follows:

	2019	2018
	(Rupees '000)	
Total borrowings	1,453,269	805,111
Cash and bank - note 11	(203,854)	(175,515)
Net debt	1,249,415	629,596
Equity	306,536	876,541
Total capital	1,555,951	1,506,137
Debt to capital ratio	0.80	0.42

32. BUSINESS UNITS - GEOGRAPHICAL LOCATIONS AND ADDRESSES

SALES OFFICES

ADDRESSES

Abbotabad	Rashid Building, Mir Pur Road Near Mir Pur Chashma, Abbottabad.
Badin	Ward no. 06, Channa Mohalla Cantt Road, Badin
Bahawalnagar	Street no. 03, Taqwa Colony, Bahawalnagar
Bahawalpur	House no. E-99 satellite Town Near Hussaini Chowk, Near HBL Bank, Bahawalpur
Burewala	Hameed Block Street no. 2 Near Lari Adda Opposite Ittefaq Flying Coach, Burewala
D.G.Khan	House no. 64-65, Block no. 16, Al-Mansoor Lodge, Ex PTCL Revenue Office, Dera Ghazi Khan
Dadu	House no. 931/18, Pir Buksh Colony, Near Cicuit House, Dadu
Faisalabad	Plot no. 387,388, Amin Town, Askari Road Near Educators School, West Canal Road, Faisalabad
Ghotki	Paryal house, Main G.T. Road, Near Bilal Masjid, Ghotki.
Gujranwala	8 KM G.T Road , G Mangolia Housing Society, Gujranwala
Gujrat	Near Railway, Crossing Shadiwal Road, Gujrat
Hafizabad	169 D Housing Colony, Jinnah Chowk, Gujranwala Road, Hafizabad
Hyderabad	A/135 Near Al-Khair Agenceis, Workshop SITE Area, Hyderabad.
Islamabad	Plot No. 65 & 66, Street 13, I/9, Industrial Area, Islamabad
Jacobabad	House No. 635, Shaheed Mohammad Tagyal Road, Dangar Mohalla, Jacobabad
Jhelum	House no. BXV-1499, Azeem Road Kala Gujran Tehsil & District., Jhelum
Karachi	L-16/A Block no. 22 F.B. Industrial Area, Opposite Aqsa Masjid Near UMA CNG, Shafique More, Karachi.
Kasur	2nd-13/R-25 Khara Road opposite Kot Rukan Din khan, Kasur
Khairpur	T/615, Hussain Chowk, Pathan Mohallah Luqman, Khairpur
Khanewal	House# 4 Main Road Allama Iqbal Town Khanewal.
Korangi	Plot no. 12 & 32, Sector 19, Industrial Area, Korangi, Karachi
Lahore	131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpatt, Lahore
Lahore	Near Mian Gi Restaurant, Loharan Wala Khoo, Maraka, 26 KM Multan Road, IBL Lahore Hub
Larkana	Latif Colony, Main Road Rehmatpur. IBL Larkana
Layyah	House no. 250/C Housing Scheme 2 Opposite Dr.Qaiser Abbasi clinic TDA Road Tehsil & Dist, Layyah
Mainwali	Kala Bagh Road Near Mianwali Stadium , Masjid Street, Muslim Colony, Mianwali
Mandi Bahuddin	Mohalla Shadman Town, Near Old Rasool Road, Mandi Bahauddin
Mir Pur Khas	House no. 1204 Near Al Shahab Homeo Store Sir Syed Road, Behind Ubl Bank, Torabad. 1 Mir Pur Khas

UNITED BRANDS LIMITED

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SALES OFFICES

ADDRESSES

Multan Muzaffargarh	Plot no. 590, 591, Jahangir Abad NLC Chowk Main G.T Road, Multan House no. B/III-1864, Laal Haveli House, Near General Bus Stand Basti Maharani, Muzaffar Garh
Narowal Nawabshah New Challi	Mohallah Farooq Ganj, Opp Pakistan Church, Narowal House no. 138- Ghulam Haider Shah colony, Near Bukhtawer Park., Nawabshah Shop no.2, FR 6/22 - 111 - C Serai Quarter, Maan Singh Building. KA.RS Captain Road, New Challi
Okara Peshawar Quetta Rahim Yar Khan	House no. 4, Ali Street, Fardious Town G.T. Road., Okara Plot no. 105, A-D Sardar Plaza, Achini Payan Near Sultan CNG, Ring Road, Peshawar Plot no. 935 Killi Syedan Airport Road, Quetta. House no. 89 A/R Abbasia Banglows, Near New ABL Bank National Solidarity Avenue, Rahim Yar Khan
Sahiwal Sargodha Sheikhupura Shikarpur	House no. 14, Suttlej Block, Main Shadman Road, Sahiwal House no. 42, Officer Colony, Behind Commerce College, Faisalabad Road, Sargodha B - II-11S-18, Street No. 1, Khalid Road, Muslim Gunj, Sheikhupura City Survey no. 23/34/5, Station Road, Old Mehran Hotel, Sattari Building, Jahaz Chowk, Shikarpur
Sialkot Sukkur Tando Adam Toba Tek Singh Vehari	Plot no. 656,657 Barkat Town near Moltex Factory Off Kashmir road, Sialkot Plot no. A - 3, Golimar Area, Near Khabrain Newspaper Press, Sukkur. Plot no. 17/18, Block 27, Gulshan e Nawaz, Town Hyderabad, Tando Adam House no. 5, Street no. 2, Mohala Roshan Park, Canal Road, Toba Tek Singh House no. N-206 Behind Educator School, Near Bari Wala Chowk Sharqi Colony, Vehari
Wah Cantt Loralai Hyderabad Hub Islamabad HUB Multan Hub Peshawar HUB	Leoz plaza main G.T.road wah garden, Wah Cantt. Jail Road near Girls College. IBL Loralai A/135 Near Al-Khair Agenceis Workshop SITE Area. IBL Hyderabad Hub Plot No. 65 & 66, Street 13, i/9, Industrial Area. IBL Islamabad Hub Plot No.590, 591 Jahangir Abad NLC Chowk Main G.T Road. IBL Multan Hub Plot # 105, A-D Sardar Plaza, Achini Payan Near Sultan CNG, Ring Road. IBL Peshawar Hub
Nowshero Feroz	Plot No. 02, Ward No. 06, Paddidan Road, Sindh Colony Near Bilal Masjid. IBL Nowshero Feroz
Thatta Umar Kot Chakwal Gilgit Gujar Khan Kharian Khushab Kotli Mirpur AJK Muzaffarabad Rawla Kot Chichawatni Muridke Pakpatan Shahkot Haroonabad Hasilpur Jhang Samundri Attock Bannu	House # B-261, Situated in Unit-2, Makli Cooperative Housing Society. IBL Thatta Ward No. 315, Idiphar Mohalla Near Govt. Boys High School. IBL Umar Kot IBL Operations "Lahore Health Centre" Girls College Road. IBL Chakwal Ayub Colony Opposite Nadra Office, Shakra-e-Quaid Azam Jutial. IBL Gilgit Ward no 12, Barki Budhal Near Scheme no 2. IBL Gujar Khan Shakir House, Shakir Street, near boys degree collage, G.T Road. IBL Kharian House #177-N, Block # 01, Jauharabad. IBL Khushab Roli Cross Mohalla, Plather Road. IBL Kotli House # 385-A sector F/3 hallroad, OPP.M.I.T college. IBL Mirpur (AJK) House # ZD-541/20, Ward #24, OPP. Edenz INN Guest House. IBL Muzaffarabad Green Town, Kasai Gali. IBL Rawla Kot 96/W, Housing Colony. IBL Chichawatni Muhalla Nizam Park, Near Faizan e Madina Masjid. IBL Muridke Lalazar Colony, St# 2, Near Punjab Cadet School. IBL Pakpatan Chattha House, Near Sabzi Mandin Nankana Road. IBL Shahkot House & Street No. 2, Lalika Colony, Near Zia Shaheed Road. IBL Haroonabad House # 91/A, Street No. 1, Model Town. IBL Hasilpur Opposite Chungi # 14 Faisalabad Road Jhang Sadar. IBL Jhang House # 335, Housing Colony No. 2. IBL Samundri Opposite Wapda Office, Dhoke Fateh, Fateh jung Road. IBL Attock Back Side Bannu University IT Campus Fatima Khel Road. IBL Bannu

UNITED BRANDS LIMITED

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

SALES OFFICES

ADDRESSES

Bhakkar	House No: 59, Street-3, Near Police Line Official Colony. IBL Bhakkar
Dera Ismail Khan	House # 2, Kher Abad Colony, Al-Nisa Clinic & Maternity, Diyal Road. IBL D.I. Khan
Kohat	House No 30-Street No 3 Sector No 10 KDA. IBL Kohat
Mardan	Ittifaq Colony Near Custom Office Koragh Chowk. IBL Mardan
Mingora	Saidu Sharif Road, Near Swat Museum, Mingora Swat. IBL Mingora
Nowshera	The Mall Opposite Daewoo Terminal Nowshera Cantt. IBL Nowshera
Sawabi	Plot No 107 Faquir Elahi Chowk Opposite Gul Bahar Street Topi Road. IBL Swabi
Timergarrah	Opposite D3 Hotel, Bypass Road. IBL Timmergara
Alipur	House # 1, Ghallwan, College Chowk Muzaffar Garh Road. IBL Alipur
Jampur	Plot # 83, Near Indus School Alhamad Town Kotla Road. IBL Jampur
Khanpur	House # 40 (Ground Floor), Gulshan e Ravi Town. IBL Khanpur
Mehar	Manghi House, Veenjhar Muhalla Theba Road. IBL Mehar
Sadiqabad	Sahib Naseeb Town, Street No.1, Manthar Road, IBL Sadiqabad

DISTRIBUTION WAREHOUSES

ADDRESSES

Lahore	Dera Gujran, near Quaid-e-Azam interchange, Lahore Mohallah Tube Well, Near SPARCO, Samsani Road, Link Multan Road, Lahore-2 Lahore, 131/3, Quaid-e-Azam Industrial Estate Gate - 4, Near Fine Chowk, Kot Lakhpat,Lahore
Karachi	National Warehouse, IBL Operations F-2/Q, PTC Compound SITE, Karachi. Plot # 39, Sector 19, Korangi Industrial Area, Karachi. L-16/A Block no. 22 FB Industrial Area, Opposite Aqsa Masjid Near UMA CNG, Shafique More, Karachi.

33. DATE OF AUTHORISATION FOR ISSUE

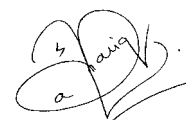
These consolidated financial statements were approved by the board of directors of the Company and authorised for issue on October 07, 2019.



Muhammad Khalid Dar
Chief Executive Officer



Zubair Razzak Palwala
Director



Shariq Ahmed
Chief Financial Officer

Pattern of Shareholding

As of June 30, 2019

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors & their spouse	11	634,475	0.69%
Associated Companies, undertaking and related parties	2	88,200,462	96.08%
Executives	1	142	0.00%
Public Sector Companies & Corporations	0	-	0.00%
Banks, DFIs, NBFCs, insurance companies, takaful, modarbas, pension funds	4	234,332	0.26%
Mutual Funds	0	0	0.00%
Foreign Companies	1	8,500	0.00%
General Public Foreign	1	1,000	0.00%
General Public Local	969	2,654,362	2.89%
Others	9	66,727	0.07%
Total	998	91,800,000	100%

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

Number of Shareholders	Shareholding's Slab			Total Shares Held
420	1	to	100	10,271
174	101	to	500	64,755
138	501	to	1000	120,433
167	1001	to	5000	415,039
34	5001	To	10000	261,134
17	10001	To	15000	212,230
11	15001	To	20000	188,900
11	20001	To	25000	245,250
3	25001	to	30000	86,050
2	30001	to	35000	62,250
1	35001	to	40000	38,000
4	40001	to	45000	169,075
2	45001	to	50000	95,475
2	50001	to	55000	103,300
1	60001	to	65000	64,950
1	90001	to	95000	90,981
1	100001	to	105000	100,750
3	110001	to	115000	343,600
2	115001	to	120000	238,325
1	135001	to	140000	136,200
1	215001	To	220000	219,570
1	335001	to	340000	336,750
1	88195001	to	88200000	88,196,712
998				91,800,000

Pattern of Shareholding

As of June 30, 2019

S. No.	Folio No./CDS Account No.	Name of Shareholders	No. of Shareholders	No. of shares	%
Directors And Their Spouse(S) And Minor Children					
1	596	Rashid Abdulla	1	45,475	0.05%
2	03277-11384	Rashid Abdulla	1	114,950	0.13%
3	863	Asad Abdulla	1	30,750	0.03%
4	03277-20909	Asad Abdulla	1	113,700	0.12%
5	817	Zubair Razzak Palwala	1	4,250	0.00%
6	02113-1037	Zubair Razzak Palwala	1	2,500	0.00%
9	03277-93293	Zubair Razzak Palwala	1	64,950	0.07%
7	01826-102244	Hasan Tariq Khan	1	119,200	0.13%
8	03277-21385	Ayaz Abdulla	1	136,200	0.15%
10	03277-102424	Faisal Farooq	1	1,250	0.00%
11	05660-19659	Muhammad Khalid Dar	1	1,250	0.00%
			11	634,475	0.69%
Associated Companies, undertakings and related parties					
1	01826-88492	International Brands Limited	1	3,750	0.00%
2	03277-2937	International Brands Ltd.	1	88,196,712	96.07%
			2	88,200,462	96.08%
Executives					
1	854	Shariq Ahmed (R-1)	1	142	0.00%
			1	142	0.00%
Banks, DFIs, NBFCs, insurance companies, takaful, modarbas, pension funds					
1	00083-36	Idbl (Icp Unit)	1	14,025	0.02%
2	03277-1651	First Udl Modaraba	1	219,570	0.24%
3	03277-78335	Trustee National Bank Of Pakistan Employees Pension Fund	1	733	0.00%
4	03889-28	National Bank Of Pakistan	1	4	0.00%
			4	234,332	0.26%
Foreign Companies					
1	00521-700	Deutsche Bank Ag London Branch	1	8,500	0.01%
			1	8,500	0.01%

Pattern of Shareholding

As of June 30, 2019

Others					
1	812	Naeem's Securities (Pvt) Ltd.	1	17,000	0.02%
2	03277-82127	Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	1	26	0.00%
3	03277-89483	Trustees Of First Udl Modaraba Staff Provident Fund	1	500	0.00%
4	03525-87235	Maple Leaf Capital Limited	1	1	0.00%
5	04317-11261	Iqbal Adamjee Trust	1	22,000	0.02%
6	04341-3265	Rao Systems (Pvt.) Ltd.	1	9,000	0.01%
7	10470-29	Gph Securities (Pvt.) Ltd.	1	4,000	0.00%
8	14670-20	Multiline Securities (Pvt) Limited - Mf	1	5,000	0.01%
9	16857-26	Mra Securities Limited - Mf	1	9,200	0.01%
10	812	Naeem's Securities (Pvt) Ltd.			
11	03277-82127	Trustee National Bank Of Pakistan Emp Benevolent Fund Trust			
			9	66,727	0.07%
General Public Foreign					
			1	1,000	0.00%
			1	1,000	0.00%
General Public Local					
			969	2,654,362	2.89%
			969	2,654,362	2.89%

FORM OF PROXY

Company Secretary

UNITED BRANDS LIMITED

1st Floor, One IBL Centre,
Block No. 7 & 8, DMMCHS,
Shahrah-e-Faisal, Karachi.

Please quote:

No. of shares held. _____

Folio No. _____

I/We, _____ of _____, holding Computerized National Identity Card (CNIC)/Passport No. _____ and being a member of **UNITED BRANDS LIMITED**, hereby appoint _____ of _____, holding CNIC/Passport No. _____, or failing him/her hereby appoint _____ of _____, holding CNIC/Passport No. _____, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Monday, October 28, 2019, at 05:30 pm and at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____, 2019

Witnesses:

1. Signature _____
Name _____
Address _____
CNIC/Passport No. _____
2. Signature _____
Name _____
Address _____
CNIC/Passport No. _____

Signature

Rupee five
revenue
stamp

Important:








1. This Form of Proxy duly completed must be deposited at our Registered Office, not later than 48 hours before the time of holding the meeting.
2. A Proxy must be a member of the Company.



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