



# Annual Report 2015



## Core Values

- "Serving the needs of our customers with passion, dedication & by honoring our word"
- "Striving for excellence in rural & urban marketing"
- "Constantly upgrading our knowledge & skills to become better professionals"
- "Enriching our work environment with high levels of performance, participation & creativity"
- "Upholding the spirit of individual & collective accountability"
- "Rewarding quality performance"
- "Nurturing openness, trust & support to guide our business policies, individual & team conduct"
- "Enhancing shareholder value through long-term growth & improving performance"



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# Company Information

## Board of Directors

**Mr. Rashid Abdulla**  
Chairman

**Mr. Asad Abdulla**  
Chief Executive Officer

**Mr. Zubair Palwala**  
Director

**Mr. Ayaz Abdulla**  
Director

**Mr. S. Nadeem Ahmed**  
Director

**Mr. Tahir Saeed**  
Director

**Mr. M. Salman Hussain**  
N.I.T Nominee

## Legal Advisor

**A.K. Brohi & Co.**  
Khalid Anwer & Co.  
153-K, Block 2, PECHS, Karachi.

## Registered Office

United Distributors Pakistan Limited  
9th Floor, NIC Building, Abbasi  
Shaheed Road, Off:  
Shahrah-e-Faisal, Karachi  
Web: [www.udpl.com.pk](http://www.udpl.com.pk)

## Company Secretary

**Mr. Adnan Ahmed Feroze**  
Company Secretary

## Audit Committee

**Mr. Tahir Saeed**  
Chairman

**Mr. Zubair Palwala**  
Member

**Mr. Ayaz Abdulla**  
Member

## Auditors

**Baker Tilly Mehmood  
Idrees Qamar**  
Chartered Accountant  
4th Floor, Central Hotel Building  
Civil Lines, Mereweather Road,  
Karachi

## Registrar

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

## CFO

**Mr. Sohail Hasnain Ahmed**  
Chief Financial Officer

## HR. Remuneration

**Mr. Ayaz Abdulla**  
Chairman

**Mr. Zubair Palwala**  
Member

**Mr. Asad Abdulla**  
Member

## Bankers

Standard Chartered Bank Pakistan  
Habib Metropolitan Bank Limited  
Habib Bank Limited  
Silk Bank Limited  
Muslim Commercial Bank Limited



# Notice of Annual General Meeting

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of United Distributors Pakistan Limited will be held at The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Karachi on Wednesday, October 28, 2015 at 4:00 p.m. to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on October 25, 2014.
2. To receive, consider and approve the audited financial statements of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors and fix their remuneration for the year 2015-2016. The present Auditors Baker Tilly Mehmood Idrees Qamar, Chartered Accountants retire and being eligible, offer themselves for the re-appointment as auditors of the Company.

## SPECIAL BUSINESS

4. To approve the issue of bonus shares in the ratio of ten shares for every hundred shares held i.e 10% as recommended by the board of directors and, if thought appropriate to pass with or without modification(s) the following resolution as ordinary resolution:

"RESOLVED that a sum of RS. 18,367,800/- out of the un-appropriated profits of the Company be capitalized and applied towards the issue of 1,836,780 ordinary shares of Rs. 10/- each and allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on October 21, 2015, in proportion of ten shares for every hundred ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares.

FURTHER RESOLVED that in the event of any member becoming entitled to a fraction of a share, the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted on the Stock Market and to pay the proceeds of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.

FURTHER RESOLVED that the Company Secretary be and is hereby authorized to take all necessary actions on behalf of the Company for allotment and distribution of the said bonus shares as he think fit."

## OTHER BUSINESS

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

By Order of the Board



**ADNAN AHMED FEROZE**  
Company Secretary

Karachi: October 07, 2015

# Notice of Annual General Meeting

## Statement of material facts under section 160(1)(b) of the Companies Ordinance, 1984 regarding the Special business:

The Directors of the Company are of the view that the Company's Financial position justifies issuance of bonus shares in the ratio of ten shares for every hundred shares held.

The Directors are interested in the business to the extent of the entitlement of bonus shares as shareholders.

### NOTES

1. The Share transfer books of the Company will remain closed from October 22, 2015 to October 28, 2015 (both days inclusive). Transfer (if any) should be received at the office of our Registrar M/s Central Depository Company of Pakistan Limited, CDC House 99 B, Block B, S.M.C.H.S, Main Shahrah-e-Faisal Karachi, latest by the close of business on October 21, 2015.
2. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/ her behalf. A proxy need not be a member of the Company.
3. Proxies in order to be effective must be received by the Company's Registrar not less than 48 hours before the meeting.
4. Members are requested to notify any changes in their addresses immediately to the Company's Share Registrar, M/s Central Depository Company of Pakistan Limited.
5. In pursuance of the Circular No. 1 of 2000 of SECP dated January 26th, 2000 beneficial owners of the shares registered in the name of Central Depository Company (CDC) and / or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting.
6. Proxy form must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or passport of the beneficial owner and the proxy.
7. In case of corporate entity, the Board of Directors' resolution/ power of attorney with the specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
8. The members are requested to deposit tax equivalent to five percent of the value of the bonus shares issued to the shareholders determined on the basis of day-end price on the first day of the closure of books within fifteen days from the first day of the closure of books.
9. If a member fails to make the payment of tax within fifteen days, the Company shall deposit the Bonus Shares in the Central Depository Company of Pakistan Limited or any other entity as may be prescribed.
10. Bonus Shares deposited in the Central Depository Company of Pakistan Limited shall be disposed of in the mode and manner as may be prescribed and the proceeds thereof shall be paid to the Commissioner, by way of credit to the Federal Government.



# Directors' Report to the Shareholders

The Board of Directors of United Distributors Pakistan Limited (UDPL) is pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended June 30, 2015.

The Directors' Report is prepared under section 236 of the Companies Ordinance, 1984 and Clause xvi of the Code of Corporate Governance.

## OPERATING RESULTS

	2015	2014
	----- (Rupees in '000') -----	
Net sales	339,619	402,921
Gross profit	66,354	108,201
Profit before taxation	131,180	94,844
Profit after taxation	109,906	101,572
EPS in Rs.	6.05	8.23

## BUSINESS OVERVIEW

The Company registered a net sale of Rs 339.62 million as compared to Rs.402.92 million over the corresponding period last year. The fiscal year started with a positive outlook and the Company was able to improve its financial performance in the first quarter for the year under review. However, the current global crisis in crop commodity prices have had a detrimental impact on our farming community resulting in low consumption of agriculture inputs that have had a negative impact on the business. Consequently, the contribution of our specialty fertilizer sales which keeps healthy margins has also declined. The government's decision in June to reduce GST on pesticides from July 1st, 2015 also resulted in low sales for the month of June although we believe that this will have a positive impact on the following fiscal year.

The management's continuous focus to improve operational efficiencies has led to a reduction in expenses over the corresponding period last year.

## EARNINGS PER SHARE

Earning per share after taxation is Rs.6.05 (2014: Rs. 8.23).

## SHARE OF ASSOCIATES

The associated companies registered good profit for the year 2014-15 and the Company recorded share of profit of associate as per International Accounting Standard- IAS 28.

## HOLDING COMPANY

International Brands Limited- IBL is the Holding Company of United Distributors Pakistan Ltd. As at June 30, 2015 IBL holds 13,169,774 shares of Rs.10 each.

# Directors' Report to the Shareholders

## SUMMARY OF KEY OPERATING AND FINANCIAL DATA OF SIX YEARS AT A GLANCE

Below is a summary of key operating and financial results for six years and includes the financial results for the year under review:

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
	(Rupees in '000')					
Net sales	340	403	370	502	1,020	1,143
Cost of goods sold	(273)	(295)	(304)	(402)	(815)	(929)
Gross profit	66	108	66	101	204	215
Gross profit in percentage	19.5%	26.8%	17.8%	20.1%	20.0%	18.8%
Profit/(loss) after tax	110	102	276	51	-97	-31
Cash dividend	-	-	-	-	-	-
Bonus share	-	-	-	-	-	-
Bonus share in percentage	-	-	-	-	-	-
Earning per share (in Rs.)	6.05	8.23	23.58	5.98	(10.52)	(3.42)

## APPROPRIATIONS

The Board of Directors has recommended to issue Bonus Shares in the proportion of 10 shares for every 100 shares held i.e. 10% for the year ended June 30, 2015.

## EMPHASIS OF THE MATTER PARAGRAPH IN AUDITORS' REPORT

The auditors' in their report has drawn attention to Note # 7.3 that the Company is holding 7,386,568 shares of the holding company.

This was not a direct investment in the holding company. The shareholders in their meeting held on February 14, 2011, approved a special resolution for swapping of its investment from one of its associates to IBL, and the same was also approved through a scheme of arrangement approved by the Honorable High Court of Sindh.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

A value system in the Company is in place to ensure social and ethical conduct and to inculcate the spirit of ethical behavior, commitment to excellence and customer focused approach. The Directors consider it as a long term investment in the collective development of UDPL's human resource in particular, and the society as a whole.

Further, The Company efforts focused on the areas of health and education by support to employees. We also continued food supports to eligible employees of the Company in order to compensate the current inflation.

## COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

As required under the Code of Corporate Governance 2012, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and deviation from these if any has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.



# Directors' Report to the Shareholders

- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations.
- The management of the Company is committed to good corporate governance and appropriate steps are taken to comply with best practices.

## EMPLOYEE'S BENEFIT SCHEMES

The Company provides terminal benefits to its employees in the form of provident fund. This funded benefit is maintained duly approved trusts. These trusts are managed by the trustees who get the funds audited.

The Trustees of the respective funds have informed the Company that as per the values of the investments of Rs.117,194 thousands as at June 30th, 2015.

## MEETINGS OF BOARD OF DIRECTORS

Four meetings of the Board of Directors were held during the year ended June 30th, 2015. Attendance by each Director was as under:

S.No.	Name Of Directors	Number of Meetings Attended
01.	Mr. Rashid Abdulla	4
02.	Mr. Asad Abdulla	4
03.	Mr. Munis Abdullah	1
04.	Mr. Ayaz Abdulla	4
05.	Mr. Zubair Palwala	4
06.	Mr. S. Nadeem Ahmed	2
07.	Mr. Tahir Saeed	4
08.	Mr. Salman Hussain Chawala	3

We would like to extend our gratitude to Mr. S. Nadeem Ahmed and Abdullah Ghulam Ali who retired as Directors on completion of three years term and we welcome Mr. Tahir Saeed (Independent Director) and Mr. Salman Hussain Chawala (Director NIT nominee) on joining the Board.

Further, Leave of absence was granted to the Directors who could not attend some of the Board Meetings.

## AUDIT COMMITTEE

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

The terms of reference of the Committee have been determined by the Board of Directors in accordance with guidelines provided in the Listing Regulations and advised to the Committee for compliance. The Committee held four meetings during the year.

S.No.	Name Of Directors	Number of Meetings Attended
01.	Mr. Tahir Saeed	4
02.	Mr. Ayaz Abdulla	4
03.	Mr. Zubair Palwala	4

We would like to extend our gratitude to Mr. S. Nadeem Ahmed who retired as member of audit committee on completion of 3 years term and we welcome Mr. Tahir Saeed on joining the audit committee.

# Directors' Report to the Shareholders

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Board in accordance with the Code of Corporate Governance has also constituted a Human Resource and Remuneration Committee, comprising of the following three Directors:

- Mr. Ayaz Abdulla
- Mr. Asad Abdulla
- Mr. Zubair Palwala

One meeting of the committee was held during the year which was attended by all the members. The terms and reference of the committee includes but not limited to those as mentioned in the Code of Corporate Governance.

## INTERNAL AUDITORS

The internal control framework has been effectively implemented through outsource the Internal Audit function to BDO Ebrahim & Co., Chartered Accountants which is independent of the External Audit function.

## STATUTORY AUDITORS

The present auditor, Baker Tilly Mehmood Idrees Qamar and Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as statutory auditors of the Company for the financial year ending June 30, 2016 at a fee to be mutually agreed.

## PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at June 30th, 2015, along with the necessary information is annexed to this report on page # 41.

There were 1,395 shareholders on the record of the Company as at 30th June 2015.

## FUTURE OUTLOOK

We aim to keep on our journey of sustainable and profitable growth in future. Your company continues to maintain a strong positive outlook in agriculture sector of the country.

We continue to focus and invest on the fundamental strengths i.e. Our team, new brands, product registrations, enhances the customer base, and reduction in operating expenses that will help us to achieve the objective set out by the management.

## ACKNOWLEDGMENTS

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

For and on behalf of the Board



**ASAD ABDULLA**  
Chief Executive Officer

Karachi: September 23, 2015



# Statement of Compliance with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code), set out in the listing regulations of stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages the representation of independent and non-executive directors on its board of directors. At present the board includes:

Category	Name
Executive Directors	Mr. Rashid Abdulla Mr. Asad Abdulla
Non-Executive Directors	Mr. Ayaz Abdulla Mr. Zubair Palwala Mr. S. Nadeem Ahmed Mr. Salman Hussain Chawala
Independent Director	Mr. Tahir Saeed

2. The directors have confirmed that none of them is serving as directors on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One Casual Vacancy occurred during the year, Mr. Munis Abdullah resigned as Director and Mr. Nadeem Ahmed has been appointed as a Director.
5. The company has prepared a Code of Conduct<sup>1</sup> and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged a training program for two of its director Mr. Asad Abdulla and Mr. Nadeem Ahmed during the year.

# Statement of Compliance with Best Practices of Code of Corporate Governance

10. There was no change in the position of Chief Financial Officer and Company Secretary.
11. The directors' report for year ended June 30, 2015 has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the board.
13. The director, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members including Chairman of the committee, of whom all are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members including Chairman of the committee, of whom all are non-executive directors.
18. The board has outsourced the internal audit function to BDO Ebrahim & Chartered Accountants who are considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.
24. We confirm that all other material principles enshrined in the CCG have been complied with except those that are not yet applicable.



ASAD ABDULLA  
Chief Executive Officer



# Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the code of corporate Governance prepared by the Board of Directors of United Distributors Pakistan Limited to comply with the Listing Regulations of Stock Exchange in Pakistan, Where the company is listed.

The responsibility for compliance with the code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects that status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's Statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of the Stock Exchanges in Pakistan where the company is listed require the company to place before the Board Of Directors for their consideration and approval of related party transactions distinguishing between transactions

carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the statement of Compliance does not appropriately reflect the status of company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company of the year ended June 30, 2015.



**BAKER TILLY**  
**MEHMOOD IDREES**  
**QAMAR**  
CHARTERED ACCOUNTANTS

4th Floor, Centre Hotel Building,  
Civil Lines, Memonbhai Road,  
Karachi - Pakistan.  
Tel: +92 (021) 35644872-7  
Fax: +92 (021) 35694573  
Email: [mim@meemoo.com](mailto:mim@meemoo.com)

Engagement Partner

**MEHMOOD A. RAZZAK**

Karachi

Date: September 23, 2015

# Auditors' Report to the Members

We have audited the annexed balance sheet of United Distributors Pakistan Limited as at June 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, (hereinafter referred to as financial Statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) In our opinion:
  - (i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies ordinance, 1984, and are in agreement with the books of accounts, and are further in accordance with the accounting policies consistently applied;



**BAKER TILLY**  
**MEHMOOD IDREES**  
**QAMAR**  
CHARTERED ACCOUNTANTS

4th Floor, Central Hotel Building,  
Civil Lines, Menemath Road,  
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- (ii) The expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015, and of the profit, its cash flow and changes in equity for the year then ended; and
- d) In our opinion no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Without qualifying our report we draw your attention to the matters stated in note no. 7.3 of the financial statements. The company is holding 7,386,568 shares of International Brands Limited, the holding company, amounting to RS. 83,663,000/-.

Engagement Partner

*Mehmood A. Razzak*

**MEHMOOD A. RAZZAK**

Karachi

Date: September 23, 2015



# Balance Sheet

as at June 30, 2015

## ASSETS

### NON CURRENT ASSETS

Property, plant and equipment	5
Intangible assets	6
Long term investments	7
Long term loans - staff - secured	8

### CURRENT ASSETS

Stock in trade	9
Trade debts	10
Taxation - net	11
Advances, deposits, prepayments and other receivables	12
Short term investment	13
Cash and bank balances	14

### TOTAL ASSETS

## EQUITY AND LIABILITIES

### SHAREHOLDERS EQUITY

Share capital	15
General reserve	
Unappropriated profit	

### Total Equity

### LIABILITIES

#### NON CURRENT LIABILITIES

Liabilities against assets subject to finance lease	16
Diminishing musharakah financing	17
Deferred taxation	18

#### CURRENT LIABILITIES

Current portion of liabilities against assets subject to finance lease	16
Current portion of diminishing musharakah financing	17
Trade and other payables	19
Short term borrowings - secured	20
Taxation - net	11
Advance from dealers	

Contingencies and commitments

### Total Liabilities

### TOTAL EQUITY AND LIABILITIES

		(Restated)	(Restated)
	2015	2014	2013
		(Rupees in '000')	
Note			
5	35,001	39,054	36,896
6	248	594	1,078
7	637,846	467,909	374,423
8	-	-	15
	673,095	507,557	412,412
9	179,371	238,064	159,383
10	13,986	61,534	40,057
11	24,914	20,481	-
12	8,167	22,294	9,863
13	-	2,000	-
14	4,563	4,559	9,723
	231,001	348,932	219,026
	904,096	856,489	631,438
15	183,679	183,679	91,839
	28,548	28,548	30,000
	502,820	392,914	291,342
	715,047	605,141	413,181
16	742	3,517	9,248
17	9,774	9,341	3,853
18	32,189	6,321	8,529
	42,705	19,179	21,630
16	2,442	5,542	5,070
17	6,246	4,893	-
19	107,890	198,120	177,983
20	14,765	16,295	324
11	-	-	9,147
	15,001	7,319	4,103
	146,344	232,169	196,627
21	-	-	-
	189,049	251,348	218,257
	904,096	856,489	631,438

The annexed notes 1 to 38 form an integral part of these financial statements.



**ASAD ABDULLA**  
Chief Executive Officer



**ZUBAIR PALWALA**  
Director

# Profit and Loss Account

for the year ended June 30, 2015

		2015	2014
	Note	(Rupees in '000')	
Sales - net	22	339,619	402,921
Cost of goods sold	23	(273,265)	(294,720)
<b>Gross Profit</b>		<b>66,354</b>	<b>108,201</b>
Selling expenses	24	(91,026)	(104,383)
Distribution expenses	25	(13,532)	(18,037)
Administrative and general expenses	26	(14,146)	(15,438)
		(118,704)	(137,858)
<b>Operating (loss)</b>		<b>(52,350)</b>	<b>(29,657)</b>
Other income	27	12,823	24,432
Finance cost	28	(8,552)	(8,722)
Share of profit of associates	7.1	179,259	108,791
<b>Profit before taxation</b>		<b>131,180</b>	<b>94,844</b>
Provision for taxation	29	(19,993)	15,464
<b>Profit after taxation</b>		<b>111,187</b>	<b>110,308</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit and loss			
Share of (loss) of associates		(1,423)	(9,707)
Deferred tax impact relating to other comprehensive income		142	971
<b>Total comprehensive income</b>		<b>109,906</b>	<b>101,572</b>
<b>Earnings per share - basic and diluted (Rupees)</b>			
Company and associates	35.1	6.05	8.23
Company	35.2	(3.71)	0.11

The annexed notes 1 to 38 form an integral part of these financial statements.



**ASAD ABDULLA**  
Chief Executive Officer



**ZUBAIR PALWALA**  
Director



# Statement of Cash Flow

for the year ended June 30, 2015

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

## ADJUSTMENTS FOR NON - CASH CHARGES AND OTHER ITEMS:

Depreciation

Amortization of Intangible Asset

Provision for employee benefit

Profit on deposit account

Finance cost

(Gain) on disposal of property, plant and equipment

Dividend

Share of profit of associates

Cash (used in) operating activities before working capital changes

(increase) / Decrease in current assets

Increase / (Decrease) in current liabilities

Income tax (paid) / refund - net

Finance cost paid

Gratuity paid

Net cash (used in) operating activities

## CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment

Purchase of intangible assets

Profit on deposit account

Dividend received

Proceeds from disposal of property, plant and equipment

Short term investment

Long term loans received

Net cash generated from investing activities

## CASH FLOWS FROM FINANCING ACTIVITIES

Short term borrowings - secured

Proceeds from issuance of right shares - net

Diminishing musharakah financing

Payment for liabilities against assets subject to finance lease

Net cash (used in) / generated from financing activities

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year

The annexed notes 1 to 38 form an integral part of these financial statements.

Note

	2015	2014
	(Rupees in '000')	
	131,180	94,844
	10,391	12,528
	347	534
	-	26
	(32)	(267)
	8,552	8,722
	(6,221)	(17,425)
	(4,029)	(3,826)
	(179,259)	(108,791)
	(170,251)	(108,499)
	(39,071)	(13,655)
	120,368	(112,590)
	(82,993)	21,914
	37,375	(90,676)
	(1,696)	(104,331)
	1,583	(15,401)
	(8,108)	(9,264)
	-	(1,896)
	(6,525)	(26,561)
	(8,221)	(130,892)
	(9,636)	(20,737)
	-	(50)
	32	267
	11,928	9,424
	9,520	23,476
	2,000	(2,000)
	-	15
	13,844	10,395
	(1,530)	15,971
	-	90,388
	1,786	14,234
	(5,875)	(5,260)
	(5,619)	115,333
	4	(5,164)
	4,559	9,723
	4,563	4,559

14



**ASAD ABDULLA**  
Chief Executive Officer



**ZUBAIR PALWALA**  
Director

# Statement of Changes in Equity

for the year ended June 30, 2015

	Issued, Subscribed and Paid-up Share Capital	General Reserves	Unappropriated Profit	Total
	(Rupees in '000')			
<b>Balance as at June 30, 2013</b>	<b>91,839</b>	<b>30,000</b>	<b>287,121</b>	<b>408,960</b>
Effect of correction of errors - Restated	-	-	4,689	4,689
Deferred tax impact of correction of errors - Restated	-	-	(468)	(468)
<b>Balance as at June 30, 2013 - Restated</b>	<b>91,839</b>	<b>30,000</b>	<b>291,342</b>	<b>413,181</b>
Share issue cost	-	(1,452)	-	(1,452)
Right share issue	91,840	-	-	91,840
Profit for the year ended June 30, 2014	-	-	110,308	110,308
Other comprehensive loss for year ended June 30, 2014	-	-	(9,707)	(9,707)
Deferred tax impact relating to other comprehensive income	-	-	971	971
Total comprehensive income	-	-	101,572	101,572
<b>Balance as at June 30, 2014 - Restated</b>	<b>183,679</b>	<b>28,548</b>	<b>392,914</b>	<b>605,141</b>
Profit for the year ended June 30, 2015	-	-	111,187	111,187
Other comprehensive loss for year ended June 30, 2015	-	-	(1,423)	(1,423)
Deferred tax impact relating to other comprehensive income	-	-	142	142
Total comprehensive income	-	-	109,906	109,906
<b>Balance as at June 30, 2015</b>	<b>183,679</b>	<b>28,548</b>	<b>502,820</b>	<b>715,047</b>

The annexed notes 1 to 38 form an integral part of these financial statements.



**ASAD ABDULLA**  
Chief Executive Officer



**ZUBAIR PALWALA**  
Director



# Notes to the Financial Statements

for the year ended June 30, 2015

## 1. NATURE OF BUSINESS

- 1.1 United Distributors Pakistan Limited (UDPL) was incorporated in Pakistan as a public company limited by shares and is listed in all Stock Exchanges in Pakistan. The registered office of the company is situated at 9th Floor, NIC Building, Abbasi Shaheed Road, Karachi. Its principal business activities are manufacturing, trading and distribution of pesticides, fertilizers and other allied products.
- 1.2 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 Honorable Sindh High Court 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 5,504,149 shares of International Brands Limited (the holding company).

## 2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 BASIS OF PREPARATION

#### STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan (ICAP) and as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

#### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The matters involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements are provision for staff retirement benefit, provision of doubtful and debts written off, stock obsolescence and write off etc.

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

#### NEW OR REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS WHICH BECAME EFFECTIVE DURING THE PERIOD:

There were certain new standards and amendments to the approved accounting standards and new interpretations which became effective during the year but are considered not to be relevant or have no material effect on the company's operations or did not have any material impact on the company's accounting policies and are, therefore, not disclosed in these financial statements.

# Notes to the Financial Statements

for the year ended June 30, 2015

## NEW OR REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE:

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 1, 2015 that may have an impact on the financial statements of the Company.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

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 requirements for use across IFRSs. The requirements 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.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except that obligations under certain employee benefits and investments have been measured at fair value or fair market value.

### 3.2 PROPERTY, PLANT AND EQUIPMENT

#### OWNED ASSETS

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs.

Depreciation is provided on straight line method at rates mentioned below so as to write off the cost of property, plant and equipment over their estimated useful lives.

	Rates
Plant and machinery	10%
Office equipment	15%
Air conditioners	10%
Computers	33%
Furniture and fixture	15%
Motor vehicles	20%
Motor cycles	10%
Leasehold improvement	10%

Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is put to use. For disposal during the year depreciation is charged up to the end of month preceding the month in which property, plant and equipment is disposed off.

Subsequent costs are included in the assets carrying amount when it is probable that future economic benefits associated with the item will increase as a result of that expenditure, will flow to the Company and the cost can be measured reliably. Carrying amount of the replaced part is recognized. All other repairs and maintenance are charged to income during the year. Gains and losses on disposal of property, plant and equipment are included in the profit and loss account currently.

Capital work in progress is stated at cost less accumulated impairment losses, if any. Impairment tests for Property, Plant and Equipment are performed when there is an indication of impairment. When any such indication exists, an estimate of the asset's recoverable amount is calculated being the higher of the fair value of the asset less cost to sell and the asset's value in use.



# Notes to the Financial Statements

for the year ended June 30, 2015

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to the profit and loss account so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Value in use is determined as the present value of the estimated future cash inflows expected to arise from the continued use of the property, plant and equipment in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future developments.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as cash generating units are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Where conditions giving rise to impairment subsequently reverse, the carrying amount of the property, plant and equipment is increased to its revised recoverable amount but limited to the extent of initial cost of the property, plant and equipment.

### 3.3 ASSETS SUBJECT TO FINANCE LEASE

Assets acquired under finance lease are accounted for by recording the asset and the corresponding liability. These amounts are based on discounted value of minimum lease payments. Financial charges are allocated to the income in the period in a manner so as to provide a constant rate on outstanding liability. Depreciation is charged to income applying the same basis as of owned assets.

### 3.4 DIMINISHING MUSHARAKAH FINANCING PAYABLES

Diminishing Musharakah Financing is recognized initially at cost less attributable transaction cost. Subsequent to initial recognition, this is stated at original cost less principal repayments.

### 3.5 INVESTMENTS IN ASSOCIATES

As associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate have been incorporated in these financial statements using the equity method of accounting on the basis of their latest available audited accounts. Under the equity method, investments in associates are carried in the balance sheet at cost as adjusted for post acquisition changes in the company's share of net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of the company's interest in that associate (which includes any long term interest that, in substance, form part of the company's net investment in the associate) are recognized only to the extent that the company has incurred legal or constructive obligation or made payment on behalf of the associate.

### 3.6 STOCK-IN-TRADE

Stock-in-trade is valued at lower of cost, determined on first-in first-out basis, and net realizable value. NRV signifies the estimated selling price in the ordinary course of business less estimated cost of completion and costs necessary to be incurred to make the sale.

Stock-in-transit is valued at cost accumulated to the balance sheet date. Provision is made for the slow moving and obsolete items based on management's judgement.

# Notes to the Financial Statements

for the year ended June 30, 2015

## 3.7 TRADE DEBTS

Trade debts are carried at nominal values less provisions for doubtful debts. Known bad debts, if any, are written off and provision is made against debts considered doubtful. Provision for doubtful debts is based on management's assessment of customers' creditworthiness.

## 3.8 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise of current and deposits account with the commercial banks and cash in transit. Cash and cash equivalents are showed in the balance sheet at cost.

## 3.9 IMPAIRMENT

At each balance sheet date, the company reviews the carrying amounts of its tangible assets for indications of impairment loss. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless otherwise allowed.

## 3.10 EMPLOYEE BENEFITS

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company.

The accounting policies for defined contribution is given below:

### DEFINED CONTRIBUTION PLAN:

The company operates an approved defined contributory provident fund scheme for all eligible employees who have completed the minimum qualifying period of service. Equal contributions are made by the Company and employees to the fund at the rate of 10% of the basic salary.

## 3.11 TAXATION

Taxation for the year comprises current and deferred tax. Taxation is recognized in the profit and loss account except to the extent that it relates to item recognized out side profit and loss account.

### CURRENT

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit/loss for the year if enacted. The charge for current tax also includes adjustments where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### DEFERRED

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.



# Notes to the Financial Statements

for the year ended June 30, 2015

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted Upto the balance sheet date. Deferred tax is charged or credited in the profit and loss account.

## 3.12 TRADE AND OTHER PAYABLES

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

## 3.13 PROVISIONS

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

## 3.14 REVENUE RECOGNITION

Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of Government levies, discounts and incentives.

Distribution fee is recognized on rendering of services to customers and is measured at the fair value of the consideration received or receivable.

## 3.15 FINANCE INCOME AND EXPENSE

Finance income comprises interest income on funds invested, delayed payments from customers, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gain and losses are reported on a net basis.

Finance cost comprises interest expense on borrowings. Markup and other charges on borrowings are charged to income in the period in which they are incurred.

## 3.16 TRANSACTIONS WITH RELATED PARTIES

The company enters into transactions with related parties for purchase of goods and services. All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible. The Exceptions (if any) to the approval of the Board of Directors, made when it is in the interest of the company to do so.

# Notes to the Financial Statements

for the year ended June 30, 2015

## 3.17 FOREIGN CURRENCIES

Pak rupees is the functional currency of the Company.

Transactions in foreign currencies are accounted for in Pak rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date. Bills payable against imports covered by forward exchange contracts are converted at the contracted rates. Exchange gains/losses are recognized in income currently.

## 3.18 DIVIDEND PAYABLE

Dividend is recognized as a liability in the period in which it is declared.

## 3.19 FINANCIAL INSTRUMENTS

### FINANCIAL ASSETS

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (A) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

#### (B) LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the balance sheet.

#### (C) AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. These comprise investment in shares.

#### (D) HELD TO MATURITY

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.



# Notes to the Financial Statements

for the year ended June 30, 2015

## FINANCIAL LIABILITIES

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

Financial liabilities carried on the balance sheet include Medium term finances, short term finances under markup arrangements and trade and other payables.

## 3.20 OFF SETTING

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and also intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## 4. RESTATEMENT

During the year's audit, an error was found in previous years' financial statements, in investment in associate and related deferred tax amounting to Rs 4,689,000 and Rs. 468,900 respectively.

The correction of prior year error has been accounted for retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and comparative figures have been restated.

# Notes to the Financial Statements

for the year ended June 30, 2015

## 5. PROPERTY, PLANT AND EQUIPMENT

	Plant & Machinery	Office Equipment	Air Conditioners	Computers	Furniture & Fixtures	Motor Vehicles	Motor Cycles	Leasehold Improvements	Sub-Total	Motor Vehicles Leased	Sub-Total	Total
(Rupees in '000)												
<b>Year ended June, 30, 2014</b>												
Opening net book Value	2,352	1,056	443	355	2,411	12,917	655	557	20,745	16,151	16,151	36,896
Additions	511	144	180	522	-	19,380	-	-	20,737	-	-	20,737
<b>Transfers</b>												
Cost/Revalued amount	-	-	-	-	-	1,337	-	-	1,337	(1,337)	(1,337)	-
Accumulated depreciation	-	-	-	-	-	(802)	-	-	(802)	802	802	-
	-	-	-	-	-	535	-	-	535	(535)	(535)	-
<b>Disposals</b>												
Cost/Revalued amount	-	(221)	(171)	(268)	(22)	(28,335)	(115)	-	(29,132)	-	-	(29,132)
Accumulated depreciation	-	172	121	268	16	22,448	54	-	23,081	-	-	23,081
	-	(49)	(50)	-	(4)	(5,882)	(81)	-	(6,051)	-	-	(6,051)
Depreciation charge	(641)	(311)	(80)	(322)	(617)	(8,827)	(111)	(76)	(8,985)	(3,543)	(3,543)	(12,528)
<b>Closing net book value</b>	<b>2,222</b>	<b>842</b>	<b>493</b>	<b>555</b>	<b>1,790</b>	<b>20,118</b>	<b>483</b>	<b>481</b>	<b>26,981</b>	<b>12,073</b>	<b>12,073</b>	<b>39,054</b>
<b>At June 30, 2014</b>												
Cost	7,308	3,057	1,006	2,560	4,125	36,002	1,048	762	55,857	16,937	16,937	72,794
Accumulated depreciation	(5,086)	(2,215)	(513)	(1,995)	(2,335)	(15,884)	(565)	(281)	(28,879)	(4,864)	(4,864)	(33,740)
<b>Net book value</b>	<b>2,222</b>	<b>842</b>	<b>493</b>	<b>555</b>	<b>1,790</b>	<b>20,118</b>	<b>483</b>	<b>481</b>	<b>26,981</b>	<b>12,073</b>	<b>12,073</b>	<b>39,054</b>
<b>Year ended June, 30, 2015</b>												
Opening net book Value	2,222	842	493	555	1,790	20,118	483	481	26,981	12,073	12,073	39,054
Additions	978	355	113	111	15	8,653	-	-	9,638	-	-	9,636
<b>Transfers</b>												
Cost/Revalued amount	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
<b>Disposals</b>												
Cost/Revalued amount	-	(712)	(377)	(130)	(3,294)	(6,067)	(243)	-	(10,293)	(1,970)	(1,970)	(12,263)
Accumulated depreciation	-	112	218	53	1,805	5,718	148	-	8,144	821	821	8,965
	-	(130)	(159)	(47)	(1,369)	(349)	(95)	-	(2,149)	(1,149)	(1,149)	(3,298)
Depreciation charge	(570)	(293)	(67)	(233)	(224)	(5,617)	(88)	(76)	(7,166)	(3,223)	(3,223)	(10,391)
<b>Closing net book value</b>	<b>2,630</b>	<b>805</b>	<b>380</b>	<b>386</b>	<b>182</b>	<b>22,215</b>	<b>300</b>	<b>405</b>	<b>27,300</b>	<b>7,701</b>	<b>7,701</b>	<b>35,001</b>
<b>At June 30, 2015</b>												
Cost	9,286	3,201	742	2,561	847	37,998	805	762	55,200	14,967	14,967	70,167
Accumulated depreciation	(6,656)	(2,396)	(362)	(2,175)	(665)	(15,783)	(505)	(357)	(27,900)	(7,266)	(7,266)	(35,166)
<b>Net book value</b>	<b>2,630</b>	<b>805</b>	<b>380</b>	<b>386</b>	<b>182</b>	<b>22,215</b>	<b>300</b>	<b>405</b>	<b>27,300</b>	<b>7,701</b>	<b>7,701</b>	<b>35,001</b>

### 5.1 DEPRECIATION FOR THE YEAR HAS BEEN ALLOCATED TO:

Selling expenses	24
Distribution expenses	25
Administrative and general expenses	26
Processing cost	23.2

Note

2015

2014

(Rupees in '000')

8,996	10,581
186	310
429	770
780	867
<b>10,391</b>	<b>12,528</b>



# Notes to the Financial Statements

for the year ended June 30, 2015

## 5.2 PARTICULAR OF DISPOSAL OF FIXED ASSETS

Assets	Mode of Disposals	Particulars of Buyers	Cost	Acc. Dep	W.D.V	Sale Proceed
(Rupees in '000')						
Office Equipment	Scrapped	Various Buyers	9	9	-	3
	Scrapped	Various Buyers	14	12	2	8
	Scrapped	Various Buyers	15	2	12	-
	Scrapped	Various Buyers	14	3	11	4
	Snatched	Nil	15	2	12	-
	Negotiations	IBL HealthCare Ltd	133	76	57	73
	Scrapped	Various Buyers	9	6	3	9
	Scrapped	Various Buyers	4	1	3	7
	Scrapped	Various Buyers	4	1	3	7
Air Conditioners	Scrapped	The Searle Company	146	48	98	146
	Scrapped	Various Buyers	20	20	-	12
	Negotiations	IBL HealthCare Ltd	211	150	61	191
Computers	Scrapped	Various Buyers	1	-	-	2
	Snatched	Nil	27	27	-	-
	Scrapped	IBL	73	26	47	65
Furniture and Fixtures	Scrapped	The Searle Company	1,567	881	685	1,864
	Scrapped	Various Buyers	80	60	19	57
	Negotiations	IBL HealthCare Ltd	1,636	945	691	1,744
	Scrapped	Various Buyers	8	4	3	4
	Scrapped	Various Buyers	4	4	-	2
Motor Vehicles	Negotiations	Mansoor Ahmed	845	711	134	615
	Total Loss	AIG	1,038	397	641	750
	Negotiations	Nusrat Iqbal	830	789	42	585
	Negotiations	Nusrat Iqbal	805	778	27	555
	Negotiations	Nusrat Iqbal	790	790	-	540
	Negotiations	Tariq Mehmood	830	789	42	590
	Negotiations	Abdul Karim	830	789	42	560
	Negotiations	Talat Mehmood	1,030	1,030	-	270
	Negotiations	Faizan Ahmed	1,039	468	572	785
Motor Cycles	Negotiations	Nasir Iqbal	62	31	31	32
	Scrapped	Mohd. Ilyas	50	46	4	7
	Negotiations	Khalid Mehmood	70	38	32	40
	Snatched		62	34	28	-
<b>2015</b>			<b>12,267</b>	<b>8,966</b>	<b>3,299</b>	<b>9,520</b>
<b>2014</b>			<b>29,132</b>	<b>23,081</b>	<b>6,051</b>	<b>23,476</b>

# Notes to the Financial Statements

for the year ended June 30, 2015

## 6. INTANGIBLE ASSETS

Balance at beging of the year  
Additions during the year  
Amortization charged during the year

### Carrying amount

### As at June 30

Cost  
Accumulated amortization

### Net book value

	2015	2014
Note	(Rupees in '000')	
	594	1,078
	-	50
	(346)	(534)
	<b>248</b>	<b>594</b>
	2,186	2,186
	(1,938)	(1,592)
	<b>248</b>	<b>594</b>

## 7. LONG TERM INVESTMENTS

Balance at beginning of the year

Share of undistributed income for the year - net  
Share of other comprehensive (loss) of associate

Balance at end of the year

7.1 Share of profit of associated companies  
Less: Dividend received

	2015	2014
Note	(Rupees in '000')	
	467,909	374,423
7.1	171,360	103,193
	(1,423)	(9,707)
	<b>637,846</b>	<b>467,909</b>
	179,259	108,791
	(7,899)	(5,598)
	<b>171,360</b>	<b>103,193</b>

7.2 Share of profit of associated companies are based on the latest audited financial statements.



# Notes to the Financial Statements

for the year ended June 30, 2015

	2015	(Restated) 2014
	(Rupees in '000')	
<b>7.3 THE COMPANY'S INTEREST IN ASSOCIATED COMPANIES ARE AS FOLLOWS</b>		
<b>IBL Healthcare Limited - Quoted</b>		
669,889 (2014: 521,315) (Specie dividend) ordinary shares of Rs. 10 each	13,044	9,811
Cost Rs. 4,533,180 (2014: 4,533,180)		
Quoted market value as at June 30, 2015: Rs. 76,422,230		
(2014: Rs. 44,833,090)		
<b>FMC United (Private) Limited - Unquoted</b>		
1,639,418 (2014: 1,639,418) fully paid ordinary shares of Rs. 10 each	541,139	374,435
Cost Rs. 16,394,180 (2014: 16,394,180)	554,183	384,246
<b>Investments Available for Sale</b>		
<b>International Brands Limited - Unquoted</b>		
7,386,568 (2014: 6,715,062) fully paid ordinary Shares of Rs. 10 each	83,663	83,663
Cost Rs. 83,663,056 (2014: 83,663,056)	637,846	467,909

## 7.4 THE COMPANY'S SHARE IN ASSETS, LIABILITIES, REVENUES AND PROFIT OF ASSOCIATED COMPANIES BASED ON THE MOST RECENT AVAILABLE FINANCIAL STATEMENTS IS AS FOLLOWS:

	Assets	Liabilities	Turnover	Profit After Tax	Holding %	Position	Chief Executive Officers
	(Rupees in '000')						
<b>June 30, 2015</b>							
IBL Healthcare Limited	861,669	197,342	931,981	165,637	2.27%	As on June 30, 2015	Mr. Mufti Zia ul Islam
FMC United (Private) Limited	4,730,692	3,367,593	5,611,427	438,765	40.00%	As on December 31, 2014	Mr. Farooq Shahid
<b>June 30, 2014</b>							
IBL HealthCare Limited	610,555	88,860	910,004	148,837	2.27%	As on June 30, 2014	Mr. Mufti Zia ul Islam
FMC United (Private) Limited	3,780,831	2,844,744	4,681,933	263,543	40.00%	As on December 31, 2013	Mr. Farooq Shahid

**7.5** Although, the company has less than 20 percent shareholding in IBL Healthcare Limited, this company has been treated as associate since the company has representation on its Board of Directors.

# Notes to the Financial Statements

for the year ended June 30, 2015

## 8. LONG TERM LOANS - STAFF - SECURED

Considered good

To employees

Less: Current portion

	2015	2014
Note	----- (Rupees in '000') -----	

	73	527
	(73)	(527)
	-	-

8.1 Reconciliation of carrying amount of loans to executives and other employees:

	Balance as at July 01, 2014	Disbursements During the Year	Repayments During the Year	Balance as at June 30, 2015
	----- (Rupees in '000') -----			
Due from:				
Employees	527	200	654	73
	527	200	654	73

8.2 This represents interest free loans to employees for staff welfare in accordance with the Company's employment policy, repayable as per the terms of arrangement over the period of 1-3 years.

8.3 Maximum aggregate amount outstanding at the end of any month during the year against loan was Rs. 316,265 (2014: Rs. 681,990).

## 9. STOCK IN TRADE

Finished goods

Raw materials

Packing materials

Less: Provision for obsolete stock

	2015	2014
Note	----- (Rupees in '000') -----	

	143,470	180,109
	33,032	52,858
	7,279	14,622
9.1	(4,410)	(9,525)
	179,371	238,064

### 9.1 PROVISION FOR OBSOLETE STOCK

Opening balance

Provision made during the year

Inventory written off against provision

	9,525	19,468
	(4,746)	(8,520)
	4,779	10,948
	(369)	(1,423)
	4,410	9,525



# Notes to the Financial Statements

for the year ended June 30, 2015

		2015	2014
	Note	(Rupees in '000')	
<b>10. TRADE DEBTS</b>			
Considered good - secured		10,259	4,825
Considered good - unsecured		3,727	56,709
		<b>13,986</b>	<b>61,534</b>
<b>10.1 TRADE DEBTS</b>			
Upto 03 months		5,498	55,726
03 to 06 months		2,830	5,808
More than 06 months		5,658	-
		<b>13,986</b>	<b>61,534</b>
<b>11. TAXATION - NET</b>			
Advance income tax		80,095	71,529
Less: Provision for taxation		(55,181)	(51,048)
		<b>24,914</b>	<b>20,481</b>
<b>12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Loans and advances - Unsecured, considered good:</b>			
Employees	12.1	1,156	2,457
Advance against expenses		111	173
		<b>1,267</b>	<b>2,630</b>
<b>Deposits:</b>			
Rent deposit		2,325	2,766
<b>Prepayments:</b>			
Prepaid rent		-	648
Prepaid insurance		83	87
Prepaid expenses		67	-
Prepaid import		69	10
		<b>219</b>	<b>745</b>
<b>Other receivables:</b>			
Related party balance	12.2	3,438	1,854
Sales tax (net)		562	13,524
Others		356	775
		<b>4,356</b>	<b>16,153</b>
		<b>8,167</b>	<b>22,294</b>

12.1 Includes current portion of long term loans amounting to Rs. 0.074 million (2014: Rs. 0.527 million).

12.2 This represent receivable from IBL Operations (Private) Limited and The Searle Company Limited, in respect of claims and recoverable expenses for the year ended June 30, 2015.

# Notes to the Financial Statements

for the year ended June 30, 2015

## 13. SHORT TERM INVESTMENT

Short term investment at fair value through profit and loss

	2015	2014
Note	(Rupees in '000')	
13.1	-	2,000

13.1 Investment made in Al-Meezan mutual fund has redeemed during the year.

## 14. CASH AND BANK BALANCES

Cash in transit  
Cash at Bank - current accounts

1,293	2,729
3,270	1,830
<b>4,563</b>	<b>4,559</b>

## 15. SHARE CAPITAL

### AUTHORISED SHARE CAPITAL

2015	2014
----- Number of Shares (in '000') -----	
<b>25,000</b>	<b>25,000</b>

2015	2014
----- (Rupees in '000') -----	
<b>250,000</b>	<b>250,000</b>

### ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014	
----- Number of Shares (in '000') -----		
5,000	5,000	Ordinary share of Rs. 10 each fully paid in cash
4,184	4,184	Ordinary shares issued as fully paid bonus shares
9,184	9,184	Right shares issued
<b>18,368</b>	<b>18,368</b>	

2015	2014
----- (Rupees in '000') -----	
50,000	50,000
41,839	41,839
91,840	91,840
<b>183,679</b>	<b>183,679</b>

15.1 International Brands Limited is the holding company, which holds 71.7% shares (2014: 71.7%) in United Distributors Pakistan Limited.



# Notes to the Financial Statements

for the year ended June 30, 2015

## 16. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

### MINIMUM LEASE PAYMENTS

	2015			2014		
	Minimum Lease Payments	Principal	Financial Charges	Minimum Lease Payments	Principal	Financial Charges
	(Rupees in '000')					
Not later than one year	2,442	2,442	-	6,371	5,542	829
Later than one year but not later than five years	984	742	242	3,794	3,517	277
	<b>3,426</b>	<b>3,184</b>	<b>242</b>	<b>10,165</b>	<b>9,059</b>	<b>1,106</b>

The Company has entered into finance lease agreements with leasing companies and modarabas for financing to acquire motor vehicles. Payments under these agreements include finance charges based on 3/6 month KIBOR + 1.75%, which are used as discounting factors and are payable in monthly instalments. The Company can exercise purchase option by adjusting the amount of security deposits at the expiry of the lease period.

## 17. DIMINISHING MUSHARAKAH FINANCING PAYABLE

Musharakah financing  
Due within one year

	2015	2014
Note	(Rupees in '000')	
	16,020	14,234
	(6,246)	(4,893)
	<b>9,774</b>	<b>9,341</b>

17.1 These facilities will maximum mature till 2020, and are secured against demand promissory note and post dated cheques. The share of profit payable on this facility is based on six months KIBOR + 1.75%.

## 18. DEFERRED TAXATION

Debit/(Credit) balance arising in respect of temporary differences:

Property, plant and equipment  
Long term investments  
Stock in trade  
Carried forward tax loss  
Lease assets obligations

	2015	2014
	(Rupees in '000')	
	(237)	(2,595)
	53,325	34,184
	(1,455)	(3,238)
	(18,393)	(18,950)
	(1,051)	(3,080)
	<b>32,189</b>	<b>6,321</b>

(Restated)

# Notes to the Financial Statements

for the year ended June 30, 2015

## 19. TRADE AND OTHER PAYABLES

	2015	2014
	(Rupees in '000')	
Creditors	86,646	157,048
Accrued liabilities	17,942	36,234
Tax deducted at source	397	366
Provident fund payable	298	327
Gratuity payable	-	1,983
Unclaimed dividend	595	595
Interest accrued on short term borrowing	624	179
Workers' welfare fund	1,388	1,388
	<b>107,890</b>	<b>198,120</b>

## 20. SHORT TERM BORROWINGS - SECURED

Running finance	20.1	14,765	16,295
		<b>14,765</b>	<b>16,295</b>

20.1 The Company obtained running finance facility from Habib Metropolitan Bank Limited at interest of KIBOR+2% (2014: KIBOR+2%) respectively. This facility have been secured by way of hypothecation on current and fixed assets of the company and personal guarantee of directors.

## 21. CONTINGENCIES AND COMMITMENTS

Letter of credit issued by various bank on behalf of the Company in ordinary course of business outstanding at the year end amounted to Rs. 13.88 million (June 30, 2014: Rs. 11.94 million).

## 22. SALES

	2015	2014
	(Rupees in '000')	
Gross sales (inclusive of GST)	434,767	482,286
Less: Sales tax	(65,931)	(69,614)
Discounts	(29,217)	(9,751)
	<b>339,619</b>	<b>402,921</b>

## 23. COST OF GOODS SOLD

Opening stock of finished goods	180,109	138,552
Add: Purchases of finished goods	28,373	18,736
Cost of goods manufactured	213,368	327,484
Goods available for sale	421,850	484,772
Less: Closing stock of finished goods	(143,470)	(180,109)
Stock write off	(369)	(1,423)
Less: Reversal of obsolete stock	(4,746)	(8,520)
	<b>273,265</b>	<b>294,720</b>



# Notes to the Financial Statements

for the year ended June 30, 2015

## 23.1 COST OF GOODS MANUFACTURED

### Opening Stock:

Raw material  
Packing materials  
In transit

### Add: Purchases

Raw material - imported  
Raw material - local  
Packing materials

Available for consumption

### Closing Stock:

Raw materials  
Packing materials

Raw and packing materials consumed

Add: Processing costs

	2015	2014
Note	----- (Rupees in '000') -----	
	52,858	22,267
	14,622	9,252
	-	8,780
	67,480	40,299
	113,372	203,001
	44,871	100,971
	15,929	37,192
	174,172	341,164
	241,652	381,463
9	(33,032)	(52,858)
9	(7,279)	(14,622)
	(40,311)	(67,480)
	201,341	313,983
23.2	12,027	13,501
	<b>213,368</b>	<b>327,484</b>

## 23.2 PROCESSING COST

Salaries, wages, allowances and benefits  
Rent, rate and taxes  
Repair and maintenance  
Utilities  
Depreciation  
Others

	4,135	5,297
	3,599	3,645
	1,230	534
	883	760
5.1	780	867
	1,400	2,398
	<b>12,027</b>	<b>13,501</b>

## 24. SELLING EXPENSES

Salaries, allowances and benefits  
Staff provident fund  
Distribution freight  
Vehicle running expenses  
Depreciation  
Amortization of Software  
Commission and incentives  
Travelling, boarding and lodging  
Sales promotion and advertisement  
Communication  
Entertainment  
Product registration and renewals  
Insurance  
Rent, rates and taxes  
Utilities  
Repair and maintenance  
Printing and stationery  
Fee, subscription and periodicals  
Others

	44,854	44,310
	1,219	1,074
	13,604	16,696
	15,058	18,807
5.1	8,996	10,581
	13	200
	39	2,532
	2,965	3,420
	396	1,363
	1,124	1,468
	415	518
	1,391	1,516
	437	576
	-	(11)
	74	292
	176	244
	90	143
	35	117
	140	537
	<b>91,026</b>	<b>104,383</b>

# Notes to the Financial Statements

for the year ended June 30, 2015

## 25. DISTRIBUTION EXPENSES

Salaries, allowances and benefits  
Staff provident fund  
Staff gratuity  
Rent, rates and taxes  
Depreciation  
Safety and security  
Utilities  
Communication  
Vehicle running expenses  
Repair and maintenance  
Travelling, boarding and lodging  
Printing and stationery  
Entertainment  
Fee, subscription and periodicals  
Others

	2015	2014
Note	(Rupees in '000')	
	5,413	8,139
	244	392
	-	26
	4,534	5,098
5.1	186	310
	816	888
	535	567
	457	592
	503	892
	304	469
	62	259
	183	129
	186	262
	17	14
	92	-
	<b>13,532</b>	<b>18,037</b>

## 26. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances and benefits  
Staff provident fund  
Rent, rates and taxes  
Depreciation  
Amortization of software cost  
Legal and professional charges  
Travelling and conveyance  
Communication  
Vehicle running expenses  
Printing and stationery  
Auditors' remuneration  
Utilities  
Entertainment  
Repair and maintenance  
Fee, subscription and periodicals  
Advertisement  
Software development  
Safety and security  
Training and development  
Corporate expenses

	6,016	5,666
	330	308
	480	1,200
5.1	429	770
	334	334
	1,119	1,783
	817	726
	242	369
	648	850
	338	361
26.1	453	541
	120	203
	112	176
	215	297
	824	1,312
	60	206
	340	316
	53	-
	16	20
	1,200	-
	<b>14,146</b>	<b>15,438</b>

### 26.1 AUDITORS' REMUNERATION

Annual audit fee  
Half year review / audit fee  
Out of pocket expenses

	300	300
	100	200
	53	41
	<b>453</b>	<b>541</b>



# Notes to the Financial Statements

for the year ended June 30, 2015

## 27. OTHER INCOME

### Income from financial assets:

Profit on bank deposits

Dividend received from holding company

### Income from non financial assets:

Gain from disposal of property, plant and equipment

Others

	2015	2014
Note	(Rupees in '000')	
	32	267
	4,029	3,826
	4,061	4,093
	6,221	17,425
	2,541	2,914
	8,762	20,339
	12,823	24,432

## 28. FINANCE COST

Finance charges on leases

Bank charges and commission

Mark up on short term borrowings

Diminishing Musharakah financing

Additional charges on letter of credit mark up

Exchange fluctuations - net

784	1,408
361	1,228
3,431	2,062
1,422	914
166	-
2,388	3,110
8,552	8,722

## 29. PROVISION FOR TAXATION

Current tax

Prior year tax

Deferred tax

Tax effect on loss surrendered to The Searle Company Limited

29.1

5,540	4,904
-	(19,131)
26,011	(1,237)
(11,558)	-
19,993	(15,464)

### 29.1 TAX CHARGE RECONCILIATION

Relationship between tax expense and accounting profit has not been presented in current year as tax has been computed under section 113 of Income Tax Ordinance, 2001 i.e. Minimum tax and final tax regime.

## 30. TRANSACTIONS WITH RELATED PARTIES

Related party comprises associated company, holding company, companies with common directorship and key management personnel. Transaction of the Company with related parties and balance outstanding at the year end are as follows:

### 30.1 BY VIRTUE OF INVESTMENT IN HOLDING COMPANY AND COMMON DIRECTORSHIP

#### International Brands Limited

Dividend received

Claimable expenses charged by IBL

Current account receipts /(payments)

4,029	3,826
1,200	-
1,200	-

# Notes to the Financial Statements

for the year ended June 30, 2015

	2015	2014
Note	(Rupees in '000')	
30.2 BY VIRTUE OF INVESTMENT IN ASSOCIATES AND COMMON DIRECTORSHIP		
<b>FMC UNITED (PRIVATE) LIMITED</b>		
Dividend received	7,377	4,918
Share of profit for the year	175,507	105,417
Share of other comprehensive (loss)	(1,423)	(9,707)
<b>THE SEARLE COMPANY LIMITED</b>		
Claimable expenses charged by UDPL	696	746
Sale of fixed assets	2,010	-
Group tax relief	11,558	-
Current account receipts /(payments)	12,488	944
Current account (receivable) /payable	(2,036)	(260)
<b>IBL HEALTHCARE LIMITED</b>		
Share of profit	3,754	3,374
Dividend received	521	680
Sale of fixed assets	2,009	-
Current account receipts /(payments)	2,009	-
<b>IBL OPERATIONS (PRIVATE) LIMITED</b>		
Claimable expense charged by UDPL	3,121	2,895
Claimable expenses charged by IBL	120	1,617
Current account receipts /(payments)	(1,985)	(2,410)
Current account (receivable) / payable	(2,601)	(1,586)
<b>INTERNATIONAL FRANCHISES (PVT.) LTD (DUNKIN DONUTS)</b>		
Claimable expenses charged by UDPL	-	31
Current account (Receipts) / Payments	-	(26)
Current account (Receivable) / payable	-	(5)
<b>HABBIT</b>		
Claimable expenses charged by UDPL	-	33
Claimable expenses charged by Habbit	-	30
Current account (Receivable) / payable	-	3



# Notes to the Financial Statements

for the year ended June 30, 2015

## 31. REMUNERATION OF DIRECTOR AND EXECUTIVES

	DIRECTOR		EXECUTIVES	
	2015	2014	2015	2014
	(Rupees in '000')			
<b>Managerial remuneration</b>				
Basic salary	-	-	7,401	7,158
Allowances	-	-	5,390	4,260
Bonus	-	-	451	511
Company's contribution to provident fund	-	-	690	660
	-	-	<b>13,932</b>	<b>12,589</b>
Number of persons	-	-	10	10

31.1 A sum of Rs. 22,000 (2014: Rs. 35,000) was paid to five directors being fee for attending the Board of Directors' meeting. The above does not include remuneration, if any, paid to or provided for in respect of Directors and Executive by any associated companies.

31.2 Directors and Executives are provided with free use of Company maintained cars. They are also entitled for medical facility to the extent of reimbursement of actual expenditure and other benefits in accordance with their terms of employment.

31.3 There was no remuneration paid to Chief Executive Officer and remaining Directors since the same has been paid to them by the other related parties in the capacity of Directors and Chief Executive Officer of that company.

## 32. PLANT CAPACITY / UTILIZATION

	Installed Capacity per annum Ltr/Kg (based on eight hours)	2015	2014
		Actual Production (Units)	Actual Production (Units)
		(Units in '000')	
Liquid (Bottles)	1,633	233	495
Sachet (Powder)	197	45	158
Granular Plant	1,352	242	110
	<b>3,182</b>	<b>520</b>	<b>763</b>

# Notes to the Financial Statements

for the year ended June 30, 2015

## 33. FINANCIAL ASSETS AND LIABILITIES

### INTEREST / MARK-UP RATE RISK EXPOSURE

JUNE 30, 2015

	Interest / mark-up bearing			Non-Interest / mark-up bearing				Total
	Maturity upto one year	Maturity from one to five year	Sub Total	Maturity upto one year	Maturity from one to five year	Equity Instrument	Sub Total	
(Rupees in '000')								
<b>Financial assets</b>								
Investments	-	-	-	-	-	637,846	637,846	637,846
Advances, deposits and other receivables	-	-	-	6,681	-	-	6,681	6,681
Trade debts	-	-	-	13,986	-	-	13,986	13,986
Cash and bank balances	-	-	-	4,563	-	-	4,563	4,563
	-	-	-	25,230	-	637,846	663,076	663,076
<b>Financial liabilities</b>								
Liabilities against assets subject to finance lease	2,442	742	3,184	-	-	-	-	3,184
Diminishing musharakah financing	6,246	9,774	16,020	-	-	-	-	16,020
Trade and other payables	-	-	-	107,890	-	-	107,890	107,890
Short term borrowing	14,765	-	14,765	-	-	-	-	14,765
	23,453	10,516	33,969	107,890	-	-	107,890	141,859

### INTEREST / MARK-UP RATE RISK EXPOSURE

JUNE 30, 2014

RATE RISK EXPOSURE

	Interest / mark-up bearing			Non-Interest / mark-up bearing				
	Maturity upto one year	Maturity from one to five year	Sub Total	Maturity upto one year	Maturity from one to five year	Equity Instrument	Sub Total	Total
(Rupees in '000')								
<b>Financial assets</b>								
Investments	2,000	-	2,000	-	-	467,909	467,909	469,909
Advances, deposits and other receivables	-	-	-	18,919	-	-	18,919	18,919
Trade debts	-	-	-	61,534	-	-	61,534	61,534
Cash and bank balances	-	-	-	4,559	-	-	4,559	4,559
	<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>85,012</b>	<b>-</b>	<b>467,909</b>	<b>552,921</b>	<b>554,921</b>
<b>Financial liabilities</b>								
Liabilities against assets subject to finance lease	5,542	3,517	9,059	-	-	-	-	9,059
Diminishing musharakah financing	4,893	9,341	14,234	-	-	-	-	14,234
Trade and other payables	-	-	-	198,120	-	-	198,120	198,120
Short term borrowing	16,295	-	16,295	-	-	-	-	16,295
	<b>26,730</b>	<b>12,858</b>	<b>39,588</b>	<b>198,120</b>	<b>-</b>	<b>-</b>	<b>198,120</b>	<b>237,708</b>

The effective interest / mark-up rates for monetary financial assets / liabilities are mentioned in the respective notes to the accounts.

### EXPOSURE TO CREDIT RISK

The Company attempts to control credit risk associated with the carrying amount of its receivables by reducing credit sales limits and securing credits through bank and personal guarantees.

### EXPOSURE TO CURRENCY RATE RISK

The Company attempts to reduce exposure to risk of currency rates by monitoring currency market changes and if appropriate entering into forward cover agreements with banks. Assets amounting to Rs. NIL (2014: Rs. NIL) are exposed to currency rate risk.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of all financial instruments reflected in the financial statements approximates their fair values.

33.1 There have been no more than five years balances of financial assets and liabilities as at June 30, 2015.



# Notes to the Financial Statements

for the year ended June 30, 2015

## 34. PROVIDENT FUND

The following information is based on Un-audited financial statements of the fund as at June 30, 2015.

	2015	2014
Note	(Rupees in '000')	
Provident fund - Management	74,874	67,089
Provident fund - Staff	43,234	38,573
Size of fund	118,108	105,662
Fair value of investment	117,194	104,464
Percentage of investment made	99.23%	98.87%

34.1 The cost of above investment amount to Rs. 58,826,557/- (2014: Rs. 24,448,495/-).

34.2 Break up of value of investment is as follows:

PROVIDENT FUND-MANAGEMENT	2015	2014	2015	2014
Mutual Funds	51.26%	22.49%	37,987	14,864
Government Securities - National Investment Trust	48.74%	77.51%	36,115	51,217
			74,102	66,081
PROVIDENT FUND-STAFF	2015	2014	2015	2014
Mutual Funds	52.00%	19.02%	22,408	7,302
Government Securities - National Investment Trust	48.00%	80.98%	20,684	31,081
			43,092	38,383
			117,194	104,464

## 35. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

### 35.1 COMPANY AND ASSOCIATES

Profit after tax	111,187	110,308
Weighted average ordinary shares (Numbers)	18,368	13,408
Earnings per share	6.05	8.23

### 35.2 COMPANY

Profit after tax	111,187	110,308
Less: Share of profit of associates	(179,259)	(108,791)
Profit of company	(68,072)	1,517
Weighted average ordinary shares (Numbers)	18,368	13,408
Earnings per share	(3.71)	0.11

# Notes to the Financial Statements

for the year ended June 30, 2015

## 36. NUMBER OF EMPLOYEES

Total number of employees at year end 81 (2014: 95).

The average number of employees during the year is 89 (2014: 99).

## 37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the board of directors of the Company and authorized for issue on September 23, 2015.

## 38. FIGURES

Figures have been rounded off to the nearest rupee in thousand.

Some of the previous year figures have been reclassified to facilitate better presentation in the current year.



ASAD ABDULLA  
Chief Executive Officer



ZUBAIR PALWALA  
Director



# Pattern of Shareholding

as at June 30, 2015

## CATEGORIES OF SHAREHOLDERS

Categories Of Shareholders	Shareholders	Shares Held	% age
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN			
Rashid Abdulla	2	1,506	0.01
Asad Abdulla	1	6,930	0.04
Ayaz Abdulla	1	1,264	0.01
Zubair Razzak Palwala	1	1,264	0.01
Syed Nadeem Ahmed	1	1,000	0.01
Tahir Saeed	1	500	0.00
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
International Brands Limited	2	13,169,774	71.70
EXECUTIVES			
	-	-	-
PUBLIC SECTOR COMPANIES AND CORPORATIONS			
	4	712	0.00
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS			
	6	949,629	5.17
MUTUAL FUNDS			
CDC - Trustee National Investment (Unit) Trust	1	904,776	4.93
GENERAL PUBLIC			
a. Local	1,334	3,007,363	16.37
b. Foreign	-	-	-
FOREIGN COMPANIES			
	1	278	0.00
OTHERS			
	13	322,804	1.76
Totals	<b>1,368</b>	<b>18,367,800</b>	<b>100.00</b>

## Share holders holding 5% or more

	Shares Held	Percentage
International Brands Limited	13,169,774	71.70

# Pattern of Shareholding

as at June 30, 2015

## DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN

S.No.	Folio No.	Name of Shareholder	Number of Shares	% age
01.	2	Rashid Abdulla	242	0.00
02.	03277-11384	Rashid Abdulla	1,264	0.01
03.	03277-20909	Asad Abdulla	6,930	0.04
04.	03277-21385	Ayaz Abdulla	1,264	0.01
05.	02113-1037	Zubair Razzak Palwala	1,264	0.01
06.	02113-3397	Syed Nadeem Ahmed	1,000	0.01
07.	07179-5250	Tahir Saeed	500	0.00
<b>7</b>			<b>12,464</b>	<b>0.07</b>

## ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

01.	03277-2937, 2347	International Brands Limited	13,169,774	71.70
<b>2</b>			<b>13,169,774</b>	<b>71.70</b>

## EXECUTIVE

NIL	-	-
-	-	-

## PUBLIC SECTOR COMPANIES AND CORPORATIONS

01.	33	National Bank of Pakistan Trustee Wing	200	0.00
02.	1799	Industrial Development Bank of Pakistan ( ICP Unit )	200	0.00
03.	00083-36	IDBL (ICP Unit)	58	0.00
04.	03889-28	National Bank of Pakistan	254	0.00
<b>4</b>			<b>712</b>	<b>0.00</b>

## BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS

01.	2640	Crescent Investment Bank Ltd.	347	0.00
02.	2520	Crescent Standard Modaraba	11,600	0.06
03.	2529	First UDL Modaraba	63	0.00
04.	2666	First IBL Modaraba	21,199	0.12
05.	03277-1651	First UDL Modaraba	875,063	4.76
06.	03277-78335	Trustee National Bank of Pakistan Employees Pension Fund	41,357	0.23
<b>6</b>			<b>949,629</b>	<b>5.17</b>

## MUTUAL FUNDS

01.	14902-21	CDC - Trustee National Investment (Unit) Trust	904,776	4.93
<b>1</b>			<b>904,776</b>	<b>4.93</b>



# Pattern of Shareholding

as at June 30, 2015

## GENERAL PUBLIC FOREIGN

S.No.	Folio No.	Name Of Shareholder	Number Of Shares	% age
		NIL	-	-
			-	-

## FOREIGN COMPANIES

01.	2351	Boston Safe Deposit & Trust Co	278	0.00
		<b>1</b>	<b>278</b>	<b>0.00</b>

## OTHERS

01.	01917-33	Prudential Securities Limited	11	0.00
02.	03277-3397	Pakistan Memon Educational & Welfare SOC	6,510	0.04
03.	03277-45147	Edujee Dinshaw (Pvt.) Limited	22,959	0.12
04.	03277-82127	Trustee National Bank of Pakistan Emp Benevolent Fund Trust	1,451	0.01
05.	03293-38	S.H. Bukhari Securities (Pvt) Limited	222	0.00
06.	03525-87235	Maple Leaf Capital Limited	1	0.00
07.	03657-25	Continental Capital Management (Pvt.) Ltd	1,000	0.01
08.	05546-26	Stock Master Securities (Private) Ltd.	500	0.00
09.	05587-48203	Stock Master Securities (Pvt.) Ltd	50	0.00
10.	05868-28	Cliktrade Limited	99	0.00
11.	06569-23	Amin Tai Securities (Private) Limited	287,500	1.57
12.	10181-24	Horizon Securities Limited	1	0.00
13.	14241-22	Fikree'S (Smc-Pvt) Ltd.	2,500	0.01
		<b>13</b>	<b>322,804</b>	<b>1.76</b>

## GENERAL PUBLIC LOCAL

<b>1334</b>	<b>3,007,363</b>	<b>16.37</b>
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## TOTAL

<b>1368</b>	<b>18,367,800</b>	<b>100.00</b>
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# Pattern of Shareholding

as at June 30, 2015

No. of OI Shareholders	Shareholdings Slab			Total Shares Held
800	1	to	100	9,296
246	101	to	500	70,116
97	501	to	1000	81,485
153	1001	to	5000	334,591
26	5001	to	10000	206,219
11	10001	to	15000	132,696
5	15001	to	20000	91,298
4	20001	to	25000	85,340
4	25001	to	30000	108,537
2	30001	to	35000	61,473
2	40001	to	45000	82,357
1	45001	to	50000	47,000
2	55001	to	60000	118,336
1	60001	to	65000	64,500
2	65001	to	70000	133,500
2	95001	to	100000	195,500
1	100001	to	105000	101,500
1	125001	to	130000	128,574
1	200001	to	205000	200,932
1	240001	to	245000	240,500
1	285001	to	290000	287,500
1	360001	to	365000	360,157
1	475001	to	480000	477,712
1	875001	to	880000	875,063
1	900001	to	905000	904,776
1	12965001	to	12970000	12,968,842
<b>1368</b>				<b>18,367,800</b>





# Proxy Form

The Company Secretary  
**United Distributors Pakistan Limited**  
9<sup>th</sup> floor, NIC Building, Abbasi Shaheed Road,  
Karachi.

I / We \_\_\_\_\_  
son / daughter / wife / husband of \_\_\_\_\_  
shareholder of **United Distributors Pakistan Limited** holding \_\_\_\_\_  
ordinary shares hereby appoint \_\_\_\_\_  
who is my \_\_\_\_\_ [state relationship (if any) with the proxy; required by Government regulations]  
and the son / daughter / wife / husband of \_\_\_\_\_ (holding \_\_\_\_\_  
ordinary shares in the Company under Folio No. \_\_\_\_\_) [required by Government] as my / our proxy, to  
attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 28, 2015  
and / or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Signature on Revenue  
Stamp of Rs. 5/-

Witnesses: (A)

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC / Passport No. \_\_\_\_\_

Signature of Member(s)

Witnesses: (B)

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC / Passport No. \_\_\_\_\_

Folio No. \_\_\_\_\_

CDC Participation I.D. No. \_\_\_\_\_

Sub Account No. \_\_\_\_\_

## IMPORTANT:

- The member is requested:
  - To affix Revenue Stamp of Rs. 5/- at the place indicated above.
  - To sign across the revenue Stamp in the same style of signature as is registered with the Company.
  - To write down his Folio Number.
- In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the Meeting, duly completed in all respects.
- CDC Shareholders or their proxies should bring their original Computerized National Identity Card or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the Notes to the Notice of AGM.



Pakistan

AFFIX  
CORRECT  
POSTAGE

The Company Secretary  
**United Distributors Pakistan Limited**  
9<sup>th</sup> floor, NIC Building, Abbasi Shaheed Road,  
Off: Shahrah-e-Faisal, Karachi.



*Spirit of Growth*



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