




Pakistan



Annual Report 2014

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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. Munis Abdullah  
Director

Mr. Tahir Saeed  
Director

Mr. M. Salman Hussain Chawala  
Director N.I.T Nominee

## Company Secretary

Mr. Adnan Ahmed Feroze  
Company Secretary

## Audit Committee

Mr. Tahir Saeed  
Chairman

Mr. Zubair Palwala  
Member

Mr. Ayaz Abdulla  
Member

## CFO

Mr. Sohail Hasnain Ahmed  
Chief Financial Officer

## HR. Remuneration

Mr. Ayaz Abdulla  
Chairman

Mr. Zubair Palwala  
Member

Mr. Asad Abdulla  
Member

## Legal Advisor

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

## Auditors

Baker Tilly Idress Qammar  
Chartered Accountant  
4<sup>th</sup> Floor, Central Hotel Building Civil Lines,  
Mereweather Road, Karachi

## Bankers

Standard Chartered Bank Pakistan Ltd.  
Habib Metropolitan Bank Limited  
Habib Bank Limited  
Silk Bank Limited

## Registered Office

United Distributors Pakistan Limited  
9<sup>th</sup> Floor, NIC Building, Abbasi Shaheed  
Road, | Off: Shahrah-e-Faisal, Karachi  
Web: www.udpl.com.pk

## Registrar

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

# Notice of Annual General Meeting

Notice is hereby given that the 32<sup>nd</sup> 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 Saturday October 25, 2014 at 2:00 p.m. to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of the last Extra Ordinary General Meeting of the Company held on May 16, 2014.
2. To receive, consider and approve the Audited Financial Statement of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors and fix their remuneration for the year 2014-2015. 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.

By Order of the Board



**ADNAN AHMED FEROZE**  
Company Secretary

Karachi: October 03, 2014

## NOTES

1. The share transfer books of the Company will remain closed from October 19, 2014 to October 25, 2014 (both days inclusive). Transfers (if any) should be received at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House 99-B, Block B, S.M.C.H.S., Main Sharah-e- Faisal, Karachi., latest by the close of the business on October 18, 2014.
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 at the Company's Registered Office not less than 48 hours before the meeting.
4. Members are requested to notify any change in their addresses immediately to the Company's Share Registrar.
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 and / or their Proxies are required to produce their original 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 of the Proxy.
7. In case corporate entity, the Board of Director's 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.

# Directors' Report

## to the Shareholders

The Board of Directors of **UNITED DISTRIBUTORS PAKISTAN LIMITED** (UDPL) is pleased to present the Annual Report of the Company for the year ended June 30, 2014.

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

### BUSINESS OVERVIEW

Your Company has continued to improve its performance over last years with increase in revenues, gross margins and reduction of operating cost. This performance achieved by the sale of better product mix, contribution of new products, enhancement of customer base, efficient utilization of resources and controlled expenses.

We are pleased to announce that your Company has recorded revenue of Rs.402.9 million as compared to Rs.369.8 million for the same period last year.

The gross profit for the year also increased significantly to Rs. 108.2 million reflecting an increase of Rs.41.9 million over last year. This attainment is derived from addition of new product segment i.e Macro Fertilizer which consists of high margin product and the Company is also able to increase margins of existing products along with reduction in trade discounts.

Your Company has utilized their resources efficiently thus resulting in reduction of operating expenses by 5.7% over the last year despite of the increase in revenue in the period under review.

### FINANCIAL HIGHLIGHTS

	2014	(Restated) 2013
	----- (Rupees in '000') -----	
Net sales	402,921	369,847
Gross profit	108,201	66,301
Profit before taxation	94,844	277,673
Profit after taxation	101,572	275,556
EPS in Rs.	8.23	23.58



However, the profit after tax (PAT) as compared to the last year shows a decline, since the last year PAT included the gain on sale of investment of Rs.190.9 million which was not available in the current year.

### EARNINGS PER SHARE

For the year under review number of ordinary shares increased from 9,1839,000 to 18,367,800 due to issuance of right shares. However, according to the requirement of the International Financial Reporting Standards (IAS 33), the Earnings per Share (EPS) has been calculated taking effect of Right issue on weighted average number of shares which comes to 13,408,494 as on June 30th 2014. On this basis the EPS for the year is reported at Rs. 8.23 as compared to the last year restated EPS of Rs. 23.58.

### SHARE OF ASSOCIATES

The associated companies post good profit for the year 2013-14 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, 2014 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:

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
	----- (Rupees in Millions) -----					
Net sales	403	370	502	1,020	1,143	773
Cost of goods sold	(295)	(304)	(402)	(816)	(929)	(586)
Gross profit	108	66	101	204	215	187
Gross profit in percentage	26.8%	17.8%	20.1%	20.0%	18.8%	24.2%
Profit/(loss) after tax	102	276	61	(97)	(31)	78
Cash dividend	-	-	-	-	-	8.35
Bonus share	-	-	-	-	-	8.35
Bonus share in percentage	-	-	-	-	-	10%
Earning per share (in Rs.)	8.23	23.58	6.68	(10.52)	(3.42)	8.52

### DIVIDEND

The Directors propose NIL dividend for the year ended June 30, 2014.

### RIGHT SHARES

The Board of Directors of the Company in their meeting held on September 19, 2013 approved increase in paid up share capital of the company by way of further issuance of right shares at par value of Rs 10/- per share in the ratio of 1(one) share for every 1(one) share held i.e 100% right.

The main purpose of this issue is to increase the Company's existing equity and to utilize the funds for holding a good range of inventory, increase the sales force by adding new territories required to achieve the business objectives set out by the management.

### 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 6,715,062 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.

# Directors' Report

## to the Shareholders

### 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.
- 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.98,889 thousands (un audited) as at June 30<sup>th</sup>, 2014.

### MEETINGS OF BOARD OF DIRECTORS

Seven meetings of the Board of Directors were held during the year ended June 30<sup>th</sup>, 2014. Attendance by each Director was as under:

S. No.	Name Of Directors	Number Of Meetings Attended
01.	Mr. Rashid Abdulla	7
02.	Mr. Asad Abdulla	7
03.	Mr. Munis Abdullah	1
04.	Mr. Ayaz Abdulla	5
05.	Mr. Zubair Palwala	7
06.	Mr. S. Nadeem Ahmed	5
07.	Mr. Tahir Saeed	1

We would like to extend our gratitude to Mr. 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.

# Directors' Report

## to the Shareholders

### 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. Ayaz Abdulla	4
02.	Mr. Zubair Palwala	4
03.	Mr. S. Nadeem Ahmed	3

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.

### 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 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 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<sup>th</sup>, 2015 at a fee to be mutually agreed.

### PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at June 30<sup>th</sup>, 2014, along with the necessary information is annexed to this report.

There were 1,395 shareholders on the record of the Company as at 30<sup>th</sup> June 2014.



# Directors' Report

to the Shareholders

## 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 ie. Our team, new brands, product registrations, revamping of formulation facility, enhance 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, 2014

# Statement of Compliance

## with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG), 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 representation of non-executive directors including independent directors or directors representing minority interests on its board of directors. At present the board includes.

Category	Name
Executive Director	Mr. Asad Abdulla
	Mr. Rashid Abdulla
	Mr. Munis Abdullah
Non-Executive Directors	Mr. Ayaz Abdulla
	Mr. Zubair Palwala
	Mr. M. Salman Hussain Chawala
Independent Director	Mr. Tahir Saeed

Independent directors meet the criteria of independence under code of corporate governance.

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. No casual vacancy occurred on 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 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 one of its director during the year.
10. There was no change in the position of Chief Financial Officer and Company Secretary.

# Statement of Compliance

## with Best Practices of Code of Corporate Governance

11. The directors' report for year ended June 30, 2014 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. 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



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

40 Floor, Central Hotel Building,  
Civil Lines, Metrosite Road,  
Karachi - Pakistan.  
Tel: +92 (021) 33644872-7  
Ex: +92 (021) 33694873  
Email: [mtir@mmqadcc.com](mailto:mtir@mmqadcc.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 Stock Exchanges 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 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 at arm's length price or not.

Based on our review nothing has come to our attention which cause us to believe that the Statement of Compliance does not appropriately reflect the status of Company's compliance, in all martial respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company of the year ended June 30, 2014.

Engagement Partner

**MEHMOOD A. RAZZAK**

Karachi

Date: September 23, 2014

# Auditors' Report

## to the Members



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

6th Floor, Central Hotel Building,  
Civil Lines, Metroweather Road,  
Karachi - Pakistan.  
Tel: +92 (021) 35644872/7  
Fax: +92 (021) 35694373  
Email: [me@bakerandco.com](mailto:me@bakerandco.com)

We have audited the annexed balance sheet of **UNITED DISTRIBUTORS PAKISTAN LIMITED** as at June 30, 2014 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 that belief, were necessary for the purposes 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 book 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 draw 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 explanation 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, given 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, 2014, 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).

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 6,715,062 shares of International Brands Limited, the holding company, amounting to Rs. 83,663,000/-.

Engagement Partner

**MEHMOOD A. RAZZAK**

Karachi

Date: September 23, 2014

# Balance Sheet

as at June 30, 2014

		(Restated)	
		2014	2013
		----- (Rupees in '000') -----	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	39,054	36,896
Intangible assets	6	594	1,078
Long term investments	7	463,220	369,734
Long term loans - staff - secured	8	-	15
		502,868	407,723
<b>CURRENT ASSETS</b>			
Stock in trade	9	238,064	159,383
Trade debts	10	61,534	40,057
Taxation - net	11	20,481	-
Advances, deposits, prepayments and other receivables	12	22,294	9,863
Short term investment	13	2,000	-
Cash and bank balances	14	4,559	9,723
		348,932	219,026
		<b>851,800</b>	<b>626,749</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	15	183,679	91,839
General reserve		28,548	30,000
Unappropriated profit		388,693	287,121
<b>Total Equity</b>		<b>600,920</b>	<b>408,960</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease	16	3,517	9,248
Diminishing musharakah financing	17	9,341	-
Retirement benefit obligation - gratuity	18	-	3,853
Deferred taxation	19	5,853	8,061
		18,711	21,162
<b>CURRENT LIABILITIES</b>			
Current portion of liabilities against assets subject to finance lease	16	5,542	5,070
Current portion of diminishing musharakah financing	17	4,893	-
Trade and other payables	20	198,120	177,983
Short term borrowings - secured	21	16,295	324
Taxation - net	11	-	9,147
Advance from dealers		7,319	4,103
		232,169	196,627
<b>Total Liabilities</b>		<b>250,880</b>	<b>217,789</b>
Contingencies and commitments	22	-	-
		<b>851,800</b>	<b>626,749</b>

The annexed notes 1 to 39 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, 2014

		2014	(Restated) 2013
	Note	(Rupees in '000')	
Sales	23	402,921	369,847
Cost of goods sold	24	(294,720)	(303,546)
<b>Gross Profit</b>		<b>108,201</b>	<b>66,301</b>
Selling expenses	25	(104,383)	(108,316)
Distribution expenses	26	(18,037)	(18,597)
Administrative and general expenses	27	(15,438)	(19,275)
		(137,858)	(146,188)
<b>Operating (loss)</b>		<b>(29,657)</b>	<b>(79,887)</b>
Other income	28	24,432	72,448
Finance cost	29	(8,722)	(26,174)
Other expenses - workers' welfare fund		-	(1,388)
Gain on disposal of investment		-	190,921
Share of profit of associates	7.1	108,791	121,753
<b>Profit before taxation</b>		<b>94,844</b>	<b>277,673</b>
Provision for taxation	30	15,464	(499)
<b>Profit after taxation</b>		<b>110,308</b>	<b>277,174</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit and loss			
Share of (loss) of associates		(9,707)	(1,798)
Deferred tax impact relating to other comprehensive income		971	180
<b>Total comprehensive income</b>		<b>101,572</b>	<b>275,556</b>
<b>Earnings per share - basic and diluted (Rupees)</b>			
Company and associates	36.1	8.23	23.58
Company	36.2	0.11	13.22

The annexed notes 1 to 39 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, 2014

	2014	2013
	(Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	94,844	277,673
<b>ADJUSTMENTS FOR NON - CASH CHARGES AND OTHER ITEMS:</b>		
Depreciation	12,528	13,189
Amortization of intangible assets	534	489
Provision for employee benefit	26	2,531
Profit on deposit account	(267)	(1)
Finance cost	8,722	26,174
(Gain) / loss on disposal of property, plant and equipment	(17,425)	1,749
Dividend received	(3,826)	(71,699)
(Gain) on disposal of investment	-	(190,921)
Share of profit of associates	(108,791)	(121,753)
	(108,499)	(340,242)
Cash (used in) operating activities before working capital changes	(13,655)	(62,569)
(Increase) / Decrease in current assets	(112,590)	17,361
Increase / (Decrease) in current liabilities	21,914	(89,804)
	(104,331)	(135,012)
Income tax - net	(15,401)	19,807
Finance cost paid	(9,264)	(45,190)
Gratuity paid	(1,896)	(4,145)
	(26,561)	(29,528)
<b>Net cash (used in) operating activities</b>	<b>(130,892)</b>	<b>(164,540)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(20,737)	(1,254)
Purchase of intangible assets	(50)	(436)
Profit on deposit account	267	1
Dividend received	9,424	76,111
Proceeds from disposal of property, plant and equipment	23,476	4,981
Proceeds from disposal of investments	-	261,028
Short term investment	(2,000)	-
Long term loans received	15	8
Long term lease deposits	-	1,517
<b>Net cash generated from investing activities</b>	<b>10,395</b>	<b>341,956</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - secured	15,971	(196,587)
Proceeds from issuance of right shares - net	90,388	-
Diminishing musharakah financing	14,234	-
Payment for liabilities against assets subject to finance lease	(5,260)	(11,620)
<b>Net cash generated from / (used in) financing activities</b>	<b>115,333</b>	<b>(208,207)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(5,164)</b>	<b>(30,791)</b>
Cash and cash equivalents at the beginning of the year	9,723	40,514
<b>Cash and cash equivalents at the end of the year</b>	<b>4,559</b>	<b>9,723</b>

Note

(Restated)

2014

2013

(Rupees in '000')

The annexed notes 1 to 39 form an integral part of these financial statements.



**ASAD ABDULLA**  
Chief Executive Officer



**ZUBAIR PALWALA**  
Director



# Statement of Changes in Equity

for the year ended June 30, 2014

	Issued, Subscribed and Paid-up Share Capital	General Reserves	Accumulated Profit/(Loss)	Total
(Rupees in '000')				
<b>Balance as at July 01, 2012</b>	<b>91,839</b>	<b>30,000</b>	<b>12,868</b>	<b>134,707</b>
Effect of change in accounting policy - Restated	-	-	(1,448)	(1,448)
Deferred tax impact of changes in accounting policy	-	-	145	145
	-	-	(1,303)	(1,303)
<b>Balance as at July 01, 2012</b>	<b>91,839</b>	<b>30,000</b>	<b>11,565</b>	<b>133,404</b>
Profit for the year ended June 30, 2013	-	-	277,174	277,174
Other comprehensive loss for year ended June 30, 2013	-	-	(1,798)	(1,798)
Deferred tax impact relating to other comprehensive income	-	-	180	180
Total comprehensive income	-	-	275,556	275,556
<b>Balance as at June 30, 2013</b>	<b>91,839</b>	<b>30,000</b>	<b>287,121</b>	<b>408,960</b>
Right share issue	91,840	-	-	91,840
Share issue cost	-	(1,452)	-	(1,452)
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</b>	<b>183,679</b>	<b>28,548</b>	<b>388,693</b>	<b>600,920</b>

The annexed notes 1 to 39 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, 2014

## 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 9<sup>th</sup> 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, 2014

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

	Effective For Periods Beginning	
IAS 32	Financial instruments - Presentation (amendments)	January 1, 2014
IAS 39	Financial instruments - Recognition and measurement (amendments)	January 1, 2014
IFRIC 21	Levies - an interpretation on the accounting for levies imposed by Government	January 1, 2014
IAS 36	Impairment of assets' recoverable amount disclosures for non-financial assets - amendment	January 1, 2014
IFRS 13	Fair value measurement	July 1, 2014
IFRS 2	Share base payments (amendments)	July 1, 2014
IFRS 3	Business combination (amendments)	July 1, 2014
IAS 24	Related party disclosure (amendments)	July 1, 2014
IFRS 8	Operating segments (amendments)	July 1, 2014
IAS 40	Investment properties (amendments)	July 1, 2014
IAS 19	Employee benefits' Employee contribution (amendments)	July 1, 2014
IFRS 11	Joint arrangements	January 1, 2016
IAS 38	Intangible assets (amendments)	January 1, 2016
IAS 16	Property, plant and equipment (amendments)	January 1, 2016
IFRS 14	Regulatory deferral accounts	January 1, 2016
IFRS 15	Revenue from contracts with customers	January 1, 2017
IFRS 9	Financial instruments	January 1, 2018

### 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%

# Notes to the Financial Statements

## for the year ended June 30, 2014

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.

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

# Notes to the Financial Statements

for the year ended June 30, 2014

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.

## 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 customer's credit worthiness.

## 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 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 was 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.

The Company's management has decided to discontinue the defined benefit plan with effect from December 31, 2012.

## 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.

# Notes to the Financial Statements

## for the year ended June 30, 2014

### 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.

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.

# Notes to the Financial Statements

## for the year ended June 30, 2014

### 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.

### 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.

# Notes to the Financial Statements

## for the year ended June 30, 2014

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.

### 3.20 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 IN ASSOCIATED COMPANY ACCOUNTS

During the year, one of the company's associate namely FMC united (Private) Limited has made certain restatements in its financial statements due to which the share of profit of associates and deferred tax expense for the year ended June 30, 2013 has decreased by Rs. 10,308,000/- and Rs. 1,031,000/- (2012: Rs. 1,448,000/- and Rs. 145,000/-) respectively. The effect on balance sheet is decrease in investment in associates and deferred tax liability by Rs. 10,308,000/- and Rs. 1,031,000/- (2012: Rs. 1,448,000/- and Rs. 145,000) respectively. As a result the net decrease in equity amounts to Rs. 9,277,000/- (2012: 1,303,000/-).



# Notes to the Financial Statements

## for the year ended June 30, 2014

### 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, 2013</b>												
Opening net book value	3,724	5,078	538	892	3,463	7,096	987	1,730	23,508	15,116	15,116	38,624
Additions	154	110	39	135	18	798	-	-	1,254	16,937	16,937	18,191
<b>Transfers</b>												
Cost/Revalued amount	-	-	-	-	-	25,185	-	-	25,185	(25,185)	(25,185)	-
Accumulated depreciation	-	-	-	-	-	(14,329)	-	-	(14,329)	14,329	14,329	-
	-	-	-	-	-	10,857	-	-	10,857	(10,856)	(10,856)	-
<b>Disposals</b>												
Cost/Revalued amount	(1,283)	(6,946)	(184)	(1,820)	(857)	(3,647)	(415)	(1,490)	(16,643)	(809)	(809)	(17,452)
Accumulated depreciation	499	3,700	134	1,783	477	2,805	214	476	10,088	634	634	10,721
	(784)	(3,246)	(50)	(37)	(380)	(842)	(201)	(1,014)	(6,555)	(175)	(175)	(6,730)
Depreciation charge	(742)	(884)	(84)	(636)	(691)	(4,992)	(131)	(159)	(8,318)	(4,871)	(4,871)	(13,189)
<b>Closing net book value</b>	<b>2,352</b>	<b>1,058</b>	<b>443</b>	<b>354</b>	<b>2,411</b>	<b>12,917</b>	<b>655</b>	<b>557</b>	<b>20,745</b>	<b>16,151</b>	<b>16,151</b>	<b>36,896</b>
<b>At June 30, 2013</b>												
Cost	6,797	3,134	997	2,296	4,148	43,620	1,163	762	62,915	18,274	18,274	81,189
Accumulated depreciation	(4,445)	(2,076)	(554)	(1,941)	(1,737)	(30,703)	(508)	(205)	(42,170)	(2,123)	(2,123)	(44,293)
<b>Net book value</b>	<b>2,352</b>	<b>1,058</b>	<b>443</b>	<b>355</b>	<b>2,411</b>	<b>12,917</b>	<b>655</b>	<b>557</b>	<b>20,745</b>	<b>16,151</b>	<b>16,151</b>	<b>36,896</b>
<b>Year ended June, 30, 2014</b>												
Opening net book Value	2,352	1,058	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	18	22,448	54	-	23,081	-	-	23,081
	-	(49)	(50)	-	(4)	(5,887)	(61)	-	(6,051)	-	-	(6,051)
Depreciation charge	(641)	(311)	(80)	(322)	(617)	(6,827)	(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	2,550	4,126	36,002	1,048	762	55,857	16,937	16,937	72,794
Accumulated depreciation	(5,086)	(2,215)	(513)	(1,995)	(2,336)	(15,884)	(565)	(281)	(28,876)	(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>

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

Selling expenses	25	10,581	10,019
Distribution expenses	26	310	486
Administrative and general expenses	27	770	1,412
Processing cost	24.2	867	1,272
		<b>12,528</b>	<b>13,189</b>

Note

	2014	2013
	(Rupees in '000')	
	10,581	10,019
	310	486
	770	1,412
	867	1,272
	<b>12,528</b>	<b>13,189</b>

# Notes to the Financial Statements

for the year ended June 30, 2014

## 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	221	172	49	81
Air Conditioners	Scrapped	Various Buyers	171	121	50	68
Computers	Scrapped	Various Buyers	268	268	-	15
Furniture and Fixtures	Scrapped	Various Buyers	22	18	4	7
Motor Vehicles	Negotiation	Nusrat Iqbal	1,424	894	530	1,265
	Negotiation	Nusrat Iqbal	830	540	290	657
	Negotiation	Nusrat Iqbal	474	474	-	455
	Negotiation	Nusrat Iqbal	655	655	-	610
	Negotiation	Nusrat Iqbal	809	688	121	670
	Negotiation	Muhammad Shahid C/o Wahid	805	537	268	610
	Negotiation	Manzar Hussain C/o Nadeem	1,404	1,194	210	1,150
	Insurance Claim	Nusrat Iqbal	952	952	-	850
	Negotiation	Munir Ahmed Jalbani	850	553	297	800
	Negotiation	Nusrat Iqbal	1,608	402	1,206	1,460
	Negotiation	Nusrat Iqbal	1,100	825	275	810
	Negotiation	Nusrat Iqbal	809	755	54	710
	Negotiation	Nusrat Iqbal	805	590	215	660
	Negotiation	Nusrat Iqbal	809	755	54	640
	Negotiation	Nusrat Iqbal	805	604	201	702
	Negotiation	Nusrat Iqbal	805	604	201	713
	Negotiation	Imran Siddique - TSM Hyd	650	650	-	450
	Negotiation	Shahid Aziz C/o Abdullah	830	650	180	665
	Negotiation	Shahid Aziz C/o Abdullah	808	795	13	605
	Negotiation	Muhammad Younus	604	585	19	625
	Negotiation	Nusrat Iqbal	805	644	161	600
	Negotiation	Nusrat Iqbal	830	650	180	660
	Negotiation	Nusrat Iqbal	830	650	180	615
	Negotiation	Nusrat Iqbal	805	644	161	635
	Negotiation	Ellahi Buksh C/o Wahid	805	657	148	590
	Negotiation	Muhammad Ismail C/o Farooq	809	809	-	700
	Negotiation	Irfanuddin Raja	805	657	148	655
	Negotiation	Irfanuddin Raja	830	664	166	630
	Negotiation	Naeem Mustafa	805	657	148	650
	Negotiation	Zahid Aziz C/o Usman Shahid	830	678	152	680
	Negotiation	Zahid Aziz C/o Usman Shahid	830	678	152	630
	Negotiation	Ellahi Buksh C/o Wahid	664	664	-	530
	Negotiation	Khalid Mehmood	850	694	156	600
Motor Cycles		Tariq Ali	52	29	23	5
		Abdul Ghaffar Mughal - Quetta	64	25	39	18
<b>2014</b>			<b>29,132</b>	<b>23,081</b>	<b>6,051</b>	<b>23,476</b>
<b>2013</b>			<b>17,452</b>	<b>10,721</b>	<b>6,730</b>	<b>4,981</b>

# Notes to the Financial Statements

for the year ended June 30, 2014

		2014	2013
	Note	(Rupees in '000')	
<b>6. INTANGIBLE ASSETS</b>			
Cost		1,078	1,131
Additions during the year		50	436
Amortization charged during the year		(534)	(489)
		<b>594</b>	<b>1,078</b>
<b>7. LONG TERM INVESTMENTS</b>			
Balance at beginning of the year		369,734	324,297
Share of undistributed income for the year-net	7.1	103,193	117,341
Share of other comprehensive (loss) of associate		(9,707)	(1,798)
Disposal of Pioneer Seeds Pakistan Limited shares		-	(70,106)
		<b>463,220</b>	<b>369,734</b>
<b>7.1 Share of profit of associated companies</b>		108,791	121,753
Dividend of pioneer		-	70,117
Dividend received	28	(5,598)	(74,529)
		<b>103,193</b>	<b>117,341</b>
<b>7.2</b>	Share of profit of associated companies are based on the latest available audited financial statements.		
<b>7.3 THE COMPANY'S INTEREST IN ASSOCIATED COMPANIES ARE AS FOLLOWS</b>			
<b>IBL HealthCare Limited - Quoted</b>			
521,315 (2013: 453,318) (Specie dividend) ordinary shares of Rs. 10 each		9,811	7,118
Cost Rs. 4,533,180 (2013: Rs. 4,533,180)			
Quoted market value as at June 30, 2014: Rs. 44,833,090			
(2013: Rs. 17,792,731)			
<b>FMC United (Private) Limited</b>			
1,639,418 (2013: 1,639,418) fully paid ordinary shares of Rs. 10 each		369,746	278,953
Cost Rs. 16,394,180 (2013: Rs.16,394,180)			
Net Assets value based on latest audited accounts as at Dec. 31, 2013:			
Rs. 374,434,520 (2012: Rs. 283,642,274)			
		<b>379,557</b>	<b>286,071</b>
<b>Investments Available for Sale</b>			
<b>International Brands Limited - Unquoted</b>			
6,715,062 (2013: 5,504,149 ) fully paid ordinary Shares of Rs 10 each		83,663	83,663
Cost Rs. 83,663,056 (2013: Rs. 83,663,056)			
		<b>463,220</b>	<b>369,734</b>

# Notes to the Financial Statements

## for the year ended June 30, 2014

### 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, 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
<b>June 30, 2013</b>							
IBL HealthCare Limited	497,474	124,864	864,152	100,616	2.27%	As on June 30, 2013	Mr. Mufti Zia ul Islam
FMC United (Private) Limited - Restated	3,010,492	2,301,384	4,181,483	298,680	40.00%	As on December 31, 2012	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.

### 8. LONG TERM LOANS - STAFF - SECURED

#### Considered good

To employees  
Current portion

	2014	2013
Note	----- (Rupees in '000') -----	
	527	648
	(527)	(633)
	-	15

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

	Balance as at July 01, 2013	Disbursements During the Year	Repayments During the Year	Balance as at June 30, 2014
----- (Rupees in '000') -----				
<b>Due from:</b>				
Employees	648	443	564	527
	<b>648</b>	<b>443</b>	<b>564</b>	<b>527</b>

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.

# Notes to the Financial Statements

## for the year ended June 30, 2014

8.3 Maximum aggregate amount outstanding at the end of any month during the year against loan was Rs. 681,990 (2013: Rs. 663,490).

### 9. STOCK IN TRADE

Finished goods  
Raw materials  
Packing materials  
Stock in transit  
Provision for obsolete stock

	2014	2013
Note	----- (Rupees in '000') -----	
	180,109	138,552
	52,858	22,267
	14,622	9,252
	-	8,780
9.1	(9,525)	(19,468)
	<b>238,064</b>	<b>159,383</b>

#### 9.1 PROVISION FOR OBSOLETE STOCK

Opening balance  
Provision made during the year

Inventory written off against provision

	19,468	14,846
	(8,520)	14,947
	10,948	29,793
	(1,423)	(10,325)
	<b>9,525</b>	<b>19,468</b>

### 10. TRADE DEBTS

Considered good - secured  
Considered good - unsecured

	4,825	4,030
	56,709	36,027
	<b>61,534</b>	<b>40,057</b>

#### 10.1 TRADE DEBTS

Upto 03 months  
03 to 06 months  
More than 06 months

	55,726	37,680
	5,808	1,981
	-	396
	<b>61,534</b>	<b>40,057</b>

### 11. TAXATION - NET

Advance income tax  
Provision for taxation

	71,529	56,128
	(51,048)	(65,275)
	<b>20,481</b>	<b>(9,147)</b>

# Notes to the Financial Statements

for the year ended June 30, 2014

## 12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2014	2013
	Note	----- (Rupees in '000') -----	
<b>Loans and advances - Unsecured, considered good:</b>			
Employees	12.1	2,457	2,568
Advance to suppliers		-	3,000
Advance against expenses		173	413
		2,630	5,981
<b>Deposits:</b>			
Rent deposit		2,766	2,701
<b>Prepayments:</b>			
Prepaid rent		648	149
Prepaid insurance		87	87
Prepaid expenses		-	10
Prepaid import		10	32
		745	278
<b>Other receivables:</b>			
Related party balance	12.2	1,854	458
Sales tax (net)		13,524	-
Others		775	445
		16,153	903
		<b>22,294</b>	<b>9,863</b>

12.1 Includes current portion of long term loans amounting to Rs. 0.527 million (2013: Rs. 0.633 million).

12.2 This represents receivable from IBL Operations (Private) Limited, The Searle Company Limited, Habbit and International Franchises (Private) Limited (Dunkin Donuts) in respect of claims and recoverable expenses for the year ended June 30, 2014.

## 13. SHORT TERM INVESTMENT

		2014	2013
	Note	----- (Rupees in '000') -----	
Short term investment at fair value through profit and loss	13.1	2,000	-

13.1 Investment made in Al-Meezan mutual fund.

## 14. CASH AND BANK BALANCES

Cash in transit		2,729	7,360
Cash at Bank - current accounts		1,830	2,363
		<b>4,559</b>	<b>9,723</b>

# Notes to the Financial Statements

for the year ended June 30, 2014

## 15. SHARE CAPITAL

### AUTHORISED SHARE CAPITAL

2014	2013		2014	2013
----- (Number of Shares in '000') -----		Note	----- (Rupees in '000') -----	
25,000	10,000		250,000	100,000

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

2014	2013		2014	2013
----- (Number of Shares in '000') -----		Note	----- (Rupees in '000') -----	
5,000	5,000	Ordinary share of Rs. 10 each fully paid in cash.	50,000	50,000
4,184	4,184	Ordinary shares issued as fully paid bonus shares	41,839	41,839
9,184	-	Right shares issued	91,840	-
<b>18,368</b>	<b>9,184</b>		<b>183,679</b>	<b>91,839</b>

15.1 International Brands Limited is the holding company, which holds 71.7% shares (2013: 71.7%) in United Distributors Pakistan Limited.

15.2 During the year, the Company issued 9,183,900 ordinary shares by way of 100% right issue (i.e. one share for every one share held) Rs. 10/- at par.

## 16. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

### MINIMUM LEASE PAYMENTS

	JUNE 2014			JUNE 2013		
	Minimum Lease Payments	Principal	Financial Charges	Minimum Lease Payments	Principal	Financial Charges
	----- (Rupees in '000') -----					
Not later than one year	6,371	5,542	829	6,441	5,070	1,371
Later than one year but not later than five years	3,794	3,517	277	10,047	9,248	799
	<b>10,165</b>	<b>9,059</b>	<b>1,106</b>	<b>16,488</b>	<b>14,318</b>	<b>2,170</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 ranging from 11.30 % to 12.65 % (2013: 12% to 21.77%) 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.

# Notes to the Financial Statements

for the year ended June 30, 2014

	2014	2013
<b>17. DIMINISHING MUSHARAKAH FINANCING PAYABLE</b>		
Musharakah financing	14,234	-
Due within one year	(4,893)	-
	<b>9,341</b>	<b>-</b>
<b>17.1</b> These facilities will mature in 2016 and 2018, 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%.		
<b>18. RETIREMENT BENEFIT OBLIGATION - GRATUITY</b>		
Carrying amount	-	<b>3,853</b>
The company has discontinued gratuity scheme with effect from December 31, 2012.		
<b>19. DEFERRED TAXATION</b>		
<b>Debit/ (Credit) balance arising in respect of temporary differences:</b>		
Property, plant and equipment	(2,595)	(5,278)
Long term investments	33,716	26,512
Stock in trade	(3,238)	(6,813)
Staff retirement benefits	-	(1,349)
Carried forward tax loss	(18,950)	-
Lease assets obligations	(3,080)	(5,011)
	<b>5,853</b>	<b>8,061</b>
<b>20. TRADE AND OTHER PAYABLES</b>		
Creditors	157,048	132,125
Accrued liabilities	36,234	40,244
Payable to related parties	-	2,102
Tax deducted at source	366	201
Provident fund payable	327	-
Gratuity payable	1,983	-
Unclaimed dividend	595	595
Sales tax payable	-	606
Interest accrued on short term borrowing	179	722
Workers' welfare fund	1,388	1,388
	<b>198,120</b>	<b>177,983</b>
<b>21. SHORT TERM BORROWINGS - SECURED</b>		
Running finances	16,295	324
	<b>16,295</b>	<b>324</b>
<b>21.1</b> The Company obtained running finance facilities from Standard Chartered Bank Pakistan Limited and Habib Metropolitan Bank Limited at interest of KIBOR+2.5% & KIBOR+2% (2013: KIBOR+3% & KIBOR+2%) respectively. These facilities have been secured by way of hypothecation on current and fixed assets of the company and personal guarantee of directors.		



# Notes to the Financial Statements

for the year ended June 30, 2014

## 22. 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 amounting to Rs 11.94 million (June 30, 2013: Rs NIL).

## 23. SALES

Gross sales (inclusive of GST)  
Sales tax  
Discount

	2014	2013
Note	----- (Rupees in '000') -----	
	482,286	460,334
	(69,614)	(63,232)
	(9,751)	(27,255)
	<b>402,921</b>	<b>369,847</b>

## 24. COST OF GOODS SOLD

Opening stock of finished goods  
Purchases of finished goods  
Cost of goods manufactured  
Goods available for sale  
  
Closing stock of finished goods  
Stock write off  
(Reversal of) / Provision for obsolete stock

	138,552	153,960
	18,736	28,891
24.1	327,484	254,625
	484,772	437,476
9	(180,109)	(138,552)
	(1,423)	(10,325)
	(8,520)	14,947
	<b>294,720</b>	<b>303,546</b>

### 24.1 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  
In transit

Raw and packing materials consumed

Processing costs

	22,267	53,223
	9,252	15,520
	8,780	-
	40,299	68,743
	203,001	130,148
	100,971	62,890
	37,192	22,240
	341,164	215,278
	381,463	284,021
9	(52,858)	(22,267)
9	(14,622)	(9,252)
9	-	(8,780)
	(67,480)	(40,299)
	313,983	243,722
24.2	13,501	10,903
	<b>327,484</b>	<b>254,625</b>

# Notes to the Financial Statements

for the year ended June 30, 2014

	2014	2013
<b>24.2 PROCESSING COST</b>		
Salaries, wages and benefits	5,297	4,480
Rent, rate and taxes	3,645	2,793
Repair and maintenance	534	664
Utilities	760	860
Depreciation	867	1,272
Others	2,398	834
	<b>13,501</b>	<b>10,903</b>
<b>25. SELLING EXPENSES</b>		
Salaries, allowances and benefits	44,310	41,888
Staff provident fund	1,074	857
Staff gratuity	-	607
Distribution freight	16,696	15,899
Vehicle running expenses	18,807	13,742
Depreciation	10,581	10,019
Amortization of Software	200	200
Commission and incentives	2,532	2,732
Travelling, boarding and lodging	3,420	2,627
Sales promotion and advertisement	1,363	14,798
Communication	1,468	1,315
Entertainment	518	564
Product registration and renewals	1,516	1,228
Research and development	-	150
Software development expenses	-	8
Insurance	576	547
Rent, rates and taxes	(11)	170
Utilities	292	237
Repair and maintenance	244	201
Printing and stationery	143	146
Fee, subscription and periodicals	117	209
Others	537	172
	<b>104,383</b>	<b>108,316</b>
<b>26. DISTRIBUTION EXPENSES</b>		
Salaries, allowances and benefits	8,139	8,172
Staff provident fund	392	374
Staff gratuity	26	1,355
Rent, rates and taxes	5,098	4,641
Depreciation	310	486
Safety and security	888	926
Utilities	567	587
Communication	592	568
Vehicle running expenses	892	503
Repair and maintenance	469	425
Travelling, boarding and lodging	259	242
Printing and stationery	129	86
Entertainment	262	205
Fee, subscription and periodicals	14	15
Others	-	12
	<b>18,037</b>	<b>18,597</b>

Note

(Rupees in '000')

5.1

5.1

5.1

# Notes to the Financial Statements

for the year ended June 30, 2014

	2014	2013
Note	(Rupees in '000')	
<b>27. ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Salaries, allowances and benefits	5,666	6,555
Staff provident fund	308	358
Staff gratuity	-	506
Rent, rates and taxes	1,200	1,391
Depreciation	770	1,412
Amortization of software cost	334	289
Legal and professional charges	1,783	2,343
Travelling and conveyance	726	1,494
Communication	369	348
Vehicle running expenses	850	545
Printing and stationery	361	222
Auditors' remuneration	541	459
Utilities	203	419
Entertainment	176	195
Repair and maintenance	297	384
Fee, subscription and periodicals	1,312	164
Advertisement	206	59
Software development	316	343
Training and development	20	35
Safety and security	-	5
Loss from disposal of property, plant and equipment	-	1,749
	<b>15,438</b>	<b>19,275</b>
<b>27.1 AUDITORS' REMUNERATION</b>		
Annual audit fee	300	300
Half year review & audit fee	200	100
Out of pocket expenses	41	59
	<b>541</b>	<b>459</b>
<b>28. OTHER INCOME</b>		
<b>Income from financial assets:</b>		
Profit on bank deposits	267	1
Dividend received from holding company	3,826	1,582
Dividend received from associated companies	-	70,117
	4,093	71,700
<b>Income from non financial assets:</b>		
Gain from disposal of property, plant and equipment	17,425	-
Others	2,914	748
	20,339	748
	<b>24,432</b>	<b>72,448</b>

# Notes to the Financial Statements

for the year ended June 30, 2014

## 29. FINANCE COST

Finance charges on leases	1,408	1,256
Bank charges and commission	1,228	454
Mark up on short term borrowings	2,062	21,183
Diminishing Musharakah financing	914	-
Additional charges on letter of credit mark up	-	1,514
Exchange fluctuations	3,110	1,767
	<b>8,722</b>	<b>26,174</b>

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

## 30. PROVISION FOR TAXATION

Current tax	4,904	31,589
Prior year tax	(19,131)	643
Deferred tax	(1,237)	4,265
Tax effect on loss surrendered to The Searle Company Limited	-	(35,998)
	<b>(15,464)</b>	<b>499</b>

30.1

### 30.1 TAX CHARGE RECONCILIATION

Accounting profit	<b>94,844</b>	<b>277,673</b>
	<b>34%</b>	<b>35%</b>
Tax at applicable rate of 35% for the year	-	97,185
<b>Tax effect of:</b>		
Amounts admissible for tax purposes - net	-	(43,611)
Income chargeable at reduced rate	-	(25,689)
Income chargeable under Final Tax Regime	-	7,776
Taxable temporary differences	-	4,265
Loss surrender to group company	-	(35,998)
Prior years'	-	643
Minimum tax	-	-
Others	-	(4,072)
	<b>-</b>	<b>499</b>

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.

## 31. 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:

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

**International Brands Limited**  
Dividend received

3,826	1,582
-------	-------

# Notes to the Financial Statements

for the year ended June 30, 2014

	2014	(Restated) 2013
Note	(Rupees in '000')	
<b>31.2 BY VIRTUE OF INVESTMENT IN ASSOCIATES AND COMMON DIRECTORSHIP</b>		
<b>FMC UNITED (PRIVATE) LIMITED</b>		
Dividend received	4,918	3,279
Share of profit for the year	105,417	119,472
Share of other comprehensive (loss)	(9,707)	(1,798)
<b>THE SEARLE COMPANY LIMITED</b>		
Claimable expense charged by The Searle Company Limited	-	375
Claimable expenses charged by UDPL	746	264
Sale of assets	-	281
Receivable against group tax relief	-	35,998
Current account receipts /(payments)	944	38,399
Current account (receivable) /payable	(260)	(458)
<b>PIONEER SEEDS PAKISTAN LIMITED</b>		
Proceed against disposal of investment	-	261,028
Dividend received	-	70,117
<b>IBL HEALTHCARE LIMITED</b>		
Claimable expenses charged by IBL HealthCare Limited	-	1,552
Share of profit	3,374	2,281
Dividend received	680	1,133
Claimable account receipts	-	1,564
<b>IBL OPERATIONS (PRIVATE) LIMITED</b>		
Claimable expense charged by UDPL	2,895	3,392
Claimable expenses charged by IBL	1,617	3,722
Current account receipts /(payments)	(2,410)	(3,562)
Current account (receivable) / payable	(1,586)	2,102
<b>INTERNATIONAL FRANCHISES (PVT.) LTD (DUNKIN DONUTS)</b>		
Claimable expenses charged by UDPL	31	-
Current account (Receipts) / Payments	(26)	(5)
Current account (Receivable) / payable	(5)	-
<b>HABBIT</b>		
Claimable expenses charged by UDPL	33	32
Claimable expenses charged by Habbit	30	94
Current account (Receipts) / Payments	-	63
Current account (Receivable) / payable	(3)	-

# Notes to the Financial Statements

for the year ended June 30, 2014

## 32. REMUNERATION OF DIRECTOR AND EXECUTIVES

	DIRECTOR		EXECUTIVES	
	2014	2013	2014	2013
	(Rupees in '000')			
<b>Managerial remuneration</b>				
Basic salary	-	1,207	7,158	3,866
Allowances	-	864	4,260	2,843
Bonus	-	173	511	179
Company's contribution to provident fund	-	121	660	362
Gratuity fund	-	1,156	-	2,016
	-	<b>3,521</b>	<b>12,589</b>	<b>9,266</b>
Number of persons	-	1	10	5

**32.1** A sum of Rs. 35,000/- (2013: Rs. 17,000) 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.

**32.2** 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.

**32.3** 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.

## 33. PLANT CAPACITY / UTILIZATION

Installed Capacity per annum Ltr/Kg (based on eight hours)	2014	2013
	Actual Production (Units)	Actual Production (Units)
	(Units in '000')	
Liquid (Bottles)	4,844	497
Powder (Sachet)	789	253
Granular Plant	1,014	239
	<b>6,647</b>	<b>989</b>

# Notes to the Financial Statements

for the year ended June 30, 2014

## 34. FINANCIAL ASSETS AND LIABILITIES

### INTEREST / MARK-UP RATE RISK EXPOSURE

	JUNE 30, 2014							
	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	-	-	463,220	463,220	465,220
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>463,219</b>	<b>548,232</b>	<b>550,232</b>
<b>Financial liabilities</b>								
Staff retirement obligation	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	5,542	3,517	9,059	-	-	-	-	9,059
Diminishing musharika 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>

### INTEREST / MARK-UP RATE RISK EXPOSURE

	JUNE 30, 2013							
	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>								
Long term investments	-	-	-	-	-	369,734	369,734	369,734
Advances, deposits and other receivables	-	-	-	3,604	-	-	3,604	3,604
Trade debts	-	-	-	40,057	-	-	40,057	40,057
Cash and bank balances	-	-	-	9,723	-	-	9,723	9,723
	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,384</b>	<b>-</b>	<b>369,734</b>	<b>423,118</b>	<b>423,118</b>
<b>Financial liabilities</b>								
Staff retirement obligation	-	-	-	-	3,853	-	3,853	3,853
Liabilities against assets subject to finance lease	5,070	9,248	14,318	-	-	-	-	14,318
Trade and other payables	-	-	-	177,983	-	-	177,983	177,983
Short term borrowing	324	-	324	-	-	-	-	324
	<b>5,394</b>	<b>9,248</b>	<b>14,642</b>	<b>177,983</b>	<b>3,853</b>	<b>-</b>	<b>181,836</b>	<b>196,478</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 (2013: 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.

34.1 There have been no more than five years balances of financial assets and liabilities as at June 30, 2014.

# Notes to the Financial Statements

## for the year ended June 30, 2014

### 35. PROVIDENT FUND

The following information is based on Un-audited financial statements of the fund as at June 30, 2014.

	2014	2013
Note	----- (Rupees in '000') -----	
Size of fund	99,712	68,227
Fair value of investment	98,889	65,523
Percentage of Investment made	99.17%	96.04%

**35.1** The cost of above investment amount to Rs. 24,448,495 (2013: Rs 22,330,341).

**35.2** Break up of value of investment is as follows:

	2014	2013	2014	2013
	----- (Rupees in '000') -----			
<b>PROVIDENT FUND-MANAGEMENT</b>				
Size of fund	23.49%	27.32%	14,864	11,765
Fair value of investment	75.46%	70.98%	47,748	30,571
Percentage of Investment made	1.05%	1.71%	666	735
			63,278	43,071
<b>PROVIDENT FUND-STAFF</b>				
Mutual Funds	20.04%	18.42%	7,302	4,635
Government Securities - National Investment Trust	79.53%	73.75%	28,975	18,551
Bank accounts	0.43%	7.83%	157	1,970
			36,434	25,156
			<b>99,712</b>	<b>68,227</b>

### 36. EARNINGS PER SHARE - BASIC AND DILUTED

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

#### 36.1 COMPANY AND ASSOCIATES

Profit after tax	110,308	277,174
Weighted average ordinary shares (Numbers)	13,408	11,755
<b>Earnings per share</b>	<b>8.23</b>	<b>23.58</b>

#### 36.2 COMPANY

Profit after tax	110,308	277,174
Share of profit of associates	(108,791)	(121,753)
Profit of company	1,517	155,421
Weighted average ordinary shares (Numbers)	13,408	11,755
<b>Earnings per share</b>	<b>0.11</b>	<b>13.22</b>

\*Earning per share previously reported at Rs. 31.01 and Rs. 17.31 of Company and Associates and Company respectively has been restated due to issuance of right shares and restatement made in accounts.



# Notes to the Financial Statements

for the year ended June 30, 2014

## 37. NUMBER OF EMPLOYEES

Total number of employees at year end 95 (2013: 102).

The average number of employees during the year is 99 (2013: 96).

## 38. 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, 2014.

## 39. 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, 2014

## CATEGORIES OF SHAREHOLDER

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

Categories Of Shareholders	Shareholders	Shares Held	% age
Rashid Abdulla	2	1,506	0.01
Zubair Palwala	1	1,264	0.01
Munis Abdullah	1	1,264	0.01
Asad Abdulla	1	6,930	0.04
Ayaz Abdulla	1	1,264	0.01
Tahir Saeed	1	500	0.00
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
First UDL Modaraba	2	786,126	4.28
International Brands Ltd.	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			
	4	74,503	0.41
MUTUAL FUNDS			
CDC - Trustee National Investment (Unit) Trust	1	904,776	4.93
GENERAL PUBLIC			
a. Local	1362	3,206,600	17.46
b. Foreign	-	-	-
FOREIGN COMPANIES			
	1	278	0.00
OTHERS			
	12	212,303	1.16
Totals	<b>1395</b>	<b>18,367,800</b>	<b>100.00</b>

### Share holders holding 5% or more

	Shares Held	Percentage
International Brands Ltd.	13,169,774	71.70

# Pattern of Shareholding

as at June 30, 2014

## 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.	02113-1037	Zubair Palwala	1,264	0.01
04.	02113-2829	Munis Abdullah	1,264	0.01
05.	03277-20909	Asad Abdulla	6,930	0.04
06.	03277-21385	Ayaz Abdulla	1,264	0.01
07.	07179-5250	Tahir Saeed	500	0.00
<b>7</b>			<b>12,728</b>	<b>0.07</b>

## ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

01.	2529	First UDL Modaraba	63	0.00
02.	03277-1651	First UDL Modaraba	786,063	4.28
03.	03277-2937, 2347	International Brands Ltd.	13,169,774	71.70
<b>4</b>			<b>13,955,900</b>	<b>75.98</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.	2666	First IBL Modaraba	21,199	0.12
04.	03277-78335	Trustee National Bank of Pakistan Employees Pension Fund	41,357	0.23
<b>4</b>			<b>74,503</b>	<b>0.41</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, 2014

## 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	Eduljee 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.	05546-26	Stock Master Securities (Private) Ltd.	500	0.00
07.	05587-48203	Stock Master Securities (Pvt.) Ltd	50	0.00
08.	05868-28	Cliktrade Limited	99	0.00
09.	06569-23	Amin Tai Securities (Private) Limited	52,500	0.29
10.	06684-29	Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt.) Ltd.	125,500	0.68
11.	10181-24	Horizon Securities Limited	1	0.00
12.	14241-22	Fikree'S (Smc-Pvt) Ltd.	2,500	0.01
		<b>12</b>	<b>212,303</b>	<b>1.15</b>

## GENERAL PUBLIC LOCAL

	<b>1362</b>	<b>3,206,600</b>	<b>17.46</b>
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## TOTAL

	<b>1395</b>	<b>18,367,800</b>	<b>100.00</b>
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# Pattern of Shareholding

as at June 30, 2014

No. of Of Shareholders	Shareholdings Slab			Total Shares Held
803	1	to	100	10,704
246	101	to	500	69,046
99	501	to	1000	82,149
162	1001	to	5000	358,386
34	5001	to	10000	271,905
13	10001	to	15000	152,846
4	15001	to	20000	76,298
7	20001	to	25000	156,244
4	25001	to	30000	112,500
4	30001	to	35000	126,973
1	35001	to	40000	37,500
2	40001	to	45000	82,357
1	45001	to	50000	46,000
1	50001	to	55000	52,500
1	55001	to	60000	59,990
1	70001	to	75000	74,000
1	75001	to	80000	76,346
2	125001	to	130000	254,074
1	145001	to	150000	150,000
1	165001	to	170000	169,000
1	200001	to	205000	200,932
1	250001	to	255000	250,500
1	360001	to	365000	360,157
1	475001	to	480000	477,712
1	785001	to	790000	786,063
1	900001	to	905000	904,776
1	12965001	to	12970000	12,968,842
<b>1395</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 25, 2014  
and / or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Witnesses: (A)

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

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

Witnesses: (B)

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

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

Signature on Revenue  
Stamp of Rs. 5/-

\_\_\_\_\_  
Signature of Member(s)

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.

## 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*



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