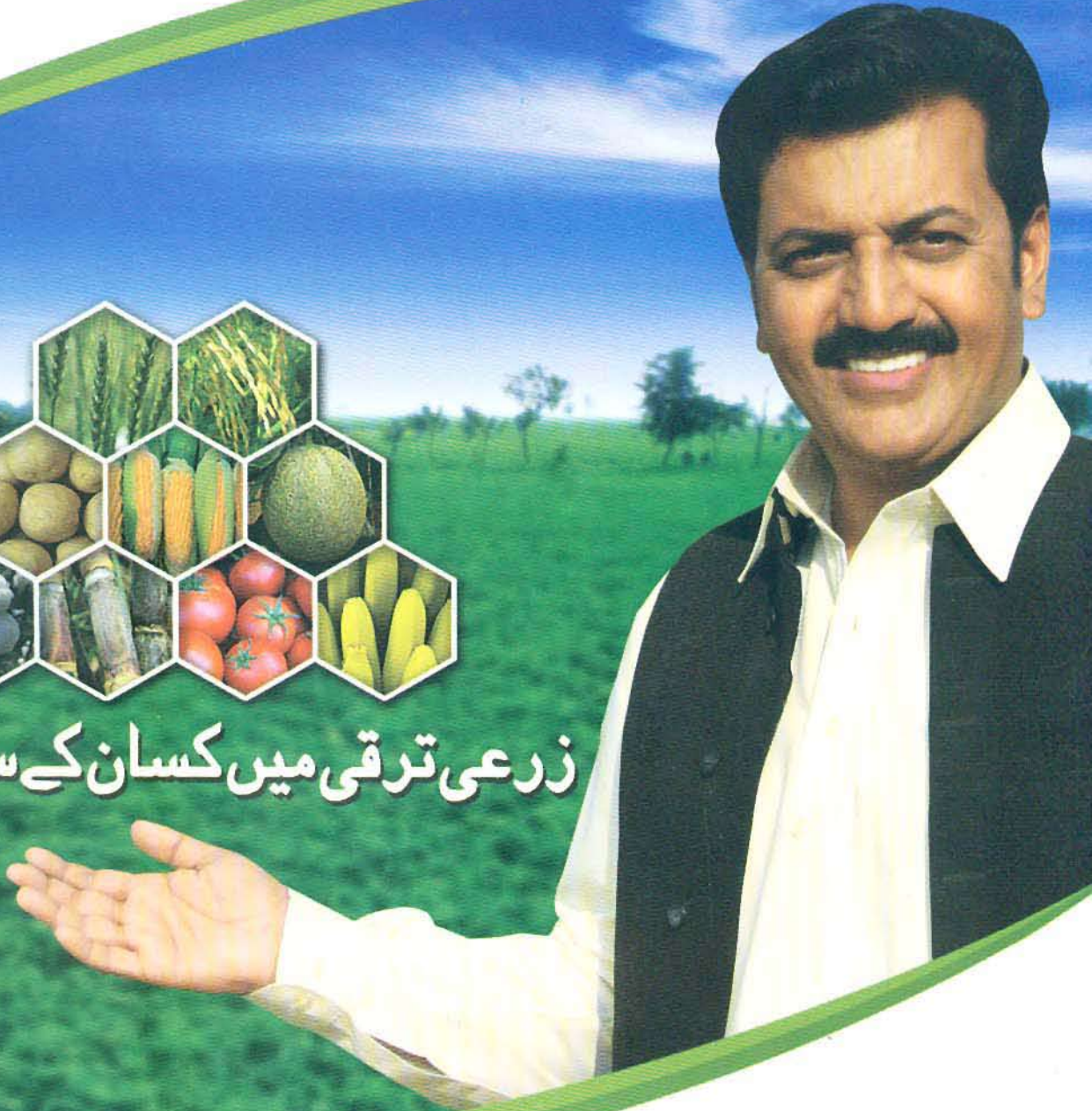




Pakistan



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2012
ANNUAL REPORT



Pakistan

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Company Information

Board of Directors	Mr. Rashid Abdulla Mr. Zubair Palwala Mr. Asad Abdulla Mr. Khalid Malik Mr. Ayaz Abdulla Mr. Nadeem Ahmed Mr. Abdullah Ghulam Ali	Chairman Chief Executive Director Director Director Director N.I.T Nominee
Chief Financial Officer	Mr. Sohail Hasnain Ahmed	
Company Secretary	Mr. Adnan Ahmed Feroze	
Audit Committee	Mr. Khalid Malik Mr. Zubair Palwala Mr. Ayaz Abdulla	Chairman Member Member
HR Committee	Mr. Ayaz Abdulla Mr. Zubair Palwala Mr. Asad Abdulla	Chairman Member Member
Auditors	Baker Tilly Mehmood Idrees Qamar	
Legal Advisor	A.K Brohi & Co.	
Bankers	Habib Bank Limited Standard Chartered Bank Pakistan Meezan Bank Limited Faysal Bank Limited Silk Bank Limited Habib Metropolitan Bank Limited Albaraka Bank Limited	
Registered Office	9th Floor, NIC Building, Abbasi Shaheed Road, Karachi.	
Registrar	Central Depository Company of Pakistan Limited CDC House # 99-B, Block 'B' S.M.C.H.S., Main Shahra-e-Faisal, Karachi.	



Pakistan

Notice of Annual General Meeting

NOTICE is hereby given that the 30th Annual General Meeting of **UNITED DISTRIBUTORS PAKISTAN LIMITED** will be held at The Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi on Tuesday, October 23, 2012 at 5:30 p.m. to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on October 29, 2011.
2. To receive, consider and approve the audited financial statements of the Company for the year ended June 30, 2012 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors and fix their remuneration for the year 2012-2013. The present Auditors retire and being eligible, offer themselves for the re-appointment as auditors of the Company.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Adnan Ahmed Feroze
Company Secretary

Karachi: October 1, 2012

Notes:

1. The Share transfer books of the Company will remain closed from October 17, 2012 to October 23, 2012 (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 99B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi., latest by the close of business on October 16, 2012.
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 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 to 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.



Pakistan

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, 2012. The report covers UDPL activities for the Year 2011-12 and describes the financial, operating and social performance of the company.

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

FINANCIAL PERFORMANCE

	2012	2011
(Rupees '000).....	
Net sales	502,354	1,020,239
Gross Profit	100,586	204,233
Profit / (loss) before tax	36,721	(99,396)
Profit / (loss) after tax	61,318	(96,627)
EPS (in Rupees)	6.68	(10.52)

OVERVIEW

The overall performance of the Company continues to remain under pressure during the period under review because of the unsupported weather and high inflation that affected agriculture sector as well. In order to seek future profitability, the Company has made significant structural improvements in the organization. Reductions in operating cost, retention of good human resources and focus on high margins products has impacted the overall sales significantly. This has resulted in reduction of sales from 1,020.24 million to 502.35 million for the same period last year.

HOLDING COMPANY

International Brands (Private) Limited (IBL) is the Holding Company of United Distributors Pakistan Limited as at June 30, 2012. IBL held 6,584,887 shares of Rs. 10 each.

EARNING PER SHARE

Earning per share after tax is Rs. 6.68 (loss per share 2011: Rs. 10.52).

DISTRIBUTION AGREEMENT

During the year the Company discontinued the distribution agreement with M/s. DuPont Operations Pakistan (Pvt.) Ltd. for selling of their brands due to the low margins and high inventory carryover. This has also impacted the sales figures in current year.



Pakistan

► Directors' Report to the Shareholders

SUMMARY OF KEY OPERATING & 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:

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
	(Rupees in millions)					
Net Sales	502	1,020	1,143	773	505	257
Cost of goods sold	(402)	(816)	(929)	(586)	(390)	(198)
Gross Profit	101	204	215	187	115	59
G.P %	20.023%	20.020%	18.77%	24.23%	22.74%	22.92%
Profit/(loss) after tax	61	(97)	(31)	78	15	5
Cash Dividend	-	-	-	8.35	-	-
Bonus Share	-	-	-	8.35	10.9	-
Percentage	-	-	-	10%	15%	-
Earning per Share (Rs.)	6.68	-10.52	-3.42	9.37	1.75	0.68

DIVIDEND

The directors proposed dividend **NIL** for the year ended June 30, 2012.

SHARE OF ASSOCIATES

Associated companies posted healthy profits and the Company recorded a significant amount of share of profit of associated companies based on their audited financial statements.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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.



Pakistan

► Directors' Report to the Shareholders

EMPLOYEE'S BENEFIT SCHEMES

The Company is operating funded Provident fund and unfunded gratuity fund. The Provident fund has been appropriately invested in Government securities and is audited annually by independent auditors.

MEETING OF BOARD OF DIRECTORS

During the year 2011-12 four Board meeting held and attended as follows:

S. No.	NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
1.	Mr. Rashid Abdulla	3
2.	Mr. Khalid Malik	1
3.	Mr. Asad Abdulla	3
4.	Mr. Ayaz Abdulla	4
5.	Mr. Zubair Palwala	4
6.	Mr. Nadeem Ahmed	3
7.	Mr. Abdullah Ghulam Ali	2

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
1.	Mr. Khalid Malik	-
2.	Mr. Ayaz Abdulla	4
3.	Mr. Zubair Palwala	4



Pakistan

► Directors' Report to the Shareholders

AUDITORS

The present auditors, 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 auditors of the Company for the financial year ending June 30, 2013 at a fee to be mutually agreed.

PATTERN OF SHAREHOLDING

The Statement of pattern of shareholding at June 30, 2012 is annexed at page No. 48 of the annual reports.

FUTURE OUTLOOK

The Company faces challenges as it looks to change its sales strategies by focusing on improvement in sales margins by developing its own brands. For this new initiative, the management has given a relook to the quality and range of the products it is selling and is in the process of indentifying new products and supply source to further improve quality. The management is also focused on building a strong team that will drive a profitable business as per the Company's objectives.

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

Zubair Palwala

Chief Executive Officer

Karachi: September 24, 2012



Pakistan

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. XI of listing regulation of Karachi and Lahore Stock exchange 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 representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes.

Category	Names
Independent Directors	N/A
Executive Directors	Mr. Asad Abdulla
None-Executive Directors	Mr. Rashid Abdulla
	Mr. Khalid Malik
	Mr. Ayaz Abdulla
	Mr. Zubair Palwala
	Mr. Nadeem Ahmed
	Mr. Abdullah Ghulam Ali

The independent directors meet the criteria of independence under clause I (b) of the CCG

2. The directors have confirmed that none of them is serving as directors on more than seven listed companies, where applicable.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No causal vacancy occurred in the board during the year.
5. The Company has prepared a "Code of Conduct" 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 CEO, other executive and non-executive directors, have been taken by the board/shareholders.



Pakistan

Statement of Compliance with the Code of Corporate Governance

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 meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged a training programme for its directors during the year.
10. The board has approved appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment.
11. The directors' report for this year 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 CEO and CFO before approval of the board.
13. The director, CEO 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 three members, of whom all are non-executive directors and the chairman of the committee is a non-executive director.
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, two of whom are non-executive directors and one is executive director and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function, who is 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 partner of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partner 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 auditor has 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 exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with except those that are not yet applicable.

ZUBAIR PALWALA
Chief Executive Officer



Pakistan

Review Report to the member on Statement of Compliance with best Practices of Code of Corporate Governance



BAKER TILLY
MEHMOOD IDREES
QAMAR

CHARTERED ACCOUNTANTS

4th Floor, Central Hotel Building,
Civil Lines, Mereweather Road,
Karachi - Pakistan.
Tel: +92 (021) 35644872-7
Fax: +92 (021) 35694573
Email: mim@mimandco.com

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 the Karachi Stock Exchange, 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 Statment on internal central covers all controls and the effectiveness of such internal controls.

Further, Listing Regulation of the Stock Exchange 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 that audit committee. We are only required and have ensured compliance of requirement to the extend of approval of related party transactions by the Board of Director and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken arms'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 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, 2012.

Engagement Partner:

Mehmood A. Razzak

Karachi: September 24, 2012



Auditors' Report to the Members



BAKER TILLY
MEHMOOD IDREES
QAMAR

CHARTERED ACCOUNTANTS

4th Floor, Central Hotel Building,
Civil Lines, Moreweather Road,
Karachi - Pakistan.
Tel: +92 (021) 35644872-7
Fax: +92 (021) 35694573
Email: mim@mimandco.com

We have audited the annexed balance sheet of **United Distributors Pakistan Limited** as at **June 30, 2012** and the related profit and loss account, cash flow statements 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 purposes of our audit.

It is responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statement in conformity with the approved accounting standards and the requirements of of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statement 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 statement. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the over all presentation of the above said statement. 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 Companies 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;
 - (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 th Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Compnay's affairs as at June 30, 2012, 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 Ushr Ordinance, 1980 (XVIII of 1980).

Engagement Partner:

Mehmoood A. Razzak
Karachi: September 24, 2012



Balance Sheet

As at June 30, 2012

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ASSETS

NON CURRENT ASSETS

Property, plant and equipment
Intangible assets
Long term investments
Long term lease deposits
Long term loans- staff - secured

CURRENT ASSETS

Stock in trade
Trade debts - secured
Advance income tax - net
Advances, deposits, prepayments and other receivables
Cash and bank balances

TOTAL ASSETS

EQUITY

CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Share capital
General reserve
Accumulated profit/ (loss)
TOTAL EQUITY

LIABILITIES

NON CURRENT LIABILITIES

Liabilities against assets subject to finance lease
Retirement benefit obligation - gratuity
Deferred taxation
Deferred income

CURRENT LIABILITIES

Current portion of liabilities against assets subject to finance lease
Trade and other payables
Short term borrowings - secured
Advance from dealers

Contingencies and commitments

TOTAL LIABILITIES

TOTAL EQUITY AND LIABILITIES

Note	2012	2011
	----- Rupees in 000 -----	
4	38,624	89,453
4.5	1,131	600
5	325,745	225,533
	1,517	5,466
6	23	67
	367,040	321,119
7	207,857	399,073
8	6,628	12,389
9	6,894	12,858
10	12,178	21,996
11	40,514	6,638
	274,071	452,954
	641,111	774,073
12	91,839	91,839
	30,000	30,000
	12,868	(48,450)
	134,707	73,389
13	262	11,830
14	5,467	5,560
15	4,121	4,121
16	-	570
	9,850	22,081
13	8,739	27,576
17	279,512	458,462
18	196,912	98,027
	11,391	94,538
	496,554	678,603
19	-	-
	506,404	700,684
	641,111	774,073

The annexed notes 1 to 35 form an integral part of these financial statements.

ZUBAIR PALWALA
Chief Executive Officer

ASAD ABDULLA
Director



Pakistan

Profit and Loss Account

For the year ended June 30, 2012

	Note	2012 ----- Rupees in 000 -----	2011 -----
Sales - net	20	502,354	1,020,239
Cost of goods sold	21	(401,768)	(816,007)
Gross profit		100,586	204,233
Distribution fee for handling of products		-	3,594
		100,586	207,826
Selling expenses	22	(106,549)	(213,720)
Distribution expenses	23	(18,319)	(35,324)
Administrative and general expenses	24	(14,957)	(24,248)
		(139,825)	(273,292)
Operating (loss)		(39,239)	(65,466)
Other income	25	33,553	18,580
Finance cost	26	(57,805)	(53,636)
Share of profit of associates -net	5.1	100,212	1,126
Profit/(loss) before taxation		36,721	(99,396)
Provision for taxation	27	24,597	2,769
Profit/(loss) after taxation		61,318	(96,627)
Other comprehensive income		-	-
Total comprehensive income /(loss)		61,318	(96,627)
Earning/(loss) per share-basic and diluted			
Company and associates: Rupees	32.1	6.68	(10.52)
Company : Rupees	32.2	(4.23)	(10.64)

The annexed notes 1 to 35 form an integral part of these financial statements.

ZUBAIR PALWALA
Chief Executive Officer

ASAD ABDULLA
Director



Pakistan

Statement of Changes in Equity

For the year ended June 30, 2012

	Issued, Subscribed and Paid-up Capital	General Reserves	Accumulated Profit/(Loss)	Total
	----- Rupees in 000 -----			
Balance as at July 01, 2010	91,839	30,000	48,177	170,016
Loss for the year ended June 30, 2011	-	-	(96,627)	(96,627)
Balance as at June 30, 2011	91,839	30,000	(48,450)	73,389
Profit for the year ended June 30, 2012	-	-	61,318	61,318
Balance as at June 30, 2012	<u>91,839</u>	<u>30,000</u>	<u>12,868</u>	<u>134,707</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

ZUBAIR PALWALA
Chief Executive Officer

ASAD ABDULLA
Director



Statement of Cash Flow

For the year ended June 30, 2012

Pakistan

	2012	2011
Note	----- Rupees in 000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit /(Loss) before taxation	36,721	(99,396)
Adjustments for non-cash charges and other items:		
Depreciation	19,387	29,817
Amortization of software cost	369	200
Provision for employee benefit	-	2,502
Profit on deposit account	(12)	(25)
Financial costs	57,805	53,636
Gain on disposal of property, plant and equipment	(20,828)	(7,833)
Deferred income	(570)	(685)
Dividend received	(8,670)	(5,145)
Share of profit of associates	(100,212)	(1,126)
	(52,731)	71,341
Cash generated from operating activities before working capital changes	(16,010)	(28,055)
(Increase)/decrease in current assets	206,795	96,108
Increase /(decrease) in current liabilities	(273,740)	(33,316)
	(82,955)	34,737
Income tax refund /(paid)	30,561	(10,987)
Finance cost paid	(46,161)	(47,650)
Gratuity paid	(93)	(2,435)
	(15,693)	(61,072)
Net cash (used in) operating activities	(98,648)	(26,335)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(785)	(12,519)
Purchase of intangible assets	(900)	(800)
Profit on deposit account	12	25
Dividend received	8,670	5,145
Proceeds from disposal of property, plant and equipment	54,305	19,429
Long term loans	44	384
Long term lease deposits	3,948	358
Net cash generated from investing activities	65,294	12,022
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - secured	98,884	3,920
Payment for liabilities against assets subject to finance lease	(31,654)	(29,290)
Net cash generated from /(used in) financing activities	67,230	(25,370)
Net increase /(decrease) in cash and cash equivalents	33,876	(39,683)
Cash and cash equivalents at the beginning of the year	6,638	46,321
Cash and cash equivalents at the end of the year	11 <u>40,514</u>	<u>6,638</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

ZUBAIR PALWALA
Chief Executive Officer

ASAD ABDULLA
Director



Pakistan

Notes to the Financial Statements

For the year ended June 30, 2012

1. NATURE OF BUSINESS

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

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 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.

Standards, amendments and interpretations which became effective during the year

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after the following dates:

- IAS 1, 'Presentation of financial statements' (effective January 01, 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
- IAS 24 Related Party Disclosures (revised 2009) - (effective for annual periods beginning on or after January 01, 2011). The revision amends the definition of related party and modifies certain related party disclosure requirements for government related entities. The amendment may result in certain changes in disclosures.



Pakistan

► Notes to the Financial Statements

For the year ended June 30, 2012

- IAS 34 (amendment), 'Interim financial reporting', is effective for annual periods beginning on or after January 01, 2011. The amendment provides guidance as to application of disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. This amendment does not have a material impact on the company's financial statements.
- IFRS 7 (amendment), 'Financial instruments: Disclosures', is effective for annual periods beginning on or after January 01, 2011. The amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment does not have any impact on the company's financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 01, 2011 but are considered not to be relevant or do not have any significant effect on the Company's Operations and therefore not detailed in these financial statements.

Standards and interpretations issued but not yet effective for the current financial year

		<u>Effective for periods beginning</u>
IFRS 1	First-time adoption of financial reporting standards	January 01, 2013
IFRS 7	Financial instruments: Disclosures	January 01, 2013
IFRS 9	Financial instruments	January 01, 2013
IFRS 10	Consolidated financial statements	January 01, 2013
IFRS 11	Joint arrangements	January 01, 2013
IFRS 12	Disclosure of interests in other entities	January 01, 2013
IFRS 13	Fair value measurement	January 01, 2013
IAS 1	Presentation of financial statements (amendments)	July 01, 2012
IAS 12	Income taxes (amendments)	January 01, 2012
IAS 16	Property, plant and equipment	January 01, 2013
IAS 19	Employee benefits (amendments)	January 01, 2013
IAS 27	Consolidated and separates financial statements (amendments)	January 01, 2013
IAS 28	Investments in associates and joint ventures (amendments)	January 01, 2013
IAS 32	Financial instruments: Presentation - classification of rights issue	January 01, 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	January 01, 2013

The Company expects that the adoption of the above revisions, amendments and interpretations of the Standards will not affect the Company's financial statements except enhanced disclosures.



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Notes to the Financial Statements

For the year ended June 30, 2012

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.

	<u>Rates</u>
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.

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.

► Notes to the Financial Statements

For the year ended June 30, 2012

Pakistan

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 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. 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.

3.5 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.



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Notes to the Financial Statements

For the year ended June 30, 2012

3.6 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 customer's creditworthiness.

3.7 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.

3.8 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.

3.9 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 and benefit plan are given below:

(a) 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.

(b) Defined benefit plan:

The company also operates an unfunded defined benefit gratuity scheme covering all employees who have completed the minimum qualifying service of fifteen years. Provision is made annually to cover the obligation under the scheme using actuarial valuation.

3.10 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.





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► Notes to the Financial Statements

For the year ended June 30, 2012

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.

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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.



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► Notes to the Financial Statements

For the year ended June 30, 2012

3.15 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.

3.16 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.

3.17 Dividend Payable

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

3.18 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.



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Notes to the Financial Statements

For the year ended June 30, 2012

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.

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.

3.19 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. PROPERTY, PLANT AND EQUIPMENT	Note	2012	2011
		----- Rupees in 000 -----	
Owned assets	4.1	23,508	33,848
Leased assets	4.2	15,116	55,605
		<u>38,624</u>	<u>89,453</u>



Pakistan

Notes to the Financial Statements

For the year ended June 30, 2012

4.1 Owned Assets

Plant and Machinery	Office Equipment	Air Conditioners	Computers	Furniture and Fixtures	Motor Vehicles	Motor Cycles	Leasehold improvements	Plot	Total
----- Rupees in 000 -----									

Year ended June, 30, 2011

Opening net book value	4,029	6,661	548	1,982	2,718	18,939	1,732	1,759	180	38,549
Additions	3,434	1,973	199	1,004	3,404	1,601	75	829	-	12,519
Transfer in	-	-	-	-	-	16,276	-	-	-	16,276
Disposals	(3,358)	-	(46)	(66)	(2,066)	(19,421)	(190)	-	-	(25,146)
Depreciation charge	(877)	(1,587)	(106)	(1,044)	(859)	(6,982)	(211)	(214)	-	(11,880)
Transfer in	-	-	-	-	-	(10,641)	-	-	-	(10,641)
On disposals	195	-	42	62	1,007	12,739	127	-	-	14,172

Closing net book value	3,422	7,046	637	1,939	4,204	12,511	1,533	2,374	180	33,848
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At June 30, 2011

Cost	7,276	12,531	1,294	5,775	6,590	31,484	2,106	2,702	180	69,937
Accumulated depreciation	(3,854)	(5,485)	(657)	(3,836)	(2,385)	(18,972)	(573)	(328)	-	(36,089)

Net book value	3,422	7,046	637	1,939	4,204	12,511	1,533	2,374	180	33,848
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Year ended June, 30, 2012

Opening net book Value	3,422	7,046	637	1,939	4,204	12,511	1,533	2,374	180	33,848
Additions	-	338	18	52	20	358	-	-	-	785
Transfer in	7,264	-	-	-	-	12,995	-	-	-	20,259
Disposals	(6,613)	(2,899)	(170)	(1,846)	(1,622)	(23,552)	(527)	(450)	(180)	(37,863)
Depreciation charge	(740)	(1,657)	(111)	(1,045)	(745)	(3,937)	(204)	(270)	-	(8,709)
Transfer in	(2,240)	-	-	-	-	(7,719)	-	-	-	(9,959)
On disposals	2,631	2,250	164	1,792	1,607	16,440	185	76	-	25,146

Closing net book value	3,724	5,078	538	892	3,463	7,096	987	1,730	-	23,508
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At June 30, 2012

Cost	7,926	9,970	1,141	3,980	4,987	21,284	1,578	2,252	-	53,119
Accumulated depreciation	(4,202)	(4,892)	(604)	(3,088)	(1,523)	(14,188)	(591)	(523)	-	(29,611)

Net book value	3,724	5,078	538	892	3,463	7,096	987	1,730	-	23,508
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Notes to the Financial Statements

For the year ended June 30, 2012

4.2 Leased Assets

	Plant and Machinery Leased	Motor Vehicles Leased	Total
	----- Rupees in 000 -----		
Year ended June, 30, 2011			
Opening net book value	6,417	72,045	78,461
Additions	-	1,337	1,337
Transfer out	-	(16,276)	(16,276)
Disposals	-	(1,124)	(1,124)
Depreciation charge	(726)	(17,211)	(17,937)
Transfer out	-	10,641	10,641
On disposals	-	503	503
Closing net book value	5,690	49,914	55,605
At June 30, 2011			
Cost	7,264	77,441	84,705
Accumulated depreciation	(1,574)	(27,527)	(29,100)
Net book value	5,690	49,914	55,605
Year ended June 30, 2012			
Opening net book Value	5,690	49,914	55,605
Additions	-	1,250	1,250
Transfer out	(7,264)	(12,995)	(20,259)
Disposals	-	(38,365)	(38,365)
Depreciation charge	(666)	(10,012)	(10,678)
Transfer out	2,240	7,719	9,959
On disposals	-	17,605	17,605
Closing net book value	(0)	15,116	15,116
At June 30, 2012			
Cost	-	27,331	27,331
Accumulated depreciation	(0)	(12,215)	(12,215)
Net book value	(0)	15,116	15,116

4.3 Depreciation for the year has been allocated to:	Note	2012	2011
		----- Rupees in 000 -----	
Selling expenses	22	14,680	22,586
Distribution expenses	23	906	2,508
Administrative and general expenses	24	1,547	2,060
Processing charges	21.2	2,254	2,663
		19,387	29,817



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Notes to the Financial Statements

For the year ended June 30, 2012

4.4 Particular of Disposal of Fixed Assets

Assets	Cost	Accumulated	W.D.V	Sale Proceed	Mode of Disposals	Particulars of Buyers
	----- Rupees in 000 -----					
Plant and Machinery	5,293	1,676	3,617	1,200	Negotiation	Zahoor
	1,321	955	366	185	Negotiation	Zahoor
Office Equipment	5	2	3	3	Negotiation	Ather Rehman
	5	2	4	3	Negotiation	Ather Rehman
	27	7	20	18	Negotiation	Ather Rehman
	19	2	17	-	Scrapped	
	19	2	17	-	Scrapped	
	19	4	15	12	Scrapped	
	9	4	5	-	Scrapped	
	16	6	11	5	Negotiation	Various Buyers
	22	9	13	12	Scrapped	
	18	4	14	-	Scrapped	
	2,740	2,211	530	232	Various	Various Buyers
	Air Condition	22	21	1	7	Various
26		25	1	7	Various	Various Buyers
122		118	4	14	Various	Various Buyers
Computers	50	30	20	22	Negotiation	Ather Rehman
	1	1	0	-	Scrapped	
	4	3	1	2	Negotiation	Hammad
	6	5	1	2	Negotiation	Hammad
	25	24	0	10	Negotiation	Various Buyers
	27	25	2	10	Negotiation	Various Buyers
	6	5	1	-	Scrapped	
	6	5	1	-	Scrapped	
	6	4	1	-	Scrapped	
	30	10	20	20	Negotiation	Various Buyers
	966	963	3	11	Negotiation	Various Buyers
722	717	5	19	Negotiation	Various Buyers	
Furniture and Fixtures	675	660	15	20	Various	Various Buyers
	80	79	-	5	Various	Various Buyers
	568	568	-	7	Various	Various Buyers
	299	299	-	3	Various	Various Buyers
Motor Vehicles	361	361	-	250	Negotiation	Abdul Moeed
	595	575	20	450	Negotiation	Nadeem Ghani
	400	190	210	500	Negotiation	Nusrat Iqbal
	870	188	681	490	Negotiation	Nusrat Iqbal
	380	180	200	370	Negotiation	Nusrat Iqbal
	799	388	411	569	Negotiation	Naveed Rauf
	799	388	411	555	Negotiation	Naveed Rauf
	759	451	307	725	Negotiation	Sultan
	544	257	287	603	Negotiation	Sheikh Muhammad Tariq
	799	388	411	580	Negotiation	Sultan
	595	575	20	570	Negotiation	Waseem Mirza
	1,057	282	775	890	Negotiation	Azam



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Notes to the Financial Statements

For the year ended June 30, 2012

4.4 Particular of Disposal of Fixed Assets

Assets	Cost	Accumulated	W.D.V	Sale Proceed	Mode of Disposals	Particulars of Buyers
	Rupees in 000					
	401	214	187	444	Negotiation	Iqrar Ahmed
	689	436	253	693	Negotiation	Iqrar Ahmed
	401	214	187	453	Negotiation	Sultan
	799	388	411	589	Negotiation	Sultan
	474	458	16	615	Negotiation	Sultan
	879	820	59	1,130	Negotiation	Mr Noman
	689	436	253	715	Negotiation	Waseem Mirza
	747	470	277	678	Negotiation	Kamran Ahmed
	595	575	20	510	Negotiation	Kamran
	664	332	332	560	Negotiation	Tariq noor
	480	238	242	520	Negotiation	Tariq noor
	575	575	-	530	Negotiation	Kamran Ahmed
	630	630	-	522	Negotiation	Sheikh Muhammad Tariq
	595	536	60	550	Negotiation	Syed Salman
	500	248	252	480	Negotiation	Syed Salman
	528	132	396	488	Negotiation	Kamran Ahmed
	809	405	405	625	Negotiation	Nusrat Iqbal
	664	332	332	573	Negotiation	Sheikh Muhammad Tariq
	655	557	98	605	Negotiation	Syed Salman
	809	405	405	620	Negotiation	Syed Salman
	1,144	634	510	815	Negotiation	Sultan
	500	247	253	644	Negotiation	Abdul Hameed
	745	397	348	595	Negotiation	Nusrat Iqbal
	664	332	332	580	Negotiation	Nusrat Iqbal
	500	248	252	590	Negotiation	Nusrat Iqbal
	1,090	327	763	1,035	Negotiation	Nusrat Iqbal
	1,404	702	702	1,250	Negotiation	Dunkin Dounts
	360	184	176	460	Negotiation	Nusrat Iqbal
	595	545	50	592	Negotiation	Nusrat Iqbal
	664	343	321	595	Negotiation	Nusrat Iqbal
	401	227	174	400	Negotiation	Yamin
	549	165	384	520	Negotiation	Yamin
	830	263	567	820	Negotiation	Searle Pakistan Limited
	805	268	537	805	Negotiation	Searle Pakistan Limited
	830	263	567	775	Negotiation	Yamin
	830	263	567	750	Negotiation	Nusrat Iqbal
	655	568	87	595	Negotiation	Nusrat Iqbal
	1,305	434	871	1,275	Negotiation	Searle Pakistan Limited
	809	431	378	625	Negotiation	Tariq
	664	354	310	535	Negotiation	Mohd Farooq
	664	354	310	550	Negotiation	Mohd Farooq
	830	277	553	750	Negotiation	Abdul Khaliq
	809	431	378	678	Negotiation	Nusrat Iqbal
	809	431	378	678	Negotiation	Nusrat Iqbal
	809	431	378	534	Negotiation	Nusrat Iqbal
	1,322	697	626	1,150	Negotiation	Nusrat Iqbal
	1,404	749	655	400	Negotiation	Ather Rehman
	809	431	378	660	Negotiation	Abdul Hakeem
	1,305	435	870	1,267	Negotiation	Abdul Hakeem
	799	685	114	600	Negotiation	Waqar



Notes to the Financial Statements

For the year ended June 30, 2012

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4.4 Particular of Disposal of Fixed Assets

Assets	Cost	Accumulated	W.D.V	Sale Proceed	Mode of Disposals	Particulars of Buyers
	Rupees in 000					
	805	282	523	700	Negotiation	Asif
	809	431	378	710	Negotiation	Searle Pakistan Limited
	830	277	553	735	Negotiation	Searle Pakistan Limited
	830	277	553	735	Negotiation	Searle Pakistan Limited
	805	282	523	695	Negotiation	Searle Pakistan Limited
	915	914	1	850	Negotiation	New Hampshire Insurance
	809	526	283	310	Negotiation	Habitt
	809	526	283	310	Negotiation	Habitt
	809	526	283	310	Negotiation	Habitt
	809	526	283	310	Negotiation	Habitt
	699	454	245	205	Negotiation	Habitt
	699	454	245	152	Negotiation	Habitt
	809	445	364	685	Negotiation	Nusrat Iqbal
	809	445	364	660	Negotiation	Nusrat Iqbal
	809	445	364	640	Negotiation	Nusrat Iqbal
	830	291	540	735	Negotiation	Nusrat Iqbal
	805	295	510	730	Negotiation	Nusrat Iqbal
	775	767	8	530	Negotiation	Wasim
	595	575	20	600	Negotiation	Wasim
	1,414	566	848	1,250	Negotiation	New Hampshire Insurance
Motor Cycle	63	20	43	15	Negotiation	Muhammad Imran
	54	33	21	25	Negotiation	Mushtaq Arshad
	61	20	41	27	Negotiation	Rana Fida Hussain
	54	27	27	25	Negotiation	Riaz Muhammad
	72	20	52	20	Negotiation	Danish Jamali
	75	9	66	20	Negotiation	Naeem Mustafa
	45	18	27	20	Negotiation	Arshad Ahmed
	74	15	59	20	Negotiation	Gul Faraz
	29	23	7	4		
Leasehold improvement	450	76	374	108	Various	Various Buyers
Plot	180	-	180	371	Negotiation	Irshad Ahmed
2012	76,228	42,751	33,477	54,305		
2011	26,270	14,674	11,596	19,429		

Notes to the Financial Statements

For the year ended June 30, 2012

4.5 INTANGIBLE ASSETS	Note	2012 ----- Rupees in 000 -----	2011 -----
Cost		600	800
Add: Additions during the year		900	-
Less: Amortization charged during the year		(369)	(200)
		<u><u>1,131</u></u>	<u><u>600</u></u>
5. LONG TERM INVESTMENTS			
Balance at beginning of the year		225,533	224,408
Acquisition in the year at cost		-	83,663
Share of undistributed income for the year-net	5.1	100,212	1,126
Disposal of Searle Pakistan Limited shares in the year		-	(103,254)
Loss on disposal of Searle Pakistan Limited shares in the year		-	19,590
Balance at end of the year		<u><u>325,745</u></u>	<u><u>225,533</u></u>
5.1 Share of profit of associated companies		108,882	25,861
Less: Dividend received (Considered separately)	25	(8,670)	(5,145)
Loss on disposal of Searle Pakistan Limited shares		-	(19,590)
		(8,670)	(24,735)
		<u><u>100,212</u></u>	<u><u>1,126</u></u>
5.2 Share of profit of associated companies are based on the latest audited financial statements.			



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Notes to the Financial Statements

For the year ended June 30, 2012

5.3 The company's interest in associated companies are as follows:	Note	2012 ----- Rupees in 000 -----	2011 -----
IBL Healthcare Limited - Quoted			
453,318 (2011: 453,318) (Specie dividend) ordinary shares of Rs. 10 each			
Cost Rs. 4,533,180 (2011: 4,533,180)		5,971	5,328
Quoted market value as at June 30, 2012: Rs. 9,587,675 (2011: Rs. 4,306,521)			
FMC United (Private) Limited - Unquoted			
1,639,418 (2011: 1,639,418) fully paid ordinary shares of Rs. 10 each			
Cost Rs. 16,394,180 (2011: 16,394,180)		166,005	89,121
Net Assets value based on latest audited accounts as at Dec. 31, 2011: Rs. 170,695,842 (2010: 93,812,469)			
Pioneer Seeds Pakistan Limited - Unquoted			
979,429 (2011: 979,429) fully paid ordinary shares of Rs. 10 each			
Cost Rs. 9,794,290 (2011: 9,794,290)		70,106	47,421
Value based on net assets as at December 31, 2011: Rs. 69,916,485 (December 31, 2010: Rs. 47,225,912)			
		242,082	141,870
Investments Available for Sale			
International Brands (Private) Limited - Unquoted			
5,504,149 (2011: 5,504,149) fully paid ordinary Shares of Rs 10 each			
Cost Rs. 55,041,490 (2011: 55,041,490)			
Value based on net assets as at June 30, 2011 Rs. 83,663,056		83,663	83,663
		325,745	225,533



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Notes to the Financial Statements

For the year ended June 30, 2012

5.4 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 Officer
----- Rupees in 000 -----						

June 30, 2012

IBL Healthcare Limited	606,032	284,038	725,487	78,360	2.27%	As on June 30, 2012	Mr. A.M. Jalaluddin
FMC United (Private) Limited	2,615,242	2,188,502	3,751,383	208,603	40.00%	As on December 31, 2011	Mr. Farooq Shahid
Pioneer Seeds Pakistan Limited	2,326,157	1,183,998	2,586,899	386,674	6.12%	As on December 31, 2011	Dr. Asif Ali Shah

June 30, 2011

IBL Healthcare Limited	547,696	254,062	639,195	45,516	2.27%	As on June 30, 2011	Mr. Rashid Abdulla
FMC United (Private) Limited	2,026,354	1,791,822	3,310,284	63,172	40.00%	As on December 31, 2010	Mr. Farooq Shahid
Pioneer Seeds Pakistan Limited	1,558,514	787,029	1,620,265	159,936	6.12%	As on December 31, 2010	Dr. Asif Ali Shah

5.5 Although, the company has less than 20 percent shareholding in IBL Healthcare Limited and Pioneer Seed Pakistan Limited, these companies have been treated as associates since the company has representation on their Board of Directors.



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Notes to the Financial Statements

For the year ended June 30, 2012

6. LONG TERM LOANS- STAFF - SECURED	2012	2011
	----- Rupees in 000 -----	
Considered good		
To employees	102	768
Less: Current portion	(79)	(701)
	<u>23</u>	<u>67</u>

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

	Balance as at July 01, 2011	Disbursement s During the Year	Repayments During the Year	Balance as at June 30, 2012
	----- Rupees in 000 -----			
Due from:				
Other employees	768	148	814	102
	<u>768</u>	<u>148</u>	<u>814</u>	<u>102</u>

6.2 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.

6.3 Maximum aggregate amount outstanding at the end of any month during the year against loan was Rs.691,515 (2011: Rs.1,794,014)

7. STOCK IN TRADE	2012	2011
	----- Rupees in 000 -----	
Finished goods	153,960	339,401
Raw materials	53,223	33,802
Packing materials	15,520	14,515
Stock in transit	-	34,463
Provision for obsolete stock	7.1 (14,846)	(23,109)
	<u>207,857</u>	<u>399,073</u>

7.1 Provision for Obsolete Stock

Opening balance	23,109	6,861
Provision made during the year	6,527	16,248
	29,636	23,109
Inventory written off against provision	(14,791)	-
	<u>14,846</u>	<u>23,109</u>



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Notes to the Financial Statements

For the year ended June 30, 2012

		2012	2011
	Note	Rupees in 000	
8. TRADE DEBTS - SECURED			
Secured - considered good		6,628	12,389
		<u>6,628</u>	<u>12,389</u>
9. ADVANCE INCOME TAX - NET			
Advance income tax		39,937	35,801
Less: Provision for taxation		(33,043)	(22,943)
		<u>6,894</u>	<u>12,858</u>
10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Loans and advances - Unsecured, considered good:			
Employees	10.1	2,147	3,469
Advance to suppliers		1,000	113
Advance against expenses		631	3,111
Advance against tour		-	1,000
		3,778	7,693
Deposits:			
Rent deposit		2,746	2,437
Prepayments:			
Prepaid rent		136	311
Prepaid insurance		-	118
Prepaid expenses		16	314
Prepaid import		12	1,472
		164	2,215
Other receivables:			
Related party balance	10.2	4,274	-
Sales tax input		-	7,738
Others		1,216	1,914
		5,490	9,653
		<u>12,178</u>	<u>21,996</u>

10.1 Includes current portion of long term loans amounting to Rs.0.079 million (2011: Rs. 0.701 million).

10.2 This represents receivable from IBL Operations (Private) Limited, Searle Pakistan Limited, IBL Health Care Limited and Dunkin Donuts in respects of Claims and recoverable expenses.



Notes to the Financial Statements

For the year ended June 30, 2012

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11. CASH AND BANK BALANCES	Note	2012	2011
		----- Rupees in 000 -----	
Cash in transit		31,579	5,375
Cash at Bank:			
Current accounts		8,502	834
PLS and deposit accounts		433	428
		8,935	1,263
		40,514	6,638

12. SHARE CAPITAL

Authorised Share Capital

Number of Shares in 000

2012	2011		
10,000	10,000	100,000	100,000

Issued, Subscribed and Paid-up Share Capital

Number of Shares in 000

2012	2011		
5,000	5,000	Ordinary share of Rs. 10 each fully paid in cash.	50,000
4,184	4,184	Ordinary shares issued as fully paid bonus shares	41,839
9,184	9,184		91,839

12.1 International Brands (Private) Limited is the holding company, which holds 71.70% shares (2011: 62.57%) in United Distributors Pakistan Limited.



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Notes to the Financial Statements

For the year ended June 30, 2012

13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Minimum lease payments

	June 2012			June 2011		
	Minimum Lease Payments	Principal	Financial Charges	Minimum Lease Payments	Principal	Financial Charges
	----- Rupees in 000 -----					
Not later than one year	9,150	8,739	411	31,231	27,576	3,655
Later than one year but not later than five years	273	262	11	12,420	11,830	590
	9,423	9,001	422	43,651	39,406	4,245

The Company has entered into finance lease agreements with leasing companies and banks for financing to acquire plant and machinery and motor vehicles. Payments under these agreements include finance charges based on 6 month KIBOR ranging from 14.29 % to 21.77 % (2011: 14.32% to 21.79%) per annum, which are used as discounting factors and are payable in monthly installments. The Company can exercise purchase option by adjusting the amount of security deposits at the expiry of the lease period.



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Notes to the Financial Statements

For the year ended June 30, 2012

14. RETIREMENT BENEFIT OBLIGATION - GRATUITY	Note	2012 ----- Rupees in 000 -----	2011
14.1 Balance sheet liability as at July 01		5,560	5,494
Amount recognized during the year under IAS - 19	14.4	-	2,502
Liability transferred from other group company		-	-
Less: Benefits paid during the year		(93)	(2,435)
Balance sheet liability as at June 30		<u><u>5,467</u></u>	<u><u>5,560</u></u>
14.2 A reconciliation of actuarial valuation to balance sheet liability as at June 30 is given in following paragraphs:			
Present value of defined benefit obligations as at July 01	14.3	6,432	6,525
Less: Actuarial losses to be recognized in later periods	14.5	(722)	(722)
Less: Past services cost to be recognized in later periods		(243)	(243)
Total balance sheet liability as at June 30		<u><u>5,467</u></u>	<u><u>5,560</u></u>
14.3 Present value of defined benefit obligations as at July 01		6,525	6,590
Current service cost for the year		-	1,514
Interest cost for the year		-	857
Less: Benefits paid during the year		(93)	(2,435)
Actuarial loss/(Gain) on PVDBO		-	-
Present Value of Defined Benefit Obligations as at June 30		<u><u>6,432</u></u>	<u><u>6,525</u></u>
14.4 Charge to profit and loss account for the year			
Current service cost		-	1,514
Interest cost		-	857
Actuarial loss charged		-	10
Past service cost charged		-	121
		<u><u>-</u></u>	<u><u>2,502</u></u>
14.5 Changes in actuarial loss as at June 30			
Unrecognized actuarial loss as at July 01,		(722)	(732)
Actuarial (Loss)/Gain arising during the year		-	-
Actuarial loss charged to P & L during the year		-	10
Unrecognized actuarial loss as at June 30		<u><u>(722)</u></u>	<u><u>(722)</u></u>
14.6 Latest actuarial valuation was carried out as on September 08, 2010 using Projected Unit Credit Method. The Principal actuarial assumption are as under:			
Salary increase		12%	12%
Discount rate		12%	12%
Inflationary factor		1%	1%



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Notes to the Financial Statements

For the year ended June 30, 2012

15. DEFERRED TAXATION	Note	2012 Rupees in 000	2011
Debit/ (Credit) balance arising in respect of temporary differences:			
Property, plant and equipment		17,032	17,032
Long term investments		11,115	11,115
Stock in trade		(8,088)	(8,088)
Staff retirement benefits		(1,946)	(1,946)
Deferred income		(200)	(200)
Lease assets obligations		(13,792)	(13,792)
		<u>4,121</u>	<u>4,121</u>
15.1 In lieu of tax losses of previous years, deferred tax expense has not been charged during the year.			
16. DEFERRED INCOME			
Opening balance		570	1,255
Less: Matured in the year		(570)	(685)
		<u>-</u>	<u>570</u>
17. TRADE AND OTHER PAYABLES			
Creditors		121,480	288,827
Accrued liabilities		49,672	115,273
Payable to related parties	17.1 & 17.2	85,031	45,674
Tax deducted at source		231	-
Unclaimed dividend		595	595
Sales tax payable		2,766	-
Interest accrued on short term borrowing		19,737	8,094
		<u>279,512</u>	<u>458,462</u>

17.1 This represents amount payable to Searle Pakistan Limited-Provident Fund, IBL HealthCare Limited - Provident Fund and Habbit.

17.2 Markup Payable to Searle Pakistan Limited - Provident Fund and IBL HealthCare Limited - Provident Fund is charged at the rate of 13% to 14.93% per annum.



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Notes to the Financial Statements

For the year ended June 30, 2012

18. SHORT TERM BORROWINGS - SECURED	Note	2012	2011
		----- Rupees in 000 -----	
Running finances	18.1	75,112	97,596
Demand finances	18.2	121,800	-
HBL freedom account		-	431
		<u>196,912</u>	<u>98,027</u>

18.1 The Company obtained running finance facilities from Standard Chartered Bank Limited and Habib Metropolitan Bank Limited at interest of KIBOR+3% & KIBOR+2% respectively. These facilities have been secured by way of hypothecation and pledge shares of Searle Pakistan Limited by International Brands (Private) Limited on behalf of United Distributors Pakistan Limited.

18.2 The Company obtained demand finance facilities from Silk Bank Limited and Standard chartered Bank Limited at interest of 18.5% per annum and KIBOR+3% respectively. These facilities have been secured by way of pledge shares of Searle Pakistan Limited by IBL and shares of IBL HealthCare Limited by United Distributors Pakistan Limited.

19. CONTINGENCIES AND COMMITMENTS

Letters of credit issued by various bank on behalf of the Company in ordinary course of business outstanding at the year end amounted to Rs 6.9 million (2011: Rs 61.1 million).

20. SALES - NET	Note	2012	2011
		----- Rupees in 000 -----	
Gross sales (inclusive of GST)		702,947	1,479,743
Less: Sales tax		(84,201)	(22,723)
Discount		(116,392)	(436,780)
		<u>502,354</u>	<u>1,020,239</u>
21. COST OF GOODS SOLD			
Opening stock of finished goods		339,401	330,451
Add: Purchases of finished goods		76,994	361,494
Cost of goods manufactured	21.1	147,597	447,217
Goods available for sale		563,992	1,139,162
Less: Closing stock of finished goods	7	(153,960)	(339,401)
Stock write off		(14,791)	
Provision for obsolete stock		6,527	16,247
Cost of goods sold		<u>401,768</u>	<u>816,007</u>



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Notes to the Financial Statements

For the year ended June 30, 2012

		2012	2011
		----- Rupees in 000 -----	
21.1 Cost Of Goods Manufactured	Note		
Opening Stock:			
Raw material		33,802	104,563
Packing materials		14,515	25,076
In transit		34,463	-
		82,780	129,638
Add: Purchases			
Raw material - imported		97,543	262,337
Raw material - local		8,835	77,629
Packing materials		16,019	36,892
		122,397	376,858
Available for consumption		205,177	506,497
Closing Stock:			
Raw materials	7	(53,223)	(33,802)
Packing materials	7	(15,520)	(14,515)
In transit	7	-	(34,463)
		(68,743)	(82,780)
Raw and packing materials consumed		136,434	423,717
Add: Processing costs	21.2	11,163	23,500
		<u>147,597</u>	<u>447,217</u>
21.2 Processing Costs			
Salaries, wages, allowances and benefits		4,016	10,150
Rent, rate and taxes		3,124	6,522
Repair and maintenance		229	947
Utilities		629	902
Depreciation	4.3	2,254	2,663
Others		911	2,317
		<u>11,163</u>	<u>23,500</u>



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Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012	2011
		----- Rupees in 000 -----	
22. SELLING EXPENSES			
Salaries, allowances and benefits		44,566	80,279
Staff provident fund		1,020	2,126
Staff gratuity		-	1,901
Distribution freight		15,050	35,670
Vehicle running expenses		16,406	28,943
Depreciation	4.3	14,680	22,586
Amortization of Software		313	200
Commission and incentives		(3,333)	14,834
Travelling, boarding and lodging		3,808	9,068
Sales promotion and advertisement		6,759	4,068
Communication		1,464	3,317
Entertainment		1,244	2,205
Product registration and renewals		559	1,222
Research and development		244	2,037
Software development expenses		250	425
Insurance		2,012	2,344
Rent, rates and taxes		302	1,066
Utilities		411	517
Repair and maintenance		269	277
Printing and stationery		207	878
Fee, subscription and periodicals		215	144
Sales conferences and meetings expenses/(reversal)		-	(936)
Others		103	549
		<u>106,549</u>	<u>213,720</u>
23. DISTRIBUTION EXPENSES			
Salaries, allowances and benefits		7,708	11,880
Staff provident fund		329	483
Staff gratuity		-	370
Distribution expenses		-	5,661
Rent, rates and taxes		5,062	7,616
Depreciation	4.3	906	2,508
Safety and security		940	1,437
Utilities		619	890
Communication		554	820
Vehicle running expenses		445	1,605
Repair and maintenance		678	585
Travelling, boarding and lodging		379	476
Printing and stationery		167	197
Entertainment		338	420
Insurance		49	113
Fee, subscription and periodicals		63	27
Legal and professional charges		-	6
Conference meeting expenses		-	229
Others		82	-
		<u>18,319</u>	<u>35,324</u>

Notes to the Financial Statements

For the year ended June 30, 2012

24. ADMINISTRATIVE AND GENERAL EXPENSES	Note	2012 ----- Rupees in 000 -----	2011
Salaries, allowances and benefits		7,125	11,875
Staff provident fund		394	567
Staff gratuity		-	230
Rent, rates and taxes		1,674	2,888
Depreciation	4.3	1,547	2,060
Amortization of software cost		56	-
Legal and professional charges		902	742
Donation	24.1	-	1,016
Travelling and conveyance		543	1,299
Communication		405	807
Vehicle running expenses		507	821
Printing and stationery		313	558
Auditors' remuneration	24.2	447	457
Utilities		332	412
Entertainment		109	398
Repair and maintenance		154	312
Fee, subscription and periodicals		199	391
Advertisement		65	269
Software development		185	68
Training and development		-	5
Conference meeting expenses /(reversal)		-	(927)
		<u>14,957</u>	<u>24,248</u>

24.1 This represents donation given to The Citizen Foundation of Pakistan (TCF).

24.2 Auditors' Remuneration

Annual audit fee	300	300
Half year review fee	100	100
Out of pocket expenses	47	57
	<u>447</u>	<u>457</u>



Notes to the Financial Statements

For the year ended June 30, 2012

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		2012	2011
	Note	----- Rupees in 000 -----	
25. OTHER INCOME			
Income from financial assets:			
Profit on bank deposits		12	25
Dividend received from associated companies	5.1	8,670	5,145
		8,682	5,170
Income from non financial assets:			
Gain from disposal of property, plant and equipment		20,828	7,833
Deferred income recognized	16	570	685
Others		3,473	4,893
		24,871	13,410
		33,553	18,580
26. FINANCE COST			
Finance charges on leases		3,254	8,056
Profit on morabaha facility		-	2,457
Bank charges and commission		3,294	4,316
Mark up on short term borrowings		21,704	14,763
Mark up payable to related parties		5,291	4,415
Additional charges on letter of credit mark up		18,638	16,055
Exchange fluctuations		5,624	3,576
		57,805	53,636
27. PROVISION FOR TAXATION			
- Current tax		5,891	8,754
- Prior year tax		5,331	1,079
- Deferred tax		-	(12,601)
- Tax effect on Loss surrendered to Searle Pakistan Limited	27.1	(35,819)	-
		(24,597)	(2,769)

27.1 This represents compensation received on account of surrendering its assessed tax loss of financial year 2011 to Searle Pakistan Limited U/s 59B of Income Tax Ordinance, 2001.



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Notes to the Financial Statements

For the year ended June 30, 2012

28. 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:

Note	2012	2011
	----- Rupees in 000 -----	
28.1 By Virtue of Investment in Associates and Common Directorship		
FMC United (Private) Limited		
Distribution fee	-	3,594
Transportation expenses	-	2,804
Dividend received	6,558	-
Share of profit /(loss) for the year	83,441	20,469
Current account receipt	-	26,915
Current account receivable	-	-
Searle Pakistan Limited		
Claimable expense	1,140	3,266
Share of profit	-	3,770
Dividend received	-	4,165
Sale of Vehicles	5,841	
Receivable against group tax relief	35,819	-
Current account receipts /(payments)	23,105	-
Current account (receivable) /payable	(2,467)	3,266
Pioneer Pakistan Seed Limited		
Share of loss/profit for the period	23,664	(3,575)
Dividend received	979	979
IBL Healthcare Limited		
Share of profit	1,776	1,032
Dividend received	1,133	-
IBL Operations (Private) Limited		
Fixed assets purchases / leased rental charged to IBL	-	1,398
Warehouse rent	-	566
Claimable expense	(1,348)	(39)
Current account receipts /(payments)	(10,239)	5,000
Proceed from sale of furniture and fixtures	-	(2,066)
Current account (receivable) / payable	(1,790)	9,797

28.2 In pursuance of scheme of arrangement and court order dated May 2011, with effect from July 01, 2011 all assets (except for retained assets), liabilities and operation division of International Brands (Private) Limited (the holding company) were transferred to IBL Operations (Private) Limited.



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Notes to the Financial Statements

For the year ended June 30, 2012

29. REMUNERATION OF DIRECTOR AND EXECUTIVES

Managerial remuneration:

Basic salary
Allowances
Bonus
Company's contribution to provident fund

DIRECTOR		EXECUTIVES	
2012	2011	2012	2011
----- Rupees in 000 -----			
1,680	1,600	2,712	2,962
840	867	4,059	1,592
133	133	284	444
168	160	258	296
2,821	2,760	7,313	5,295
1	1	4	3

Number of persons

- 29.1** A sum of Rs. 11,000/- (2011: Rs. 22,500) 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.
- 29.2** 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.
- 29.3** Executive means an employee other than Chief Executive and Director whose basic salary exceeds five hundred thousand rupees in the financial year.
- 29.4** There was no remuneration paid to CEO and directors since the same has been paid to them by the other related parties in the capacity of directors and CEO of that company.



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Notes to the Financial Statements

For the year ended June 30, 2012

30. PLANT CAPACITY / UTILIZATION

Installed Capacity per annum Ltr/Kg (based on eight hours)	2012	2011
	Actual Production (Units)	Actual Production (Units)
----- Units in 000 -----		

Liquid (Bottles)	1,521	385	1,087
Sachet (Powder)	760	207	288
Granular Plant	760	1	98

The Company focused to sale carry over stock that caused to restrict production during the current year.

31. FINANCIAL ASSETS AND LIABILITIES

Interest / mark-up rate risk exposure

JUNE 30, 2012							
Maturity up to one year	Maturity from one to five year	Sub Total	Maturity up to one year	Maturity from one to five year	Equity Instrument	Sub Total	Total
----- Rupees in 000 -----							

Financial assets

Long term investments	-	-	-	-	325,745	325,745	325,745
Advances, deposits and other receivables	-	-	-	8,236	-	8,236	8,236
Trade debts	-	-	-	6,628	-	6,628	6,628
Cash and bank balances	433	-	433	40,082	-	40,082	40,514
	433	-	433	54,946	-	325,745	380,691
							381,124

Financial liabilities

Staff retirement obligation	-	-	-	-	5,467	-	5,467	5,467
Liabilities against assets subject to finance lease	8,739	262	9,002	-	-	-	-	9,002
Trade and other payables	30,000	-	30,000	249,512	-	-	249,512	279,512
Short term borrowing	196,912	-	196,912	-	-	-	-	196,912
	235,651	262	235,913	249,512	5,467	-	254,979	490,893

Notes to the Financial Statements

For the year ended June 30, 2012

FINANCIAL ASSETS AND LIABILITIES

Interest / mark-up rate risk exposure

JUNE 30, 2012							
Interested / mark-up bearing			Non-Interest / mark-up bearing				Total
Maturity up to one year	Maturity from one to five year	Sub Total	Maturity up to one year	Maturity from one to five year	Equity Instrument	Sub Total	

----- Rupees in 000 -----

Financial assets

Long term investments	-	-	-	-	-	225,533	225,533	225,533
Advances, deposits and other receivables	-	-	-	4,351	-	-	4,351	4,351
Trade debts	-	-	-	12,389	-	-	12,389	12,389
Cash and bank balances	428	-	428	6,209	-	-	6,209	6,638
	428	-	428	22,949	-	225,533	248,482	248,911

Financial liabilities

Staff retirement obligation	-	-	-	5,560	-	-	5,560	5,560
Liabilities against assets subject to finance lease	27,576	11,830	39,406	-	-	-	-	39,406
Trade and other payables	30,000	-	30,000	428,462	-	-	428,462	458,462
Short term borrowing	98,027	-	98,027	-	-	-	-	98,027
	155,603	11,830	167,433	434,022	-	-	434,022	601,456

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 (2011: 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.

31.1 There have been no more than five years balances of financial assets and liabilities as at June 30, 2012.



Pakistan

Notes to the Financial Statements

For the year ended June 30, 2012

32. EARNINGS /(LOSS) PER SHARE - BASIC AND DILUTED	Note	2012 ----- Rupees in 000 -----	2011 -----
--	------	-----------------------------------	---------------

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

32.1 Company and associates

Profit /(Loss) after tax	61,318	(96,627)
Weighted average ordinary shares (Numbers)	9,184	9,184
Earning /(Loss) per share	<u>6.68</u>	<u>(10.52)</u>

32.2 Company

Profit /(Loss) after tax	61,318	(96,627)
Less: Share of profit of associates	<u>(100,212)</u>	<u>(1,126)</u>
Loss of company	(38,893)	(97,753)
Weighted average ordinary shares (Numbers)	9,184	9,184
Loss per share	<u>(4.23)</u>	<u>(10.64)</u>

33. NUMBER OF EMPLOYEES

The average number of employees during the year is 129 (2011: 200)

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the board of directors of the Company and authorized for issue on September 24, 2012.

35. 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.

ZUBAIR PALWALA
Chief Executive Officer

ASAD ABDULLA
Director



Pakistan

PATTERN OF SHAREHOLDING

CATEGORIES OF SHAREHOLDERS

As on June 30, 2012

Categories of Shareholders	Number	Shares Held	Percentage
1 Individuals	1198	1,412,619	15.381%
2 Insurance Companies	1	2,530	0.028%
3 Joint Stock Companies	11	6,644,229	72.347%
4 Financial Institutions	9	837,776	9.122%
5 Modarba Companies	5	254,963	2.776%
6 Foriegners	1	278	0.003%
7 Others	3	3,1505	0.343%
	1228	9,183,900	100.000%

DETAILS OF PATERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

CATEGORIES OF SHAREHOLDERS

Number Shares Held

ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

1 First UDL Modaraba	2	211,563
2 IBL (PVT.) Limited	2	6,584,887
	4	6,796,450

NIT/ICP

1 National Bank of Pakistan	5	740,354
2 Investment Corporation of Pakistan	1	200
	6	740,554

DIRECTORS CEO THEIR SPOUSE AND MINOR CHILDREN

1 Mr. Rashid Abdulla	2	753
2 Mr. Khalid Malik	2	25,489
3 Mr. Asad Abdulla	1	3,465
4 Mr. Nadeem Ahmed	1	500
5 Mr. Ayaz Abdulla	1	632
6 Mr. Zubair Razzak Palwala	1	632
	8	31,471



PATTERN OF SHAREHOLDING

PUBLIC SECTOR COMPANIES & CORPORATIONS

Banks, Development Finance Institutions
Non Banking Finance Institutions,
Insurance Companies, Modarabas
and Mutual Funds

1	First IBL Modaraba	1	21,199
2	Crescent Standard Modaraba	2	22,201
3	Boston Safe Deposit & Trust Co.	1	278
4	IDBP (ICP Unit)	1	78
5	The Bank of Punjab	1	96,797
6	Crescent Investment Bank Ltd.	1	347
7	East West Insurance Company	1	2,530
8	Pakistan memon Education & Welfare Society	1	6,510
9	Trustee Maymar Housing Services Limited	1	24,895
10	Prudential Securities Limited	1	11
11	Eduljee Dinshaw (Pvt) Ltd.	1	22,959
12	S.H. Bukhari Securities (Pvt) Ltd.	1	222
13	Zillion Capital Securities (Pvt.) Ltd.	1	5,500
14	Stock Master Securities (Pvt.) Ltd.	2	550
15	Cliktrade Ltd.	1	99
16	Horizon Securities (SMC-Pvt) Ltd.	1	1
17	Muhammad Munir Muhammad Ahmed Khanani Securities (Pvt) Ltd.	1	30,000
18	NCC Pre-settlement Delivery Account	1	100
		20	234,277

SHARE HOLDERS HOLDING 10% OR MORE

- 1 International Brands (Pvt.) Ltd. *

INDIVIDUAL & OTHERS

1	Individual & Others	1190	1,381,148
		1190	1,381,148
		1228	9,183,900

* Figures shown in associated companies head



PATTERN OF SHAREHOLDING

<u>No. Of Shareholders</u>	<u>Shareholdings</u>		<u>Total Shares Held</u>
	<u>From</u>	<u>To</u>	
723	1	100	9,418
240	201	500	58,906
88	501	1000	64,995
128	1001	5000	271,769
27	5001	10000	123,947
7	10001	15000	82,794
8	15001	20000	50,321
4	20001	25000	93,024
4	25001	30000	112,899
1	30001	35000	30,473
2	40001	45000	86,941
1	50001	55000	50,673
1	60001	65000	64,287
1	95001	100000	96,797
1	100001	105000	100,466
1	120001	125000	122,500
1	145001	150000	146,000
1	210001	215000	211,500
1	230001	235000	230,525
1	235001	240000	238,856
1	450001	455000	452,388
1	6480001	6485000	6,484,421
<u>1228</u>			<u>9,183,900</u>



Pakistan

► Form of Proxy

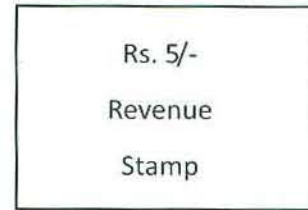
The Secretary
United Distributors Pakistan Limited
9th Floor, NIC Building, Abbasi Shaheed Road,
Karachi.

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 23, 2012 and / or any adjournment thereof.

Signed this _____ day of _____ 2012.

Witness:

1. _____
2. _____



Signature of Member(s)

Shareholder(s) Folio No. _____ and/or
CDC Partiipation I.D. No. _____ and
Sub-Account No. _____

IMPORTANT:

1. The member is requested:
 - I. To affix Revenue Stamp of Rs. 5/- at the place indicated above.
 - II. To Sign across the revenue Stamp in the same style of signature as is registered with the Company.
 - III. To write down his Follo Number.
2. In order to be valid, this proxy must be received at the registered office of the Company atleast 48 hours before the time fixed for the Meeting, duly complete in all respects.
3. 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

9th Floor, N.I.C. Building, Abbasi Shaheed Road,
Off: Shahrah-e-Faisal, Karachi.

Core Values

- “Seeking Allah’s pleasure in all that we do”
- “Committing ourselves to enhancing Pakistan’s image”
- “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 profitability & improving performance ratios”

Spirit of Growth



1st Floor, NIC Building, Abbasi
Shaheed Road, Karachi-75530

Tel: +92-21-35635514-16
Fax: +92-21-35635518

e-mail: info@udpl.com.pk
web: www.udpl.com.pk