

# **UNITED DISTRIBUTORS PAKISTAN LIMITED (UDPL)**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTH ENDED**

**MARCH 31, 2019**



Pakistan

## Directors' Report

The Board of Directors of United Distributors Pakistan Limited (UDPL) takes pleasure in presenting this un-audited condensed interim financial information for the nine months ended March 31, 2019.

### Financial Highlights

The Company continued focus on its strategies and operational excellence during the period and able to achieve a profit after tax of Rs48 million for the third quarter ended March 31, 2019. The financial performance of the Company for the period ended March 31, 2019 is summarized below:

Net sales of the Company amounted to Rs 357 million, registering a growth of 12% over the corresponding period of the last year. The growth in sales was mainly driven by good sales contribution of new products.

The gross profit of the Company has grown by 10.5% due to contribution of better product mix over the corresponding period of the last year and gross margin remains stood at 41%.

The Company faced significant challenges due to devaluation of the Pak Rupee which resulted in increase of exchange loss on import payments and had an adverse impact on liquidity and financial performance of the Company.

Particulars	July-March	
	2019	2018
	Rs. In thousands	
Net sales	357,007	317,700
Gross profit	145,739	131,807
Profit from operations	16,892	16,225
Profit before taxation	64,709	67,516
Profit after taxation	48,680	60,985
Earning per share in Rs,	1.59	1.99

### Future outlook

We aim to keep on our journey for the betterment of farmers through our best services and high quality products to enable them in getting the best crop yields and high quality of food for human beings. We anticipate the Company continues to face challenges of rapid escalation in cost owing to inflation, price hike and devaluation of the Pakistani rupee which may have an adverse impact on margins, cash flows and profitability of the Company. Notwithstanding, the Company would continue its efforts to improve productivity, cost containment and operational excellence in order to sustain the positive bottom line and fuel the growth.

### Acknowledgments

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

For and on behalf of the Board

Asad Abdulla  
Chief Executive officer

*The Spirit of Growth*

UNITED DISTRIBUTORS PAKISTAN LIMITED

9th Floor, NIC Building, Abbasi Shaheed Road, Karachi-75530

Tel: (92-21) 3563-5514 (3 Lines) Fax: (92-21) 3563-5518

<http://www.udpl.com.pk>

UNITED DISTRIBUTORS PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	Note	(Unaudited) March 31, 2019	(Audited) June 30, 2018
Rupees '000			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	30,950	19,537
Intangible assets	6	7,555	5,915
Long-term investments	7	1,253,457	1,257,612
Long-term loans		869	874
Long-term deposits		3,550	3,550
		<u>1,296,381</u>	<u>1,287,488</u>
<b>CURRENT ASSETS</b>			
Inventories		306,911	152,040
Trade and other receivables	8	95,960	78,655
Loans, advances and prepayments		5,306	4,497
Current tax asset		39,129	32,734
Cash and bank balances		3,223	13,076
		<u>450,529</u>	<u>281,002</u>
<b>TOTAL ASSETS</b>		<u>1,746,910</u>	<u>1,568,490</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital			
Issued, subscribed and paid up capital		306,707	266,702
Revenue Reserve			
Unappropriated profits		874,781	879,900
General reserve		28,548	28,548
		<u>903,329</u>	<u>908,448</u>
Revaluation reserve on investment at fair value through other comprehensive income		42,546	89,608
		<u>1,252,582</u>	<u>1,264,758</u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		13,330	6,143
Deferred tax liability		133,540	129,388
		<u>146,870</u>	<u>135,531</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	291,918	163,760
Current portion of liabilities against assets subject to finance lease		7,203	3,708
Short-term borrowings - secured	10	47,541	-
Unclaimed dividend		796	733
		<u>347,458</u>	<u>168,201</u>
<b>TOTAL LIABILITIES</b>		<u>494,328</u>	<u>303,732</u>
<b>COMMITMENTS</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,746,910</u>	<u>1,568,490</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

**UNITED DISTRIBUTORS PAKISTAN LIMITED**

**CONDENSED INTERIM PROFIT OR LOSS ACCOUNT**

**FOR THE NINE MONTHS ENDED MARCH 31, 2019 - (UNAUDITED)**

	Note	Quarter ended		Nine months ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		← Rupees '000 →			
Revenue	12	<b>90,998</b>	76,089	<b>357,007</b>	317,700
Cost of sales		<b>(54,020)</b>	(43,510)	<b>(211,268)</b>	(185,893)
Gross profit		<b>36,978</b>	32,579	<b>145,739</b>	131,807
Marketing and distribution expenses		<b>(35,675)</b>	(33,536)	<b>(109,161)</b>	(103,106)
Administrative and general expenses		<b>(6,818)</b>	(6,022)	<b>(23,201)</b>	(17,951)
Other operating expenses		<b>2</b>	(3,702)	<b>(8,750)</b>	(3,838)
Other income		<b>10,278</b>	7,156	<b>12,265</b>	9,313
Profit / (loss) from operations		<b>4,765</b>	(3,525)	<b>16,892</b>	16,225
Finance cost		<b>(2,393)</b>	505	<b>(3,474)</b>	(1,207)
Share of profit/(loss) from associate		<b>10,066</b>	(7,428)	<b>51,291</b>	52,498
Profit / (loss) before income tax		<b>12,438</b>	(10,448)	<b>64,709</b>	67,516
Income tax (expense) / credit		<b>(3,969)</b>	(3,302)	<b>(16,029)</b>	(6,531)
Profit / (loss) after taxation		<b>8,469</b>	(13,750)	<b>48,680</b>	60,985
Basic and diluted earnings per share (Rupees)		<b>Rs. 0.28</b>	(Restated) (Rs. 0.45)	<b>Rs. 1.59</b>	(Restated) Rs. 1.99

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive

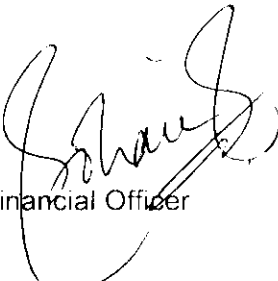
  
Director

UNITED DISTRIBUTORS PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE MONTHS ENDED MARCH 31, 2019 - (UNAUDITED)

	Quarter ended		Nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	← Rupees '000 →			
Profit/(loss) for the period	8,469	(13,750)	48,680	60,985
<b>Other comprehensive income (OCI)</b>				
<b>Items that will not be subsequently reclassified to profit or loss</b>				
Unrealised (loss)/gain on revaluation of investment at fair value through OCI	(10,279)	1,662	(47,062)	(30,422)
Share of remeasurements of post employment benefit obligations of associate	507	18,152	(8,383)	(42,354)
Deferred tax thereon	(77)	(2,269)	1,257	5,294
	430	15,883	(7,126)	(37,060)
<b>Total comprehensive (loss)/gain for the period</b>	<b>(1,380)</b>	<b>3,795</b>	<b>(5,508)</b>	<b>(6,497)</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive

  
Director

UNITED DISTRIBUTORS PAKISTAN LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS ENDED MARCH 31, 2019 - (UNAUDITED)

	Note	March 31, 2019 Rupees '000	March 31, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	13	(10,847)	20,671
Finance cost paid		(12,124)	(4,931)
Income tax paid		(17,016)	(9,877)
(Increase) / decrease in long term loans and deposits		5	34
Net cash (used in) / generated from operating activities		<u>(39,982)</u>	<u>5,897</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property, plant and equipment		(19,319)	(4,270)
Payments for acquisition of intangible assets		(3,391)	-
Return received from deposit a/c		-	56
Dividend received		1,184	5,999
Sale proceeds on disposal of property, plant and equipment		100	1,700
Net cash (used in) / generated from investing activities		<u>(21,426)</u>	<u>3,485</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(6,668)	-
(Decrease) / increase of liabilities against assets subject to finance lease		10,682	(2,628)
Net cash generated from financing activities		4,014	117
Net (decrease) / increase in cash and cash equivalents		<u>(57,394)</u>	<u>6,754</u>
Cash and cash equivalents at beginning of the period		13,076	6,029
Cash and cash equivalents at the end of period	14	<u><u>(44,318)</u></u>	<u><u>12,783</u></u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive


Director

UNITED DISTRIBUTORS PAKISTAN LIMITED

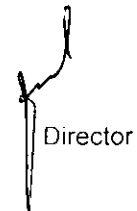
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED MARCH 31, 2019 - (UNAUDITED)

	SHARE CAPITAL Issued, subscribed and paid up capital	REVENUE RESERVE		Revaluation reserve on investment at fair value through OCI	Total
		General reserve	Unappropriated Profits		
Rupees '000					
Balance as at July 1, 2017	242,456	28,548	773,457	127,175	1,171,636
Bonus shares issued during the period in the ratio of 1 share for every 10 shares held	24,246	-	(24,246)	-	-
Profit for the period ended March 31, 2018	-	-	60,985	-	60,985
Other comprehensive loss	-	-	(37,060)	(30,422)	(67,482)
Total comprehensive loss	-	-	23,925	(30,422)	(6,497)
Balance as at March 31, 2018	<b>266,702</b>	<b>28,548</b>	<b>773,136</b>	<b>96,753</b>	<b>1,165,139</b>
Balance as at July 1, 2018	266,702	28,548	879,900	89,608	1,264,758
Bonus shares issued during the period in the ratio of 1 share for every 15 shares held	40,005	-	(40,005)	-	-
Cash dividend paid	-	-	(6,668)	-	(6,668)
Profit for the period ended March 31, 2019	-	-	48,680	-	48,680
Other comprehensive loss	-	-	(7,126)	(47,062)	(54,188)
Total comprehensive loss	-	-	41,554	(47,062)	(5,508)
Balance at March 31, 2019	<b>306,707</b>	<b>28,548</b>	<b>874,781</b>	<b>42,546</b>	<b>1,252,582</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive

  
Director

## UNITED DISTRIBUTORS PAKISTAN LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019 - (UNAUDITED)

#### 1. THE COMPANY AND ITS OPERATIONS

United Distributors Pakistan Limited (UDPL) was incorporated in Pakistan as a public company limited by shares and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 9th Floor, NIC Building, Abbasi Shaheed Road, Karachi. Its principal business activities are manufacturing, trading and distribution of pesticides, fertilizers and other allied products.

In 2011, the IBL Group decided to adopt the holding company structure wherein International Brands Limited holds at least 55% shareholding in all the subsidiary companies. This restructuring was undertaken to provide the platform to manage the long term Group expansion strategy, corporate compliance, operational efficiency, financial arrangements and tax benefits, thereby, resulting in improved returns to the shareholders.

After the approval of the scheme of Arrangement by the Honourable High Court of Sindh on May 25, 2011, International Brands Limited became the Group holding company. The operating activities of the Company were transferred to IBL Operations (Private) Limited and separate books were opened effective July 01, 2011. As a consequence of the above restructuring, United Distributors Pakistan Limited received shares of International Brands Limited (the holding company) which are held by the Company as at March 31, 2019.

#### 2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the period ended March 31, 2019 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directive issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

##### 2.1 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 loss 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 changes laid down by these standards do not have any significant impact on these financial statements of the Company.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2018, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these condensed interim financial statements.

**c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but 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 financial statements of the Company.

IFRS 16 'Leases' - 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 lease is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. 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 this standard on its financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018.

#### 4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

#### 5. PROPERTY, PLANT AND EQUIPMENT

Following are additions to / disposals of property, plant and equipment during the period:

	Additions (at cost)		Disposals (at net book value)	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	← Rupees '000 →			
Plant and Machinery	2,139	241	125	-
Computers	73	357	-	-
Office Equipment	151	145	-	-
Furniture and Fixtures	45	27	-	-
Vehicles	16,909	3,500	-	1,662
	<u>19,317</u>	<u>4,270</u>	<u>125</u>	<u>1,662</u>

#### 6. INTANGIBLE ASSETS

Additions to intangible assets during the period amounted to Rs. 3.39 million which represents cost of consultation fee for the implementation of SAP Enterprise Resource Planning (ERP) System.

	(Unaudited) March 31, 2019	(Audited) June 30, 2018
	Rupees '000	
<b>7. LONG-TERM INVESTMENTS</b>		
<b>Investment in associate</b>		
- <b>FMC United (Private) Limited - note 7.1</b>		
1,639,418 (June 30, 2018: 1,639,418) fully paid ordinary shares of Rs. 10 each	1,119,366	1,076,459
Percentage holding 40% (June 30, 2018: 40%)		
Cost: Rs. 16,394,180 (June 30, 2018: Rs. 16,394,180)		
<b>Investments at fair value through OCI</b>		
- <b>IBL HealthCare Limited - Listed</b>		
1,215,135 (June 30, 2018: 1,215,135) fully paid ordinary shares of Rs. 10 each	50,428	97,490
Percentage holding 2.25% (June 30, 2018: 2.25%)		
Cost: Rs. 7,882,580 (June 30, 2018: Rs. 7,882,580)		
- <b>International Brands Limited (Holding Company) - Unlisted - note 7.2</b>		
11,079,852 (June 30, 2018: 11,079,852) fully paid ordinary shares of Rs. 10 each	83,663	83,663
Percentage holding 4.71% (June 30, 2018: 4.71%)		
Cost: Rs. 83,663,056 (June 30, 2018: Rs. 83,663,056)		
	134,091	181,153
	<u>1,253,457</u>	<u>1,257,612</u>

#### 7.1 Movement of investment in associate

Balance at beginning of the period	1,076,459	934,822
Share of profit for the period	51,290	202,023
Share of other comprehensive loss for the period	(8,383)	(42,354)
Less: Dividend income for the period	-	(18,032)
Balance at end of the period	<u>1,119,366</u>	<u>1,076,459</u>

7.1.1 The amounts of share of profit and other comprehensive loss for the period are based on unaudited financial statements of FMC United (Private) Limited.

7.2 Consequent to the restructuring under Court order as explained in note 1, the Company holds shares of International Brands Limited (the Holding Company). These shares have been carried at cost.

7.3 Shares held as at March 31, 2019 include 31,343 shares (June 30, 2018: 31,343 shares) of IBL HealthCare Limited and 184,665 shares (June 30, 2018: 184,665 shares) of International Brands Limited withheld by respective company at the time of bonus declaration. The Company has included these shares in its portfolio pending decision of the Honourable High Court of Sindh on petitions filed by the Company in respect of tax on bonus shares.

#### 8. TRADE AND OTHER RECEIVABLES

These include Rs. 10.8 million (June 2018: Rs. 1.15 million) receivables from related parties.

#### 9. TRADE AND OTHER PAYABLES

These include Rs. 5.14 million (June 2018: Rs. 1.75 million) payables to related parties.

#### 10. SHORT-TERM BORROWINGS - Secured

	Note	(Unaudited) March 31, 2019	(Audited) June 30, 2018
Rupees '000			
Running finance	10.1	<u>47,541</u>	<u>-</u>

10.1 The Company obtained running finance facility from Habib Metropolitan Bank Limited at KIBOR + 2% (June 2018: Nil) per annum. This facility is secured by way of hypothecation on current assets of the Company.

#### 11. COMMITMENTS

The facilities for opening letters of credit as at March 31, 2019 amounted to Rs. 300 million (June 30, 2018: Rs. 150 million). The amount remaining unutilised as at March 31, 2019 is 34.08 million (June 30, 2018: Rs. 67.02 million).

	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
	Rupees '000	
<b>12. REVENUE</b>		
Gross Sales	415,759	434,861
Less:		
- trade discounts	(38,353)	(74,411)
- sales return	(17,810)	(24,297)
	<u>359,596</u>	<u>336,153</u>
Less: Sales tax	(2,589)	(18,453)
	<u><u>357,007</u></u>	<u><u>317,700</u></u>
<b>13. CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
Profit before income tax	64,709	67,516
Adjustment for non-cash incomes and expenses:		
Depreciation and amortisation	9,532	8,534
Finance cost	3,474	1,207
Exchange Loss - Net	8,650	3,724
Loss/(gain) on disposal of property, plant and equipment	25	(38)
Return on saving accounts	-	(56)
Dividend Income	(11,175)	(7,729)
Share of profit from associate	(51,291)	(52,498)
	<u>(40,785)</u>	<u>(46,856)</u>
Profit before changes in working capital	<u>23,924</u>	<u>20,660</u>
Changes in Working Capital:		
Decrease / (increase) in current assets:		
Inventories	(154,871)	(4,250)
Trade and other receivables	(7,312)	19,610
Loans, advances and prepayments	(809)	(2,124)
	<u>(162,992)</u>	<u>13,236</u>
Increase / (decrease) in current liabilities		
Trade and other payables	128,221	(13,225)
Cash (used in) / generated from operations	<u><u>(10,847)</u></u>	<u><u>20,671</u></u>

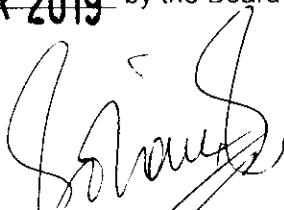
	(Unaudited) March 31, 2019	(Unaudited) March 31, 2018
	Rupees '000	
<b>14. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	3,223	12,783
Short-term borrowings - note 10	(47,541)	-
	<u>(44,318)</u>	<u>12,783</u>
<b>15. TRANSACTIONS WITH RELATED PARTIES</b>		

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

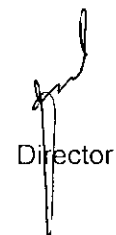
Nature of relationship	Nature of transactions	March 31, 2019	March 31, 2018
		Rupees '000	
i. Holding company	- Corporate service charges	3,600	3,150
	- Receipts from Holding Company	12,489	6,060
	- Dividend income	9,991	-
ii. Associated companies			
	- Dividend received	1,006	5,999
	- Receipts from associated Company	238	3,817
	- IT services	104	-
	- Warehouse rent	749	675
	- SAP ERP Implementation cost	3,390	-
iii. Employees' Provident Fund			
	- Contribution paid	4,993	4,701
iv. Key Management Personnel			
	- Salaries and other employee benefits	15,008	14,555
	- Directors' fee	9	10

**16. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was approved and authorised for issue on **25 APR 2019** by the Board of Directors of the Company.

  
Chief Financial Officer

  
Chief Executive

  
Director