



Pakistan



Financial **Statement**

For the Half Year ended

2020

December 31, 2020 [un-audited]

Company Information

Board of Directors

Mr. Ayaz Abdulla
Chairman

Mr. Asad Abdulla
Chief Executive Officer

Ms. Aisha Zaid Zakaria
Director

Mr. Abdul Samie Cashmiri
Director

Mr. S. Nadeem Ahmed
Director

Mr. Tahir Saeed
Director

Mr. M. Salman Hussain Chawala
Director

Audit Committee

Mr. Tahir Saeed
Chairman

Mr. M. Salman Hussain Chawala
Member

Mr. Ayaz Abdulla
Member

Company Secretary

Mr. M. Imran
Company Secretary

HR, & Remuneration Committee

Mr. M. Salman Hussain Chawala
Chairman

Mr. Asad Abdulla
Member

Mr. Ayaz Abdulla
Member

Legal Advisor

M/s. Saleem & Khan
Law Associates Advocate
& Advisors

Auditors

A. F. Ferguson & Co.,
Chartered Accountants
State Life Building No. 1-C, I.I.
Chundrigar road, P.O. Box 4716,
Karachi - 74000, Pakistan

CFO

Mr. Sohail Hasnain Ahmed
Chief Financial Officer

Bankers

Standard Chartered Bank Pakistan
Habib Metropolitan Bank Limited
Habib Bank Limited
Bank Al Habib
Silk Bank Limited
MCB Bank Limited
AL-Baraka Bank (Pakistan) Limited

Registrar

Central Depository Company of
Pakistan Ltd.
CDC House # 99-B, Block 'B'
S.M.C.H.S, Main Shahr-e-Faisal,
Karachi

Registered Office

United Distributors Pakistan Limited
9th Floor, NIC Building, Abbasi
Shaheed Road, Off: Shahr-e-Faisal,
Karachi
Web: www.udpl.com.pk
email: info@udpl.com.pk

Directors' Report

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the half year ended December 31, 2020.

Financial performance

The net sales of the Company amounted to Rs 328 million, registering a decrease of 3% over the corresponding period of the last year. The declining in sales occurred due to lower cultivation of cotton crop which had affected the off take of pesticides products adversely for the period under review.

The gross profit of the Company grew by 2% as compared to the same period last year. The Company gross margin stood at 38% as compared with 36% same period last year. The operating expenses have increased by 2% attributable to inflation.

Particulars	July-December	
	2020	2019
	Rs. In thousands	
Net Sales	328,469	339,115
Gross profit	125,653	122,063
Profit from operations	35,708	34,946
Loss before taxation	(110,539)	(134,862)
Loss after taxation	(94,741)	(112,631)
Loss per share	Rs. (2.69)	Rs. (3.19)

The Financial charges decreased by 36% during the period due to reduction in borrowing rate as compared to the last year same period.

Future outlook

We aim to keep our journey for the betterment of farmers through the best services and high-quality solutions to enable them in getting the best crop yields and healthy food for human beings. We anticipate the Company continues to face challenges of escalation in cost owing to inflation and product price hike which may have dilution in gross margins and may impact on profitability of the Company. Notwithstanding, the management of 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.



Asad Abdulla

Chief Executive officer

Karachi: February 24, 2021

For and on behalf of the Board



Tahir Saeed

Director

ڈائریکٹرز رپورٹ

یونائیٹڈ ڈسٹری بیوٹرز پاکستان لمیٹڈ (یو ڈی پی ایل)
کے بورڈ آف ڈائریکٹرز کی جانب سے میں غیر آڈٹ شدہ
غیر محصولاتی عبوری مالیاتی حسابات برائے پہلی سہ ماہی
مختتمہ ۳۱ دسمبر ۲۰۲۰ء پیش کرتے ہوئے خوشی محسوس
کرتا ہوں۔

شرح سود میں کمی کی وجہ سے مالی اخراجات میں ۳۶ فیصد کمی ہوئی۔

مستقبل پر ایک نظر

ہمارا عزم ہے کہ ہم منفرد اور اعلیٰ معیاری مصنوعات متعارف کروا کر کسانوں کی فلاح و بہبود
کا سفر جاری رکھیں گے تاکہ انہیں فصلوں سے بہترین پیداوار حاصل ہو اور انسانوں / شہریوں
کو اعلیٰ معیاری غذا فراہم کر سکیں۔ اگرچہ کہ زراعت کے میدان میں مسابقت شدت اختیار
کر گئی ہے، لیکن کمپنی ایسے اقدامات کر رہی ہے جس سے اس کی مسابقتی پوزیشن بہتر ہو جائے
اور اپنی نمونوں میں اضافہ کر سکے۔

ہمیں امید ہے کہ کمپنی بہترین جراثیم کش ادویات اور کھاد کی مصنوعات کا مرکب سامنے لائے گی۔
ہم اپنی مسلسل توجہ اور سرمایہ بنیادی قوتوں پر مرکوز رکھیں گے جیسے کہ ہماری ٹیم، نئے برانڈ،
مصنوعات کی رجسٹریشن، کسٹمرز کی تعداد میں اضافہ اور کاروبار چلانے کے اخراجات میں کمی
لائیں گی جس سے ہمیں پائیدار نمو حاصل ہوگی۔

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے تمام کسٹمرز، بینکرز اور دیگر مستفیدان کا شکریہ ادا
ہوں جنہوں نے نہ صرف ہم سے مسلسل تعاون کیا بلکہ ہماری حوصلہ افزائی بھی کی اور میں کمپنی
کے تمام ملازمین کی انتھک محنت کی قدر دانی کرتا ہوں۔

کمپنی دسمبر ۲۰۲۰ء کو ختم ہونے والی پہلی ششماہی کے دوران اپنی مالی کارکردگی کو نمایاں طور پر بہتر
کرنے میں کامیاب ہوئی۔

آپریٹنگ نتائج

جولائی - دسمبر

2019

2020

339,115

122,063

34,946

[134,862]

[112,631]

[3.19]

328,469

125,653

35,708

[110,539]

[94,741]

[2.69]

خالص فروخت

خام منافع

منافع آپریشنز سے

نقصان قبل از ٹیکس

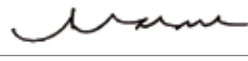
نقصان بعد از ٹیکس

فی شخص نقصان (روپے میں)

کمپنی کی خالص فروخت ۳۲۸ ملین رہی جو کہ گزشتہ سال سے ۳ فیصد کمی رہی۔ کمپنی کے خام
منافع میں گزشتہ سال کی نسبت ۲ فیصد زیادہ اضافہ ہوا۔ خام منافع ۳۶ فیصد سے بڑھ کر ۳۸ فیصد
ہو گیا۔ زیر جائزہ عرصے میں زیادہ فروخت کی وجہ سے تقسیم، مارکیٹ اور انتظامی اخراجات میں
۲ فیصد زیادہ اضافہ ہوا۔

برائے اور بورڈ کی جانب سے


طاہر حسین
ڈائریکٹر


اسد عبد اللہ
چیف ایگزیکٹو آفیسر

کراچی: ۲۳ فروری ۲۰۲۱ء



A.F. FERGUSON & Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of United Distributors Pakistan Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Distributors Pakistan Limited as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to these financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 7 to the interim financial statements. As stated in the note, as at December 31, 2020 the company is holding 11,079,852 shares of International Brands Limited (Holding Company), valuing Rs. 1,682,057,065. Our conclusion is not modified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's report is Syed Fahim ul Hasan.

Chartered Accountants
Karachi

Date: February 25, 2021

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

UNITED DISTRIBUTORS PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
Rupees in '000			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	34,083	37,080
Intangible assets		3,471	4,637
Investment in associate	6	611,939	768,530
Long-term investments	7	1,822,138	1,376,229
Long-term loans		45	-
Long-term deposits		3,122	3,122
		<u>2,474,798</u>	<u>2,189,598</u>
CURRENT ASSETS			
Inventories		157,631	265,925
Trade and other receivables	8	197,499	150,123
Loans, advances and prepayments		4,170	2,684
Current tax asset		22,596	37,519
Cash and bank balances		2,545	3,585
		<u>384,441</u>	<u>459,836</u>
TOTAL ASSETS		<u><u>2,859,239</u></u>	<u><u>2,649,434</u></u>
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid up capital		352,713	352,713
Revenue Reserve			
Un-appropriated profits		450,975	559,841
General reserve		28,548	28,548
		<u>479,523</u>	<u>588,389</u>
Revaluation reserve on investment at fair value through other comprehensive income		1,730,593	1,284,684
		<u>2,562,829</u>	<u>2,225,786</u>
NON-CURRENT LIABILITIES			
Long-term portion of liability under diminishing musharakah financing		5,992	5,632
Long-term lease liability		8,364	9,916
Salary refinancing	9	20,836	10,282
Deferred tax liability		45,537	65,977
		<u>80,729</u>	<u>91,807</u>
CURRENT LIABILITIES			
Trade and other payables	10	121,613	245,937
Current portion of liability under diminishing musharakah financing		4,604	5,897
Current portion of long-term lease liability		6,687	7,324
Short- term borrowings	11	81,888	71,782
Unclaimed dividend		889	901
		<u>215,681</u>	<u>331,841</u>
TOTAL LIABILITIES		<u>296,410</u>	<u>423,648</u>
COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	12	<u><u>2,859,239</u></u>	<u><u>2,649,434</u></u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

UNITED DISTRIBUTORS PAKISTAN LIMITED

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 - UNAUDITED**

	Note	Quarter ended		Half year ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		← Rupees in '000 →			
Revenue from contracts with customers	13	167,640	159,267	328,469	339,115
Cost of sales		(107,105)	(101,154)	(202,816)	(217,052)
Gross profit		60,535	58,113	125,653	122,063
Marketing and distribution expenses		(41,540)	(41,113)	(83,508)	(79,743)
Administrative and general expenses		(7,676)	(8,393)	(15,295)	(16,648)
Other operating expenses		(327)	(61)	(552)	(245)
Other income		7,806	2,855	9,410	9,519
Operating profit		18,798	11,401	35,708	34,946
Finance cost		(2,607)	(5,162)	(6,274)	(9,782)
Share of loss from associate		(146,995)	(170,768)	(139,973)	(160,026)
Loss before income tax		(130,804)	(164,529)	(110,539)	(134,862)
Income tax credit		20,276	27,382	15,798	22,231
Loss for the period		(110,528)	(137,147)	(94,741)	(112,631)
Loss per share - basic and diluted		(Rs. 3.13)	(Rs. 3.89)	(Rs. 2.69)	(Rs. 3.19)

The annexed notes 1 to 17 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 HALF YEAR ENDED DECEMBER 31, 2020 - UNAUDITED

	Quarter ended		Half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	← Rupees in '000 →			
Loss for the period	(110,528)	(137,147)	(94,741)	(112,631)
Other comprehensive income / (loss)				
Items that will not be subsequently reclassified in profit or loss:				
Change in fair value of investment carried at fair value through other comprehensive income (OCI)	69,077	408,237	445,909	343,523
Share of remeasurements of post employment benefit obligations of associate	(16,618)	(13,138)	(16,618)	(13,138)
Deferred tax relating to component of other comprehensive loss	2,493	1,971	2,493	1,971
	(14,125)	(11,167)	(14,125)	(11,167)
Total comprehensive (loss) / income for the period	(55,576)	259,923	337,043	219,725

The annexed notes 1 to 17 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 HALF YEAR ENDED DECEMBER 31, 2020 - UNAUDITED

	SHARE CAPITAL Issued, subscribed and paid up capital	REVENUE RESERVE			Total
		General reserve	Unappropriated Profits	Revaluation reserve on investments held at fair value through OCI	
← Rupees in '000 →					
Balance at July 1, 2019	306,707	28,548	876,042	1,111,511	2,322,808
Bonus shares issued during the period in the ratio of 1 share for every 15 shares held	46,006	-	(46,006)	-	-
Cash dividend paid @ Rs. 0.25 per share	-	-	(7,668)	-	(7,668)
Loss for the half year ended December 31, 2019	-	-	(112,631)	-	(112,631)
Other comprehensive (loss) / income	-	-	(11,167)	343,523	332,356
Total comprehensive (loss) / income	-	-	(123,798)	343,523	219,725
Balance as at December 31, 2019	352,713	28,548	698,570	1,455,034	2,534,865
Balance as at July 1, 2020	352,713	28,548	559,841	1,284,684	2,225,786
Loss for the half year ended December 31, 2020	-	-	(94,741)	-	(94,741)
Other comprehensive (loss) / income	-	-	(14,125)	445,909	431,784
Total comprehensive (loss) / income	-	-	(108,866)	445,909	337,043
Balance at December 31, 2020	352,713	28,548	450,975	1,730,593	2,562,829

The annexed notes 1 to 17 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 HALF YEAR ENDED DECEMBER 31, 2020 - UNAUDITED

		December 31, 2020	December 31, 2019
	Note	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(23,068)	31,941
Finance cost paid		(4,191)	(6,447)
Income tax refund / (paid)		12,775	(2,855)
(Increase) / decrease in long term loans and deposits		(45)	315
Net cash (used in) / generated from operating activities		<u>(14,529)</u>	<u>22,954</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(4,072)	(543)
Dividend received		2,368	1,184
Proceeds from disposal of property and equipment		433	27
Net cash (used in) / generated from investing activities		<u>(1,271)</u>	<u>668</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(7,668)
Lease rentals paid		(4,967)	(4,317)
Short term loan obtained		21,403	-
Decrease of liabilities against assets subject to diminishing musharakah financing arrangement		(933)	(3,602)
Net cash generated from / (used in) financing activities		<u>15,503</u>	<u>(15,587)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(297)</u>	<u>8,035</u>
Cash and cash equivalents at beginning of the period		(32,909)	(60,608)
Cash and cash equivalents at the end of period	15	<u><u>(33,206)</u></u>	<u><u>(52,573)</u></u>

The annexed notes 1 to 17 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 HALF YEAR ENDED DECEMBER 31, 2020 - UNAUDITED

1. THE COMPANY AND ITS OPERATIONS

United Distributors Pakistan Limited (UDPL) "the Company" 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 One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 D.M.C.H.S, Tipu Sultan Road Off Shahrah-e-Faisal, 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 December 31, 2018.

During the period the Company has received a notice of public announcement of intention from Optimus Capital Management (Private) Limited (Manager to offer) on behalf of Genesis Holdings (Private) Limited (nominee of Mr. Shahid Abdulla, Mr. Asad Abdulla, director, Mr. Ayaz Abdulla, director and Ms. Aisha Zaid Zakaria, director) to acquire issued and subscribed voting shares of the Company.

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the half year ended December 31, 2020 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, 2020.

2.1 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's accounting period which began on July 1, 2020. However, these do not have any significant impact on these condensed interim financial statements.

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 1, 2020 are considered not to be relevant to these condensed interim financial statements and hence have not been detailed here.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's accounting periods beginning on or after July 1, 2020. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim 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, 2020.

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, 2020.

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, 2020.

	(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Rupees in '000	
5. PROPERTY, PLANT AND EQUIPMENT		
Owned operating assets	5,090	5,712
Right-of-use assets	28,993	31,368
	<u>34,083</u>	<u>37,080</u>

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

	Additions (at cost)		Disposals (at net book value)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees in '000			
Owned operating assets				
Plant and machinery	434	324	4	1
Computers	118	-	-	-
Office equipment	-	219	58	-
	<u>552</u>	<u>543</u>	<u>62</u>	<u>1</u>
Right-of-use assets				
Rental Property	1,571	-	-	-
Vehicles	3,520	-	-	-
	<u>5,091</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,643</u>	<u>543</u>	<u>62</u>	<u>1</u>

	(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Rupees in '000	
6. INVESTMENT IN ASSOCIATE		
Balance at beginning of the period	768,530	1,131,793
Effect of change in accounting policy due to adoption of IFRS 9 accounted for during the year 2020	-	(28,320)
Share of loss for the period	(139,973)	(313,607)
Share of other comprehensive loss for the period	(16,618)	(13,139)
Less: Dividend income for the period	-	(8,197)
Balance at end of the period	<u>611,939</u>	<u>768,530</u>

- 6.1** This represents shareholding of 40% (June 30, 2020: 40%) comprising of 1,639,418 shares (June 30, 2020: 1,639,418 shares) of FMC United (Private) Limited, original cost of the shares was Rs. 16.39 million.
- 6.2** The amounts of share of loss and other comprehensive loss for the period are based on unaudited financial statements of FMC United (Private) Limited as at December 31, 2020.

(Unaudited) (Audited)
December 31, June 30,
2020 2020
Rupees in '000

7. LONG-TERM INVESTMENTS

Investments at fair value through other comprehensive income

- IBL HealthCare Limited - Listed - note 7.1

1,215,135 (June 30, 2020: 1,215,135)
fully paid ordinary shares of Rs. 10 each

Percentage holding 2.19%
(June 30, 2020: 2.19%)

Cost: Rs. 7,882,580
(June 30, 2020: Rs. 7,882,580)

**- International Brands Limited
(Holding Company) - Unlisted - note 7.1,
7.2 and 7.3**

11,079,852 (June 30, 2020: 11,079,852)
fully paid ordinary shares of Rs. 10 each

Percentage holding 4.71%
(June 30, 2020: 4.71%)

Cost: Rs. 83,663,056
(June 30, 2020: Rs. 83,663,056)

140,081	94,112
1,682,057	1,282,117
<u>1,822,138</u>	<u>1,376,229</u>

- 7.1** Shares held as at December 31, 2020 include 31,343 shares (June 30, 2020: 31,343 shares) of IBL HealthCare Limited and 184,665 shares (June 30, 2020: 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.

7.2 Valuation technique used to value investment in International Brands Limited include the use of quoted market prices for listed equity securities and the discounted future cash flows for unlisted equity securities held by International Brands Limited. The main level 3 inputs used are;

- discount rates for financial assets and financial liabilities determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessment of the time value of money and the risk specific to the asset; and
- earning growth factors based on market information.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

- If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs. 21.043 million (June 30, 2020: Rs. 25.879 million) lower.
- If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2020 would be Rs. 22.036 million (June 30, 2020: Rs. 28.308 million) lower.

7.3 Consequent to the restructuring under Court order as explained in note 1, the Company holds shares of International Brands Limited (the Holding Company) which have been carried at fair value through other comprehensive income.

8. TRADE AND OTHER RECEIVABLES

These include Nil (June 30, 2020: Nil) receivables from related parties.

9. SALARY REFINANCING

This represents salary refinancing amounting to Rs. 41.67 million (June 30, 2020: Rs. 13.70 million) in relation to the Company availing the State Bank of Pakistan's (SBP) payroll refinance facility as a part of measures for countering COVID-19. The Company will pay a quarterly mark up at a discounted rate of 3% per annum, with eight equal quarterly installments starting from January 2021.

	(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Rupees in '000	
Salary refinancing	41,672	13,709
Current portion	20,836	3,427
Non-current portion	20,836	10,282

10. TRADE AND OTHER PAYABLES

These include Rs. 5.5 million (June 30, 2020: Rs. 5.7 million) payables to related parties.

	(Unaudited) December 31, 2020	(Audited) June 30, 2020
	Rupees in '000	
11. SHORT-TERM BORROWINGS		
Secured		
Running finance under mark-up arrangement - note 11.1	35,751	36,494
Short-term loan (Tijarah) - note 11.2	6,501	13,061
Unsecured		
Current portion of salary refinancing - note 9	20,836	3,427
Short- term loan - note 11.3	18,800	18,800
	81,888	71,782

11.1 The Company obtained running finance facility from Habib Metropolitan Bank Limited at 3 months KIBOR + 2% per annum (June 30, 2020: 3 months KIBOR + 2% per annum). This facility is secured by way of hypothecation of current assets of the Company.

11.2 The Company obtained short-term loan (Tijarah) Financing facility from Al Baraka Bank (Pakistan) Limited at 3 months KIBOR + 2.5% per annum (June 30, 2020: 3 months KIBOR + 2.5% per annum). This facility is secured by way of hypothecation of current assets of the Company.

11.3 This represents short term loan obtained from IBL Operations (Private) Limited, a related party, the amount was payable at 6 months KIBOR + 2.5%.

12. COMMITMENTS

The facilities for opening letters of credit as at December 31, 2020 amounted to Rs. 300 million (June 30, 2020: Rs. 300 million). The amount remaining unutilised as at December 31, 2020 is Rs. 251.58 million (June 30, 2020: Rs. 139.89 million).

	December 31, 2020	December 31, 2019
	Rupees in '000	
13. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross Revenue	370,991	384,666
Less:		
- discounts	(5,326)	(19,071)
- sales return	(34,111)	(23,970)
- sales tax	(3,085)	(2,510)
	<u>328,469</u>	<u>339,115</u>
14. CASH GENERATED (USED IN) / FROM OPERATIONS		
Loss before income tax	(110,539)	(134,862)
Adjustment for non-cash incomes and expenses:		
Depreciation and amortisation	9,744	8,818
Finance cost	6,274	9,782
Gain on disposal of property, plant and equipment	(371)	(26)
Dividend Income	(2,368)	(1,184)
Share of loss from associate	139,973	160,026
	<u>153,252</u>	<u>177,416</u>
Profit before changes in working capital	42,713	42,554
Changes in Working Capital:		
Decrease / (increase) in current assets:		
Inventories	108,294	88,889
Trade and other receivables	(47,376)	(39,823)
Loans, advances and prepayments	(1,486)	(1,255)
	<u>59,432</u>	<u>47,811</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(125,201)	(58,424)
Unclaimed dividend	(12)	-
Cash (used in) / generated from operations	<u>(23,068)</u>	<u>31,941</u>
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,545	1,361
Short-term borrowings - note 11	(35,751)	(53,934)
	<u>(33,206)</u>	<u>(52,573)</u>

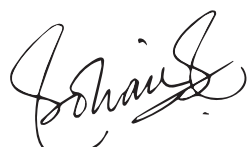
16. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	December 31, 2020	December 31, 2019
		Rupees in '000	
i. Holding company	- Corporate service charges	3,000	3,000
	- Payment on behalf of Holding Company	863	7,880
	- Receipts from Holding Company	-	6,783
ii. Associated companies			
	- Rent charged	349	-
	- IT services	35	69
	- Warehouse rent	300	-
	- Dividend received	2,013	1,184
	- Interest charged	791	-
	- Repairs and maintenance	140	-
	- Dividend income	2,368	9,381
iii. Employees' Provident Fund	- Contribution paid	3,592	3,548
iv. Key Management Personnel	- Salaries and other employee benefits	11,245	10,776
	- Directors' fee	5	3

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 24, 2021 .


Chief Financial Officer


Chief Executive


Director