



Moving FORWARD

CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2023

Contents

Company Information	02
Directors' Report	03
Report on review of interim Financial Statements	07
Unconsolidated Condensed Interim Statement of Financial Position	09
Unconsolidated Condensed Interim Profit or Loss and Other Comprehensive Income - (Unaudited)	10
Unconsolidated Condensed Interim Statement of Changes In Equity - (Unaudited)	11
Unconsolidated Condensed Interim Statement of Cash Flows - (Unaudited)	12
Notes to the Unconsolidated Financial Statements - (Unaudited)	13
Consolidated Condensed Interim Statement of Financial Position	22
Consolidated Condensed Interim Profit or Loss And Other Comprehensive Income - (Unaudited)	23
Consolidated Condensed Interim Statement of Cash Flows - (Unaudited)	24
Consolidated Condensed Interim Statement of Changes In Equity - (Unaudited)	25
Notes to the Consolidated Financial Statements - (Unaudited)	26

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Munis Abdullah	Chairman
Mr. Abdul Samad	Independent Director
Ms. Tayyaba Rasheed	Independent Director
Mr. Syed Nadeem Ahmed	Chief Executive Officer
Mr. Zubair Razzak Palwala	Non-Executive Director
Ms. Faiza Naeem	Non-Executive Director
Mr. Rizwan Ahmad	Executive Director

Telenor Microfinance Bank

REGISTERED OFFICE

2nd Floor, One IBL Center,
Block No. 7 & 8, DMMCHS,
Shahrah-e-Faisal, Karachi-75530
Tel: 37170183,
Fax: 35635530, 35682772

AUDIT COMMITTEE

Ms. Tayyaba Rasheed	Chairperson
Mr. Zubair Razzak Palwala	Member
Ms. Faiza Naeem	Member

SHARE REGISTRAR

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Samad	Chairman
Mr. Syed Nadeem Ahmed	Member
Mr. Zubair Razzak Palwala	Member

WEBSITE

www.ubrandz.biz

CHIEF FINANCIAL OFFICER

Mr. Shariq Ahmed

COMPANY SECRETARY

Mr. Farooq Akbar

INTERNAL AUDITORS

Grant Thornton Anjum Rahman,
Chartered Accountants

EXTERNAL AUDITORS

A.F. Ferguson & Company,
Chartered Accountants

LEGAL ADVISOR

Abdul Karim Khan & Company

BANKERS

Habib Bank Limited
Bank Al-Habib Limited
Silkbank Limited
Meezan Bank Limited
Al Baraka Bank Pakistan Limited
Habib Metropolitan Bank Limited

DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors of United Brands Limited are pleased to present Directors' review report together with the condensed interim financial information (unaudited) of the Company for six months period ended December 31, 2023. This condensed interim financial information (unaudited) is prepared in accordance with Section 228 of the Companies Act, 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are trading and distribution of consumer goods and allied products. The company has recently started offering services for telecom products.

SUMMARY OF FINANCIAL PERFORMANCE

	December 31, 2023	December 31, 2022
	(Rupees in thousand)	
Revenue	597,253	705,380
Gross profit	98,030	111,776
Gross margin (% of revenue)	16.4%	15.8%
Operating expenses	(118,046)	(139,441)
Finance cost	(26,295)	(24,027)
Loss for the period	(47,206)	(55,604)

FINANCIAL OVERVIEW

The revenue of Company has decreased by 15% during the current period. This is primarily due to unavailability of stock of imported portfolio like Kellogg's & Pringles, Ovaltine, and Schick etc.,

Operating expenses have also decreased in line by 15% due to control over distribution and selling expenses.

Finance cost has increased due to rise in KIBOR rate during the period.

LOSS PER SHARE

Loss per share for six months period ended December 31, 2023 is PKR (0.51) (Dec 31, 2022: PKR (0.61)).

FUTURE OUTLOOK

United Brands likewise other imported companies in Pakistan has also suffered losses due to supply issues in import of products. Also, since fuel and ancillary costs have gone up, the profitability has completely been wiped off. The policy rate increase has added fuel to fire, hence in the prevailing economic crisis, the Company has adopted the strategy of moving complete portfolio towards locally manufactured goods.

In this connection, few other brands are in the process of induction that will assist in sustaining the topline and securing the profitability.

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.

Karachi.

Date: February 27, 2024



Syed Nadeem Ahmed
Chief Executive Officer



Rizwan Ahmed
Director

ڈائریکٹرز رپورٹ برائے حصص کنندگان

یونائیٹڈ براڈ زلمیٹڈ کے ڈائریکٹرز بمسرت اپنی رپورٹ مع ۳۱ دسمبر ۲۰۲۳ء کو ختم ہونے والی چھ ماہ کی مدت کے لئے مستحکم مجموعی عبوری مالیاتی معلومات (غیر آڈٹ شدہ) پیش کر رہے ہیں۔ یہ مستحکم مجموعی عبوری معلومات کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۸ کے مطابق تیار کی گئی ہے۔

بنیادی سرگرمیاں:

کمپنی کی بنیادی سرگرمیاں اشیاء اور مختلف مصنوعات کی تجارت اور تقسیم ہیں۔ اس مدت کے دوران، کمپنی نے تقسیم کا معاہدہ کیا ہے۔ جس کے تحت کمپنی کیڈی لینڈ براڈ کے مختلف قسم کی مصنوعات تقسیم کرے گی۔

مالیاتی کارکردگی کا جائزہ:

	Dec 31, 2023	Dec 31, 2022
	(Rupees in thousand)	
Revenue	597,253	705,380
Gross profit	98,030	111,776
Gross margin (% of revenue)	16.4%	15.8%
Operating expenses	(118,046)	(139,441)
Finance cost	(26,295)	(24,027)
(Loss)/ Profit for the period	(47,206)	(55,604)

مالی جائزہ:

موجودہ مدت کے دوران کمپنی کی آمدنی میں 15% کی کمی ہوئی ہے۔ یہ بنیادی طور پر درآمد شدہ پورٹ فولیو جیسے Pringles, Kellogg's, Ovaltine اور Schick وغیرہ کے اسٹاک کی عدم دستیابی کی وجہ سے ہے۔

تقسیم اور فروخت کے اخراجات پر کنٹرول کی وجہ سے آپریٹنگ اخراجات میں بھی 15 فیصد کمی واقع ہوئی ہے۔ اس مدت کے دوران KIBOR کی شرح میں اضافے کی وجہ سے مالیاتی لاگت میں اضافہ ہوا ہے۔

نی حصص آمدنی:

۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والی چھ ماہ کی مدت میں نی حصص آمدنی میں (0.51) روپے رہی۔ (۳۱ دسمبر ۲۰۲۲: 0.61) روپے ہے۔

مستقبل پر ایک نظر:

کمپنی اپنے کاروباری ماڈل کو بہتر بنانے کے عمل میں ہے کیونکہ ملک کی مجموعی اقتصادی صورتحال کی وجہ سے درآمدی مصنوعات کی تقسیم بری طرح متاثر ہوئی ہے۔ کمپنی اپنے منافع کو بہتر بنانے کے لئے پر عزم ہے جس کے لئے کمپنی مقامی پیداوار کے نئے پرنسپلز کے ساتھ بات چیت میں مصروف عمل ہے۔

اعتراف:

ڈائریکٹرز 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

۲۷ فروری ۲۰۲۳ء



رضوان احمد

ڈائریکٹر



سید ندیم احمد

چیف ایگزیکٹو آفیسر



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of United Brands Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of United Brands Limited as at December 31, 2023 and the related condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the financial statements for the six-month period 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 interim financial statements based on our review. The figures of the condensed interim unconsolidated statement of profit or loss and other comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2023.

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.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.


**Chartered Accountants
Karachi**

Date: February 29, 2024

UDIN: RR202310073WhZx8wVRr

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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■ KARACHI ■ LAHORE ■ ISLAMABAD

UNCONSOLIDATED
FINANCIAL STATEMENTS

UNITED BRANDS LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT DECEMBER 31, 2023

		(Unaudited) December 31, 2023	(Audited) June 30, 2023
ASSETS			
	Note	----- Rupees in '000 -----	
Non-current assets			
Property and equipment		3,432	4,334
Intangible assets		-	5
Investment in subsidiary		25,000	25,000
Long-term deposits		412	412
		<u>28,844</u>	<u>29,751</u>
Current assets			
Inventories	5	392,677	334,904
Trade and other receivables	6	195,088	267,681
Prepayments, advances and deposits	7	7,119	23,873
Taxation - payments less provision		35,302	35,146
Tax refunds due from Government - sales tax	8	74,774	63,537
Accrued interest		1,491	962
Cash and bank balances		109,747	97,583
		<u>816,198</u>	<u>823,686</u>
Total assets		<u>845,042</u>	<u>853,437</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		918,000	918,000
Accumulated losses		(1,074,050)	(1,026,844)
		<u>(156,050)</u>	<u>(108,844)</u>
LIABILITIES			
Trade and other payables	9	873,250	691,400
Short-term borrowings	10	122,646	255,763
Accrued mark-up		4,843	14,765
Unclaimed dividend		353	353
		<u>1,001,092</u>	<u>962,281</u>
Total Liabilities		<u>1,001,092</u>	<u>962,281</u>
Contingency and commitments	11		
Total equity and liabilities		<u>845,042</u>	<u>853,437</u>

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.


 Syed Nalleem Ahmed
 Chief Executive Officer


 Rizwan Ahmad
 Director


 Shariq Ahmed
 Chief Financial Officer



UNITED BRANDS LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Quarter ended		Half Year ended		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
Note ----- Rupees in '000 -----					
Revenue from contracts with customers	12	299,916	291,221	597,253	705,380
Cost of sales		(245,519)	(247,691)	(499,223)	(593,604)
Gross profit		54,397	43,530	98,030	111,776
Marketing and distribution expenses		(48,252)	(30,351)	(95,392)	(89,985)
Administrative and general expenses		(16,207)	(18,086)	(20,741)	(19,684)
Loss allowance on trade receivables		(702)	(12,384)	(702)	(12,384)
Other operating expenses	13	(1,912)	(22,876)	(1,912)	(29,772)
Other income	14	3,189	6,436	3,222	14,449
Loss from operations		(9,487)	(33,731)	(17,495)	(25,600)
Finance costs	15	(10,386)	(12,896)	(26,295)	(24,027)
Loss before income tax		(19,873)	(46,627)	(43,790)	(49,627)
Income tax expense		(2,673)	(3,074)	(3,416)	(5,977)
Loss for the period		(22,546)	(49,701)	(47,206)	(55,604)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(22,546)	(49,701)	(47,206)	(55,604)
Basic and diluted loss per share (Rupees)		(0.25)	(0.54)	(0.51)	(0.61)

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.


 Syed Nalleem Ahmed
 Chief Executive Officer


 Rizwan Ahmad
 Director


 Shariq Ahmed
 Chief Financial Officer




UNITED BRANDS LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Share Capital	Accumulated Losses	Total
----- Rupees in '000 -----			
Balance as at July 1, 2022	918,000	(928,564)	(10,564)
Total comprehensive loss for the half year ended December 31,2022	-	(55,604)	(55,604)
Balance at December 31, 2022 (unaudited)	918,000	(984,168)	(66,168)
Balance as at July 1, 2023	918,000	(1,026,844)	(108,844)
Total comprehensive loss for the half year ended December 31,2023	-	(47,206)	(47,206)
Balance at December 31, 2023 (unaudited)	918,000	(1,074,050)	(156,050)

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.


 Syed Nalleem Ahmed
 Chief Executive Officer


 Rizwan Ahmad
 Director


 Shariq Ahmed
 Chief Financial Officer



UNITED BRANDS LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF
CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

December 31, December 31,
2023 2022

Note ----- Rupees in '000 -----

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	16	182,435	26,227
Income taxes paid		(3,568)	(1,105)
Finance costs paid		(36,217)	(19,709)
Net cash generated from operating activities		142,650	5,413

CASH FLOWS FROM INVESTING ACTIVITY

Interest received		2,693	1,446
Purchase of property and equipment		(61)	-
Net cash generated from investing activity		2,632	1,446

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing		-	(14,672)
Short-term financing (paid) / received (net)		(133,117)	7,987
Net cash used in financing activities		(133,117)	(6,685)


Net increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period		12,165	174
Cash and cash equivalents at end of the period	17	65,491	74,721
		77,656	74,895

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.


 Syed Nalleem Ahmed
 Chief Executive Officer


 Rizwan Ahmad
 Director


 Shariq Ahmed
 Chief Financial Officer



UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Companies Act, 1913. The Company was renamed as UDL Industries Limited on March 16, 1987 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). 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 registered office of the Company is situated on the 2nd Floor, One IBL Center, Block no. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shakra-e-Faisal, Karachi.

The Company is a subsidiary of International Brands (Private) 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 and production of safety razors through toll manufacturing.

1.1 The Company has investment in subsidiary company - IBL Logistics (Private) Limited (the Subsidiary) incorporated in Pakistan. The unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

1.2 Management prepared these financial statements on a going concern basis, which assumes the realisation of assets and the satisfaction of liabilities in the normal course of business. As at December 31, 2023, the Company had net deficit of Rs. 156.05 million (June 2023: Rs. 108.84 million), net current liability position of Rs. 184.89 million (June 2023: Rs. 136.6 million) and operating cashflows of Rs. 142.65 million (December 2022: Rs. 5.41 million). For the half year ended December 31, 2023, the Company has incurred a loss of Rs. 47.21 million (December 2022: Rs. 55.60 million). Furthermore, the prevalent economic conditions of the country including depleting foreign exchange reserves and high inflation is impacting the overall business activity including imports.

The Company has been closely monitoring the cash flows and forecasts on a monthly basis. Management performed analysis over their cash flow forecast to factor in the impact of a decline in both revenue and collection from customers. The Company will continue to receive support for at least the next twelve months from the date of issuance of these financial statements, if needed, from the Ultimate Parent Company. Based on above analysis and support from the Ultimate Parent Company, management has adequate financing lines to be able to maintain liquidity in order to repay its creditors in the foreseeable.

2 BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim unconsolidated 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, 2023.

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2023.

3.1 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting standards that are effective

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2023. However, these do not have any significant impact on the Company's financial reporting.

b) Standards and amendments to approved accounting standards that are not yet effective

The other new standards and amendments that are mandatory for accounting periods beginning on or after July 1, 2024 are considered not to be relevant to the Company's financial statements and hence have not been detailed here.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim unconsolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates



UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual unconsolidated financial statements as at and for the year ended June 30, 2023.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements as at and for the year ended June 30, 2023.

5. INVENTORIES

Trading goods:

- in hand - note 5.1
- in transit

Raw and packing materials:

- in hand

Finished goods - manufactured:

- in hand

(Unaudited) December 31, 2023	(Audited) June 30, 2023
----- Rupees in '000 -----	
356,801	298,601
2,495	1,832
359,296	300,433
28,929	28,929
4,452	5,542
392,677	334,904

5.1 As at December 31, 2023 stock of trading goods has been written down by Rs. 18.55 million (June 2023: Rs. 32.77 million) to arrive at its net realisable value.

6. TRADE AND OTHER RECEIVABLES

Trade receivables - note 6.1

Other receivables - note 6.2

(Unaudited) December 31, 2023	(Audited) June 30, 2023
----- Rupees in '000 -----	
115,425	141,358
79,663	126,323
195,088	267,681

6.1. Trade receivables

Related parties

Others

Less: Loss allowance
on doubtful receivables

1,517	2,697
149,047	173,097
150,564	175,794
(35,139)	(34,436)
115,425	141,358



UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	(Unaudited) December 31, 2023	(Audited) June 30, 2023
6.2 Other receivables	----- Rupees in '000 -----	
Related parties	21,428	24,414
Others - note 6.2.1	58,235	101,909
	<u>79,663</u>	<u>126,323</u>

6.2.1 These represent receivable from principals in respect of stock claims, expenses and other receivables.

	(Unaudited) December 31, 2023	(Audited) June 30, 2023
7 PREPAYMENTS, ADVANCES AND DEPOSITS	----- Rupees in '000 -----	
Prepayments	2,014	-
Advances	5,105	23,873
	<u>7,119</u>	<u>23,873</u>

8. TAX REFUND DUE FROM GOVERNMENT - SALES TAX

This includes an amount of Rs. 70.64 million relating to sales tax paid in the prior period for which no input was claimed due to dispute with Collector of Customs. The Collector of Customs raised an issue in relation to payment of Federal Excise Duty (FED) on the import of goods made by Company during the month of June 2020. However, due to restriction placed on the "release of the said consignment" due to FED payment dispute, the sales tax paid could not be adjusted by the Company in that month. The Company had paid sales tax amounting to Rs. 42.43 million and Rs. 28.21 million in the months of June 2020 and June 2021 respectively for the above mentioned consignment. Since, the sales tax has been paid in relation to the taxable supplies to be made, the Company intends to claim the same. The Company has asked Customs Department to issue a letter to Federal Board of Revenue requesting it to allow claim of input sales tax in the subsequent sales tax periods for the aforementioned amount.

On behalf of the above request by the Company, the Collectorate of Customs Appraisalment (EAST) vide their letter No. "C.NO. SI/MISC/164/KAPE/AC-1/2022" has issued intimation to the Large Tax Payer Unit for recognition of sales tax amounting to Rs. 42.43 million and Rs. 28.21 million. On the basis of letter issued, the Company has filed an application to the Commissioner Inland Revenue, for issuance of refund of the above sales tax amount.

9. TRADE AND OTHER PAYABLES

These include Rs. 587.50 million (June 30, 2023: Rs. 350.28 million) payable to related parties.

10. SHORT-TERM BORROWINGS

10.1 These represent short-term loans obtained under financing arrangement from Islamic banks. These are secured by way of hypothecation charge over inventories and receivables of

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

the Company with 25% margin. These are maturing between February and May 2024.

The arrangements carry a mark-up of 2% above six months KIBOR (June 30, 2023: 0.15% to 2% above six months KIBOR) per annum and have been fully utilised to its maximum aggregate limit of Rs. 122.67 million (June 30, 2023: Rs. 265 million).

11. CONTINGENCY AND COMMITMENTS

11.1 Contingency

11.1.1 During the year ended June 30, 2020, the Deputy Commissioner Inland Revenue issued a notice of 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. The Honorable High Court of Sindh has restrained the Deputy Commissioner Inland Revenue from enforcing the impugned income tax demand till the decision of Commissioner Inland Revenue (Appeals-II). The appeal was heard on December 16, 2021 and is now reserved for order. The management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Company. Therefore, no provision has been made in these unconsolidated financial statements.

11.1.2 During the year ended June 30, 2022, the Assistant / Deputy Commissioner Inland Revenue issued an order dated December 30, 2021 for recovery of withholding tax along with default surcharge amounting to Rs. 156.55 million under section 161 (1) on account of short deduction of tax at the time of making certain payments for the tax year 2018. During the year, the Company has filed an appeal against the aforesaid order before the Commissioner Inland Revenue (Appeals) - (CIRA). The CIRA vide its order dated September 25, 2023 has set aside the matter and directed the officer to allow sufficient time to the company to provide relevant records and reach a judicious conclusion after rebutting each and every argument. An appeal has been submitted to ATIR, focusing on legal issues and not acknowledging the details presented during the monitoring proceedings or appeal hearing. Consequently, the case has been remanded to address the issues that need to be rectified or annulled in the given circumstances. The management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Company. Therefore, no provision has been made in these unconsolidated financial statements.

11.1.3 During the year ended June 30, 2022, the Assistant / Deputy Commissioner Inland Revenue issued an order dated March 30, 2022 for recovery of withholding tax along with default surcharge amounting to Rs. 200.04 million under section 161(1) on account of short deduction of tax at the time of making certain payments for the tax year 2019. During the year, the Company has filed an appeal against the aforesaid order before the Commissioner Inland Revenue (Appeals) - (CIRA). The CIR(A) vide its Order dated September 25, 2023 has set aside the matter and directed the Officer to allow sufficient time to the company to provide relevant records and reach a judicious conclusion after rebutting each and every argument. An appeal has been submitted to ATIR, focusing on legal issues and not acknowledging the details presented during the monitoring proceedings or appeal hearing. Consequently, the case has been remanded to address the issues that need to be rectified or annulled in the given circumstances. The management based on the opinion of its tax advisor is confident that the outcome will be in favour of the

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

Company. Therefore, no provision has been made in these unconsolidated financial statements.

11.2 Commitments

The facilities for opening letter of credit and guarantees as at December 31, 2023 amounted to Rs. 200 million (June 30, 2023: Rs. 188 million) and Rs. 132.09 million (June 30, 2023: Rs. 132.09 million) respectively. The amount remaining unutilised as at reporting date for letter of credit was Rs. 150 million (June 30, 2023: Rs. 168.1 million).

The facilities are secured by way of pari passu charge against hypothecation of the Company's current assets. The Parent Company has pledged 1,078,873 shares of The Searle Company Limited against letter of guarantees.

	(Unaudited) December 31, 2023	(Unaudited) December 31, 2022
	----- Rupees in '000 -----	
12. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross revenue from sale of goods	744,485	872,516
Revenue from services	2,548	2,131
Less:		
- Trade discounts	(14,170)	(15,990)
- Sales return	(25,934)	(28,142)
- Sales tax	(109,383)	(124,890)
- Provincial sales tax	(293)	(245)
	<u>597,253</u>	<u>705,380</u>
13. OTHER OPERATING EXPENSES		
Provision for expired and damaged stock	1,912	12,289
Loss on the closure of business with Hayat Kemiya	-	17,483
	<u>1,912</u>	<u>29,772</u>
14. OTHER INCOME		
Income from financial assets		
Profit on savings accounts	44	23
Profit on Term Deposit Receipts	3,178	2,022
Income from non-financial assets		
	-	267
Deferred income recognised on government grant	-	10,060
Insurance claim	-	2,077
Scrap sales	<u>3,222</u>	<u>14,449</u>

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	(Unaudited) December 31, 2023	(Unaudited) December 31, 2022
	----- Rupees in '000 -----	
15. FINANCE COST		
Exchange loss - net	243	91
Bank charges	1,266	1,697
Finance charges on short-term financing	24,786	22,150
Interest expense including impact of unwinding	-	89
	<u>26,295</u>	<u>24,027</u>
	(Unaudited) December 31, 2023	(Unaudited) December 31, 2022
	----- Rupees in '000 -----	
16. CASH GENERATED FROM OPERATIONS		
Loss before income tax	(43,790)	(49,627)
Adjustments for non-cash charges and other items		
Depreciation and amortisation	965	1,309
Deferred income - Government grant	-	(267)
Profit on Term Deposit Receipts	(3,178)	(2,022)
Profit on savings accounts	(44)	(23)
Unwinding of discount on salary refinancing	-	89
Finance costs	26,295	23,938
Provision for doubtful debts	702	12,384
	<u>24,740</u>	<u>35,408</u>
	(19,050)	(14,219)
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets:		
Inventories	(57,773)	264,549
Trade and other receivables	71,891	48,222
Prepayments, advances and deposits	16,754	(14,823)
Tax refunds due from Government - sales tax	(11,237)	28,033
	<u>19,635</u>	<u>325,981</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	181,850	(285,535)
Cash generated from operations	<u>182,435</u>	<u>26,227</u>

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	(Unaudited) December 31, 2023	(Unaudited) December 31, 2022
17. CASH AND CASH EQUIVALENTS	----- Rupees in '000 -----	
Cash and bank balances excluding term deposit receipt - note 17.1	<u><u>77,656</u></u>	<u><u>74,895</u></u>

- 17.1** Short term investment is released from cash and cash equivalents as it includes term deposit receipt only which is held as a lien against the guarantee issued by the Silk Bank Limited.

18. TRANSACTIONS WITH RELATED PARTIES

- 18.1** Related parties comprise the parent company, subsidiary companies, associated companies or undertakings, directors of the Company, key management personnel and staff retirement funds.

The Company continues to have a policy whereby transactions with related parties are entered into at mutually agreed terms and conditions. Remuneration of key management personnel are in accordance with their terms of engagement.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Head of Departments to be its key management personnel.

There are no transactions with key management personnel other than those disclosed in these condensed interim financial statements or as per their terms of employment / entitlement.

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

Nature of relationship	Nature of transactions	(Unaudited)	(Unaudited)
		December 31, 2023	December 31, 2022
		----- Rupees '000 -----	
i. Associated companies	- Purchases	26,696	19,506
	- Sale of goods	1,201	1,835
	- Funds received	66,500	76,646
	- Shared costs - note 18.2 cross charged from IBL Operations (Private) Limited	18,952	23,359
	- Shared costs - note 18.2 cross charged to IBL Operations (Private) Limited	29,982	72,144
	- Expenses incurred on behalf of The Searle Company Limited	143	-
iii. Employees' provident fund	Contribution paid	2,954	1,702
iv. Key management personnel	Salaries and other employee benefits	6,566	9,416
	Fee for attending meetings to Directors	383	54

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

18.3 There are certain assets in the books of an associated company IBL Operations (Private) Limited which are being commonly used by both the companies.

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were approved and authorised for issue by the Board of Directors of the Company on February 27, 2024.


 Syed Nalleem Ahmed
 Chief Executive Officer


 Rizwan Ahmad
 Director


 Shariq Ahmed
 Chief Financial Officer

CONSOLIDATED
FINANCIAL STATEMENTS

UNITED BRANDS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT DECEMBER 31, 2023

		(Unaudited) December 31, 2023	(Audited) June 30, 2023
ASSETS	Note		
		----- Rupees in '000 -----	
Non-current assets			
Property and equipment		10,724	9,703
Intangible assets		252	5
Long - term deposits		9,987	9,987
		<u>20,963</u>	<u>19,695</u>
Current assets			
Inventories	5	558,746	467,727
Trade and other receivables	6	687,766	638,920
Prepayments , deposits and advances	7	56,429	80,277
Taxation - payments less provisions		29,677	32,540
Tax refunds due from Government - sales tax	8	35,817	52,152
Accrued interest		1,491	962
Cash and bank balances		110,384	129,150
		<u>1,480,310</u>	<u>1,401,728</u>
Total assets		<u>1,501,273</u>	<u>1,421,423</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		918,000	918,000
Accumulated losses		(948,137)	(888,677)
		<u>(30,137)</u>	<u>29,323</u>
Liabilities			
Trade and other payables	9	1,403,568	1,101,056
Short term borrowings	10	122,646	275,443
Accrued mark-up		4,843	15,248
Unclaimed dividend		353	353
		<u>1,531,410</u>	<u>1,392,100</u>
Total liabilities		<u>1,531,410</u>	<u>1,392,100</u>
CONTINGENCY AND COMMITMENTS	11		
Total equity and liabilities		<u>1,501,273</u>	<u>1,421,423</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


 Syed Nalleem Ahmed
 Chief Executive Officer


 Rizwan Ahmad
 Director


 Shariq Ahmed
 Chief Financial Officer

UNITED BRANDS LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Quarter ended		Half Year ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Note ----- Rupees in '000 -----				
Revenue from contracts with customers 12	590,809	574,629	1,238,098	1,263,500
Cost of sales and services	(543,050)	(532,908)	(1,101,741)	(1,120,975)
Gross profit	47,759	41,721	136,357	142,525
Marketing and distribution expenses	(68,423)	(66,817)	(123,895)	(119,517)
Administrative and general expenses	(10,390)	2,152	(21,668)	(19,684)
Loss allowance on trade receivables	(702)	(12,384)	(702)	(12,384)
Other operating expenses 13	(1,912)	(26,452)	(1,912)	(38,225)
Other income 14	4,362	9,575	5,036	18,613
Loss from operations	(29,306)	(52,205)	(6,784)	(28,672)
Finance cost 15	(12,288)	(13,437)	(29,497)	(24,777)
Loss before income tax	(41,594)	(65,642)	(36,281)	(53,449)
Income tax expense	(11,512)	(9,543)	(23,179)	(20,900)
Loss for the period	(53,106)	(75,185)	(59,460)	(74,349)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(53,106)	(75,185)	(59,460)	(74,349)
Basic and diluted loss per share (Rupees)	(0.58)	(0.82)	(0.65)	(0.81)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


 Syed Nalleem Ahmed
 Chief Executive Officer


 Rizwan Ahmad
 Director


 Shariq Ahmed
 Chief Financial Officer


UNITED BRANDS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF
CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (used in) operations	16 192,724	(4,412)
Income taxes paid	(20,316)	13,177
Finance costs paid	(39,902)	(21,058)
Net cash generated from / (used in) operating activities	<u>132,506</u>	<u>(12,293)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Interest received	4,507	(587)
Purchase of property and equipment	(2,982)	-
Net cash generated from / (used in) investing activity	<u>1,525</u>	<u>(587)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	(14,672)
Short-term financing (paid) / received (net)	(152,797)	7,720
Net cash used in financing activities	<u>(152,797)</u>	<u>(6,952)</u>
Net (decrease) in cash and cash equivalents	(18,766)	(19,832)
Cash and cash equivalents at beginning of the period	129,150	149,685
Cash and cash equivalents at end of the period	17 110,384	129,853

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


 Syed Nalleem Ahmed
 Chief Executive Officer


 Rizwan Ahmad
 Director


 Shariq Ahmed
 Chief Financial Officer

UNITED BRANDS LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Share Capital	Accumulated Loss	Total
----- Rupees in '000 -----			
Balance as at July 1, 2022	918,000	(797,414)	130,586
Total comprehensive loss for the half year ended December 31,2022	-	(74,349)	(74,349)
Balance at December 31, 2022 (unaudited)	918,000	(861,763)	56,237
Balance as at July 1, 2023	918,000	(888,677)	29,323
Total comprehensive loss for the half year ended December 31,2023	-	(59,460)	(59,460)
Balance at December 31, 2023 (unaudited)	918,000	(948,137)	(30,137)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


 Syed Nalleem Ahmed
 Chief Executive Officer


 Rizwan Ahmad
 Director


 Shariq Ahmed
 Chief Financial Officer

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

1. CORPORATE AND GENERAL INFORMATION

1.1 The Group consists of:

Holding Company - United Brands Limited (the Holding Company)

The Company was incorporated in Pakistan on March 13, 1965 as Batlay Match Industries Limited under the repealed Companies Act, 1913. The Company was renamed as UDL Industries Limited on March 16, 1987 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). 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 Holding Company is a subsidiary of International Brands (Private) Limited, which is also the Holding Company's Ultimate Parent.

The principal activities of the Holding Company are trading and distribution of consumer goods and allied products and production of safety razors through toll manufacturing.

Registered office of the Company is situated at 2nd Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi; and

The Company has various sale offices and distribution warehouses. Detailed list is provided in audited financial statements for the year ended 30 June 2023 note no. 35.

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 transportation and warehousing, trading and distribution of goods and assembling of electrical goods.

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

- The registered office of the IBLPL is situated at 2nd Floor, One IBL Center, Block No. 7 & 8, Delhi Mercantile Muslim Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi.
- The Subsidiary Company has a warehouse situated at Plot No. C-126, Sector 6-F, Mehran Town, Korangi, Karachi;
- Pepsi North East Warehouse, Dera Gujran Near Quaid-e-Azam Interchange;
- IBL Pepsi Warehouse RB 241 Dhudhanwala Ghaziabad Near Machli Form Stop Lower Canal Road, Jarranwala Road, Faisalabad; and
- Ferozpur Road, Opposite Pak Arab Society, Near Medix Hospital, Lahore.

2 BASIS OF PREPARATION

These condensed interim consolidated financial statements of the Company for the half year ended December 31, 2023 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.

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

These condensed interim consolidated 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, 2023. These condensed interim consolidated financial statements are unaudited.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended June 30, 2023.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim consolidated 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 consolidated financial statements.

Estimates and judgments made by the management in the preparation of these condensed interim consolidated 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, 2023.

	(Unaudited) December 31, 2023	(Audited) June 30, 2023
	----- Rupees in '000 -----	
5. INVENTORIES		
Raw and packaging materials	28,929	112,861
Finished goods - manufactured	170,521	5,542
Finished goods - assembled	-	3,534
Trading goods	359,296	345,790
	558,746	467,727
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	606,927	498,349
Other receivables	80,839	140,571
	687,766	638,920
7. PREPAYMENTS AND ADVANCES		
Prepayments and deposits	4,399	46,551
Advances	52,030	33,726
	56,429	80,277

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

8. TAX REFUND DUE FROM GOVERNMENT - SALES TAX

This includes an amount of Rs. 70.64 million relating to sales tax paid in the prior period for which no input was claimed due to dispute with Collector of Customs. The Collector of Customs raised an issue in relation to payment of Federal Excise Duty (FED) on the import of goods made by the Holding Company during the month of June 2020. However, due to restriction placed on the "release of the said consignment" due to FED payment dispute, the sales tax paid could not be adjusted by the in that month. The Holding Company had paid sales tax amounting to Rs. 42.43 million and Rs. 28.21 million in the months of June 2020 and June 2021 respectively for the above mentioned consignment. Since, the sales tax has been paid in relation to the taxable supplies to be made, the Holding Company intends to claim the same. The Holding Company has asked Customs Department to issue a letter to Federal Board of Revenue requesting it to allow claim of input sales tax in the subsequent sales tax periods for the aforementioned amount.

On behalf of the above request by the Holding Company, the Collectorate of Customs Appraisalment (EAST) vide their letter No. "C.NO. SI/MISC/164/KAPE/AC-I/2022" has issued intimation to the Large Tax Payer Unit for recognition of sales tax amounting to Rs. 42.43 million and Rs. 28.21 million. On the basis of letter issued, the Holding Company has filed an application to the Commissioner Inland Revenue, for issuance of refund of the above sales tax amount.

9. TRADE AND OTHER PAYABLES

These include Rs. 714.30 million (June 30, 2023: Rs. 515.87 million) payable to related parties.

10. SHORT-TERM FINANCING

10.1 These represent short-term loans obtained under financing arrangement from Islamic banks. These are secured by way of hypothecation charge over inventories and receivables of the Company with 25% margin. These are maturing between February and May 2024.

The arrangements carry a mark-up of 2% above six months KIBOR (June 30, 2023: 0.15% to 2% above six months KIBOR) per annum and have been fully utilised to its maximum aggregate limit of Rs. 122.67 million (June 30, 2023: Rs. 265 million).

11. CONTINGENCY AND COMMITMENTS

11.1 Contingency

11.1.1 During the year ended June 30, 2020, the Deputy Commissioner Inland Revenue issued a notice of 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. The Honorable High Court of Sindh has restrained the Deputy Commissioner Inland Revenue from enforcing the impugned income tax demand till the decision of Commissioner Inland Revenue (Appeals-II). The appeal was heard on December 16, 2021 and is now reserved for order. The management based on the opinion of its tax advisor is confident that the outcome will be in favour

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

of the Holding Company. Therefore, no provision has been made in these consolidated financial statements.

11.1.2 During the year ended June 30, 2022, the Assistant / Deputy Commissioner Inland Revenue issued an order dated December 30, 2021 for recovery of withholding tax along with default surcharge amounting to Rs. 156.55 million under section 161 (1) on account of short deduction of tax at the time of making certain payments for the tax year 2018. During the year, the Holding Company has filed an appeal against the aforesaid order before the Commissioner Inland Revenue (Appeals) - (CIRA). The CIRA vide its order dated September 25, 2023 has set aside the matter and directed the officer to allow sufficient time to the Holding Company to provide relevant records and reach a judicious conclusion after rebutting each and every argument. An appeal has been submitted to ATIR, focusing on legal issues and not acknowledging the details presented during the monitoring proceedings or appeal hearing. Consequently, the case has been remanded to address the issues that need to be rectified or annulled in the given circumstances. The management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Holding Company. Therefore, no provision has been made in these consolidated financial statements.

11.1.3 During the year ended June 30, 2022, the Assistant / Deputy Commissioner Inland Revenue issued an order dated March 30, 2022 for recovery of withholding tax along with default surcharge amounting to Rs. 200.04 million under section 161(1) on account of short deduction of tax at the time of making certain payments for the tax year 2019. During the year, the Holding Company has filed an appeal against the aforesaid order before the Commissioner Inland Revenue (Appeals) - (CIRA). The CIR(A) vide its Order dated September 25, 2023 has set aside the matter and directed the Officer to allow sufficient time to the Holding Company to provide relevant records and reach a judicious conclusion after rebutting each and every argument. An appeal has been submitted to ATIR, focusing on legal issues and not acknowledging the details presented during the monitoring proceedings or appeal hearing. Consequently, the case has been remanded to address the issues that need to be rectified or annulled in the given circumstances. The management based on the opinion of its tax advisor is confident that the outcome will be in favour of the Holding Company. Therefore, no provision has been made in these consolidated financial statements.

11.2 Commitments

The facilities for opening letter of credit and guarantees as at December 31, 2023 amounted to Rs. 200 million (June 30, 2023: Rs. 268 million) and Rs. 132.09 million (June 30, 2023: Rs. 132.09 million) respectively. The amount remaining unutilised as at reporting date for letter of credit was Rs. 150 million (June 30, 2023: Rs. 189.13 million).

The facilities are secured by way of pari passu charge against hypothecation of the Company's current assets. The Parent Company has pledged 1,078,873 shares of The Searle Company Limited against letter of guarantees.

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	(Unaudited) December 31, 2023	(Unaudited) December 31, 2022
----- Rupees in '000 -----		
12. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross sales	875,506	1,123,438
Service Income	531,258	363,144
Less:		
- Trade Discounts	(22,576)	(51,075)
- Sales returns	(36,414)	(46,872)
- Sales tax	(109,383)	(124,890)
- Provincial Sales tax	(293)	(245)
	<u>1,238,098</u>	<u>1,263,500</u>
	(Unaudited) December 31, 2023	(Unaudited) December 31, 2022
----- Rupees in '000 -----		
13. OTHER OPERATING EXPENSES		
Provision for expired and damaged stock	1,912	14,678
Loss on the closure of business with Hayat Kemiya	-	17,483
Others	-	6,064
	<u>1,912</u>	<u>38,225</u>
14. OTHER INCOME		
Income from financial assets		
Profit on savings accounts	1,858	1,019
Profit on Term Deposit Receipts	3,178	2,022
Income from non-financial assets		
Exchange gain	-	3,168
Deferred income recognised on government grant	-	267
Insurance claim	-	10,060
Scrap sales	-	2,077
	<u>5,036</u>	<u>18,613</u>

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	(Unaudited) December 31, 2023	(Unaudited) December 31, 2022
15. FINANCE COST	----- Rupees in '000 -----	
Exchange loss - net	243	91
Bank charges	4,468	2,447
Finance charges on short-term financing	24,786	22,150
Interest expense including impact of unwinding	-	89
	<u>29,497</u>	<u>24,777</u>
16. CASH GENERATED FROM OPERATIONS	----- Rupees in '000 -----	
(Loss) / profit before Income tax	(36,281)	19,200
Adjustments for non-cash charges and other items		
Depreciation and amortisation	1,714	2,355
Finance costs	29,497	17,600
Interest income	(5,036)	(1,538)
	<u>26,175</u>	<u>18,417</u>
Effect on cash flow due to working capital changes	<u>(10,106)</u>	<u>37,617</u>
Decrease / (increase) in current assets:		
Inventories	(91,019)	(69,424)
Trade and other receivables	(48,846)	(59,146)
Prepayments , deposits and advances	23,848	(38,168)
Tax refunds due from government - sales tax	16,335	21,588
	<u>(99,682)</u>	<u>(145,150)</u>
Increase in trade and other payables	302,512	229,755
Cash (used in) / generated from operations	<u>192,724</u>	<u>122,222</u>

UNITED BRANDS LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	(Unaudited) December 31, 2022	(Unaudited) December 31, 2022
17. CASH AND CASH EQUIVALENTS	----- Rupees in '000 -----	
Cash and bank balances	110,384	129,853

18. RELATED PARTY TRANSACTIONS

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

		(Unaudited) December 31, 2023	(Unaudited) December 31, 2022
		----- Rupees in '000 -----	
Nature of relationship	Nature of transactions		
Associated companies	- Shared costs	18.1	
	- Cross charges from IBL Operations (Private) Limited	83,749	23,359
	- cross charged to IBL Operations (Private) Limited	29,982	72,144
	- Sale of goods	1,808	1,835
	- Services rendered	138,339	-
	- Funds received	66,500	76,646
	- Purchase of goods	26,696	19,506
Employees' provident fund	Contribution paid	4,860	1,702
Key management personnel	Salaries and other employee benefits	11,336	9,416
	Fee for attending meetings to Directors	562	54

UNITED BRANDS LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

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

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on February 27, 2024.



Syed Nadeem Ahmed
Chief Executive Officer

Rizwan Ahmad
Director

Shariq Ahmed
Chief Financial Officer

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