



Pakistan

Annual Report **2013**

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Company Information

Board of Directors	Mr. Rashid Abdulla Mr. Syed 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
Chief Financial Officer	Mr. Sohail Hasnain Ahmed	
Company Secretary	Mr. Adnan Ahmed Feroze	
Audit Committee	Mr. S. Nadeem Ahmed Mr. Zubair Palwala Mr. Ayaz Abdulla	Chairman Member Member
HR Committee	Mr. Ayaz Abdulla Mr. Zubair Palwala Mr. Asad Abdulla	Chairman Member Member
Auditors	Baker Tilly Mehmood Idrees Qamar	
Legal Advisor	A.K Brohi & Co.	
Bankers	Standard Chartered Bank Pakistan Habib Metropolitan Bank Limited Habib Bank Limited Silk Bank Limited	
Registered Office	9th Floor, NIC Building, Abbasi Shaheed Road, Off. Shahrah-e-Faisal, Karachi.	
Registrar	Central Depository Company of Pakistan Limited 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 31st 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 Thursday, October 24, 2013 at 5:00 Pm to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting of the Company held on October 23, 2012.
2. To receive, consider and approve the Audited Financial Statement of the Company for the year ended June 30, 2013 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors and fix their remuneration for the year 2013-2014. The present Auditors Baker Tilly Mehmood Idrees Qamar, Chartered Accountants retire and being eligible, offer themselves for the re-appointment as auditors of the Company.

SPECIAL BUSINESS:

4. INCREASE IN THE AUTHORIZED SHARE CAPITAL -SPECIAL RESOLUTION

To consider and if deemed fit to pass the following as a special resolution.

"RESOLVED that the Authorized Capital of the Company be and is hereby increased from Rs. 100,000,000 divided in to 10,000,000 Ordinary Shares of Rs. 10/- each to Rs. 250,000,000 divided into 25,000,000 Ordinary Shares of Rs. 10/- each".

"FURTHER RESOLVED that the Memorandum and Articles of Association of the Company be and is hereby allowed to be altered by substituting the figures and words of Rs. 100,000,000 (Rupees One Hundred Million) divided into 10,000,000 Ordinary Shares of Rs. 10/- each appearing in Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company with the figures and words of Rs. 250,000,000 (Rupees Two Hundred Fifty Million) divided into 25,000,000 Ordinary Shares of Rs. 10/- each by creation of 15,000,000 Ordinary Shares of Rs. 10/- each.

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

By Order of the Board


Adnan Ahmed Feroze
Company Secretary

Karachi: October 03, 2013

Notice of Annual General Meeting

Statement u/s 160 (1) (b) of the Companies Ordinance, 1984

Item No. 4 Increase in Authorized Capital

The Company presently has an authorized Share Capital of Rs. 100,000,000/- (Rupees One Hundred Million) divided into 10,000,000 ordinary shares of Rs. 10/- each.

In order to facilitate further increase in the paid up capital the Board of Directors has recommended that the authorized Share Capital of the Company be raised to Rs. 250,000,000/- (Rupees Two Hundred Fifty Million) divided into 25,000,000 ordinary shares of Rs. 10/- each by creation of 15,000,000 ordinary shares of Rs. 10/- each. For this purpose the Board of Directors has also recommended that the resolution be passed as a Special Resolution. The resolution increases the authorized Share Capital of the Company in the manner stated above and make the required consequential changes in the Memorandum and Articles of Association of the Company.

Notes:

1. The share transfer books of the Company will remain closed from October 18, 2013 to October 24, 2013 (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 17, 2013.
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 of 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 together with the audited Financial Statements of the Company for the year ended June 30, 2013.

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

FINANCIAL PERFORMANCE

	2013	2012
	.....(Rupees in '000').....	
Net sales	369,847	502,354
Gross profit	66,301	100,586
Profit before taxation	286,183	36,721
Profit after taxation	284,833	61,318
EPS (in Rupees)	31.01	6.68

BUSINESS OVERVIEW

The Company was able to achieve the profitability of Rs.284.83 million as compared to Rs.61.32 million for the same period last year. Profitability resulted mainly from the disinvestment of shares in Pioneer Seeds Pakistan Ltd. The transaction went very well and the Company not only made healthy profits but was also able to significantly pay off its liabilities.

The agriculture industry continues to be challenged as a consequence of the overall economic slowdown. The year witnessed sluggish growth of agricultural business as a result of the ongoing energy crisis, high inflation and government policies. These facts along with a reduced sales staff affected the sales of the Company for the period resulting in Rs.369.85 million as compared to Rs.502.35 million for the same period last year.

The Company continued its focus on better quality products, development of new products, cost control and building of good team.

HOLDING COMPANY

International Brands (Private) Limited- IBL is the Holding Company of United Distributors Pakistan Ltd. As at June 30, 2013 IBL held 6584887 shares of Rs.10 each.

EARNING PER SHARE

Earning per share after taxation is Rs.31.01 (2012: Rs. 6.68).

Directors' Report to the Shareholders

SHARE OF ASSOCIATES

The associated companies post a good profit for the year 2012-13 and the Company recorded a very significant amount of share of profit of associate companies as per their latest audited financial statements.

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:

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
..... (Rupees in millions)						
Net sales	370	502	1,020	1,143	773	505
Cost of goods sold	(304)	(402)	(816)	(929)	(586)	(390)
Gross profit	66	101	204	215	187	115
Gross profit in percentage	18%	20%	20%	19%	24%	23%
Profit/(loss) after tax	285	61	(97)	(31)	78	15
Cash dividend	-	-	-	-	8.35	-
Bonus share	-	-	-	-	8.35	10.9
Bonus share in percentage	-	-	-	-	10%	15%
Earning per share (Rs.)	31.01	6.68	-10.52	-3.42	8.52	1.75

DIVIDEND

The Directors proposed NIL dividend for the year ended June 30, 2013.

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 additional funds for working capital required to achieve the business objectives set out by the management.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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:

- o 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.
- o Proper books of account of the Company have been maintained.
- o Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- o 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.
- o The system of internal control is sound in design and has been effectively implemented and monitored.
- o There are no significant doubts upon the Company's ability to continue as a going concern.
- o There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations.
- o 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 is operating funded Provident Fund and it has been appropriately invested in Government securities and is audited annually by independent auditors. Further, the unfunded Gratuity scheme has been discontinued w.e.f. December 31, 2012.

MEETINGS OF BOARD OF DIRECTORS

The Board members met four times during the year 2012-13 and the attendance records are as follows:

Directors' Report to the Shareholders

S. No.	Name of Directors	Number of Meetings Attended
1.	Mr. Rashid Abdulla	4/4
2.	Mr. Asad Abdulla	4/4
3.	Mr. Ayaz Abdulla	3/4
4.	Mr. Zubair Palwala	4/4
5.	Mr. S. Nadeem Ahmed	3/4

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

AUDIT COMMITTEE

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

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

S. No.	Name of Directors	Number of Meetings Attended
1.	Mr. S. Nadeem Ahmed	4/4
2.	Mr. Ayaz Abdulla	3/4
3.	Mr. Zubair Palwala	4/4

We would like to extend our gratitude to Mr. Khalid Malik who has resigned as member of audit committee due to other engagement and we welcome Mr. S. Nadeem Ahmed on joining the audit committee.

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.

Directors' Report to the Shareholders

Auditors

The present auditors, Baker Tilly Mehmood Idrees Qamar and Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending June 30, 2014 at a fee to be mutually agreed.

Pattern of Shareholding

The statement of pattern of shareholding as at June 30, 2013 is annexed at page No. 50 of the annual report.

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: September 19, 2013

Statement of Compliance with Best Practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance, 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 on its board of directors. At present the board includes.

Category	Names
Non-Executive Directors	Mr. Rashid Abdulla
	Mr. Zubair Palwala
	Mr. Asad Abdulla
	Mr. Ayaz Abdulla
	Mr. Munis Abdulla
	Mr. S. Nadeem Ahmed
	Mr. Abdullah Ghulam Ali

2. The directors have confirmed that none of them is serving as directors on more than seven listed companies, where applicable.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurring on the board during the period was filled in prescribed time.
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 Mr. Zubair Palwala during the year.
10. The board has approved appointment of Chief Financial Officer and Company Secretary including their remuneration and terms and conditions of employment.

Statement of Compliance with Best Practices of Code of Corporate Governance

11. The Directors' Report for year ended June 30, 2013 has been prepared in compliance with the requirements of the Code 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.



SYED QAISER ABBAS NAQVI
Chief Executive Officer
KARACHI: September 19, 2013

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



**BAKER TILLY
MEHMOOD IDREES
QAMAR**

CHARTERED ACCOUNTANTS
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Katachi - Pakistan
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Email: mem@mmarsko.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 causes us to believe that the Statement of Compliance does not appropriately reflect the status of Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company of the year ended June 30, 2013.

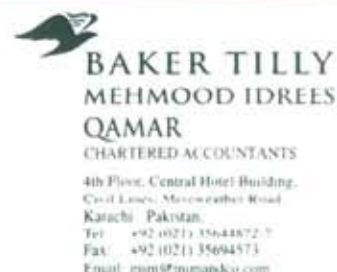
Engagement Partner:

Mehmood A. Razzak

Karachi

Date: September 19, 2013

Auditors' Report to the Members



We have audited the annexed balance sheet of **United Distributors Pakistan Limited** as at June 30, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, (hereinafter referred to as financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts, and are further in accordance with the accounting policies consistently applied;

Auditors' Report to the Members



BAKER TILLY
MEHMOOD IDREES
QAMAR

CHARTERED ACCOUNTANTS

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Civil Lines, Meerweather Road,
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- (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013, and of the profit, its cash flow and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Engagement Partner:

Mehmood A. Razzak

Karachi

Date: September 19, 2013

Balance Sheet

As at June 30, 2013

	Note	2013	2012
		.....(Rupees in '000').....	
ASSETS			
Non current assets			
Property, plant and equipment	4	36,896	38,624
Intangible assets	4.5	1,078	1,131
Long term investments	5	381,490	325,745
Long term lease deposits		-	1,517
Long term loans - staff - secured	6	15	23
		419,479	367,040
Current assets			
Stock in trade	7	159,383	207,857
Trade debts	8	40,057	6,628
Taxation - net	9	-	6,894
Advances, deposits, prepayments and other receivables	10	9,863	12,178
Cash and bank balances	11	9,723	40,514
		219,026	274,071
TOTAL ASSETS		638,505	641,111
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	12	91,839	91,839
General reserve		30,000	30,000
Unappropriated profit		297,701	12,868
TOTAL EQUITY		419,540	134,707
LIABILITIES			
Non current liabilities			
Liabilities against assets subject to finance lease	13	9,248	262
Retirement benefit obligation - gratuity	14	3,853	5,467
Deferred taxation	15	9,237	4,121
Deferred income	16	-	-
		22,338	9,850
Current liabilities			
Current portion of liabilities against assets subject to finance lease	13	5,070	8,739
Trade and other payables	17	177,983	279,512
Short term borrowings - secured	18	324	196,912
Taxation - net	9	9,147	-
Advance from dealers		4,103	11,391
		196,627	496,554
Contingencies and commitments	19	-	-
TOTAL LIABILITIES		218,965	506,404
TOTAL EQUITY AND LIABILITIES		638,505	641,111

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



SYED QAISER ABBAS NAQVI
CHIEF EXECUTIVE OFFICER



ASAD ABDULLA
DIRECTOR

Profit and Loss Account

For the year ended June 30, 2013

	Note	2013 .....(Rupees in '000').....	2012
Sales - net	20	369,847	502,354
Cost of goods sold	21	(303,546)	(401,768)
Gross profit		66,301	100,586
Selling expenses	22	(108,316)	(106,549)
Distribution expenses	23	(18,597)	(18,319)
Administrative and general expenses	24	(19,275)	(14,957)
		(146,188)	(139,825)
Operating (loss)		(79,887)	(39,239)
Other income	25	76,860	33,553
Finance cost	26	(26,174)	(57,805)
Other expenses - workers' welfare fund		(1,388)	-
Gain on disposal of Investment		190,921	-
Share of profit of associates -net	5.1	125,851	100,212
Profit before taxation		286,183	36,721
Provision for taxation	27	(1,350)	24,597
Profit after taxation		284,833	61,318
Other comprehensive income		-	-
Total comprehensive income		284,833	61,318
Earnings /(loss) per share-basic and diluted			
Company and associates - (Rupees)	32.1	31.01	6.68
Company - (Rupees)	32.2	17.31	(4.23)

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



 SYED QAISER ABBAS NAQVI
 CHIEF EXECUTIVE OFFICER



 ASAD ABDULLA
 DIRECTOR

Statement of Cash Flow

For the year ended June 30, 2013

	2013	2012
Note	.....(Rupees in '000').....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	286,183	36,721
Adjustments for non-cash charges and other items:		
Depreciation	13,189	19,387
Amortization of software cost	489	369
Provision for employee benefit	2,531	-
Profit on deposit account	(1)	(12)
Financial costs	26,174	57,805
Loss / (gain) on disposal of property, plant and equipment	1,749	(20,828)
Deferred income	-	(570)
Dividend received	(76,111)	(8,670)
(Gain) on disposal of Investment	(190,921)	-
Share of profit of associates	(125,851)	(100,212)
	<u>(348,752)</u>	<u>(52,731)</u>
Cash generated from operating activities before working capital changes	(62,569)	(16,010)
Decrease in current assets	17,361	206,795
(Decrease) in current liabilities	<u>(89,804)</u>	<u>(273,740)</u>
	(135,012)	(82,955)
Income tax refund - net	19,807	30,561
Finance cost paid	(45,190)	(46,161)
Gratuity paid	(4,145)	(93)
	<u>(29,528)</u>	<u>(15,693)</u>
Net cash (used in) operating activities	(164,540)	(98,648)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,254)	(785)
Purchase of intangible assets	(436)	(900)
Profit on deposit account	1	12
Dividend received	76,111	8,670
Proceeds from disposal of property, plant and equipment	4,981	54,305
Proceeds from disposal of investments	261,028	-
Long term loans	8	44
Long term lease deposits	1,517	3,948
Net cash generated from investing activities	341,956	65,294
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - secured	(196,587)	98,884
Payment for liabilities against assets subject to finance lease	(11,620)	(31,654)
Net cash (used in) /generated from financing activities	(208,207)	67,230
Net (decrease) /increase in cash and cash equivalents	(30,791)	33,876
Cash and cash equivalents at the beginning of the year	40,514	6,638
Cash and cash equivalents at the end of the year	9,723	40,514

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


 SYED QAISER ABBAS NAQVI
 CHIEF EXECUTIVE OFFICER


 ASAD ABDULLA
 DIRECTOR

Statement of Changes in Equity


For the year ended June 30, 2013

	Issued, Subscribed and Paid-up Capital	General Reserves	Accumulated Profit/(Loss)	Total
	-----{Rupees in '000'}-----			
Balance as at July 01, 2011	91,839	30,000	(48,450)	73,389
Profit for the year ended June 30, 2012	-	-	61,318	61,318
Balance as at June 30, 2012	91,839	30,000	12,868	134,707
Profit for the year ended June 30, 2013	-	-	284,833	284,833
Balance as at June 30, 2013	91,839	30,000	297,701	419,540

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



SYED QAISER ABBAS NAQVI
CHIEF EXECUTIVE OFFICER



ASAD ABDULLA
DIRECTOR

Notes to the Financial Statements

For the year ended June 30, 2013

1. NATURE OF BUSINESS

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

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) 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, 2013

New or Revised Standards, amendments and interpretations issued but not yet effective:

		Effective For Periods Beginning
IFRS 1	First time adoption of financial reporting standards (amendments)	January 1, 2013
IFRS 7	Financial instruments: Disclosures (amendments)	January 1, 2013
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
IAS 16	Property, plant and equipment (amendments)	January 1, 2013
IAS 19	Employee benefits (amendments)	January 1, 2013
IAS 27	Separate financial statements (amendments)	January 1, 2013
IAS 28	Investments in associates and joint ventures (amendments)	January 1, 2013
IAS 32	Financial instruments - Presentation (amendments)	January 1, 2014
IAS 34	Interim financial reporting (amendments)	January 1, 2013
IAS 39	Financial instruments-Recognition and measurement (amendments)	January 1, 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013
IFRIC 21	Levies-an interpretation on the accounting for levies imposed by Government	January 1, 2013

Notes to the Financial Statements

For the year ended June 30, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting Convention

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

3.2 Property, Plant and Equipment

Owned Assets

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended June 30, 2013

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 Investments in Associates

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

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

Notes to the Financial Statements

For the year ended June 30, 2013

3.5 Stock-in-Trade

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

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

3.6 Trade Debts

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

3.7 Cash and Cash Equivalents

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

3.8 Impairment

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

3.9 Employee Benefits

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

The accounting policies for defined contribution and benefit plan are given below:

(a) Defined contribution plan:

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

Notes to the Financial Statements

For the year ended June 30, 2013

(b) Defined benefit plan:

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

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

3.10 Taxation

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

Current

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

Deferred

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

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

3.11 Trade and other Payables

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

Notes to the Financial Statements

For the year ended June 30, 2013

3.12 Provisions

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

3.13 Revenue Recognition

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

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

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

3.14 Finance Income and Expense

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

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

3.15 Transactions with Related Parties

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

Notes to the Financial Statements

For the year ended June 30, 2013

3.16 Foreign Currencies

Pak rupees is the functional currency of the Company.

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

3.17 Dividend Payable

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

3.18 Financial Instruments

Financial Assets

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

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.

Notes to the Financial Statements

For the year ended June 30, 2013

d) Held to maturity

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

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

Financial Liabilities

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

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

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

3.19 Off Setting

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

	Note	2013	2012
		.....(Rupees in '000').....	
4. PROPERTY, PLANT AND EQUIPMENT			
Owned assets	4.1	20,745	23,508
Leased assets	4.2	16,151	15,116
		<u>36,896</u>	<u>38,624</u>

Notes to the Financial Statements

For the year ended June 30, 2013

4.1 Owned Assets

	Plant & Machinery	Office Equipment	Air Conditioners	Computer	Furniture & Fixtures	Motor Vehicles	Motor Cycle	Leasehold improvements	Plot	Total
(Rupees in '000')										
Year ended June, 30, 2012										
Opening net book value	3,422	7,046	637	1,939	4,204	12,511	1,533	2,374	180	33,848
Additions	-	338	18	52	20	358	-	-	-	785
Transfers										
Cost/Revalued amount	7,264	-	-	-	-	12,995	-	-	-	20,259
Accumulated depreciation	(2,240)	-	-	-	-	(7,719)	-	-	-	(9,959)
	5,024	-	-	-	-	5,276	-	-	-	10,300
Disposals										
Cost/Revalued amount	(6,614)	(2,899)	(170)	(1,847)	(1,622)	(23,552)	(528)	(450)	(180)	(37,863)
Accumulated depreciation	2,631	2,250	164	1,792	1,607	16,440	185	76	-	25,146
	(3,983)	(649)	(7)	(55)	(15)	(7,112)	(343)	(374)	(180)	(12,716)
Depreciation charge	(740)	(1,657)	(111)	(1,045)	(745)	(3,937)	(204)	(270)	-	(8,709)
Closing net book value	3,724	5,078	538	892	3,463	7,096	987	1,730	-	23,508
At June 30, 2012										
Cost	7,926	9,970	1,141	3,980	4,987	21,284	1,578	2,252	-	53,119
Accumulated depreciation	(4,202)	(4,892)	(604)	(3,088)	(1,523)	(14,188)	(591)	(523)	-	(29,611)
Net book value	3,724	5,078	538	892	3,463	7,096	987	1,730	-	23,508
Year ended June, 30, 2013										
Opening net book Value	3,724	5,078	538	892	3,463	7,096	987	1,730	-	23,508
Additions	154	110	39	135	18	798	-	-	-	1,254
Transfers										
Cost/Revalued amount	-	-	-	-	-	25,185	-	-	-	25,185
Accumulated depreciation	-	-	-	-	-	(14,328)	-	-	-	(14,328)
	-	-	-	-	-	10,857	-	-	-	10,857
Disposals										
Cost/Revalued amount	(1,283)	(6,946)	(184)	(1,820)	(857)	(3,647)	(415)	(1,490)	-	(16,643)
Accumulated depreciation	499	3,700	134	1,783	477	2,805	214	476	-	10,088
	(784)	(3,246)	(50)	(37)	(380)	(842)	(201)	(1,014)	-	(6,555)
Depreciation charge	(742)	(884)	(84)	(636)	(691)	(4,992)	(131)	(159)	-	(8,319)
Closing net book value	2,352	1,058	443	354	2,411	12,917	655	557	-	20,745
At June 30, 2013										
Cost	6,797	3,134	997	2,296	4,148	43,620	1,163	762	-	62,915
Accumulated depreciation	(4,445)	(2,076)	(554)	(1,941)	(1,737)	(30,703)	(508)	(205)	-	(42,170)
Net book value	2,352	1,058	443	354	2,411	12,917	655	557	-	20,745

Notes to the Financial Statements

For the year ended June 30, 2013

4.2 Leased Assets

	Plant and Machinery Leased	Motor Vehicles Leased	Total
(Rupees in '000')			
Year ended June, 30, 2012			
Opening net book value	5,690	49,914	55,605
Additions	-	1,250	1,250
Transfers			
Cost/Revalued amount	(7,264)	(12,995)	(20,259)
Accumulated depreciation	2,240	7,719	9,959
	(5,024)	(5,276)	(10,300)
Disposals			
Cost/Revalued amount	-	(38,365)	(38,365)
Accumulated depreciation	-	17,605	17,605
	-	(20,760)	(20,760)
Depreciation charge	(666)	(10,012)	(10,678)
Closing net book value	-	15,116	15,116
At June 30, 2012			
Cost	-	27,331	27,331
Accumulated depreciation	-	(12,215)	(12,215)
Net book value	-	15,116	15,116
Year ended June 30, 2013			
Opening net book Value	-	15,116	15,116
Additions	-	16,937	16,937
Transfers			
Cost/Revalued amount	-	(25,185)	(25,185)
Accumulated depreciation	-	14,329	14,329
	-	(10,856)	(10,856)
Disposals			
Cost/Revalued amount	-	(809)	(809)
Accumulated depreciation	-	634	634
	-	(175)	(175)
Depreciation charge	-	(4,871)	(4,871)
Closing net book value	-	16,151	16,151
At June 30, 2013			
Cost	-	18,274	18,274
Accumulated depreciation	-	(2,123)	(2,123)
Net book value	-	16,151	16,151

4.3 Depreciation for the year has been allocated to:

	Note	2013	2012
.....(Rupees in '000').....			
Selling expenses	22	10,019	14,680
Distribution expenses	23	486	906
Administrative and general expenses	24	1,412	1,547
Processing cost	21.2	1,272	2,254
		13,189	19,387

Notes to the Financial Statements

For the year ended June 30, 2013

4.4 Particular of disposal of fixed assets

Assets	Cost	Acc.Dep	W.D.V	Sale Proceed	Mode of Disposals	Particulars of Buyers
	----- (Rupees in '000') -----					
Plant and Machinery	157 1,126	73 425	84 701	62 258	Negotiation Negotiation	The Searle Company Ltd. Various Buyers
Office Equipment	6,425 338 165 19	3,468 157 68 8	2,957 181 97 11	200 185 60 7	Scrap Negotiation Negotiation Negotiation	Various Buyers Various Buyers The Searle Company Ltd. Imdad Sial
Air Conditioners	64 20 26 34 40	40 20 26 13 35	24 0 0 21 5	20 9 8 22 9	Negotiation Negotiation Negotiation Negotiation Negotiation	Various Buyers Various Buyers Abdul Waheed Faisal Naseem Various Buyers
Computers	11 980 55 746 28	8 973 51 723 28	3 6 4 24 0	3 3 20 44 9	Scrap Scrap Negotiation Scrap Scrap	Sahiwal Branch Various Buyers Muhammad Tariq Various Buyers Imdad Sial
Furniture and Fixtures	394 121 343	172 78 227	222 43 116	35 6 143	Scrap Scrap Scrap	Various Buyers Various Buyers Various Buyers
Motor Vehicles	655 809 809 809 565 809	655 553 553 553 490 634	0 256 256 256 75 175	585 630 650 635 425 531	Negotiation Negotiation Negotiation Negotiation Negotiation Insurance Claim	Nusrat Iqbal Nusrat Iqbal Nusrat Iqbal Nusrat Iqbal Nusrat Iqbal Insurance Claim Takaful
Motor Cycles	30 54 55 50 55 63 42 66	19 34 33 36 35 21 17 19	11 20 22 14 20 42 25 47	8 19 18 19 21 20 18 40	Negotiation Negotiation Negotiation Negotiation Negotiation Negotiation Negotiation Negotiation	Nazir Ahmed M. Sibghatulla Jawaid Hussain Ashfaq Ahmed Jhangeer Khan Shahid Pervez Muhammad Junaid Faisal Naseem
Leasehold Improvements	1,298 193	414 62	884 131	100 159	Scrap Negotiation	Various Buyers The Searle Company Ltd.
	2013	17,453	10,723	6,730	4,981	
	2012	76,228	42,751	33,477	54,305	

Notes to the Financial Statements

For the year ended June 30, 2013

4.5 INTANGIBLE ASSETS

	Note	2013	2012
		.....(Rupees in '000').....	
Cost		1,131	600
Additions during the year		436	900
Amortization charged during the year		(489)	(369)
		<u>1,078</u>	<u>1,131</u>

5. LONG TERM INVESTMENTS

Balance at beginning of the year		325,745	225,533
Acquisition in the year at cost		-	-
Share of undistributed income for the year-net	5.1	125,851	100,212
Disposal of Pioneer Seeds Pakistan Limited shares in the year		(70,106)	-
Balance at end of the year		<u>381,490</u>	<u>325,745</u>
5.1 Share of profit of associated companies		200,380	108,882
Dividend received (Considered separately)	25	(74,529)	(8,670)
		<u>125,851</u>	<u>100,212</u>

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

Notes to the Financial Statements

For the year ended June 30, 2013

	2013	2012
	.....(Rupees in '000').....	
5.3 The company's interest in associated companies are as follows:		
IBL Healthcare Limited - Quoted		
453,318 (2012: 453,318) (Specie dividend) ordinary shares of Rs. 10 each		
Cost Rs. 4,533,180 (2012: 4,533,180)	7,118	5,971
Quoted market value as at June 30, 2013: Rs. 17,792,731 (2012: Rs. 9,587,675)		
FMC United (Private) Limited		
1,639,418 (2012: 1,639,418) fully paid ordinary shares of Rs. 10 each		
Cost Rs. 16,394,180 (2012: 16,394,180)	290,709	166,005
Net Assets value based on latest audited accounts as at Dec. 31, 2012: Rs. 295,398,861 (2011: Rs. 170,695,842)		
Pioneer Seeds Pakistan Limited - Unquoted		
NIL (2012: 979,429) fully paid ordinary shares of Rs. 10 each		
Cost Rs. NIL (2012: 9,794,290)	-	70,106
Value based on net assets as at December 31 2012: Rs. NIL (December 31 2011: Rs. 69,916,485)		
	<u>297,827</u>	<u>242,082</u>
Investments Available for Sale		
International Brands (Private) Limited		
5,504,149 (2012: 5,504,149) fully paid ordinary Shares of Rs 10 each		
Cost Rs. 55,041,490 (2012: 55,041,490)		
Value based on net assets as at June 30, 2012 Rs. 77,072,100 (June 30,2011: Rs.71,190,698)	83,663	83,663
	<u><u>381,490</u></u>	<u><u>325,745</u></u>

Notes to the Financial Statements

For the year ended June 30, 2013

5.4 The Company's share in assets, liabilities, revenues and profit of associated companies based on the most recent available financial statements is as follows:

	Assets	Liabilities	Turnover	Profit After Tax	Holding %	Position	Chief Executive Officers
	----- (Rupees in '000') -----						
June 30, 2013							
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	3,049,882	2,311,384	4,181,483	319,955	40.00%	As on December 31, 2012	Mr. Farooq Shahid
Pioneer Seeds Pakistan Limited	-	-	-	-	NIL	-	-
June 30, 2012							
IBL Healthcare Limited	606,032	284,038	725,487	78,360	2.27%	As on June 30, 2012	Mr. A.M. Jalaluddin
FMC United (Private) Limited	2,615,242	2,188,502	3,751,383	208,603	40.00%	As on December 31, 2011	Mr. Farooq Shahid
Pioneer Seeds Pakistan Limited	2,326,157	1,183,998	2,586,899	386,674	6.12%	As on December 31, 2011	Dr. Asif Ali Shah

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

Notes to the Financial Statements

For the year ended June 30, 2013

	2013	2012
	.....(Rupees in '000').....	
6. LONG TERM LOANS- STAFF - SECURED		
Considered good		
To employees	648	102
Current portion	(633)	(79)
	<u>15</u>	<u>23</u>

6.1 Reconciliation of carrying amount of loans to employees:

	Balance as at July 01, 2012	Disbursements During the Year	Repayments During the Year	Balance as at June 30, 2013
	----- (Rupees in '000') -----			
Due from:				
Employees	102	708	162	648
	<u>102</u>	<u>708</u>	<u>162</u>	<u>648</u>

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

6.3 Maximum aggregate amount outstanding at the end of any month during the year against loan was Rs. 663,490 (2012: Rs.691,515).

	2013	2012
	.....(Rupees in '000').....	
7. STOCK IN TRADE		
Finished goods	138,552	153,960
Raw materials	22,267	53,223
Packing materials	9,252	15,520
Stock in transit	8,780	-
Provision for obsolete stock	7.1 (19,468)	(14,846)
	<u>159,383</u>	<u>207,857</u>

7.1 Provision for Obsolete Stock

Opening balance	14,846	23,109
Provision made during the year	14,947	6,527
	29,793	29,636
Inventory written off against provision	(10,325)	(14,791)
	<u>19,468</u>	<u>14,846</u>

Notes to the Financial Statements

For the year ended June 30, 2013

	Note	2013	2012
		.....(Rupees in '000').....	
8. TRADE DEBTS			
Considered good - secured		4,030	6,628
Considered good - un-secured		36,027	-
		<u>40,057</u>	<u>6,628</u>
9. TAXATION - NET			
Advance income tax		56,128	39,937
Provision for taxation		(65,275)	(33,043)
		<u>(9,147)</u>	<u>6,894</u>
10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Loans and advances - Unsecured, considered good:			
Employees	10.1	2,568	2,147
Advance to suppliers		3,000	1,000
Advance against expenses		413	631
		5,981	3,778
Deposits:			
Rent deposit		2,701	2,746
Prepayments:			
Prepaid rent		149	136
Prepaid insurance		87	-
Prepaid expenses		10	16
Prepaid import		32	12
		278	164
Other receivables:			
Related party balance	10.2	458	4,274
Others		445	1,216
		903	5,490
		<u>9,863</u>	<u>12,178</u>

10.1 Includes current portion of long term loans amounting to Rs.0.633 million (2012: Rs. 0.079 million).

10.2 This represents receivable from The Searle Company Limited in respect of claims and recoverable expenses. In prior year it includes receivable from IBL Operations (Private) Limited, The Searle Company Limited, IBL Health Care Limited and Dunkin Donuts in respects of Claims and recoverable expenses.

Notes to the Financial Statements

For the year ended June 30, 2013

	2013	2012
	.....(Rupees in '000').....	
11. CASH AND BANK BALANCES		
Cash in transit	7,360	31,579
Cash at Bank:		
Current accounts	2,363	8,502
PLS and deposit accounts	-	433
	<u>2,363</u>	<u>8,935</u>
	<u>9,723</u>	<u>40,514</u>

12. SHARE CAPITAL				
Authorised Share Capital				
Number of Shares (in '000')				
2013	2012			
<u>10,000</u>	<u>10,000</u>	Ordinary Shares of Rs. 10/- each	<u>100,000</u>	<u>100,000</u>
Issued, Subscribed and Paid-up Capital				
Number of Shares (in '000')				
2013	2012			
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
<u>9,184</u>	<u>9,184</u>		<u>91,839</u>	<u>91,839</u>

12.1 International Brands (Private) Limited is the holding company, which holds 71.70 % shares (2012: 71.70%) in United Distributors Pakistan Limited.

13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Minimum lease Payments

	June 2013			June 2012		
	Minimum Lease Payments	Principal	Financial Charges	Minimum Lease Payments	Principal	Financial Charges
	----- (Rupees in '000') -----					
Not later than one year	6,441	5,070	1,371	9,150	8,739	411
Later than one year but not later than five years	10,047	9,248	799	273	262	11
	<u>16,488</u>	<u>14,318</u>	<u>2,170</u>	<u>9,423</u>	<u>9,001</u>	<u>422</u>

Notes to the Financial Statements

For the year ended June 30, 2013

The Company has entered into finance lease agreements with leasing companies, modarabas and banks for financing to acquire plant and machinery and motor vehicles. Payments under these agreements include finance charges based on 6 month KIBOR+base rate ranging from 12 % to 21.77 % (2012: 14.29% 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.

	Note	2013	2012
		.....(Rupees in '000').....	
14. RETIREMENT BENEFIT OBLIGATION - GRATUITY			
14.1 Opening balance sheet liability		5,467	5,560
Amount recognized during the year	14.4	2,531	-
Benefits paid during the year		(4,145)	(93)
Closing balance sheet liability		3,853	5,467
14.2 A reconciliation of actuarial valuation to balance sheet liability as at June 30 is given in following paragraphs:			
Opening present value of defined benefit obligations	14.3	4,818	6,432
Actuarial losses to be recognized in later periods	14.5	(722)	(722)
Past services cost to be recognized in later periods		(243)	(243)
Total balance sheet liability as at June 30		3,853	5,467
14.3 Opening present value of defined benefit obligations		6,432	6,525
Current service cost for the year		2,531	-
Interest cost for the year		-	-
Benefits paid during the year		(4,145)	(93)
Actuarial loss/(gain) on present value of defined benefit obligation		-	-
Closing present value of defined benefit obligations		4,818	6,432
14.4 Charge to profit and loss account for the year			
Current service cost		2,531	-
Interest cost		-	-
Actuarial loss charged		-	-
Past service cost charged		-	-
		2,531	-

Notes to the Financial Statements

For the year ended June 30, 2013

	Note	2013	2012
		.....(Rupees in '000').....	
14.5 Changes in actuarial loss as at June 30			
Opening unrecognized actuarial loss		(722)	(722)
Actuarial (loss)/gain arising during the year		-	-
Actuarial loss charged to profit and loss during the year		-	-
Closing unrecognized actuarial loss		(722)	(722)
15. DEFERRED TAXATION			
Debit/ (Credit) balance arising in respect of temporary differences:			
Property, plant and equipment		(5,278)	17,032
Long term investments		27,688	11,115
Stock in trade		(6,813)	(8,088)
Staff retirement benefits		(1,349)	(1,946)
Deferred income		-	(200)
Lease assets obligations		(5,011)	(13,792)
		9,237	4,121
16. DEFERRED INCOME			
Opening balance		-	570
Matured in the year		-	(570)
		-	-
17. TRADE AND OTHER PAYABLES			
Creditors		132,125	121,480
Accrued liabilities		40,244	49,672
Payable to related parties	17.1	2,102	85,031
Tax deducted at source		201	231
Unclaimed dividend		595	595
Sales tax payable		606	2,766
Interest accrued on short term borrowing		722	19,737
workers' welfare fund		1,388	-
		177,983	279,512

Notes to the Financial Statements

For the year ended June 30, 2013

17.1 This represents amount payable to IBL Operations (Private) Limited. In previous year this includes the amount and markup payable to The Searle Company Limited - Provident Fund, IBL Healthcare Limited - Provident Fund and Habitt.

	Note	2013	2012
		.....(Rupees in '000').....	
18. SHORT TERM BORROWINGS - SECURED			
Running finances	18.1	324	75,112
Demand finances	18.2	-	121,800
		<u>324</u>	<u>196,912</u>

18.1 The Company obtained running finance facilities from Standard Chartered Bank Limited and Habib Metropolitan Bank Limited at interest rate of KIBOR+2.5% & KIBOR+2% respectively. These facilities have been secured by way of hypothecation and pledge shares of The Searle Company Limited by International Brands (Private) Limited on behalf of United Distributors Pakistan Limited.

18.2 The Company obtained demand finance facilities from Silk Bank Limited and Standard chartered Bank Limited at interest of 18.5% per annum and KIBOR+3% respectively. These facilities have been secured by way of pledge shares of The Searle Company Limited by International Brands (Private) Limited and shares of IBL HealthCare Limited by United Distributors Pakistan Limited. This facility has been paid off in the current year.

19. CONTINGENCIES AND COMMITMENTS

Letters of credit issued by various bank on behalf of the Company in ordinary course of business outstanding at the year end amounted to Rs NIL (2012: Rs 6.9 million).

	2013	2012
	.....(Rupees in '000').....	
20. SALES - NET		
Gross sales (inclusive of GST)	460,334	702,947
Sales tax	(63,232)	(84,201)
Discount	(27,255)	(116,392)
	<u>369,847</u>	<u>502,354</u>

Notes to the Financial Statements

For the year ended June 30, 2013

	Note	2013 .....(Rupees in '000').....	2012
21. COST OF GOODS SOLD			
Opening stock of finished goods		153,960	339,401
Purchases of finished goods		28,891	76,994
Cost of goods manufactured	21.1	254,625	147,597
Goods available for sale		437,476	563,992
Closing stock of finished goods	7	(138,552)	(153,960)
Stock write off		(10,325)	(14,791)
Provision for obsolete stock		14,947	6,527
		<u>303,546</u>	<u>401,768</u>
21.1 Cost Of Goods Manufactured			
Opening Stock:			
Raw material		53,223	33,802
Packing materials		15,520	14,515
In transit		-	34,463
		68,743	82,780
Purchases			
Raw material - imported		130,148	97,543
Raw material - local		62,890	8,835
Packing material		22,240	16,019
		215,278	122,397
Available for consumption		284,021	205,177
Closing Stock:			
Raw materials	7	(22,267)	(53,223)
Packing materials	7	(9,252)	(15,520)
In transit	7	(8,780)	-
		(40,299)	(68,743)
Raw and packing materials consumed		243,722	136,434
Processing costs	21.2	10,903	11,163
		<u>254,625</u>	<u>147,597</u>

Notes to the Financial Statements

For the year ended June 30, 2013

	Note	2013	2012
		.....(Rupees in '000').....	
21.2 Processing Costs			
Salaries, wages, allowances and benefits		4,480	4,016
Rent, rate and taxes		2,793	3,124
Repair and maintenance		664	229
Utilities		860	629
Depreciation	4.3	1,272	2,254
Others		834	911
		10,903	11,163
22. SELLING EXPENSES			
Salaries, allowances and benefits		41,888	44,566
Staff provident fund		857	1,020
Staff gratuity		607	-
Distribution freight		15,899	15,050
Vehicle running expenses		13,742	16,406
Depreciation	4.3	10,019	14,680
Amortization of Software		200	313
Commission and incentives		2,732	(3,333)
Travelling, boarding and lodging		2,627	3,808
Sales promotion and advertisement		14,798	6,759
Communication		1,315	1,464
Entertainment		564	1,244
Product registration and renewals		1,228	559
Research and development		150	244
Software development expenses		8	250
Insurance		547	2,012
Rent, rates and taxes		170	302
Utilities		237	411
Repair and maintenance		201	269
Printing and stationery		146	207
Fee, subscription and periodicals		209	215
Others		172	103
		108,316	106,549

Notes to the Financial Statements

For the year ended June 30, 2013

	Note	2013 .....(Rupees in '000').....	2012
23. DISTRIBUTION EXPENSES			
Salaries, allowances and benefits		8,172	7,708
Staff provident fund		374	329
Staff gratuity		1,355	-
Rent, rates and taxes		4,641	5,062
Depreciation	4.3	486	906
Safety and security		926	940
Utilities		587	619
Communication		568	554
Vehicle running expenses		503	445
Repair and maintenance		425	678
Travelling, boarding and lodging		242	379
Printing and stationery		86	167
Entertainment		205	338
Insurance		-	49
Fee, subscription and periodicals		15	63
Others		12	82
		18,597	18,319
24. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and benefits		6,555	7,125
Staff provident fund		358	394
Staff gratuity		506	-
Rent, rates and taxes		1,391	1,674
Depreciation	4.3	1,412	1,547
Amortization of software cost		289	56
Legal and professional charges		2,343	902
Travelling and conveyance		1,494	543
Communication		348	405
Vehicle running expenses		545	507
Printing and stationery		222	313
Auditors' remuneration	24.1	459	447
Utilities		419	332
Entertainment		195	109
Repair and maintenance		384	154
Fee, subscription and periodicals		164	199
Advertisement		59	65
Software development		343	185
Training and development		35	-
Safety and security		5	-
Loss from disposal of property, plant and equipment		1,749	-
		19,275	14,957

Notes to the Financial Statements

For the year ended June 30, 2013

	Note	2013 .....(Rupees in '000').....	2012
24.1 Auditors' Remuneration			
Annual audit fee		300	300
Half year review fee		100	100
Out of pocket expenses		59	47
		459	447
25. OTHER INCOME			
Income from financial assets:			
Profit on bank deposits		1	12
Dividend received from holding company		1,582	-
Dividend received from associated companies	5.1	74,529	8,670
		76,112	8,682
Income from non financial assets:			
Gain from disposal of property, plant and equipment		-	20,828
Deferred income recognized	16	-	570
Others		748	3,473
		748	24,871
		76,860	33,553
26. FINANCE COST			
Finance charges on leases		1,256	3,254
Bank charges and commission		454	3,294
Mark up on short term borrowings		21,183	21,704
Mark up payable to related parties		-	5,291
Additional charges on letter of credit mark up		1,514	18,638
Exchange fluctuations		1,767	5,624
		26,174	57,805
27. PROVISION FOR TAXATION			
Current			
- For the year tax		31,589	5,891
- Prior year tax		643	5,331
Deferred tax		5,116	-
Tax effect on loss surrendered to The Searle Company Limited	27.2	(35,998)	(35,819)
		1,350	(24,597)

Notes to the Financial Statements

For the year ended June 30, 2013

	2013	2012
	.....(Rupees in '000').....	
27.1 Tax Charge Reconciliation		
Accounting profit	<u>286,183</u>	<u>36,721</u>
	35%	-
Tax at applicable rate of 35% for the year	100,164	-
Tax effect of:		
Amounts admissible for tax purposes - net	(46,590)	-
Income chargeable at reduced rate	(25,689)	-
Income chargeable under Final Tax Regime	7,776	-
Taxable temporary differences	5,116	-
Loss surrender to group company	(35,998)	(35,819)
Prior years'	643	5,331
Minimum tax	-	5,891
Others	(4,072)	-
	<u>1,350</u>	<u>(24,597)</u>

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

27.2 This represents compensation received on account of surrendering its assessed tax loss of tax year 2012 (2012: tax loss for tax year 2011) to The Searle Company Limited U/s 59B of Income Tax Ordinance, 2001.

28. TRANSACTIONS WITH RELATED PARTIES

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

Notes to the Financial Statements

For the year ended June 30, 2013

	2013	2012
	.....(Rupees in '000').....	
28.1 By Virtue of Investment in Holding Company and Common Directorship		
International Brands (Private) Limited		
Dividend received	1,582	-
28.2 By Virtue of Investment in Associates and Common Directorship		
FMC United (Private) Limited		
Dividend received	3,279	6,558
Share of profit for the year	127,982	83,441
The Searle Company Limited		
Claimable expense charged by UDPL	375	1,140
Claimable expenses charged by The Searle Company Limited	264	-
Sale of vehicle and other assets	281	5,841
Group tax relief received	35,998	35,819
Current account receipts /(payments)	38,399	23,105
• Current account (receivable) /payable	(458)	(2,467)
Pioneer Seeds Pakistan Limited		
Share of profit for the period	-	23,664
Proceed against disposal of investment	261,028	-
Dividend received	70,117	979
IBL Healthcare Limited		
Claimable expenses charged by UDPL	1,552	1,292
Share of profit	2,267	1,776
Dividend received	1,133	1,133
Current account receipts /(payments)	1,564	-
IBL Operations (Private) Limited		
Claimable expense charged by UDPL	3,392	(1,348)
Claimable expenses charged by IBL	3,722	-
Current account receipts /(payments)	3,562	(10,239)
Current account (receivable) / payable	2,102	(1,790)

Notes to the Financial Statements

For the year ended June 30, 2013

29. REMUNERATION OF DIRECTOR AND EXECUTIVES

	DIRECTOR		EXECUTIVES	
	2013	2012	2013	2012
	(Rupees in '000')			
Managerial remuneration:				
Basic salary	1,207	1,680	3,866	2,712
Allowances	864	840	2,843	4,059
Bonus	173	133	179	284
Company's contribution to provident fund	121	168	362	258
Company's contribution to gratuity fund	1,156	-	2,016	-
	3,521	2,821	9,266	7,313
Number of persons	1	1	5	4

29.1 A sum of Rs. 17,000/- (2012: Rs. 11,000) 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.

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

29.3 Executive means an employee other than Chief Executive and Director whose basic salary exceeds five hundred thousand rupees in the financial year.

29.4 There was no remuneration paid to 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.

29.5 Remuneration to Director comprises of remuneration paid to Mr. Asad Abdulla for the period from July 2012 to February 2013. Since March 2013 he has been working in the capacity of Non-Executive Director.

30. PLANT CAPACITY / UTILIZATION	Installed Capacity per annum Ltr/Kg (based on eight hours)	2013 Actual Production (Units)	2012 Actual Production (Units)
Liquid (Bottles)	4,844	497	385
Powder (Sachet)	789	253	207
Granular Products	1,014	239	1
	6,647	989	593

30.1 Although actual capacity in the year increased over previous period, the overall plant capacity attained in the year remained lower due to overall demand are lower than the available production capacity.

30.2 The installed capacities have been revised as two non-operative plants have been re-furbished and made ready to be operated.

Notes to the Financial Statements

For the year ended June 30, 2013

31. FINANCIAL ASSETS AND LIABILITIES

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')							
Financial assets								
Long term investments	-	-	-	-	-	381,489	381,489	381,489
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
	-	-	-	53,384	-	381,489	434,873	434,873
Financial liabilities								
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
	5,394	9,248	14,642	177,983	3,853	-	181,836	196,478
	JUNE 30, 2012							
	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')							
Financial assets								
Long term investments	-	-	-	-	-	325,745	325,745	325,745
Advances, deposits and other receivables	-	-	-	8,236	-	-	8,236	8,236
Trade debts	-	-	-	6,628	-	-	6,628	6,628
Cash and bank balances	433	-	433	40,082	-	-	40,082	40,514
	433	-	433	54,946	-	325,745	380,691	381,124
Financial liabilities								
Staff retirement obligation	-	-	-	-	5,467	-	5,467	5,467
Liabilities against assets subject to finance lease	8,739	262	9,002	-	-	-	-	9,002
Trade and other payables	30,000	-	30,000	249,512	-	-	249,512	279,512
Short term borrowing	196,912	-	196,912	-	-	-	-	196,912
	235,651	262	235,913	249,512	5,467	-	254,979	490,893

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

Notes to the Financial Statements

For the year ended June 30, 2013

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 (2012: Rs. NIL) are exposed to currency rate risk.

Fair value of financial instruments

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

31.1 There have been no more than five years balances of financial assets and liabilities as at June 30, 2013.

32. EARNINGS /(LOSS) PER SHARE - BASIC AND DILUTED

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

	2013	2012
	.....(Rupees in '000').....	
32.1 Company and Associates		
Profit after tax	284,833	61,318
Weighted average ordinary shares (Numbers)	9,184	9,184
Earnings per share (Rs.)	31.01	6.68
32.2 Company		
Profit after tax	284,833	61,318
Share of profit of associates	(125,851)	(100,212)
Profit /(loss) of company	158,982	(38,894)
Weighted average ordinary shares (Numbers)	9,184	9,184
Earnings /(loss) per share (Rs.)	17.31	(4.23)

Notes to the Financial Statements

For the year ended June 30, 2013

33. NUMBER OF EMPLOYEES

The average number of employees during the year is 96 (2012: 129)

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the board of directors of the Company and authorized for issue on September 19, 2013.

35. FIGURES

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

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



SYED QAISER ABBAS NAQVI
CHIEF EXECUTIVE OFFICER



ASAD ABDULLA
DIRECTOR

Pattern of Shareholding

As of June 30, 2013

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE	
Directors and their spouse(s) and minor children				
Asad Abdulla	1	3,465	0.04	
Ayaz Abdulla	1	632	0.01	
Munis Abdulla	1	632	0.01	
Rashid Abdulla	2	753	0.01	
Syed Nadeem Ahmed	1	500	0.01	
Zubair Palwala	1	632	0.01	
Associated Companies, undertakings and related parties				
First UDL Modaraba	2	391,563	4.26	
International Brands (Pvt) Ltd.	2	6,584,887	71.70	
Executives				
	-	-	-	
Public Sector Companies and Corporations				
	7	550,422	5.99	
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
	4	74,503	0.81	
* Mutual Funds				
General Public				
a. Local	1252	1,532,330	16.68	
b. Foreign	-	-	-	
Foreign Companies				
	1	278	0.00	
Others				
	12	43,303	0.47	
Totals		1287	9,183,900	100.00

Shareholders holding 5% or more	Shares Held	Percentage
International Brands (Pvt) Ltd.	6,584,887	71.70

Pattern of Shareholding

As of June 30, 2013

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Directors and their spouse(s) and minor children				
1	03277-20909	Asad Abdulla	3,465	0.04
2	03277-21385	Ayaz Abdulla	632	0.01
3	02113-2829	Munis Abdulla	632	0.01
4	2	Rashid Abdulla	121	0.00
5	03277-11384	Rashid Abdulla	632	0.01
6	02113-3397	Syed Nadeem Ahmed	500	0.01
7	02113-1037	Zubair Palwala	632	0.01
		7	6,614	0.09

Associated companies, undertakings and related parties

1	2529	First UDL Modaraba	63	0.00
2	03277-1651	First UDL Modaraba	391,500	4.26
3	03277-2937	International Brands (Pvt) Ltd.	6,584,887	71.70
		4	6,976,450	75.96

Executive

		NIL		-
		-	-	-

Public sector companies and corporations

1	33	National Bank Of Pakistan Trustee Wing	200	0.00
2	00083-36	Idbl (ICP Unit)	58	0.00
3	03889-28	National Bank of Pakistan	254	0.00
4	03889-44	National Bank of Pakistan	525	0.01
5	07088-39	The Bank Of Punjab, Treasury Division.	96,797	1.05
6	1799	Industrial Development Bank of Pakistan (ICP Unit)	200	0.00
7	02154-27	National Bank of Pakistan-trustee Department Ni(U)T Fund	452,388	4.93
		7	550,422	5.99

Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds

1	2640	Crescent Investment Bank Ltd.	347	0.00
2	2520	Crescent Standard Modaraba	11,600	0.13
3	2666	First Ibl Modaraba	21,199	0.23
4	03277-78335	Trustee National Bank of Pakistan Employees Pension Fund	41,357	0.45
		4	74,503	0.81

Pattern of Shareholding

As of June 30, 2013

Mutual Funds		NIL	-	-
General Public Foreign		NIL	-	-
Foreign Companies				
1	2351	Boston Safe Deposit & Trust Co	278	0.00
		1	278	0.00
Others				
1	01917-33	Prudential Securities Limited	11	0.00
2	03277-3397	Pakistan Memon Educational & Welfare Soc	6,510	0.07
3	03277-45147	Eduljee Dinshaw (Pvt.) Limited	22,959	0.25
4	03277-82127	Trustee National Bank of Pakistan Emp Benevolent Fund Trust	1,451	0.02
5	03293-38	S.H. Bukhari Securities (Pvt) Limited	222	0.00
6	04226-26	Zillion Capital Securities (Pvt) Ltd.	5,500	0.06
7	04226-10900	Trustee Maymar Housing Services Limited Staff Provident Fund	5,000	0.05
8	05546-26	Stock Master Securities (Private) Ltd.	500	0.01
9	05587-48203	Stock Master Securities (Pvt.) Ltd	50	0.00
10	05868-28	Cliktrade Limited	99	0.00
11	10181-24	Horizon Securities Limited	1	0.00
12	14241-22	Fikree's (Smc-pvt) Ltd.	1,000	0.01
		12	43,303	0.47
General Public Local			1252	1,532,330
Total			1287	9,183,900

Pattern of Shareholding

As of June 30, 2013

NUMBER OF SHARE HOLDERS	SHAREHOLDINGS			TOTAL SHARES HELD
	FROM		TO	
726	1	to	100	9,570
244	101	to	500	62,031
111	501	to	1000	90,136
149	1001	to	5000	340,552
27	5001	to	10000	205,596
7	10001	to	15000	82,063
3	15001	to	20000	49,022
4	20001	to	25000	91,533
2	25001	to	30000	56,500
2	30001	to	35000	61,473
1	40001	to	45000	41,357
1	45001	to	50000	50,000
2	50001	to	55000	105,352
1	60001	to	65000	64,287
1	95001	to	100000	96,797
1	100001	to	105000	100,466
1	105001	to	110000	110,000
1	235001	to	240000	238,856
1	390001	to	395000	391,500
1	450001	to	455000	452,388
1	6480001	to	6485000	6,484,421
<u>1,287</u>				<u>9,183,900</u>

Form of Proxy

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

I / We _____ son / daughter / wife / husband of _____, shareholder
of United Distributors Pakistan Limited holding _____ ordinary shares hereby appoint _____
who is my _____ [state relationship (if any) with the proxy; required by Government regulations]
and the son/daughter / wife / husband of _____, (holding _____ ordinary shares in
the Company under Folio No. _____) [required by Government] as my / our proxy, to attend and
vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on
October 24, 2013 and / or any adjournment thereof.

Signed this ____ day of ____ 2013.

Witness:

1. _____

2. _____



Signature of Member(s)

Shareholder(s) Folio No. _____ and/or
CDC Participation I.D. No. _____ and
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.

Affix
Correct
Postage

The Company Secretary
United Distributors Pakistan Limited
9th Floor, N.I.C. Building, Abbasi Shaheed Road,
Off: Shahrah-e-Faisal, Karachi.

Core Values

- “Seeking Allah’s pleasure in all that we do”
- “Committing ourselves to enhancing Pakistan’s image”
- “Serving the needs of our customers with passion, dedication
& by honoring our word”
- “Striving for excellence in rural & urban marketing”
- “Constantly upgrading our knowledge & skills to become
better professionals”
- “Enriching our work environment with high levels of
performance, participation & creativity”
- “Upholding the spirit of individual & collective accountability”
- “Rewarding quality performance”
- “Nurturing openness, trust & support to guide our business policies,
individual & team conduct”
- “Enhancing shareholder value through long-term profitability
& improving performance ratios”

Spirit of Growth

