

Spirit of Growth



Financial Statement

For the Half year ended
December 31, 2022 [un-audited]

UNITED DISTRIBUTORS PAKISTAN LIMITED

Contents

Company Information	02
Directors' Report to the Members	03
Auditors' Report On Review of Condensed Interim Financial Information to the Members	05
Condensed Interim Statement of Financial Position as at December 31, 2022	06
Condensed Interim Statement of Profit and Loss Account for the period ended December 31, 2022 - unaudited	07
Condensed Interim Statement of Comprehensive Income for the period ended December 31, 2022 - unaudited	08
Condensed Interim Statement of Cash Flow for the period ended December 31, 2022 - unaudited	09
Condensed Interim Statement of Changes in Equity for the period ended December 31, 2022 - unaudited	10
Notes to the Condensed Interim Financial Statement for the period ended December 31, 2022 - unaudited	11

Company Information

Board of Directors

Mr. Ayaz Abdulla
Chairman

Mr. Asad Abdulla
Director

Ms. Samia Zuberi
Director

Mr. Abdul Samie Cashmiri
Director

Mr. Saqib Abbas
Director

Mr. M. Salman Hussain Chawala
Director

Mr. Najmul Hassan
Director

Audit Committee

Mr. Salman Hussain Chawala
Chairman

Mr. Najmul Hassan
Member

Mr. Ayaz Abdulla
Member

Legal Advisor

Sarmad Aziz
Advocates/Advisors

CEO

Mr. Mirza Asmer Beg
Chief Executive Officer

CFO

Mr. Sohail Hasnain Ahmed
Chief Financial Officer

Company Secretary

Mr. M. Imran
Company Secretary

Auditors

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block C, Lakson Square,
Building No. 1, Sarwar Shaheed Road
Karachi - 74200 Pakistan.

Registrar

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

H.R & Remuneration Committee

Ms. Samia Zuberi
Chairperson

Mr. Abdul Samie Cashmiri
Member

Mr. Ayaz Abdulla
Member

Mr. Saqib Abbas
Member

Bankers

Habib Metropolitan Bank Limited
Habib Bank Limited
Bank Al Habib
Silk Bank Limited
MCB Bank Limited
AL-Baraka Bank (Pakistan) Limited
Meezan Bank Limited

Registered Office

United Distributors Pakistan Limited
Plot # 105, Sector 7-A, Mehran Town
Korangi Industrial Area, Karachi
Web: www.udpl.com.pk
email: info@udpl.com.pk

Directors' Report

The Directors of United Distributors Pakistan Limited (UDPL) takes pleasure in presenting this report, together with the unaudited Financial Statements of the Company for the half year ended December 31, 2022.

The Company has to operate the business in challenging economic and business environment during the period under review. The recent natural disaster excessive monsoon rains, flood caused unprecedented damaged to key standing crops, livestock and infrastructure of the country. Further, the significant devaluation of PKR currency, hike in interest rate and higher inflation also impacted the Company's revenue and bottom line adversely.

The Company managed to achieve sales revenue of Rs. 350 million for the half year ended December 31, 2022 registered 8% increase as compared to the same period last year.

The gross profit of the Company reduced by -6% as compared to the same period last year. The Company gross margin which stood at 40% as compared with 46% same period last year. The reduction in GP mainly due to sharp increase of material prices and PKR devaluation factor which ultimately increased the product cost

Particulars	July - December		Variance
	2022	2021	
----- (Rupees in '000') -----			
Net sales	350,114	324,010	8.1 %
Gross profit	140,817	150,167	-6.2 %
Operating profit	13,524	51,930	-74.0 %
Finance cost	(31,234)	(9,087)	243.7 %
Share of (loss)/profit from Assoc.	(130,246)	77,493	-268.1 %
(Loss)/profit before taxation	(147,956)	120,336	-223.0 %
(Loss)/profit after taxation	(137,277)	96,079	-242.9 %
Loss per share	(Rs. 3.89)	(Rs. 2.72)	

The increase in operating cost is attributable to general inflation and fuel cost. Resultantly, the operating profit for the half year at Rs. 13.5 million. The finance cost significantly increased by 24x mainly due to huge exchange loss on import LC payments and higher finance cost on borrowings.

The associate company posted loss for the period under review due to reduction in revenue, gross margin, huge finance cost and exchange loss. Hence, the Company recorded the share of loss from associate for the period under review to the tune of its investment value.

FUTURE OUTLOOK

We aim to continue our journey for the betterment of farmers through best-in-class services and high-quality solutions to enable them in getting optimal crop yield and healthy food for growing population.

The prevailing challenges like materials/product import, higher interest rate, continuous inflation, weakening PKR currency, unfavorable weather, post impact of flood and bullish trend of product prices will continue to pose threats to business revenue & profitability in the upcoming period. Company management remains focused on managing the challenges and minimizing these negative impacts by leveraging its diversified product portfolio along with proactively cultivating growth to deliver top-quartile results in line with its core value of delivering sustainable stakeholder returns.

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



MIRZA ASMER BEG
Chief Executive officer



ASAD ABDULLA
Director

Karachi: February 24, 2023

ڈائریکٹرز رپورٹ

یونائیٹڈ ڈسٹری بیوٹرز پاکستان لمیٹڈ (یو ڈی پی ایل)

کے بورڈ آف ڈائریکٹرز کی جانب سے میں

غیر محصولاتی عبوری مالیاتی حسابات برائے

پہلی ششماہی مختتمہ ۳۱ دسمبر ۲۰۲۲ء پیش کرتے

ہوئے خوشی محسوس کرتا ہوں

کمپنی کو زیر جائزہ مدت کے دوران ایک مشکل معاشی اور کاروباری ماحول میں کاروبار چلانا ہے۔ حالیہ قدرتی آفات، زیادہ مومن سون کی بارشیں، سیلاب نے ملک کی اہم کھڑی فصلوں، مویشیوں اور انفراسٹرکچر کو بے مثال نقصان پہنچایا۔ مزید برآں PAK کرنسی کی قدر میں نمایاں کمی اور زیادہ افراط زر نے بھی کمپنی کی آمدنی کو بری طرح متاثر کیا۔

اضافہ درآمدی ایل سی میچورٹیز پر بھاری زرمبادلہ کے نقصان کی وجہ سے ہے نتیجتاً ہشماہی کے لئے آپریٹنگ منافع ۱۳.۵ ملین روپے رہا۔

ایسوسی ایٹ کمپنی نے ریونیو میں کمی، بھاری مالیاتی لاگت اور درآمدی ادائیگیوں پر زرمبادلہ کے نقصان کی وجہ سے زیر جائزہ مدت کے لئے نقصان پوسٹ کیا لہذا کمپنی نے زیر جائزہ مدت کے لئے ایسوسی ایٹ سے نقصان کا حصہ ریکارڈ کیا۔

مستقبل پر ایک نظر

ہمارا عزم ہے کہ ہم منفرد اور اعلیٰ معیاری مصنوعات متعارف کروا کر کسانوں کی فلاح و بہبود کا سفر جاری رکھیں گے تاکہ انہیں فصلوں سے بہترین پیداوار حاصل ہو اور انسانوں کو اعلیٰ معیاری غذا فراہم کر سکیں۔

ناموافق موسم، سیلاب کے بعد کے اثرات، مہنگائی، شرح سود میں اضافہ، کمزور ہوتی کرنسی، مصنوعات کی قیمتوں میں تیزی اور عالمی سپلائی چین کے مسائل آنے والے عرصے میں کاروباری آمدنی اور منافع کے لئے خطرات لاحق رہیں گے، کمپنی پر اعتماد ہے اور اپنے متنوع مصنوعات کے پورٹ فولیو سے فائدہ اٹھاتے ہوئے ان منفی اثرات کو کم کرنے پر توجہ مرکوز کرنے کے ساتھ ساتھ اسٹیک ہولڈر کو پائیدار منافع کی فراہمی کی بنیاد قدر کے مطابق اعلیٰ نتائج فراہم کرنے کے لئے مسلسل کوشاں ہے۔

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے تمام کسٹمرز، بینکرز اور دیگر مستفیدان کا شکریہ ادا کرتا ہوں جنہوں نے نہ صرف ہم سے مسلسل تعاون کیا بلکہ ہماری حوصلہ افزائی بھی کی اور میں کمپنی کے تمام ملازمین کی انتھک محنت کی قدر دانی کرتا ہوں۔

برائے اور بورڈ کی جانب سے



مرزا اسم بگ
چیف ایگزیکٹو آفیسر



اسد علی اللہ
ڈائریکٹر

کراچی: ۲۳ فروری ۲۰۲۳ء

تبدیلی	جولائی - دسمبر		تفصیلات
	2021	2022	
	(روپے ہزاروں میں)		
8.1 %	324,010	350,114	خالص فروخت
-6.2 %	150,167	140,817	خام منافع
-74.0 %	51,930	13,524	منافع آپریٹنگ سے
243.7 %	(9,087)	(31,234)	مالیاتی لاگت
-268.1 %	77,493	(130,246)	ایسوسی ایٹ سے نقصان کا حصہ
-223.0 %	120,336	(147,956)	نقصان قبل از ٹیکس
-242.9 %	96,079	(137,277)	نقصان بعد از ٹیکس
	(Rs. 2.72)	(Rs. 3.89)	نقصان فی حصص (روپے میں)

- کمپنی ۳۱ دسمبر ۲۰۲۲ء کو ختم ہونے والی ششماہی کے لئے ۳۵۰ ملین روپے کی سٹیز ریونیو حاصل کرنے میں کامیاب رہی جس میں گزشتہ سال کی اسی مدت کے مقابلے میں ۸ فیصد اضافہ رہا۔

- کمپنی کے مجموعی منافع میں پچھلے سال کی اسی مدت کے مقابلے میں ۶ فیصد کمی ہوئی کمپنی کا مجموعی مارجن جو کہ گزشتہ سال اسی مدت کے ۴۶ فیصد کے مقابلے میں ۴۰ فیصد رہا۔

- آپریٹنگ لاگت میں اضافہ عام افراط زر کی وجہ سے ہے اور مالیاتی لاگت میں نمایاں

Auditor's Report

On Review of Condensed Interim Financial Information to the Members



We have reviewed the accompanying condensed interim statement of financial position of UNITED DISTRIBUTORS PAKISTAN LIMITED ("the Company") as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year ended December 31, 2022 (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial statements. Our responsibility is to express a conclusion on this interim financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended December 31, 2022 and December 31, 2021 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

EMPHASIS OF MATTER

We draw attention to note 8.3 to the interim financial statements that states the valuation technique used for valuation of shares of investment in International Brands (Private) Limited, valuing Rs. 668427 million. Our conclusion is not modified in respect of this matter.

Chartered Accountants
Karachi

Date: February 24, 2023

Engagement Partner: TARIQ FEROUZ KHAN

UDIN: AR202210166if8tTSvU

Condensed Interim Statement of Financial Position

as at December 31, 2022 [Un-audited]

		(Un-audited) December 31, 2022	[Audited] June 30, 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	58,936	50,267
Intangible assets		338	413
Investment in associate	7	-	130,246
Long-term investments	8	728,359	997,102
Deferred taxation		31,025	15,625
Long-term deposits		3,472	3,122
		822,130	1,196,775
CURRENT ASSETS			
Inventories		216,087	294,853
Trade and other receivables	9	294,001	299,601
Loans, advances and prepayments		4,969	4,563
Taxation - net	10	22,991	19,399
Cash and bank balances		5,763	8,889
		543,811	627,305
		1,365,941	1,824,080
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 50,000,000 (June 30, 2022: 50,000,000) shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up capital 35,271 (June 30, 2022: 35,271) ordinary shares of Rs. 10 each		352,713	352,713
REVENUE RESERVE			
Un-appropriated (loss) / profits		(32,695)	104,582
General reserves		28,548	28,548
		(4,147)	133,130
Revaluation reserve on investment at fair value through other comprehensive income		636,814	905,557
		985,380	1,391,400
NON - CURRENT LIABILITIES			
Liability under diminishing musharakah financing	11	29,591	19,830
Long-term lease liability		2,879	3,725
Deferred capital grant	12	-	447
		32,470	24,002
CURRENT LIABILITIES			
Trade and other payables	13	174,817	246,692
Current portion of liability under diminishing musharakah financing	11	7,570	6,342
Current portion of long-term lease liability		4,837	7,620
Short-term borrowings	14	160,034	147,191
Unclaimed dividend		833	833
		348,091	408,678
TOTAL EQUITY AND LIABILITIES	15	1,365,941	1,824,080
CONTINGENCIES AND COMMITMENTS			

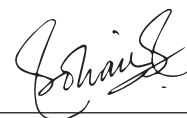
The annexed notes 1 to 27 form an integral part of these condensed interim financial statements



MIRZA ASMER BEG
Chief Executive Officer



ASAD ABDULLA
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

Condensed Interim Statement of Profit or Loss Account

for the Half Year ended December 31, 2022 [Un-audited]

	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		----- (Rupees in '000') -----			
Revenue from contracts with customers	16	350,114	324,010	207,640	135,297
Cost of sales		(209,297)	(173,843)	(122,034)	(62,930)
Gross profit		140,817	150,167	85,606	72,367
Marketing and distribution expenses		(103,413)	(79,973)	(56,059)	(35,752)
Administrative and general expenses		(30,358)	(21,252)	(15,592)	(11,601)
Other operating expenses		(851)	(475)	1,998	(66)
Other income		7,329	3,463	2,121	1,832
Operating profit		13,524	51,930	18,074	26,780
Finance cost		(31,234)	(9,087)	(8,335)	(3,451)
Share of (loss) / profit from associate		(130,246)	77,493	-	-
(Loss) / profit before income tax		(147,956)	120,336	9,739	23,329
Taxation	17	10,679	(24,257)	(4,824)	(7,100)
(Loss) / profit after income tax		(137,277)	96,079	4,915	16,229
(Loss) / earnings per share - basic and diluted (Rupees per share)	18	Rs. (3.89)	Rs. 2.72	Rs. 0.14	Rs. 0.46


The annexed notes 1 to 27 form an integral part of these condensed interim financial statements



MIRZA ASMER BEG
Chief Executive Officer



ASAD ABDULLA
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

for the Half Year ended December 31, 2022 [Un-audited]

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000') -----			
(Loss) / profit after income tax	(137,277)	96,079	4,915	16,229
Other comprehensive loss Items that will not be subsequently reclassified to statement of profit or loss:				
Change in fair value of investment carried at fair value through other comprehensive income (OCI)	(268,743)	(355,030)	(202,529)	(84,749)
Total comprehensive loss for the period	(406,020)	(258,951)	(197,614)	(68,520)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements



MIRZA ASMER BEG
Chief Executive Officer



ASAD ABDULLA
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

Condensed Interim Statement of Cash Flow

for the Half Year ended December 31, 2022 [Un-audited]

		December 31, 2022	December 31, 2021
	Note	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	29,114	43,712
Finance cost paid		(31,319)	(8,238)
Income tax paid		(8,313)	(5,006)
Long-term deposits		(350)	-
Net cash (used in) / generated from operating activities		(10,868)	30,468
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(18,848)	(4,019)
Dividend received		1,421	9,381
Proceeds from disposal of property, plant and equipment		5,595	172
Net cash (used in) / generated from investing activities		(11,832)	5,534
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		(4,258)	(3,563)
Short term loan obtained / (paid)		12,843	(8,279)
Increase / (decrease) of liabilities against assets subject to diminishing musharakah financing arrangement		10,989	(2,044)
Net cash generated from / (used in) financing activities		19,574	(13,887)
Net (decrease) / increase in cash and cash equivalents		(3,126)	22,115
Cash and cash equivalents at the beginning of the period		8,889	(40,492)
Cash and cash equivalents at the end of the period	20	5,763	(18,377)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements



MIRZA ASMER BEG
Chief Executive Officer



ASAD ABDULLA
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

for the Half Year ended December 31, 2022 [Un-audited]

	SHARE CAPITAL	REVENUE RESERVE		Revaluation reserve on investments held at fair value through OCI	Total
	Issued, subscribed and paid up capital	General reserve	Unappropriated (Loss) / profit		
	----- (Rupees in '000') -----				
Balance as at July 1, 2021 (audited)	352,713	28,548	467,239	1,397,855	2,246,355
Profit for the period	-	-	96,079	-	96,079
Other comprehensive loss	-	-	-	(355,030)	(355,030)
Total comprehensive income / (loss)	-	-	96,079	(355,030)	(258,951)
Balance at December 31, 2021 (unaudited)	<u>352,713</u>	<u>28,548</u>	<u>563,318</u>	<u>1,042,825</u>	<u>1,987,404</u>
Balance as at July 1, 2022 (audited)	352,713	28,548	104,582	905,557	1,391,400
Loss for the period	-	-	(137,277)	-	(137,277)
Other comprehensive loss	-	-	-	(268,743)	(268,743)
Total comprehensive loss	-	-	(137,277)	(268,743)	(406,020)
Balance at December 31, 2022 (unaudited)	<u>352,713</u>	<u>28,548</u>	<u>(32,695)</u>	<u>636,814</u>	<u>985,380</u>

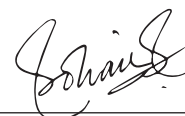
The annexed notes 1 to 27 form an integral part of these condensed interim financial statements



MIRZA ASMER BEG
Chief Executive Officer



ASAD ABDULLA
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

Notice to the Condensed Interim Financial Information

for the Half Year ended December 31, 2022 [Un-audited]

1. STATUS AND NATURE OF BUSINESS

United Distributors Pakistan Limited (UDPL) "the Company" was incorporated in Pakistan as a public company limited by shares and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Plot No. 105, Sector 7-A, Mehran Town, Korangi Industrial Area, Karachi. Its principal business activities are manufacturing, trading and distribution of pesticides, fertilizers and other allied products. The Company is subsidiary of Genesis Holding (Private) Limited.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The Company has a factory and head office located at plot # 231, Sector 7/A, Korangi Industrial Area, Karachi.

- Hyderabad: Plot # D 3/4, Hali Road, Site Area, Hyderabad
- Quetta: House # 237, near Aisha Masjid Block # 4, Satellite Town, Quetta
- Multan: Plot # 548, Jahangirabad, NLC Chowk 6-KM Khanewal Road, Multan
- Peshawar: Suite No. A-2/1, Tazkar Plaza, Main Dala Zak Road, Peshawar

3. BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

This condensed interim financial statements is unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

This condensed interim financial statements of the Company for the half year ended December 31, 2022 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and

Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial statements does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2022 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in this condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2022, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2021.

3.2 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except for recognition of staff retirement benefits at present value based on actuarial valuation, investment at fair value through OCI and foreign currency liabilities which are stated at the exchange rate on the date of condensed interim statement of financial position.

3.3 FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

The figures have been rounded off to the nearest thousand of Rupees.

4. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2022.

4.1 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR AN INTERPRETATION TO EXISTING STANDARDS

(a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2022, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5. ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2022.

6. PROPERTY, PLANT AND EQUIPMENT

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
Owned operating assets	6.1	52,619	40,850
Right-of-use assets	6.2	6,317	9,417
		<u>58,936</u>	<u>50,267</u>

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
6.1 Owned operating assets	Note	----- (Rupees in '000') -----	
Opening net book value (NBV)	6.11	40,850	18,713
Additions during the period / year at cost		18,848	31,814
		59,698	50,527
Disposals during the period / year at NBV	6.12	-	(20)
Depreciation charge for the period / year		(7,079)	(9,657)
		(7,079)	(9,677)
Closing net book value (NBV)		52,619	40,850

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
6.1.1 Detail of additions (at cost) during the period / year are as follows:		----- (Rupees in '000') -----	
Plant and machinery		266	3,994
Computers		251	1,026
Office equipment		43	-
Furniture and fixture		51	-
Vehicles		18,237	26,794
		18,848	31,814

6.1.2 Detail of disposals (at NBV) during the period / year are as follows:			
Plant and machinery		-	4
Furniture & fixture		-	2
Office equipment		-	14
		-	20

6.2 Right-of-use assets			
Opening balance		9,417	9,064
Additions during the period / year at cost		-	6,520
		9,417	15,584
Depreciation charge for the period / year		(3,100)	(6,167)
Net book value		6,317	9,417

7. INVESTMENT IN ASSOCIATE

Balance at beginning of the period		130,246	609,351
Share of loss for the period		(130,246)	(458,847)
Share of other comprehensive loss for the period		-	(12,061)
Less: dividend income for the period		-	(8,197)
Balance at end of the period		-	130,246

- 71 This represents shareholding of 40% (June 30, 2022: 40%) comprising of 1,639,418 shares (June 30, 2022: 1,639,418 shares) of FMC United (Private) Limited, original cost of the shares was Rs. 16.39 million.
- 72 The amounts of share of loss and other comprehensive loss for the period are based on unaudited financial statements of FMC United (Private) Limited as at September 30, 2022.

8. LONG-TERM INVESTMENTS

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
Investments at fair value through other comprehensive income	Note	----- (Rupees in '000') -----	
— IBL HealthCare Limited - Listed	8.1	59,932	75,484
1,593,949 (June 30, 2022: 1,451,893) fully paid ordinary shares of Rs. 10 each Percentage holding 2.19% (June 30, 2022: 2.19%) Cost: Rs. 7,882,580 (June 30, 2022: Rs. 7,882,580)			
— International Brands (Private) Limited (Holding Company) - Unlisted	8.1, 8.2, 8.3	668,427	921,618
11,079,852 (June 30, 2022: 11,079,852) fully paid ordinary shares of Rs. 10 each Percentage holding 4.71% (June 30, 2022: 4.71%) Cost: Rs. 83,663,056 (June 30, 2022: Rs. 83,663,056)			
		728,359	997,102

- 8.1 Shares held as at December 31, 2022 include 31,343 shares (2022: 31,343 shares) of IBL HealthCare Limited and 184,665 shares (2022: 184,665) of International Brands (Private.) Limited (Formerly named International Brands Limited - Unlisted) withheld by respective companies at the time of bonus declaration. The Company has included these shares in its portfolio pending decision of the Honourable High Court of Sindh on petitions filed by the Company in respect of tax on bonus shares.
- 8.2 The Company holds shares of International Brands (Private) Limited (Formerly named International Brands Limited - Unlisted) which have been carried at fair value through OCI.
- 8.3 Valuation technique used to value investment in International Brands (Private) Limited (Formerly named International Brands Limited - Unlisted) includes the use of quoted market prices for listed equity securities and the discounted future cash flows for unlisted equity securities held by. The main level 3 inputs used are;
- discount rates for financial assets and financial liabilities determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessment of the time value of money and the risk specific to the asset; and
 - earning growth factors based on market information.

Sensitivity analysis

Sensitivity analysis of the significant assumptions used in the valuation technique are as follows:

- If the discount rate increases by 1% with all other variables held constant, the impact on fair value as at December 31, 2022 would be Rs. 5.373 million (2022: Rs. 5.621 million) lower.
- If the long term growth rate decreases by 1% with all other variables held constant, the impact on fair value as at December 31, 2022 would be Rs. 26.685 million (2022: Rs. 14489 million) lower.

9. TRADE AND OTHER RECEIVABLES

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000') -----	
Trade receivable	9.1	296,383	300,875
Other receivable		644	901
		297,027	301,776
Allowance for expected credit losses		(3,026)	(2,175)
		294,001	299,601

9.1 TRADE RECEIVABLES - CONSIDERED GOOD

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000') -----	
Secured	9.1.1	54,559	8,525
Unsecured		241,824	292,350
		296,383	300,875

9.1.1 These debt are secured against bank guarantee and cheques provided by debtors.

10. TAXATION - NET

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000') -----	
Provision for taxation	17	(4,720)	(12,717)
Advance tax		27,711	6,682
		22,991	19,399

11. LIABILITY UNDER DIMINISHING MUSHARAKA FINANCING

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000') -----	
From FHM and HMM	11.1	37,161	26,172
Less: Current portion shown under current liabilities		(7,570)	(6,342)
		29,591	19,830

11.1 The Company obtained diminishing musharaka financing facility from First Habib Modaraba (FHM) and Habib Metropolitan Bank Limited at KIBOR + 1.5% per annum & KIBOR + 2% per annum respectively (June 30, 2022: KIBOR + 1.5% per annum & KIBOR + 2% per annum respectively). This facility is secured by way of hypothecation of current assets of the Company.

12. LONG TERM SALARY REFINANCING

This represents salary refinancing amounting to Rs. Nil (June 30, 2022: Rs. 6.995 million) in relation to the Company availing the State Bank of Pakistan's (SBP) payroll refinance facility as a part of measures for countering COVID-19. The Company has reimbursed whole facility.

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000') -----	
Balance at the beginning of the period / year	12.1	-	27,831
Amount paid during the period / year		-	(20,836)
Less: Deferred income		-	6,995
Less: current portion		-	(6,995)
		-	-
		-	-
		----- (Rupees in '000') -----	
12.1 Deferred income - capital grant		447	1,772
Balance at the beginning of the period / year		(447)	(1,325)
Less: grant income recognised in income		-	447
		-	447
		-	447

13. TRADE AND OTHER PAYABLES

These include Rs. 1.199 million (June 30, 2022: Rs. 0.256 million) payables to Genesis Holding (Private) Limited..

14. SHORT-TERM BORROWINGS

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000') -----	
Secured			
Short-term loan (Tijarah)	14.1	7,000	19,807
Unsecured		7,000	19,807
Current portion of salary refinancing	12	-	6,995
Short- term loan	14.2	153,034	120,389
		153,034	127,384
		160,034	147,191

14.1 The Company obtained short-term loan (Tijarah) Financing facility from Al Baraka Bank (Pakistan) Limited at KIBOR + 2.5% per annum (June 30, 2022: KIBOR + 2.5% per annum). This facility is secured by way of hypothecation of current assets of the Company.

14.2 This represents short term loan obtained from Genesis Holding (Private) Limited, the Holding Company.

15. CONTINGENCIES & COMMITMENTS

15.1 Contingencies

There was no contingent liability as at December 31, 2022.

15.2 Commitments

The Company's commitments as at financial position date are as follows:

The facilities for opening letters of credit as at December 31, 2022 amounted to Rs. 200 million (June 30, 2022: Rs. 200 million). The amount remaining unutilised as at December 31, 2022 is Rs. 161.1 million (June 30, 2022: Rs. 154.5 million).

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Note	Half year ended	
		December 31, 2022	December 31, 2021
----- (Rupees in '000') -----			
Gross revenue from sale of goods		493,798	385,031
Less: Discounts		(120,665)	377
Sales returns		(25,289)	(59,203)
Sales tax		-	(3,363)
Net revenue from sale of goods		347,844	322,842
Revenue from toll manufacturing		2,270	1,168
		350,114	324,010

17. TAXATION

Current	17.1	4,590	12,393
Prior		130	324
Deferred	17.2	(15,399)	11,539
Balance at end of the period		(10,679)	24,257

17.1 The current tax liability of the Company for the current period is covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001 and tax charge on dividend income @ 15%.

17.2 Total deferred tax asset arising due to timing difference calculated at applicable tax rates as at reporting date amounted to Rs. 31.025 million (June 30, 2022: Rs. 15.625 million) debit. Deferred tax asset has been recognized to the extent of excess deductible temporary differences over and above taxable temporary differences.

18. (LOSS) / PROFIT PER SHARE - BASIC AND DILUTED

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

	Half year ended	
	December 31, 2022	December 31, 2021
----- (Rupees in '000') -----		
(Loss) / profit for the period	(137,277)	96,079
Weighted average number of ordinary shares (in thousands)	352,713	352,713
(Loss)/earning per share (Rupees)	(3.89)	2.72

19. CASH GENERATED FROM OPERATIONS

(Loss) / profit before income tax
Adjustment for non-cash incomes and expenses:
Depreciation and amortisation
Finance cost
Gain on disposal of property, plant and equipment
Dividend income
Other adjustments
Share of loss / (profit) from associate
(Loss) / profit before changes in working capital
Changes in Working Capital:
Increase in current assets:
Inventories
Trade and other receivables
Loans, advances and prepayments
Decrease in current liabilities:
Trade and other payables
Cash generated from operations

Half year ended	
December 31, 2022	December 31, 2021
----- (Rupees in '000) -----	
(147,956)	120,336
10,255	8,924
31,234	9,087
(5,595)	(152)
(1,421)	(1,184)
266	(388)
130,246	(77,493)
164,985	(61,206)
17,029	59,130
78,766	24,938
5,600	(16,043)
(406)	(2,659)
83,960	6,236
(71,875)	(21,654)
29,114	43,712

20. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short-term borrowings

Half year ended	
December 31, 2022	December 31, 2021
----- (Rupees in '000) -----	
5,763	5,073
-	(23,450)
5,763	(18,377)

21. TRANSACTIONS WITH RELATED PARTIES

21.1 The following transactions were carried out with related parties during the period:

Nature of relationship	Nature of transactions	Half year ended	
		December 31, 2022	December 31, 2021
----- [Rupees in '000'] -----			
i. Holding company	Corporate service charges	3,960	3,600
	Payment on behalf of Holding Company	11,840	10,396
	Receipts from Holding Company	11,348	6,131
	Loan paid on behalf of the Company	48,466	5,000
	Loan received from Holding Company	81,111	10,575
	Markup on short term	12,266	-
	Markup paid on short term	8,750	-
ii. Associated companies	Rent charged	204	204
	IT services	144	120
	Repairs and maintenance	804	80
	Utilities	484	180
iii. Employees' Provident Fund	Contribution paid	5,555	3,743
iv. Key Management Personnel	Salaries and other employee benefits	11,621	13,412
	Directors' fee	10	19

22. FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at December 31, 2022, all financial assets and financial liabilities are carried at amortised cost except for investments in IBL HealthCare Limited and International Brands (Pvt.) Limited (Formerly named International Brands Limited - Unlisted) which are being carried at fair value.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b) Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (eg. significant increases / decreases in activity); and
- changes in inputs used in valuation techniques (eg. inputs becoming / ceasing to be observable in the market).

Transfers during the period

During the period ended December 31, 2022, there were no transfers between level 1 and level 2 fair value measurement and into or out of Level 3 fair value measurements.

The valuation technique used is as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: Inputs that are observable either directly or indirectly

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: Unobservable inputs

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table analyses within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at December 31, 2022:

		Dec-22			
		Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----			
FINANCIAL ASSETS					
Recurring FV measurement of FVOCI investments		59,932	-	668,427	728,359

		Jun-22			
		Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----			
FINANCIAL ASSETS					
Recurring FV measurement of FVOCI investments		75,484	-	921,618	997,102

23. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2022.

24. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

25. NUMBER OF EMPLOYEES

The number of employees as at period ended December 31, 2022 was 92 (June 30, 2022: 94) and average number of employees during the period was 93 (June 30, 2022: 91).

26. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on **24 February 2023** by the Board of Directors of the Company.

27. GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



MIRZA ASMER BEG
Chief Executive Officer



ASAD ABDULLA
Director



SOHAIL HASNAIN AHMED
Chief Financial Officer

United Distributors Pakistan Limited

Plot No. 105, Sector 7-A, Mehran Town,
Korangi Industrial Area, Karachi.

Telephone: +92-21-35116823

Corporate: +92-331-111-0835

web: www.udpl.com.pk

e-mail: info@udpl.com.pk