

Half Yearly Report

For the Half Year ended
December 31, 2013



Pakistan

UNITED DISTRIBUTORS PAKISTAN LIMITED

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UNITED DISTRIBUTORS PAKISTAN LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Rashid Abdulla Mr. S. Qaiser Abbas Naqvi Mr. Zubair Palwala Mr. Asad Abdulla Mr. Ayaz Abdulla Mr. Munis Abdulla Mr. S. Nadeem Ahmed Mr. Abdullah Ghulam Ali	Chairman Chief Executive Officer Director Director Director Director Director N.I.T. Nominee
AUDIT COMMITTEE	Mr. S. Nadeem Ahmed Mr. Zubair Palwala Mr. Ayaz Abdulla	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Sohail Hasnain Ahmed	
COMPANY SECRETARY	Mr. Adnan Ahmed Feroze	
AUDITORS	Baker Tilly Mehmood Idrees Qamar (Chartered Accountants)	
LEGAL ADVISOR	A. K. Brohi & Co.	
BANKERS	Standard Chartered Bank (Pakistan) Limited Habib Metropolitan Bank Limited Habib Bank Limited Silk Bank Limited	
REGISTERED OFFICE	9th Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.	
REGISTRAR	Central Depository Company of Pakistan Limited CDC House # 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.	

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of United Distributors Pakistan Limited (UDPL) is pleased to present the reviewed financial statements of the Company for the half year ended December 31, 2013.

FINANCIAL PERFORMANCE

	July - December 2013	July - December 2012
	-----Rupees in 000-----	
Net sales	226,805	160,248
Gross profit	59,339	33,867
Operating profit/(loss)	(5,445)	(14,917)
Profit before taxation	149	220,438
Profit / (loss) after taxation	(2,611)	181,593
Earnings per share - in Rupees	(0.28)	19.77

BUSINESS OVERVIEW

The Company has performed good and has been able to increase its sales from 160.25 million to 226.80 million as compared to the same period last year, showing a significant improvement thus resulting in reducing operating loss. The gross margin has also improved from 21.13% to 26.15% due to the sale of better product mix in the period under review.

Despite the challenges being faced by the Company, the management is determined for better efforts in order to achieve an improved financial results in future.

EMPHASIS OF THE MATTER PARAGRAPH IN AUDITORS' REPORT

The auditors' in their report has drawn attention to Note # 6 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.

FUTURE OUTLOOK

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

ACKNOWLEDGMENTS

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

For and on behalf of the Board



SYED QAISER ABBAS NAQVI
Chief Executive Officer

Karachi: February 11, 2014

AUDITORS' REVIEW REPORT TO THE MEMBERS



BAKER TILLY
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QAMAR

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We have reviewed the annexed condensed interim balance sheet of **UNITED DISTRIBUTORS PAKISTAN LIMITED** as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim changes in equity and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information"), for the half year then ended. Management is responsible for the preparation and the presentation of the interim condensed information in accordance with approved accounting standards as applicable in Pakistan for condensed interim financial reporting. Our responsibility is expressing a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

We conducted our review in accordance with the International Standards on Review Engagements 2410. "Review of Condensed Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for the condensed interim financial reporting.

Without qualifying our report we draw your attention to the matters stated in note no. 6 of the condensed interim financial information. The company is holding 6,715,062 shares of International Brands Limited, the holding company, amounting to Rs. 83,663,000/-.

Engagement Partner: Mehmoood A. Razzak
Karachi: February 11, 2014

 an independent member of
BAKER TILLY
INTERNATIONAL

CONDENSED INTERIM BALANCE SHEET

As at December 31, 2013

	Note	(Un-Audited) December 31, 2013	(Audited) June 30, 2013
ASSETS			
Non Current Assets			
Property, plant and equipment	4	37,031	36,896
Intangible Assets	5	811	1,078
Long term investments	6	375,891	381,490
Long term loans - staff (secured)		2	15
		413,735	419,479
Current Assets			
Stock-in-trade		94,893	159,383
Trade debts		69,217	40,057
Advances, deposits, prepayments and other receivables		9,035	9,863
Cash and bank balances		3,642	9,723
		176,787	219,026
TOTAL ASSETS		590,522	638,505
EQUITY			
Capital and Reserves Attributable to Equity Holders of the Company			
Share capital			
General reserves		91,839	91,839
Unappropriated profit		30,000	30,000
TOTAL EQUITY		295,090	297,701
		416,929	419,540
LIABILITIES			
Non-current Liabilities			
Liabilities against assets subject to finance lease		6,520	9,248
Diminishing Musharaka Financing		5,093	-
Retirement benefit obligation - gratuity		3,751	3,853
Deferred taxation		9,237	9,237
		24,601	22,338
Current Liabilities			
Current portion of liabilities against assets subject to finance lease		5,082	5,070
Current portion of diminishing musharaka financing		2,779	-
Trade and other payables		113,549	177,983
Short term borrowing - (secured)		13,954	324
Taxation - net		8,607	9,147
Advances from dealers		5,021	4,103
		148,992	196,627
Contingencies and Commitments	7	-	-
TOTAL LIABILITIES		173,593	218,965
TOTAL EQUITY AND LIABILITIES		590,522	638,505

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.


SYED QAISER ABBAS NAQVI
 Chief Executive Officer


ASAD ABDULLA
 Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)

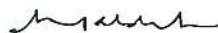
For the Half Year Ended December 31, 2013

	QUARTER ENDED		HALF YEAR ENDED	
	December 2013	December 2012	December 2013	December 2012
Note Rupees in 000				
Sales - net	111,949	84,146	226,805	160,248
Cost of goods sold	8 (80,507)	(64,968)	(167,466)	(126,381)
Gross profit	31,442	19,178	59,339	33,867
Selling expenses	(22,922)	(20,314)	(48,343)	(30,536)
Distribution expenses	(4,436)	(4,825)	(8,803)	(8,896)
Administrative and general expenses	(4,420)	(5,378)	(7,638)	(9,353)
	(31,778)	(30,517)	(64,784)	(48,785)
Operating (loss)	(336)	(11,339)	(5,445)	(14,918)
Other income	2,149	66,402	13,476	68,523
Finance cost	(3,207)	(11,225)	(7,882)	(24,088)
Gain on dis-investment	-	190,921	-	190,921
(Loss)/Profit before taxation	(1,394)	234,759	149	220,438
Provision for Taxation	9 (1,615)	(44,941)	(2,760)	(38,845)
(Loss)/Profit after taxation	(3,009)	189,818	(2,611)	181,593
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income / (loss)	(3,009)	189,818	(2,611)	181,593
Earning/(loss) per share - basic and diluted				
Company and associates	11.1 (0.33)	20.67	(0.28)	19.77
Company	11.2 (0.33)	20.67	(0.28)	19.77

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.



SYED QAISER ABBAS NAQVI
Chief Executive Officer



ASAD ABDULLA
Director

CONDENSED INTERIM STATEMENT OF CASH FLOW (Un-audited)

For the Half Year Ended December 31, 2013

	December 2013	December 2012
	Rupees in 000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	149	220,438
Adjustments for non-cash charges and other items:		
Depreciation	6,203	6,346
Amortization of software cost	267	222
Provision for employee benefit	26	1,739
Profit on deposit account	-	(1)
Finance costs	7,882	24,088
(Gain)/loss on disposal of property, plant & equipments	(8,819)	1,721
Dividend received	(3,826)	(70,117)
(Gain) on disposal of investment	-	(190,921)
	1,733	(226,923)
Cash inflow from / (used in) operating activities before working capital changes	1,882	(6,485)
Decrease in Current assets	36,157	27,069
(Decrease) in current liabilities	(63,788)	(167,987)
	(25,750)	(147,403)
Income tax (paid)/refund	(3,300)	27,089
Finance cost paid	(7,609)	(40,244)
Gratuity paid	(128)	(82)
	(11,037)	(13,237)
Net cash (used in) operating activities	(36,787)	(160,640)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant & equipment	(10,285)	(152)
Purchase of intangible assets	-	(436)
Profit on deposit account	-	1
Dividend received	9,424	74,529
Proceeds from disposal of property, plant & equipment	12,767	3,414
Proceed from disposal of investments	-	261,028
Long term loans	13	(79)
Long term lease deposits	-	1,047
Net cash inflow from investing activities	11,919	339,352
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings-secured	13,630	(187,723)
Diminishing musharaka financing	7,872	-
Payment for liabilities against assets subject to finance lease	(2,716)	(7,302)
Net cash inflow from / (used in) financing activities	18,786	(195,025)
Net (decrease) in cash and cash equivalents	(6,082)	(16,314)
Cash and cash equivalents at the beginning of the period	9,723	40,514
Cash and cash equivalents at the end of the period	3,642	24,200

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

SYED QAISER ABBAS NAQVI
Chief Executive Officer

ASAD ABDULLA
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

For the Half Year December 31, 2013

	Issued Subscribed and paid-up Share Capital	General Reserves	Unappropriated Profit / (Loss)	Total
Rupees in 000				
Balance as at June 30, 2012	91,839	30,000	12,868	134,707
Profit for the half year ended December 31, 2012	-	-	181,593	181,593
Balance as at December 31, 2012	91,839	30,000	194,461	316,300
Balance as at June 30, 2013	91,839	30,000	297,701	419,540
(Loss) for the Half year ended December 31, 2013	-	-	(2,611)	(2,611)
Balance as at December 31, 2013	91,839	30,000	295,090	416,929

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.



SYED QAISER ABBAS NAQVI
Chief Executive Officer



ASAD ABDULLA
Director

1. NATURE OF BUSINESS

- 1.1 United Distributors Pakistan Limited (UDPL) was incorporated in Pakistan as a public company limited by shares and is listed in all Stock Exchanges in Pakistan. The registered office of the Company is situated at 9th Floor, NIC Building, Abbasi Shaheed Road, Karachi. The principal business activities of the Company 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 High Court of Sindh 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. BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the statement of financial information of the Company for the year ended June 30, 2013.

There are no IFRSs or IFRIC interpretations becoming effective during the period that would be expected to have a material impact on the company's condensed interim financial information.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
 For the Half Year Ended December 31, 2013

	(Un-Audited) December 31, 2013	(Audited) June 30, 2013
 Rupees in 000	
4. PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	36,896	38,624
Addition to owned and leased assets	10,285	18,191
Disposals	(14,996)	(17,452)
Depreciation Charged	(6,203)	(13,189)
Depreciation on disposals	11,049	10,722
Closing written down value	37,031	36,896
5. INTANGIBLE ASSETS		
Opening written down value	1,078	1,131
Addition during the period	-	436
Amortization charged	(267)	(489)
Closing written down value	811	1,078
6. LONG TERM INVESTMENTS		
The company's interest in associated companies is as follows:		
Un-listed		
FMC United (Private) Limited	285,790	290,709
Listed		
IBL Healthcare Limited	6,438	7,118
Investment available for sale		
International Brands Limited	83,663	83,663
	375,891	381,490
6.1 Share of profit of associates Companies are based on the latest available Audited financial Statements.		
7. CONTIGENCIES & COMMITMENTS		
Letters of credit outstanding	36,697	-

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
 For the Half Year Ended December 31, 2013

	Notes	(Un-Audited) December 2013	(Un-Audited) December 2012
		----- Rupees in 000 -----	
8. COST OF GOODS SOLD			
Opening stock finished goods		138,552	153,960
Add: Purchase of finished goods		5,169	23,522
Cost of goods manufactured	8.1	111,886	67,070
Stock available for sale		255,607	244,552
Less: Closing stock of finished goods		(79,779)	(121,974)
(Reversal) / Provision for obsolete stock		(8,362)	3,803
Cost of goods sold		167,466	126,381
8.1 Cost of Goods Manufactured			
Opening Stock			
Raw material		22,267	53,223
Packing material		9,252	15,520
In transit		8,780	-
		40,299	68,743
Add: Purchases			
Raw material - Imported		22,891	4,960
Raw material - Local		59,771	33,903
Packing materials		9,829	4,660
		92,491	43,523
Available for consumption		132,790	112,266
Less: Closing stock			
Raw material		(17,214)	(37,284)
Packing material		(8,366)	(12,747)
In transit		(640)	-
		(26,220)	(50,031)
Raw and packing material consumed		106,570	62,235
Add: Processing Cost		5,316	4,835
		111,886	67,070
9. PROVISION FOR TAXATION			
Current:			
- For the period		2,760	60,346
- Deferred		-	14,497
- Tax effect of loss surrendered to The Searle Company Limited		-	(35,998)
		2,760	38,845

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
 For the Half Year Ended December 31, 2013

10. TRANSACTIONS WITH RELATED PARTIES

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

	(Un-Audited) December 2013	(Un-Audited) December 2012
	Rupees in 000	
10.1 By Virtue of Investment in Holding Company & Common directorship		
International Brands Limited		
Dividend received	3,826	-
10.2 By Virtue of Investment in Associates & Common directorship		
FMC United (Private) Limited		
Dividend received	4,918	3,279
The Searle Company Limited		
Claimable expense charged by The Searle Company Limited	-	264
Claimable expenses charged by United Distributors Pakistan Limited	561	-
Group tax relief received	-	35,998
Current account receipts	1,019	38,399
Current account (payable)	-	(199)
Pioneer Seeds Pakistan Limited		
Proceed against disposal of investment	-	261,028
Dividend received	-	70,117
IBL HealthCare Limited		
Claimable expenses charged by United Distributors Pakistan Limited	-	1,024
Claimable account receipts	-	813
Current account receivable	-	224
Dividend received	680	1,133
IBL Operations (Private) Limited		
Claimable expense charged by IBL operations (Private) Limited	1,429	358
Claimable expenses charged by United Distributors Pakistan Limited	1,339	1,596
Current account receivable	218	246
Current account (payments)	(2,410)	(3,274)

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
 For the Half Year Ended December 31, 2013

	(Un-Audited) December 2013	(Un-Audited) December 2012
11. (LOSS) / EARNING PER SHARE - BASIC AND DILUTED		
11.1 Company and associates		
(Loss)/Profit after tax (Rupees 000)	(2,611)	181,593
Weighted average number of ordinary shares (000)	9,184	9,184
(Loss)/Earnings per share : Rs.	(0.28)	19.77
11.2 Company		
(Loss)/profit after tax (Rupees 000)	(2,611)	181,593
Weighted average number of ordinary shares (000)	9,184	9,184
(Loss)/Earning per share : Rs.	(0.28)	19.77

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed financial statements were approved by the Board of Directors of the Company and authorized for issue on February 11, 2014.

13. GENERAL

Figures have been rounded off to nearest thousand rupees.



SYED QAISER ABBAS NAQVI
 Chief Executive Officer



ASAD ABDULLA
 Director

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