



# Moving FORWARD

Third Quarter ended  
September 30, 2020 (Un-audited)



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Rashid Abdulla	Chairman
Mr. Hasan Tariq Khan	Independent Director
Ms. Tayyaba Rasheed*	Independent Director
Mr. Syed Nadeem Ahmed	Non-Executive Director
Mr. Zubair Razzak Palwala	Non-Executive Director
Mr. Syed Qaiser Abbas	Chief Executive Officer
Mr. Rizwan Ahmed*	Executive Director

\*Elections of directors were held during the quarter on August 27, 2020.

### AUDIT COMMITTEE

Ms. Tayyaba Rasheed	Chairperson
Mr. Zubair Razzak Palwala	Member
Mr. Syed Nadeem Ahmed	Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rashid Abdulla	Chairman
Mr. Hasan Tariq Khan	Member
Mr. Syed Qaiser Abbas	Member

### CHIEF FINANCIAL OFFICER

Mr. Shariq Ahmed

### INTERNAL AUDITORS

Grant Thornton Anjum Rahman, Chartered Accountants

### EXTERNAL AUDITORS

A.F. Ferguson & Company, Chartered Accountants

### LEGAL ADVISOR

Amin Ansari Law Associates

### BANKERS

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

### REGISTERED OFFICE

1st Floor, One IBL Center, Block no. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society,  
Main Shahrah-e-Faisal, Karachi-75530 Tel: 37170183.

### SHARE REGISTRAR

CDS Share Registrar Services Limited, CDC House, 99-B Block-B, SMCHS  
Shahra-e-Faisal, Karachi - 74400

### WEBSITE

[www.ubbrands.biz](http://www.ubbrands.biz)

# DIRECTORS' REPORT TO THE SHAREHOLDERS OF THE COMPANY

The Board of Directors of United Brands Limited are pleased to present the Directors' Report together with the consolidated condensed interim financial information (unaudited) of the Company for the quarter ended September 30, 2020. This consolidated condensed interim financial information (unaudited) is prepared in accordance with Section 228 of the Companies Act, 2017.

## Principal Activities

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

## SUMMARY OF FINANCIAL PERFORMANCE

	September 30, 2020	September 30, 2019
	(Rupees in '000)	
Revenue	1,002,602	677,259
<b>Gross profit</b>	<b>166,899</b>	209,804
Gross profit (% of revenue)	17%	29%
<b>Profit /( Loss) for the period</b>	<b>26,815</b>	(87,974)

## FINANCIAL OVERVIEW

The revenue of the Company has increased by PKR 325 million, 48% as compared to same period last year. Major addition is due to addition of new business line Hayat Kimya Pakistan and growth in sales of existing cereal and snacks business.

Service income from wholly owned subsidiary IBL Logistics (Private) Limited has increased due to addition of new businesses by PKR 84 million which is 109% increase as compared to last year's quarter. Net profit has increased due to control over operating expenses, reduction in financial cost and increase in transportation service income.

## EARNINGS PER SHARE

Earning per share for three months period ended September 30, 2020 is PKR 0.29 (September 30, 2019: PKR (0.96)).

## FUTURE OUTLOOK

The Company has started the quarter with exceeding all the budget targets and the management is confident that this upward trajectory shall continue in next quarters and years to come.

# DIRECTORS' REPORT TO THE SHAREHOLDERS OF THE COMPANY

## ACKNOWLEDGMENT

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

Karachi.

Date: October 19, 2020



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Syed Qaisar Abbas  
Chief Executive Officer



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Zubair Razzak Palwala  
Director

## ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

### مستقبل پر ایک نظر:

کمپنی نے سہ ماہی کا آغاز تمام بجٹ کے اہداف تجاوز کر کے کیا اور مینجمنٹ آگے کی سہ ماہی اور سالوں میں اس رفتار کو برقرار رکھنے کے لئے ہے۔

### اعتراف:

ڈائریکٹر اپنے صارفین، پرنسپلز، ملازمین اور دیگر اسٹیک ہولڈرز کا ان کے مستقل تعاون اور حوصلہ افزائی پر ان کا شکریہ ادا کرتے ہیں اور کمپنی کے ملازمین کی جانب سے انجام دی گئی قابل قدر خدمات پر انہیں خراج تحسین پیش کرتے ہیں۔

کراچی

۱۹ اکتوبر ۲۰۲۰ء



زبیر رزاق پالوالہ

ڈائریکٹر



سید قیصر عباس

چیف ایگزیکٹو آفیسر

## ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

یونائیٹڈ برانڈز لمیٹڈ کے ڈائریکٹرز بمسرت اپنی رپورٹ مع ۳۰ ستمبر ۲۰۲۰ء کو ختم ہونے والی سہ ماہی کے لئے مستحکم مجموعی عبوری مالیاتی معلومات (غیر آڈٹ شدہ) پیش کر رہے ہیں۔ یہ مستحکم مجموعی عبوری معلومات کمینیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۸ کے مطابق تیار کی گئی ہے۔

### بنیادی سرگرمیاں:

یونائیٹڈ برانڈز لمیٹڈ FMCG اور منسلکہ مصنوعات کی تقسیم میں مصروف عمل ہے۔ پورٹ فولیو میں بے بی ریچ، چاکلیٹس، کنفیکشریز، مٹھائیاں، سیرینلز، مشروبات، خوشبو جات، ڈائپرز، کاسمٹکس اور دیگر ملتی جلتی اشیاء شامل ہے۔

### مالیاتی کارکردگی کا جائزہ:

تختہ سہ ماہی  
۳۰ ستمبر ۲۰۱۹  
۳۰ ستمبر ۲۰۲۰  
(روپے ۰۰۰ میں)

677,259	1,002,602	آمدنی
209,804	166,899	مجموعی منافع
29.0%	17%	مجموعی منافع (آمدنی کا فیصدی)
(87,974)	26,815	(خسارہ) منافع بعد از ٹیکس

### مالی جائزہ:

کمپنی کی آمدنی میں ۳۲۵ ملین روپے سے اضافہ ہوا جو کہ پچھلے سال کے مقابلے میں ۲۸ فیصد زیادہ ہے۔ اضافہ کی بنیادی وجہ نئی کاروباری لائن حیات کیسیما کا اضافہ اور موجودہ سیرینلز اور اسٹیکس کے کاروبار کی فروخت میں اضافہ ہے۔

نئے کاروبار میں ۸۴ ملین روپے اضافہ کے سبب ذیلی کمپنی IBL LOGISTICS (PRIVATE) LIMITED کی آمدنی میں اضافہ ہوا جو کہ پچھلے سال کی سہ ماہی کی نسبت ۱۰۹ فیصد زیادہ ہے۔ خالص منافع میں اضافے کی وجہ آپریٹنگ اخراجات کی کمی، مالی لاگت کی کمی اور نقل و حمل کی آمدنی میں اضافہ ہے۔

### فی حصص آمدنی:

۳۰ ستمبر ۲۰۲۰ء کو ختم ہونے والی سہ ماہی میں فی حصص آمدنی میں ۰.۲۹ روپے رہی۔ (۳۰ ستمبر ۲۰۱۹: ۰.۹۶) (روپے)



# UNCONSOLIDATED FINANCIAL STATEMENTS

# UNITED BRANDS LIMITED

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

		Unaudited September, 30, 2020	Audited June 30, 2020
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		10,411	11,039
Intangible assets		209	232
Investment in Subsidiary		25,000	25,000
Long term deposits		1,914	1,914
		<b>37,534</b>	<b>38,185</b>
<b>Current assets</b>			
Inventories	4	600,369	709,250
Trade and other receivables	5	570,912	659,224
Prepayments and advances	6	73,109	143,456
Current tax asset		37,173	36,003
Tax refunds due from Government - sales tax		9,522	27,242
Cash and bank balances		9,012	41,794
		<b>1,300,097</b>	<b>1,616,969</b>
<b>Total assets</b>		<b>1,337,631</b>	<b>1,655,154</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		918,000	918,000
Accumulated loss		866,110	(866,666)
		<b>51,890</b>	<b>51,334</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings		9,012	9,012
<b>Current liabilities</b>			
Trade and other payables		790,954	816,126
Current portion of long term borrowing		4,737	4,737
Unclaimed dividend		353	353
Accrued mark-up		5,859	7,140
Short term financing		474,826	766,452
		<b>1,276,729</b>	<b>1,594,808</b>
<b>Total Liabilities</b>		<b>1,285,741</b>	<b>1,603,820</b>
<b>CONTINGENCY AND COMMITMENTS</b>	9	-	-
<b>Total equity and liabilities</b>		<b>1,337,631</b>	<b>1,655,154</b>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

  
 Qaisar Abbas  
 Chief Executive Officer

  
 Zubair Razzak Palwala  
 Director

  
 Shariq Ahmed  
 Chief Financial Officer

**UNITED BRANDS LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME - (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	Note	Quarter ended	
		September 30, 2020	September 30, 2019
		Rupees in '000 -----	
Revenue from contracts with customers	7	842,562	600,112
Cost of sales and services		(716,012)	(407,267)
Gross profit		126,550	192,845
Marketing and distribution expenses		(93,616)	(151,471)
Administrative and general expenses		(19,174)	(29,879)
Other operating expenses		(1,978)	(40,201)
Other income		21,292	1,047
Profit from operations		33,074	(27,659)
Finance cost		(15,954)	(42,105)
Profit / (loss) before Income tax		17,120	(69,764)
Income tax expense		(16,564)	(22,225)
Profit / (loss) for the period		556	(91,989)
Other comprehensive income		-	-
Total comprehensive income/ (loss)		556	(91,989)
		(Rupees)	
Basic and diluted earnings / (Loss) per share		0.01	(1.00)

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

  
 Qaisar Abbas  
 Chief Executive Officer

  
 Zubair Razzak Palwala  
 Director

  
 Shariq Ahmed  
 Chief Financial Officer

# UNITED BRANDS LIMITED

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS - (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		Quarter ended	
		September 30, 2020	September 30, 2019
Note		----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Cash generated from operations	8 293,496	408,300
	Income tax paid	(17,734)	(19,588)
	Finance cost paid	(16,875)	(55,135)
	Net cash inflow from operating activities	258,887	333,577
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Payment for acquisition of equipment	(43)	-
	Net cash outflow from investing activities	(43)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Payment for short term financing	(291,626)	(452,696)
	Net cash (outflow) from financing activities	(291,626)	(452,696)
	<b>Net decrease in cash and cash equivalents</b>	<b>(32,782)</b>	<b>(119,119)</b>
	Cash and cash equivalents at the beginning of the period	41,794	200,915
	<b>Cash and cash equivalents at the end of the period</b>	<b>9,012</b>	<b>81,796</b>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Qaisar Abbas  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer

# UNITED BRANDS LIMITED

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Share Capital - Issued, subscribed and paid up capital	Accumulated Loss	Total Equity
----- Rupees in '000 -----			
Balance as at July 1, 2019	918,000	(610,990)	307,010
Total comprehensive (loss) for the quarter	-	(91,989)	(91,989)
<b>Balance at September 30, 2019</b>	<b>918,000</b>	<b>(702,979)</b>	<b>215,021</b>
Balance as at July 1, 2020	918,000	(866,666)	51,334
Total comprehensive income for the quarter	-	556	556
<b>Balance as at September 30, 2020</b>	<b>918,000</b>	<b>(866,110)</b>	<b>51,890</b>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Qaisar Abbas  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer

# **UNITED BRANDS LIMITED**

## **NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION - (UNAUDITED)**

**FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

### **1 THE COMPANY AND ITS OPERATIONS**

The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Company Act, 1913. The company was renamed as UDL Industries Limited on March 16, 1987 under the Companies Ordinance, 1984. The Company was again renamed as United Brands Limited, a public limited company on April 5, 2006 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 1st Floor, One IBL Center, Block no. 7 & 8, Delhi Mercantile Muslim Coopertive Housing Society, Main Shahrah-e-Faisal, Karachi

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. During the year the Company has also started production of safety razors through toll manufacturing.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Basis of preparation**

These condensed interim financial statements of the Company for the quarter ended September 30, 2020 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives 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 of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statement of the Company for the year ended June 30, 2020. These condensed interim financial statements are unaudited.

#### **2.2 Accounting policies**

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended June 30, 2020.

### **3. ACCOUNTING ESTIMATES AND JUDGMENTS**

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

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

**UNITED BRANDS LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM**  
**FINANCIAL INFORMATION - (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	Unaudited September 30, 2020	Audited June 30, 2019
	----- Rupees in '000 -----	
<b>4. INVENTORIES</b>		
Finished Goods		
-in hand	535,341	550,823
-in transit	65,028	158,427
	<u>600,369</u>	<u>709,250</u>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	328,480	449,136
Other receivables	242,432	210,088
	<u>570,912</u>	<u>659,224</u>
<b>6. PREPAYMENTS AND ADVANCES</b>		
Prepayments	2,528	323
Advances	70,581	143,133
	<u>73,109</u>	<u>143,456</u>
	Unaudited September 30, 2020	Unaudited September 30, 2019
	----- Rupees in '000 -----	
<b>7. REVENUE</b>		
Gross Sales	903,453	649,604
Less:		
Trade Discounts	(26,132)	(30,197)
Sales Return	(34,759)	(19,295)
Net Sales	<u>842,562</u>	<u>600,112</u>
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit / (Loss) before Income tax	17,120	(69,764)
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	694	276
Finance cost	15,594	42,105
	<u>16,288</u>	<u>42,381</u>
	<u>33,408</u>	<u>(27,383)</u>

# UNITED BRANDS LIMITED

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION - (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2020

#### Effect on cash flow due to working capital changes

##### Decrease in current assets:

Inventories	108,881	242,655
Trade and other receivables	88,312	169,605
Prepayments and advances	70,347	52,700
Tax refunds due from government - sales tax	17,720	20,111
	<b>285,260</b>	485,071
(Decrease) in trade and other payables	<b>(25,172)</b>	(49,388)
<b>Cash generated from operations</b>	<b>293,496</b>	408,300

## 9. CONTINGENCY AND COMMITMENTS

### 9.1 Contingency

During the year, the Deputy Commissioner Inland Revenue issued a demand under section 137(2) of the Income Tax Ordinance, 2001 (the Ordinance) dated January 31, 2020 for recovery of tax amounting to Rs. 94.66 million created pursuant to order dated January 31, 2020 passed under section 122(1) for tax year 2018. The Company has filed a Constitutional Petition No. D-1421 of 2020 before the Honorable High Court of Sindh. On February 28, 2020 the Honorable High Court of Sindh restrained the Deputy Commissioner Inland revenue from enforcing the impugned income tax demand. The matter was fixed for March 19, 2020 but got discharged due to COVID-19 and shall be fixed for hearing subsequent to the year end. However, the management based on the opinion of its tax advisor is confident that the petition shall be decided in the favor of the Company with stay from recovery of demand till the disposal of the appeal before the Commissioner Inland Revenue (Appeals-II). Therefore, no provision has been made in these unconsolidated financial statements.

### 9.2 Commitments

The facilities for opening letter of credit and guarantees as at September 30, 2020 amounted to **Rs.650 million** (June 30, 2020: Rs. 650 million) and **Rs. 150 million** (June 30, 2020:Rs. 150 million) respectively. The amount remaining unutilised as at September 30, 2020for letter of credit and guarantees was **Rs. 617 million** (June 30, 2020: Rs. 634 million) and **Rs. 50 million** (June 30, 2020: Rs. 50 million) respectively.

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



# UNITED BRANDS LIMITED

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION - (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2020

#### 10. RELATED PARTY TRANSACTIONS

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

Nature of relationship	Nature of transactions		September 30, 2020	September 30, 2019
			----- Rupees in '000 -----	
Holding company	- Corporate Service		3,000	3,000
Associated companies	- Shared expenses	10.1	22,383	39,902
	- Sale of goods		24	18,450

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

#### 11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on October 19, 2020.



Qaisar Abbas  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer

# CONSOLIDATED FINANCIAL STATEMENTS

# UNITED BRANDS LIMITED

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

		Unaudited September 30, 2020	Audited June 30, 2020
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		14,601	15,070
Intangible assets		825	949
Long term deposits		1,914	1,914
		<u>17,340</u>	<u>17,933</u>
<b>Current assets</b>			
Inventories	4	686,348	811,593
Trade and other receivables	5	681,672	745,049
Prepayments and advances	6	91,460	154,353
Current tax asset		30,563	33,965
Tax refunds due from Government - sales tax		8,589	24,506
Cash and bank balances		30,855	57,890
		<u>1,529,487</u>	<u>1,827,356</u>
<b>Total assets</b>		<u>1,546,827</u>	<u>1,845,289</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		918,000	918,000
Accumulated loss		(844,197)	(871,010)
		<u>73,803</u>	<u>46,990</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings		9,012	9,012
<b>Current liabilities</b>			
Trade and other payables		972,728	1,010,605
Current portion of long-term borrowings		4,737	4,737
Unclaimed dividend		353	353
Accrued mark-up		5,859	7,140
Short term financing		480,335	766,452
		<u>1,464,012</u>	<u>1,789,287</u>
<b>Total liabilities</b>		<u>1,473,024</u>	<u>1,798,299</u>
<b>CONTINGENCY AND COMMITMENTS</b>	9	-	-
<b>Total equity and liabilities</b>		<u>1,546,827</u>	<u>1,845,289</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Qaisar Abbas  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer

# UNITED BRANDS LIMITED

## CONSOLIDATED CONDENSED INTERIM PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2020

		Quarter ended	
		September 30, 2020	September 30, 2019
Note		----- Rupees in '000 -----	
Revenue	7	1,002,602	677,259
Cost of sales and services		(835,703)	(467,455)
Gross profit		166,899	209,804
Marketing and distribution expenses		(98,042)	(158,321)
Administrative and general expenses		(23,924)	(33,567)
Other operating expenses		(1,978)	(40,201)
Other income		21,464	1,151
Profit from operations		64,419	(21,134)
Finance cost		(16,063)	(42,117)
Profit / (loss) before Income tax		48,356	(63,251)
Income tax expense		(21,541)	(24,723)
Profit / (loss) for the period		26,815	(87,974)
Other comprehensive income		-	-
Total comprehensive loss		26,815	(87,974)
		(Rupees)	
Basic and diluted earnings / (loss) per share		0.29	(0.96)

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Qaisar Abbas  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer

**UNITED BRANDS LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF**  
**CASH FLOWS - (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

		Quarter ended	
		September 30, 2020	September 30, 2019
Note		----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	8	295,033	409,237
Cash generated from operations		(18,139)	(19,587)
Income tax paid		(17,344)	(55,147)
Finance cost paid			
Net cash inflow from operating activities		259,550	334,503
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		(468)	(276)
Payment for acquisition of equipment			
Net cash outflow from investing activities		(468)	(276)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		(286,117)	(452,696)
Payment for short term financing			
Net cash (outflow) from financing activities		(286,117)	(452,696)
<b>Net decrease in cash and cash equivalents</b>		(27,035)	(118,469)
Cash and cash equivalents at the beginning of the period		57,890	203,854
<b>Cash and cash equivalents at the end of the period</b>		30,855	85,385

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

  
 Qaisar Abbas  
 Chief Executive Officer

  
 Zubair Razzak Palwala  
 Director

  
 Shariq Ahmed  
 Chief Financial Officer

# UNITED BRANDS LIMITED

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Share Capital - Issued, subscribed and paid up capital	Accumulated Loss	Total Equity
----- Rupees in '000 -----		
918,000	(611,466)	306,534
-	(87,974)	(87,974)
<b>918,000</b>	<b>(699,440)</b>	<b>218,560</b>
918,000	(871,012)	46,988
-	26,815	26,815
<b>918,000</b>	<b>(844,197)</b>	<b>73,803</b>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Qaisar Abbas  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer

# **UNITED BRANDS LIMITED**

## **CONSOLIDATED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (UNAUDITED)**

### **FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

#### **1 THE COMPANY AND ITS OPERATIONS**

The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Company Act, 1913. The company was renamed as UDL Industries Limited on March 16, 1987 under the Companies Ordinance, 1984. The Company was again renamed as United Brands Limited, a public limited company on April 5, 2006 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 1st Floor, One IBL Center, Block no. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi

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. During the year the Company has also started production of safety razors through toll manufacturing.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of preparation**

These condensed interim financial statements of the Company for the quarter ended September 30, 2020 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives 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 of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statement of the Company for the year ended June 30, 2020. These condensed interim financial statements are unaudited.

##### **2.2 Accounting policies**

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended June 30, 2020.

#### **3. ACCOUNTING ESTIMATES AND JUDGMENTS**

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

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

Estimates and judgments made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended June 30, 2020.

# UNITED BRANDS LIMITED

## CONSOLIDATED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	Unaudited September 30, 2020	Audited June 30, 2020
	----- Rupees in '000 -----	
<b>4. INVENTORIES</b>		
Finished Goods		
-in hand	621,320	653,166
-in transit	65,028	158,427
	<u>686,348</u>	<u>811,593</u>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	439,240	530,575
Other receivables	242,432	214,474
	<u>681,672</u>	<u>745,049</u>
<b>6. PREPAYMENTS AND ADVANCES</b>		
Prepayments	6,542	2,058
Advances	84,918	152,295
	<u>91,460</u>	<u>154,353</u>
	Unaudited September 30, 2020	Unaudited September 30, 2019
	----- Rupees in '000 -----	
<b>7. REVENUE</b>		
Gross Sales	941,625	687,642
Service Income	131,323	52,991
Less:		
Trade Discounts	(35,587)	(44,079)
Sales Return	(34,759)	(19,295)
Net Sales	<u>1,002,602</u>	<u>677,259</u>
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit / (loss) before Income tax	48,356	(63,251)
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	1,059	548
Finance cost	16,063	42,117
	<u>17,122</u>	<u>42,665</u>
	<u>65,478</u>	<u>(20,586)</u>



# UNITED BRANDS LIMITED

## CONSOLIDATED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2020

#### Effect on cash flow due to working capital changes

##### Decrease in current assets:

Inventories	125,245	235,103
Trade and other receivables	63,377	129,988
Prepayments and advances	62,893	39,244
Tax refunds due from government - sales tax	15,917	22,581
	<b>267,432</b>	426,916
(Decrease) / increase in trade and other payables	<b>(37,877)</b>	2,907
<b>Cash generated from operations</b>	<b>295,033</b>	<b>409,237</b>

## 9. CONTINGENCY AND COMMITMENTS

### 9.1 Contingency

During the year, the Deputy Commissioner Inland Revenue issued a demand under section 137(2) of the Income Tax Ordinance, 2001 (the Ordinance) dated January 31, 2020 for recovery of tax amounting to Rs. 94.66 million created pursuant to order dated January 31, 2020 passed under section 122(1) for tax year 2018. The Company has filed a Constitutional Petition No. D-1421 of 2020 before the Honorable High Court of Sindh. On February 28, 2020 the Honorable High Court of Sindh restrained the Deputy Commissioner Inland revenue from enforcing the impugned income tax demand. The matter was fixed for March 19, 2020 but got discharged due to COVID-19 and shall be fixed for hearing subsequent to the year end. However, the management based on the opinion of its tax advisor is confident that the petition shall be decided in the favor of the Company with stay from recovery of demand till the disposal of the appeal before the Commissioner Inland Revenue (Appeals-II). Therefore, no provision has been made in these unconsolidated financial statements.

### 9.2 Commitments

The facilities for opening letter of credit and guarantees as at September 30, 2020 amounted to **Rs. 750 million** (June 30, 2020: Rs. 800 million) and **Rs. 150 million** (June 30, 2020: Rs. 233 million) respectively. The amount remaining unutilised as at September 30, 2020 for letter of credit and guarantees was **Rs. 707 million** (June 30, 2020: Rs. 694 million) and **Rs. 50 million** (June 30, 2020: Rs. 81 million) respectively.

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

# UNITED BRANDS LIMITED

## CONSOLIDATED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (UNAUDITED)

### FOR THE QUARTER ENDED SEPTEMBER 30, 2020

#### 10. RELATED PARTY TRANSACTIONS

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

Nature of relationship	Nature of transactions		September 30, 2020	September 30, 2019
			----- Rupees in '000 -----	
Holding company	- Corporate Service		3,000	3,000
Associated companies	- Shared expenses	10.1	22,383	39,902
	- Sale of goods		24	18,450

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

#### 11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue by the Board of Directors of the Company on October 19, 2020.



Qaisar Abbas  
Chief Executive Officer



Zubair Razzak Palwala  
Director



Shariq Ahmed  
Chief Financial Officer





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