



United Brands Limited

(Formerly UDL Industries Ltd.)

ANNUAL REPORT 2006

Contents

Corporate Information	01
Notice of Meeting	02
Report of the Director's	04
Six Year's Financial Summary.....	08
Statement of Compliance with the of Code of Corporate Governance....	09
Review Report to the Members on Statement of Compliance with the Best Practices of Code of Corporate Governance.....	11
Auditor's Report to the Members	12
Balance Sheet.....	14
Profit & Loss Account	16
Cash Flow Statement	17
Statement of Changes in Equity	19
Notes to the Financial Statements	20
Pattern of Shareholding	31
Proxy Form	32

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Mr. Rashid Abdulla	-	Chairman & Chief Executive
2. Mr. Mushtaq Abdulla	-	Director
3. Mr. Amal Ismail	-	Director
4. Mr. Shahid Abdulla	-	Director
5. Mr. Monis Abdulla	-	Director
6. Mr. Asad Abdulla	-	Director
7. Mr. Faisal Abdulla	-	Director

AUDIT COMMITTEE

1. Mr. Rashid Abdulla	-	Chairman
2. Mr. Amal Ismail	-	Director
3. Mr. Shahid Abdulla	-	Director

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Javed Khan

AUDITORS

Mehmood Idress Qamar & Co., Chartered Accountants

INTERNAL AUDITORS

Namdar & Co., Chartered Accountants

LEGAL ADVISOR

Raja Qasit Nawaz Khan

BANKERS

Meezan Bank Limited
Union Bank Limited

REGISTERED OFFICE

9th Floor, NIC Building, Abbasi Shaheed Road, Karachi.
Tel : 021-5675111-7, 5683944-6

REGISTRAR

Gangjees Registrar Services (Pvt) Limited
Room No. 513, 5th Floor, Clifton Center,
Khayaban-e-Roomi, Block-5, Clifton, Karachi - 75600

NOTICE OF MEETING

Notice is hereby given that the 42th Annual General Meeting of United Brands Limited (formerly UDL Industries Limited) will be held Monday, October 30, 2006 at 9.00 P.m. at the Company's Registered Office, 9th Floor, NIC Building, Abbasi Shaheed Road, Karachi, to transact the following business.

1. To confirm the minutes of Extra Ordinary General Meeting held on December 9, 2005
2. To receive, consider and adopt the audited financial statements together with the Director's and Auditor's Report for the year ended June 30, 2006.
3. To approve the payment of cash dividend to the shareholders at the rate of Rs. 1/= per share of Rs. 10/- each for the year ended June 30, 2006.
4. To appoint Auditor's and fix their remuneration. The present Auditor's Messrs. Mehmood Idrees Qamar & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
5. To transact any other business, with permission of the Chair.

Karachi: October 06, 2006

By the order of the Board

Javed Khan
COMPANY SECRETARY

Notes:

1. The Registrar of Member of the Company shall remain closed from October 26, 2006 to November 1, 2006 (both days inclusive). Transfers received in order at our registrars, Messrs, Gangjees Registrar Services (Pvt) Limited, Room No. 513, 5th Floor, Clifton Center, Khayaban -e- Roomi, Block-5, Clifton, Karachi -75600 at the close of business on October 25, 2006 will be treated in time for the purpose of payment of dividend.
2. A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a Member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially certified of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A form of proxy is enclosed. Shareholders are requested to notify any change of address immediately.

4. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has provided earlier) at the time of the meeting.
5. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy Form.
6. The proxy shall produce his / her original NIC or original passport at the time of meeting.
7. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company, are requested to send the same at the earliest.

REPORT OF THE DIRECTOR'S

The Board of Director's of United Brands Limited is pleased to present the 42th Annual Report and Audited accounts of the Company for the year ending June 30, 2006.

FINANCIAL HIGHLIGHTS

	June 30, 2006	June 30, 2005
Sales	118,270,479	-
Gross Profit	14,216,496	-
Operating Expenses	9,701,600	163,684
Profit / (Loss) before Taxation	4,514,896	(163,684)
Provision for Taxation	(1,580,213)	-
Profit / (Loss) after Taxation	2,934,682	(163,684)
(Loss) / Earning Per Share	2.45	(0.136)

OVERVIEW

In accordance with the Management Business Plan, company started its operation effective January 01, 2006 as on that date, trading and distribution business lines certain assets and liabilities have been transferred to the company from an associated company at net realizable value.

Your company is engaged in trading and distribution business and our integrated approach provides a comprehensive solution to our principals and our customers. We excel at helping our principals to find unique solutions to the complex challenges of getting their products to the market.

We continued to make significant progress during 2006 in key areas such as building our core business, achieving operational excellence, identifying growth market and training our dedicated work force to provide leadership at all levels. The results achieved during the last 6 months since the restart of the business operation of the company speaks for themselves and provide a platform from which United Brands can not only compete against the stiffest competition, but also excel.

Finally, while we recognize that fiscal 2005-2006 was a great year in so many ways for our company, we must also acknowledge that the past 6 months were challenging the management to restart a company, which was dormant since 1997 with an accumulated loss at Rs. 10,952,531/= reported as on June 30, 2005.

FUTURE OUTLOOK

We are in business not for the short term, but for the long haul. Our strategies aim at expanding our operations and increasing our sales and profits over the succeeding years. Our shareholders being our partners can be certain that we are committed to operating our company with integrity and the highest standard of financial discipline.

We never satisfy with the status quo and recognize that we have many opportunities for improvement. We are constantly working toward improving our existing business, while creating new avenues to expand our business for long-term growth and success.

We remained committed to expansion and have built our business on the excitement generated by truly great merchandising. In simple terms, that means we source the right products at the right time in the right place at the right price and ensure that they are of high quality multinational brands. Our suppliers are our partners on this process and we are proud of strong relationship we have developed with some of the finest organizations in the world - companies like Johnson & Johnson Pakistan (Pvt) limited and Lindt & Springli, Switzerland.

RESPONSE TO AUDITOR'S REPORT

The auditors, in their report, abstained from forming an opinion on the ground of their inability to ascertain the ownership of the business operations during the year mainly because of the reason that title of assets were not transferred in the name of company. Further, all the transactions were carried out in the name of United Brands (Pvt) Limited.

It is a matter of substance and form. The substance is that your company, otherwise sick, has now successfully been revived as part of long term revival plan. The whole business line and related assets and liabilities have been transferred. There has been procedural lapse in the form with respect to legal formalities. This was caused mainly because of delay in granting permission by the SECP for change of name of the company. Pending this permission, business operations had to be continued in the name of the company whose line of business alongwith related assets and liabilities were transferred. However, such an unprecedented delay was not anticipated. The targets of profitable operations have been achieved and the procedural lapse had no impact over the same. Most of the formalities have been completed, including transfer of bank accounts and preparation of underlying documents in the company's name, subsequent to the balance sheet date. We anticipate that by 31st December 2006, all pending formalities shall be completed.

EARNING PER SHARE

The earning per share for the period under review is Rs. 2.45 as compared to Rs. (0.14) in the preceding year.

SUMMARY OF KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

The company's operation remain suspended for 8 years until December 31, 2005. A Summary of key operating and financial results for the last 6 years is included in the financial results for the year under review.

DIVIDEND

The Directors are pleased to recommend a cash dividend of 10% for the year ended June 30, 2006 (2005 dividend nil).

OUTSTANDING STATUTORY PAYMENTS

There are no outstanding statutory payments because of taxes, duties, levies and charges except of a normal and routine nature.

SIGNIFICANT PLANS AND DECISIONS

There are no significant plans for corporate restructuring and discontinuance of operations, except for improvement in the normal business activities to increase the business and sales volumes.

PROVIDENT AND GRATUITY FUNDS

The company is operating a funded Provident Fund and an unfunded Gratuity Fund. The provident fund has been appropriately invested and is audited annually by independent auditors.

MEETING OF THE BOARD OF DIRECTORS

In 2005-2006, the Board of Director's held 4 meetings to cover its complete cycle of activities. The attendance record of the Director's is as follows:

NAMES OF DIRECTOR	NO. OF MEETINGS ATTENDED
1. Mr. Rashid Abdulla	4
2. Mr. Mushtaq Abdulla	4
3. Mr. Amal Ismail	1
4. Mr. Shahid Abdulla	3
5. Mr. Monis Abdulla	3
6. Mr. Asad Abdulla	3
7. Mr. Faisal Abdulla	3

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

CORPORATE GOVERNANCE

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance for the following:

- a. The financial statements prepared by the management present a true and fair state of affairs of the company, the results of its operations, cash flows & Changes in equity.
- b. Proper books of accounts have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and Monitored.
- f. There is no significant doubt upon the company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing Regulations.

- h. Details of significant improvements in the Company's operations during the year ended June 30, 2006 are stated in the Director's Report.
- i. No trading in shares of the Company was carried out by the Director's Chief Executive, Chief Financial Officer/ Company Secretary and their spouses and minor children during the year.

AUDIT COMMITTEE

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and the following Non-Executive Directors are its members:

Mr. Rashid Abdulla, Chairman
Mr. Amal Ismail, Member
Mr. Shahid Abdulla, Member

The Committee held two meetings during the year.

An independent internal audit function reporting to the Board's Audit Committee reviews risks and controls across organization.

AUDITORS

The present auditors, Mahmood Idrees Qamar & Co., Chartered Accountants are due to retire and being eligible, offer themselves for reappointment for the year 2006-07.

PATTERN OF SHAREHOLDING

The statement of pattern of shareholding as at 30 June 2006 is annexed at page No. 30 of this report.

ACKNOWLEDGMENTS

The Directors would like to express their gratitude to the shareholders and bankers for their continued support and encouragement and also place on record their appreciation of the valuable services rendered by the employees of the Company.

On behalf of the Board



RASHID ABDULLA
Chief Executive

Karachi
September 28, 2006

SIX YEAR'S FINANCIAL SUMMARY

(Rupees in thousand)

	2006	2005	2004	2003	2002	2001
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Operational results:

Sales	118,270	-	-	-	-	-
Gross Profit	14,216	-	-	-	-	-
Operating Profit	5,007	(151)	1,103	95	73	140
Financial Charges	492	12	-	-	-	-
Profit Before Tax	4,515	163	939	95	73	140
Profit After Tax	2,935	163	935	95	73	140
Proposed Dividend	1,200	-	780	-	-	-

	2006	2005	2004	2003	2002	2001
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Balance Sheet:

Shareholder Equity	3,982	1,047	1,211	1,056	1,151	1,224
Non-Current Liabilities	16,484	-	-	-	-	-
Current Liabilities	42,393	216	177	13	13	43
Fixed Assets	1,917	-	-	-	-	-
Non-Current Assets	292	-	-	-	122	1,238
Current Assets	60,651	1,263	1,389	1,069	1,042	30

	2006	2005	2004	2003	2002	2001
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Financial Ratios:

Profit Before Tax Ratio	3.82%	-	-	-	-	-
Proposed Dividend	10%	-	6.5%	-	-	-
Return on Assets	4.67%	(12.96%)	67.32%	(8.87%)	(62.84%)	(11.08%)
Return on Equity	24.45%	(1.36%)	7.79%	(0.79%)	(0.61%)	(0.61%)
Income / Expenses Ratio	1.54	-	-	-	-	-
Earnings Per Share	2.45	0.01	0.07	-	-	-
Market value Per Share	19.05	3.05	-	-	-	-
Book value Per Share	3.28	0.87	1.01	0.88	0.95	1.02
Debt / Equity Ratio	-	-	-	-	-	-
Current Ratio	0.70	0.17	0.13	0.01	0.01	(1.45)

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement of compliance is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in following manner :

1. The Company encourages representation of independent Executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes five non-executive directors.
2. Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
3. All the 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 NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The casual vacancy occurred during the year in the Board was filled by the Directors within thirty days if any.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision and mission statement, overall corporate strategy, business conduct principles 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 the Board has taken decisions on material transactions, including the appointment and determination of remuneration and terms and conditions of employment of the Executives.
8. In the absence, of the Chairman the meeting of the Board were presided over by a Director elected by the Board for this purpose. 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 Directors are conversant of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. The Chief Financial Officer (CFO) was appointed prior to implementation of the Code of Corporate Governance. The Board has approved the appointments of Head of Internal Audit and Company Secretary. Future appointment, if any, on these positions including remuneration, terms and conditions, as determined by The CEO, will be referred to the Board for Approval.

11. The Director's Report for this year 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 the CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of the shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee, which comprises of three members, all of whom are Non-Executive Directors.
16. The meeting of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code, the terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has setup an effective internal audit function, which is out source to a qualified and experienced audit firm who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any other of the partners of the firm, their spouse or 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 Institute of Chartered Accountants of Pakistan.
19. 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.
20. We confirm that all other material principles contained in the code have been complied with as stated above.



Dated: September 28, 2006

RASHID ABDULLA
Chief Executive



MEHMOOD IDREES QAMAR & CO.
CHARTERED ACCOUNTANTS

103-104, Amber Estate Building
Main Shahrah-e-Faisal
Karachi - Pakistan
Tel: +92-21-4535712-3
+92-21-4321224-7
Fax: +92-21-4546291
mim@mimandco.com

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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 BRANDS LIMITED** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited 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 inquire 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.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company of the year ended June 30, 2006.

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Mehmood Idrees Qamar & Co.
Chartered Accountants

Karachi

28 SEP 2006



MEHMOOD IDREES QAMAR & CO.
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **UNITED BRANDS LIMITED** as at June 30, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, (here -in-after 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.

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. The company has taken over the business line and related assets and liabilities of a group company namely General Commodities (Private) Limited (formerly United Brands (Pvt) Limited) at realizable value on January 01, 2006. However, as more fully described in note 1.3, the title of assets have not been transferred in the name of company uptill June 30, 2006.
- b. In addition to the above, all transaction from the month of January 2006, including but not limited to sales and purchases, have been continued to be carried out in the name of United Brands (Private) Limited and reported as that of the company's activities.
- c. All the underlying documents, including but not limited to vouchers, cash memos, invoices, have been prepared and issued in the name of United Brands (Private) Limited.
- d. Business arrangements with the principal supplier and customers had been continued in the name of United Brands (Private) Limited, uptill June 30, 2006.

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- e. All the bank accounts, reported as assets of the company, have continued to be operated in the name of United Brands (Private) Limited.

Because of the significance of the matters discussed in preceding Paragraphs, we are unable to ascertain the ownership of the business operation during the year. Therefore, we do not express an opinion on the financial statements.

The financial statements of the Company for the year ended June 30, 2005 were audited by another firm of auditors whose report dated September 26, 2005 expressed qualified opinion on those financial statements on the following matters:

- a. The financial statements were prepared on going concern basis. Whereas the company had suspended its operations since 1997 as stated in note 1.2.
- b. The company had not taken any step for compliance with Code of Corporate Governance, as required by listing regulation No. 37 of the Karachi Stock Exchange.

M. Idrees


Chartered Accountants

Karachi

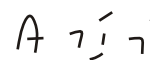
Date: **28 SEP 2006**

BALANCE SHEET

	Note	2006 (Rupees)	2005 (Rupees)
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL & RESERVES			
Authorized Capital			
3,000,000 (2005: 3,000,000) Ordinary shares of Rs.10 each		30,000,000	30,000,000
Issued, Subscribed and paid-up capital	3	12,000,000	12,000,000
1,200,000 Ordinary shares of Rs. 10/- each		(8,017,849)	(10,952,531)
Accumulated loss		3,932,151	1,047,469
NON-CURRENT LIABILITIES			
Due to related party	4	11,452,387	-
Provident fund payable		3,392,963	-
Staff retirement benefits		1,639,059	-
CURRENT LIABILITIES			
Current maturity of liabilities against assets subject to finance	5	259,706	-
Creditors, accrued and other liabilities	6	,40,553,121	211,207
Provision for taxation		1,580,213	4,516
		42,393,040	215,723
CONTINGENCIES AND COMMITMENTS			
		62,859,601	1,263,192



CHIEF EXECUTIVE



DIRECTOR

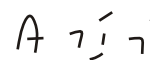
As At June 30, 2006

	Note	2006 (Rupees)	2005 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	1,917,002	-
Deferred costs	8	292,085	-
CURRENT ASSETS			
Stock in trade		22,835,878	-
Trade debts unsecured - Considered good	9	10,406,601	-
Loans, advances and deposits	10	2,839,336	17,397
Prepayments and other receivables	11	12,654,663	-
Cash and bank balances	12	11,914,036	1,245,795
		66,650,514	1,263,192
		62,859,601	1,263,192
		62,859,601	1,263,192

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



CHIEF EXECUTIVE



DIRECTOR

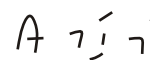
**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2006**

	Note	2006 (Rupees)	2005 (Rupees)
Net Sales	13	118,270,479	-
Cost of goods sold	14	(104,053,983)	-
Gross Profit		14,216,496	-
Administration and selling expenses	15	(9,209,644)	(151,191)
Operating profit		5,006,852	(151,191)
Financial charges	16	(491,956)	(12,493)
Profit / (loss) before taxation		4,514,896	(163,684)
Taxation		(1,580,213)	-
Profit / (loss) after taxation		2,934,682	(163,684)
Earnings / (loss) per share	17	2.446	(0.136)

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



CHIEF EXECUTIVE



DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2006**

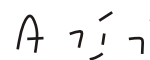
	Note	2006 (Rupees)	2005 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit(Loss) before taxation		4,514,896	(163,684)
Adjustments non Items:			
Depreciation		215,353	-
Amortization of deferred cost		31,125	-
Provision for gratuity		1,639,059	-
Financial Charges		491,956	12,493
		<u>2,377,493</u>	<u>12,493</u>
Profit / (loss) before changes in working capital		6,892,389	(151,191)
Working capital changes			
(Increase)/decrease in current assets:			
Stock in trade		(22,835,878)	-
Trade debts		(10,406,601)	-
Loans, advances and deposits		(2,821,939)	-
Prepayments and other receivable		(7,736,918)	-
		(43,801,336)	-
Increase / (decrease) in current liabilities :			
Current maturity of liabilities against assets subject to finance lease		259,706	-
Creditors, accrued and other liabilities		40,321,914	85,000
		40,581,620	85,000
Net cash from (used) operating activities		3,672,673	(66,191)
Financial paid		(161,300)	(12,493)
Dividend paid		-	(46,771)
Net cash from / (used) in operating activities		<u>3,511,373</u>	<u>(125,455)</u>

	Note	2006 (Rupees)	2005 (Rupees)
CASH FLOW FROM INVESTING ACTIVITIES			
Transfer of fixed assets		(3,367,967)	-
Addition to fixed assets		(310,700)	-
Transfer of deferred cost		(323,210)	-
Net cash used in investing activities		(4,001,877)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Lease rental paid		(293,642)	-
Due to related parties		11,452,387	-
Net Cash Inflow from financing activities		11,158,745	-
Net Increase in cash and cash equivalents		10,668,241	(125,455)
Cash and cash equivalents at the beginning of year		1,245,795	1,371,250
Cash and Cash equivalents at the end of year	12	11,914,036	1,245,795

The annexed notes from an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

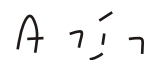
**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2006**

	Issued, subscribed and paid up capital	Accumulated (Loss)	Total
	(Rupees)		
Balance as at July 01, 2004	1 2,000,000	(10,788,847)	1,211,153
Loss for the year ended June 30, 2005	-	(163,684)	(163,684)
Balance as at June 30, 2005	12,000,000	(10,952,531)	1,047,469
Profit for the year ended June 30, 2006	-	2,934,682	2,934,682
Balance as at June 30, 2006	12,000,000	(8,017,849)	3,982,151

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



CHIEF EXECUTIVE



DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

1. NATURE OF BUSINESS AND OPERATIONS

- 1.1** The Company was incorporated in Pakistan in 1965 as a Public Limited Company by shares under the Companies Ordinance, 1984. The shares of the Company are quoted on Karachi Stock Exchange. The registered office of the Company is situated at 9th floor, N.I.C. Building, Abbasi Shaheed Road, Karachi. The principal activities of the Company was manufacturing / assembling and trading in electrical domestic appliances. Commencing from the month of January, 2006 the principal activities of the company are trading and distribution of consumer goods, pharmaceutical and allied products.
- 1.2** The assembling plant of television sets was located at Mingora, Swat, However, from January 1997, the company ceased its assembling activities and dismantled the assembling unit. Further, the import of components, parts and other finished goods comprising of domestic appliances has also been stopped.
- 1.3** During the current year, management of the company has been taken over by another group. As a part of its long term plan for company's revival as a profitable venture, business line and operations of a group company namely General Commodities (Private) Limited, have been transferred to the company on January 01, 2006 at net realizable value. The target of profitable operation has been achieved during the six month's operation. However, associated legal formalities with respect to transfer of title of all the assets, including bank accounts and arrangements with principal supplier as well as intimation to regulators and customers etc., have not been completed uptill year end. However, these formalities have been completed subsequent to the year end.
- 1.4** The shareholders in extra ordinary general meeting held on December 09, 2005 have approved to change the company's name from UDL Industries Limited to United Brands Limited. The Securities and Exchange Commission of Pakistan has granted it's a approval to this effect on April 05, 2006.
- 1.5** The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

There financial statements have been prepared under the ' **historical cost convention** '

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 estimate/ judgements and associated assumptions used in the preparation are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates / judgements / assumptions will, by definition, Seldom equal the related actual results. The estimates / judgements and ciated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods.

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards the requirements of Companies Ordinance, 1984, or the

2.3 Adoption of revised International Accounting Standards

In the current year, the company has adopted all revised Standards and Interpretations issued by the international Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting.

2.4 Fixed assets

Operating assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Major repairs and maintenance are capitalized. Minor repairs and maintenance are charged to profit and loss account as and when incurred.

Depreciation is charged to income applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Full year's depreciation is charged on additions, while no depreciation is charged on disposal in the year.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

Leased Assets

Asset subject to finance lease are stated at lower of the present value of minimum lease payments under the lease agreement and fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets on the same basis as of owned assets.

2.5 Deferred costs

Deferred cost are stated at cost less amortization. These are amortized over a period of four years from the date when such cost is incurred.

2.6 Trade debts

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is determined using the First-In-First Out (FIFO) basis.

Cost of Stock in transit comprises of invoice value plus other charges accumulated to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

2.7 Trade Debts

Debt considered irrecoverable are written-off, while provisions are made for debts considered doubtful of recovery.

2.8 Revenue Recognition

Revenue from sale of products is recognized upon transfer of title to customers which coincides with physical delivery and acceptance.

2.9 Provisions

Provisions are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.10 Cash and cash equivalents

Cash and cash equivalents comprises cash balances and bank deposits. Cash and cash equivalents are carried in the balance sheet at cost.

2.11 Financial Instruments

All the financial assets and liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instruments. All the financial assets are derecognized at the time when the company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognizing of the financial assets and financial liabilities is taken to profit and loss account. Currently.

2.12 Off Setting

Financial assets and liabilities are offset when the company has a legally enforceable right to offset and the company intends to settle either on net basis or to realise the asset and settle the liability simultaneously.

2.13 Staff retirement benefits schemes

Defined Benefit Plan

The Company operates an unfunded gratuity scheme (defined benefit plan) for all of its permanent employees with ten or more years of service. Provision is made on the basis of last basic salary of employees who have completed minimum qualifying period.

Defined Contribution Plan

The Company also operates a recognized provident fund scheme (defined contribution plan) for its eligible employees. Matching contributions made by the company under the terms of the scheme are charged to profit and loss account.

2.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, in accordance with the of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit. 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 by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

2.15 Foreign Currencies

Transactions in foreign currencies are accounted for in Pakistan Rupees at the rates prevailing on the date of the transaction. Assets and liabilities in foreign currencies as at the balance sheet date are translated into Pak rupees at the rate of exchange prevailing on that date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Exchanges gains or losses are included in income currently.

2.16 Transaction with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and retirement benefit funds. Amount due from and due to these associated companies are shown under receivables and payables. The Company has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method.

2.17 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any assets or group assets. If any such indication exists, the recoverable amount of such asset is estimated and impairment loss is recognized in the profit and Loss

	Note	2006 (Rupees)	2005 (Rupees)
3. SHARE CAPITAL			
Authorised Capital			
Number of shares			
2006	2005		
3,000,000	3,000,000	Ordinary shares of Rs. 10/= each	
<u>3,000,000</u>	<u>3,000,000</u>		
		30,000,000	30,000,000
		<u>30,000,000</u>	<u>30,000,000</u>
Issued, subscribed and paid-up capital			
Number of shares			
2006	2005		
		Ordinary shares of Rs. 10/=	
1,200,000	1,200,000	each fully paid in cash	
<u>1,200,000</u>	<u>1,200,000</u>		
		12,000,000	12,000,000
		<u>12,000,000</u>	<u>12,000,000</u>
4. DUE TO RELATED PARTY			
General Commodities (Private) Limited	4.1	11,452,387	-
		<u>11,452,387</u>	<u>-</u>

4.1 This represents consideration payable to General Commodities (Private) Limited against transfer of existing trading business to United Brands Limited.

5 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

- 5.1 This represent balances of liabilities assumed and transfer of business from General Commodities (Private) Limited.
- 5.2 The Company has entered into agreement with a leasing company for vehicles. Lease rental including financial charges are payable in monthly rentals. Financing @ rate 16.01 percent per annum has been used as discounting factor. The company has the option to purchase the assets upon completion of lease period. Security deposit equivalent to the residual value, Rs. 97,200 in respect of such arrangement has been included under “deposits”.
- 5.3 The maturity schedules of the liabilities is as under:

	June 2006			June 2005		
	Minimum	Financial	Principal	Minimum	Financial	Principal
	Lease Payments	charges allotted to future period	Rupees	Lease Payments	charges allotted to future period	Rupees
Net later than one year	268,474	8,768	259,706	-	-	-
later than one year						
not later than five years	-	-	-	-	-	-
	<u>268,474</u>	<u>8,768</u>	<u>259,706</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2006 (Rupees)	2005 (Rupees)
6. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	35,087,027	-
Accrued liabilities	5,331,811	159,200
Other liabilities		
Unclaimed dividends	52,007	52,007
With holding tax	47,462	-
Others	34,814	-
	134,283	52,007
	<u>40,553,121</u>	<u>211,207</u>

7. FIXED ASSETS

Particulars	COST (Rs.)			DEPRECIATION (Rs.)				Rate (%)
	As at 01-Jan-06	Additions/ Deletion	As at 30-06-06	Accumulated 01-Jan-06	For the year	Accumulated 30-06-06	W.D.V. 30-06-2006	
Office equipments	198,801	106,500	305,301	63,739	18,938	82,677	222,624	15
Computers	1,555,478	165,200 (3,000)	1,717,678	782,470	102,110	884,580	833,098	20
Airconditions	68,397	-	68,397	14,620	4,360	18,980	49,417	15
Furniture & Fixtures	217,791	11,000	228,791	59,227	8,895	68,122	160,669	10
Vehicles	355,500	28,000	383,500	105,872	30,536	136,408	247,092	20
Sub Total	2,395,967	310,700 (3,000)	2,703,667	1,025,928	164,840	1,190,768	1,512,899	
Assets subject to finance lease								
Vehicles	972,000	-	972,000	517,384	50,513	567,897	404,103	20
Sub Total	972,000	-	972,000	517,384	50,513	567,897	404,103	
Rupees - 2006	3,367,967	310,700 (3,000)	3,675,667	1,543,312	215,353	1,758,665	1,917,002	
Rupees - 2005	-	-	-	-	-	-	-	

	2006 (Rupees)	2005 (Rupees)
8 DEFERRED COSTS		
Opening Balance	323,210	-
Less: Amortization	31,125	-
	<u>292,085</u>	<u>-</u>
9 TRADE DEBTS UNSECURED - CONSIDERED GOOD		
- Considered good	10,406,601	-
- Considered doubtful	267,782	-
	10,674,383	-
Less: Provision for doubtful debts	(267,782)	-
	<u>10,406,601</u>	<u>-</u>
10 LOANS, ADVANCES AND DEPOSITS		
Loans to Employees	1,499,356	-
Advance income tax	655,880	17,397
Deposits	684,100	-
	<u>2,839,336</u>	<u>17,397</u>
11 PREPAYMENTS AND OTHER RECEIVABLES		
Prepayments	5,238,180	
Claim receivables	2,498,738	-
Sale tax Refundable	4,917,745	-
	<u>12,654,663</u>	<u>-</u>
12. CASH AND BANK BALANCES		
Cash in hand	6,755,904	5,209
Cash at bank:		
- in current accounts	5,107,032	1,189,486
- in dividend accounts	51,100	51,100
	5,158,132	1,240,586
	<u>11,914,036</u>	<u>1,245,795</u>

	Note	2006 (Rupees)	2005 (Rupees)
13 NET SALES			
Sales		122,510,479	-
Sales discount		(3,888,326)	-
Sales return		(351,674)	-
		<u>118,270,479</u>	<u>-</u>
14 COST OF GOODS SOLD			
Opening stock		15,044,720	-
Purchases		111,845,142	-
		<u>126,889,862</u>	<u>-</u>
Less: Closing stock		(22,835,879)	-
		<u>104,053,983</u>	<u>-</u>
15 ADMINISTRATIVE AND SELLING EXPENSES			
Salaries, Wages and benefits	15.1	3,464,107	-
Travelling and conveyance		1,480,609	75
Rent, rates and taxes		377,248	-
Insurance		13,311	-
Advertising and sales promotion		148,401	21,600
Auditor's remuneration	15.3	155,000	85,000
Vehicle running and maintenance		658,588	-
Printing and stationary		323,824	11,410
Repair and maintenance		188,885	-
Utilities		294,847	-
Security expenses		197,252	-
Legal and professional		172,151	-
Fee and subscription		9,754	31,200
Freight and octroi		712,646	-
Depreciation	7	215,353	-
Amortization of deferred costs	8	31,125	-
Communication		402,483	1,906
Entertainment		192,870	-
Donation		120,000	-
Miscellaneous expenses		51,190	-
		<u>9,209,644</u>	<u>151,191</u>

15.1 This includes Remuneration of director and executives

	Director		Executives	
	2006	2005	2006	2005
	Rupees			
Managerial remuneration	600,000	-	745,248	-
Retirement benefits	73,337	-	132,491	-
Leave encashment	16,667	-	41,102	-
Medical expenses				
Total	690,004	-	918,841	-

15.2 The director and two executives are also provided with free use of Company maintained cars.

	2006 (Rupees)	2005 (Rupees)
15.3 Auditor's remuneration		
Audit fees	125,000	85,000
Code of corporate governance review	25,000	-
Out of pocket	5,000	-
	155,000	85,000

16 FINANCIAL CHARGES

Financial charges on finance lease	19,041	-
Interest on provident fund	365,081	-
Bank charges	107,834	12,493
	491,956	12,493

17 EARNINGS / (LOSS) PER SHARE

Profit / (loss) after taxation	2,934,682	(163,684)
Number of shares	1,200,000	1,200,000
	2.446	(0.136)

18 FINANCIAL ASSETS AND LIABILITIES AS ON JUNE 30, 2006

Markup Bearing			Non-Markup Bearing			2006 Total	2005 Total
Maturity Upto One Year	Maturity After One Year	Sub-total	Maturity Upto One Year	Maturity After One Year	Sub-total		

Rupees

Financial Assets

Trade debts	-	-	-	10,406,601	-	10,406,601	10,406,601	-
Loans advances and deposits	-	-	-	2,183,456	-	2,183,456	2,183,456	17,397
Prepayments and other receivable	-	-	-	7,736,918	-	7,736,918	7,736,918	-
Cash and bank balances	-	-	-	11,914,036	-	11,914,036	11,914,036	1,245,795
	-	-	-	32,241,011	-	32,241,011	32,241,011	1,263,192

Financial Liabilities

Due to related parties	-	-	-	-	11,452,387	11,452,387	11,452,387	-
Liabilities against assets subject to finance lease	259,706	-	259,706	-	-	-	259,706	-
Creditors	-	-	-	35,087,027	-	35,087,027	35,087,027	-
Accrued liabilities	-	-	-	5,331,811	-	5,331,811	5,331,811	159,200
Other liabilities	-	-	-	86,821	-	86,821	86,821	52,007
	259,706	-	259,706	40,505,659	11,452,387	51,958,046	52,217,752	211,207
On balance sheet gap	(259,706)	-	(259,706)	(8,264,648)	(11,452,387)	(19,717,035)	(19,976,741)	1,051,985

18.1 Financial risk management objectives

The Company finances its operation through equity and borrowings from parent company and management of working capital with a view to maintain a reasonable mix between the various sources of finance to minimise risk. Taken as a whole, arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments. The company manages its exposure to financial risk in the following manner:

(a) Current risk

Currency risk is the risk that the value of financial instrument will fluctuate due to change in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transaction with foreign buyers and suppliers. The Company believes that it is not exposed to major foreign exchange risk.

(b) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company follows as effective cash management and planning policy to ensure availability of funds.

18.2 Fair value of financial instrument

The carrying values of all financial assets and liabilities reflected to the financial statements approximate their fair values. Fair values are determined on the basis of objective evidence at each balance sheet date.

19 DATE OF AUTHORIZATION FOR ISSUE

These Financial statement were authorized for issue on 28 SEP. 2006 by the Board of Director of the Company.

20 CORRESPONDING FIGURES

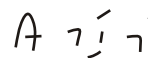
Prior year's figures have been reclassified / rearranged, wherever necessary.

21 GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



DIRECTOR

PATTERN OF SHARE HOLDING

As At June 30, 2006

FROM	TO	NUMBER OF SHAREHOLDERS	NUMBER OF SHARE HELD	PERCENTAGE OF SHARES HELD
1	100	87	4,850	0.40
101	500	36	8,775	0.73
501	1000	8	5,850	0.49
1001	5000	16	40,300	3.36
5001	10000	10	72,650	6.05
10001	15000	3	41,700	3.48
15001	20000	3	50,525	4.21
20001	25000	1	23,500	1.96
35001	40000	4	156,600	13.05
40001	45000	1	43,700	3.64
50001	55000	4	207,350	17.28
75001	80000	1	79,050	6.59
150000	155000	1	153,150	12.76
155001	160000	2	312,000	26.00
TOTAL		177	1,200,000	100.00

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	173	1,089,075	90.76
Financial Company	1	79,050	6.59
Joint Stock Companies	2	15,600	1.30
Financial Institution	1	16,275	1.36
TOTAL	177	1,200,000	100.00

Proxy Form

The Secretary,
United Brands Limited
(formerly UDL Industries Limited)
9th Floor, NIC Building,
Abbasi Shaheed Road,
Karachi.

I / We of
..... a Member of
United Brands Limited and holder of Ordinary Shares as
per shared Register Folio No. hereby appoint
..... of
..... as my
/ our proxy to vote me / us and my / our at the 42nd Annual General Meeting of the Company to be held
on and at any adjournment thereof as witness
my / our hand this day of 2006.

Signature of Member :
Folio Number :
Number of Share held :

**Please affix
Revenue Stamp**

Signatures and Addresses of Witnesses :

Signature & Company Seal

1. _____
2. _____

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a Proxy to attend and vote instead of him /her.
2. The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his / her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized. A Proxy need not be a Member of the Company.
3. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
4. An individual Beneficial Owner of Proxy must enclose an attested copy of his / her National Identity Card or Passport. The representative of corporate entity, shall submit Board of Director's resolution / power of attorney with specimen signature (unless it has been provided earlier) alongwith proxy form to the Company.