

IBL HealthCare Limited

Promise
for **healthy life**



Annual Report 2018

Promise for healthy life

There are many routes to happiness, but health is the best way to it. At IBL Consumer Healthcare, we believe that only a healthy life can help you do more, feel better and livelonger.

To us health for all is the only focus and we go to all lengths to provide this. As a theme of our annual report this year, we share with you some of the inspiring quotes on health that help us to keep chasing our objective.



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Our Vision

To become the leading Healthcare products and service providers of Pakistan.

Our Mission

We are committed to contribute in the betterment of society by providing a versatile range of Healthcare and nutritional products. We aim to grow by relentlessly providing better products and services to our customers, better returns to our stakeholders and a better quality of life to the employees.



Company Information

BOARD OF DIRECTORS

Mr. Rashid Abdulla	Chairman
Mr. Adnan Asdar Ali	Director
Mr. S. Nadeem Ahmed	Director
Mr. Mufti Zia ul Islam	Chief Executive Officer
Mr. Zubair Razzak Palwala	Director
Mr. Ayaz Abdulla	Director
Ms. Shaista Khaliq Rehman	Director

AUDIT COMMITTEE

Ms. Shaista Khaliq Rehman	Chairperson
Mr. Zubair Razzak Palwala	Member
Mr. Ayaz Abdulla	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Shaista Khaliq Rehman	Chairperson
Mr. S. Nadeem Ahmed	Member
Mr. Ayaz Abdulla	Member

CHIEF FINANCIAL OFFICER

Mr. Muhammad Tariq

COMPANY SECRETARY

Shariq Zafar

AUDITORS

A.F. Ferguson & Co., Chartered Accountants

INTERNAL AUDITORS

Grant Thornton Anjum Rahman

LEGAL ADVISOR

Mohsin Tayabaly & Co.

BANKERS

Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
National Bank of Pakistan
Summit Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank Limited
Al-Baraka Bank (Pakistan) Limited

REGISTERED OFFICE

9th Floor, NIC Building, Abbasi Shaheed Road, Karachi

SHARE REGISTRAR

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, SMCHS
Shahrah-e-Faisal, Karachi – 74400

Memorable Journey



A Balanced Nourishment right from the start

Nutritional milk supplement formulated to support nutritional needs of mother and baby during pregnancy and lactation



Notice of Annual General Meeting

Notice is hereby given that the 21st annual general meeting of the shareholders of IBL HealthCare Limited will be held on Friday, October 26, 2018 at 06:00 p.m. at 2nd floor, Building Centre, Shahra-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of annual general meeting held on October 27, 2017.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2018 together with the directors' and auditors' reports thereon.
3. To consider and approve final cash dividend for the financial year ended June 30, 2018, at the rate of Re.1/- per share of Rs.10/- each, equivalent to 10% as recommended by the board of directors.
4. To appoint auditors for the financial year ending June 30, 2019 and to fix their remuneration. The present auditors, A.F. Ferguson & Co., Chartered Accountants, retired, being eligible, have offered themselves for re-appointment. The board has recommended the re-appointment of A. F. Ferguson & Co., Chartered Accountants, as the auditors of the Company for the year ending June 30, 2019.

SPECIAL BUSINESS

5. To approve the remuneration of the Chief Executive Officer of the Company, and, if thought appropriate, to pass with or without modification(s) the following resolution as ordinary resolution:

“RESOLVED THAT the company be and hereby approves and authorizes the payment of remuneration to the Chief Executive Officer for a total sum not exceeding Rs. 11,330,000 per annum inclusive of perquisites and retirement benefits, admissible under the Company's Rules.

6. To ratify and approve transactions conducted with related parties for the year ended June 30, 2018 by passing the following special resolution with or without modification:

“RESOLVED THAT the transactions conducted with related parties as disclosed in the note 27 of the financial statements for the year ended June 30, 2018 and specified in the Statement of Material Information under section 134(3) be and are hereby ratified, approved and confirmed.”

7. To authorize the Board of Directors of the Company to approve transactions with related parties for the financial year ending June 30, 2019 by passing the following special resolution with or without modification:

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2019.”

“RESOLVED FURTHER that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.”

OTHER BUSINESS

8. To transact any other business of the company with the permission of the Chair.

(Attached to this notice is a statement of Material Facts covering the above-mentioned Special Business, as required under section 134(3) of the Companies Act, 2017.

By the order of the board



Shariq Zafar
Company Secretary

October 05, 2018

NOTES:

A. Book closure:

- i. The share transfer books will remain closed from October 20, 2018 to October 26, 2018 (both days inclusive) for entitlement of 10% final cash dividend. Transfers in good order, received at the office of Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Shakra-e-Faisal, Karachi-74400 by close of the business on October 19, 2018 will be treated in time for the purpose of attending the annual general meeting and entitlement of cash dividend.

B. Participation in General Meeting:

- i. All members/shareholders are entitled to attend, speak and vote at the annual general meeting. A member/shareholder may appoint a proxy to attend, speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company's Registered Office: 9th Floor, NIC Building, Abbasi Shaheed Road, Karachi – 75530 not less than 48 hours before the meeting.
- ii. In pursuance of Circular No. 1. of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

- iii. Members are requested to intimate any changes in address immediately to Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Shakra-e-Faisal, Karachi-74400.

Notice of Annual General Meeting

C. Payment of Cash Dividends through electronic mode:

In accordance with the provisions of Section 242 of the Companies Act and Companies (Distribution of Dividends), Regulation 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In this regard, IBL HealthCare Limited has already sent letters and Electronic Credit Mandate Forms to the shareholders and issued various notices through publication in newspapers requesting the shareholders to comply with the requirement of providing their International Bank Account Number (IBAN).

Those shareholders who have still not provided their IBAN are once again requested to fill in “Electronic Credit Mandate Form” as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company’s Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 (in case of shareholding in Physical Form).

i.	Shareholder’s Details	
	Name of the shareholder (s)	
	Folio # / CDS Account No. (s)	
	CNIC No. (copy attached)	
	Mobile / Landline No.	
ii.	Shareholder’s Bank Detail	
	Title of Bank Account	
	International Bank Account No. (IBAN)	
	Bank’s Name	
	Branch’s Name and Adress	

D. Deduction of Income Tax from Dividend under section 150 of the Income Tax Ordinance, 2001:

- a. Pursuant to the provisions of the Finance Act 2018 effective July 1, 2018, the rate of deduction of income tax from dividend payments has been revised as follows:
 - i. Rate of tax deduction for filers of income tax return – 15%
 - ii. Rate of tax deduction for non-filers of income tax return – 20%

Shareholders whose names are not entered into the Active Tax-payers List (ATL) available on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

- b. Withholding tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to Company’s Share Registrar by the first day of book closure.
- c. Further, according to clarification received from FBR, withholding tax will be determined separately on “Filer/ Non-filer” status of principle shareholder as well as joint-holder(s) based on their shareholding proportions.

In this regard, all shareholders who hold company’s shares jointly are requested to provide shareholding proportions or principle shareholder and joint-holder(s) in respect of shares held by them (if not already provided) to Company’s Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach Company's Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by the principal shareholder and joint-holder(s).

- d. The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders are requested to send a copy of their NTN certificate to the Company's Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

E. Request for Video conference facility:

In term of SECP's Circular No. 10 of 2014 dated May 21, 2014 read with the provisions contained under section 134(1)(b) of the Act, if the Company receives request /demand from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city.

I/We, _____ of _____ being a member of the IBL HealthCare Limited, holder of _____ ordinary shares as per registered folio # _____ hereby opt for video conference facility at

Signature of Member (s)

The company will intimate members regarding venue of video conference facility at least five days before the date of annual general meeting along with the complete information necessary to enable them to access the facility.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

1. Item Number 6 of the notice – Ratification and approval of the related party transactions

Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2017. However, during the year since majority of the Company's Directors were interested in certain transactions due to their common directorships in the group companies. These transactions are being placed for the approval by shareholders in the Annual General Meeting. All transactions with related parties to be ratified have been disclosed in the note 27 to the financial statements for the year ended June 30, 2018. Party-wise details of such related party transactions are given below:

Name of Related Party	Transaction Type	PKR in '000
International Brands Limited	Interest income	20,367
	Corporate service charges	14,400
	Dividend paid	158
	Repayment of loan	25,926
The Searle Company Limited	Dividend paid	35,625
	Shared costs	467
	Purchase of goods	2,587
IBL Operations (Private) Limited	Sale of goods	1,012,602
	Shared cost	2,930
IBL Identity (Private) Limited	Rental income	5,456
IBL Unisys (Private) Limited	SAP maintenance fee	2,057
	SAP license fee	1,620
United Distributors Pakistan Limited	Dividend paid	1,081
Employees' provident fund	Contribution paid	3,659
Key management personnel	Salaries and other benefits	11,330
	Directors' fee and conveyance	628

The company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Board Audit Committee of the Company, which is chaired by an independent director of the company. Upon the recommendation of the Board Audit Committee, such transactions are placed before the board of directors for approval.

Transactions entered into with the related parties include, but are not limited to, sale of goods, dividends paid, (in accordance with the approval of shareholders and board where applicable) and salaries and other benefits paid to the key management personnel.

The nature of relationship with these related parties has also been indicated in the note 27 to the financial statements for the year ended June 30, 2018. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

2. Item number 7 – Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2019

The Company shall be conducting transactions with its related parties during the year ending June 30, 2019 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the holding / associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ending June 30, 2019, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

Little Miracle



Breast-feeding is best for baby and helps in preventing diarrhea and illnesses.

Special care with special attention

Routine formula to provide complete nutrition for full term infants.
Clinically demonstrated to support brain and immune system.



Chairman's Report

IBL HealthCare complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of IBL HealthCare Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the Purpose of Board evaluation, criteria have been developed. The overall performance of the Board measured on the basis of approved criteria was satisfactory. The overall assessment is based on an evaluation of the following components, which have a direct bearing on the Board's role in achievement of Company's objectives:

Vision, mission and values: The Board members are familiar with the vision, mission and values presently set for the company and support them. The Board revisits the same from time to time keeping in view the business needs.

Strategic planning: The Board has a clear understanding of the stakeholders to whom the Company serves. The Board sets the organization's long-term goals and also the annual goals and targets for the management in all major areas of performance.

Diligence: The Board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, budgets, and financial statements. The Board beside mandatory compliance meetings also met to adequately discharge its responsibilities.

Monitoring: The Board continuously monitor the business of the company such as objectives, goals and financial performance through regular presentations by the management, oversight by the auditors and other financial indicators. The board provide appropriate directions on a timely basis.

Diversity: The Board constitute a mix of independent and non-executive directors. The non-executive directors and independent director are fully involved in important board decisions.

Governance: The Board has effective transparent and robust system of governance which reflect control environment, compliance with best practices of Corporate Governance and by promoting ethical and fair behavior across the Company.



Chairman

Date: September 26, 2018

Directors' Report

The Board of Directors of IBL HealthCare Limited (IBLHL) takes pleasure to present before shareholders performance review together with the audit report and the financial statements of the Company for the year ended June 30, 2018.

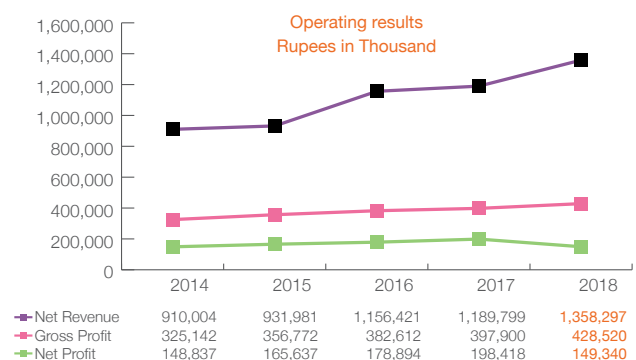
The Directors' report is prepared under section 227 of the Companies Act, 2017, chapter XIII clause 35 (Reporting & Disclosure) of the Code of Corporate Governance.

SUMMARY OF FINANCIAL PERFORMANCE

	2018	2017
	(Rupees in thousand)	
Revenue	1,358,297	1,189,799
Gross profit	428,520	397,900
Gross profit as a percentage of revenue	31.5%	33.4%
Profit before taxation	212,305	252,567
Profit after taxation	149,340	198,418

PRINCIPAL ACTIVITIES & OVERVIEW OF FINANCIAL PERFORMANCE

The principal activities of the Company include marketing, selling and distribution of healthcare products. The company's prime objective is to provide consumer with best healthcare products that improves human quality life which also have positive impact on environment. This year was full of challenges due to uncertain political condition of the country which led to the worst economic crises prevailed for more than a year. The major impact of the devaluation of currency curtailed the profitability of the company since the business is totally based on imports. Despite of the above situation, other uncontrollable factors such as



increase in duties and stringent rules imposed by the authorities on formula milk, has impacted the profitability of the company adversely.

The revenue for the current financial year is Rs. 1.358 billion as compared to Rs. 1.190 billion for the same period last year with a positive growth of 14%.

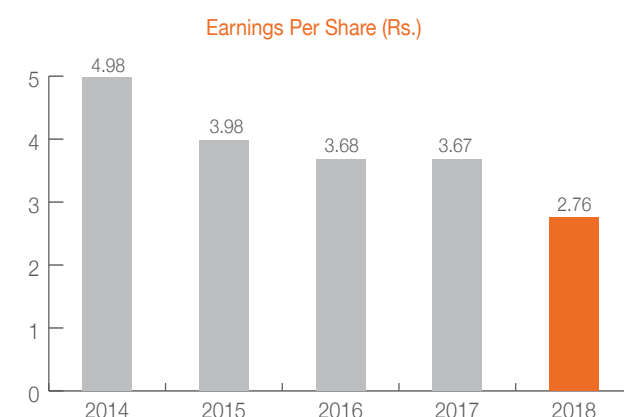
Despite of double-digit revenue growth, the gross profit as a percentage of sales has reduced to 31.5% for the current fiscal year. Resultantly the profit after tax remained at Rs.149m as compared to Rs.198m same period last year. To neutralize the effect of devaluation and increase in duties, various operational measures have been taken to enhance the revenue and profitability which includes more focus on high margin products and seeking opportunity for induction of new business segments.

HOLDING COMPANY

The Searle Company Limited (TSCL) is the Holding Company of IBL HealthCare Limited. As at June 30, 2018, TSCL held 39,008,863 shares of Rs.10 each.

BASIC EARNINGS PER SHARE

Basic earnings per share were Rs.2.76 (2017: Rs. 3.67)



DIVIDEND

The board of directors has recommended a cash dividend of 10% for the year ended June 30, 2018 (2017: 10% cash and 10% stock dividend).

Directors' Report

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Performance with integrity is central to operating at IBL HealthCare. The Board of Directors has adopted a statement of ethics and business practices. All employees are informed and aware of this and are required to observe these rules of conduct in relation to business and regulations.

COMPOSITION OF THE BOARD

The diverse mix of knowledge, expertise and skill sets of the members enhances the effectiveness of our Board. Our Board composition represents the interests of all categories of shareholders and it consists of:

Total number of directors	
a) Male	06
b) Female	01
Composition	
I Independent Director	01
II Non-Executive Director	05
III Executive Director	01

MEETINGS OF THE BOARD OF DIRECTORS

During the year 2017-2018, five Board meetings were held and attended as follows:

Directors	Meetings attended
Mr. Rashid Abdulla	4
Mr. Adnan Asdar Ali	2
Mr. S. Nadeem Ahmed	4
Mr. Mufti Zia ul Islam	5
Mr. Zubair Palwala	5
Mr. Ayaz Abdulla	4
Ms. Shaista Khaliq Rehman	5

DIRECTORS' TRAINING PROGRAM

Board of Directors' training helps the board fulfil its role and make a real difference to a company's performance. It takes a practical and pragmatic approach because every board has a unique role in company oversight including duty to stakeholders. Therefore, keeping in mind, following directors are either exempted or have

attended the training program as required by the Code of Corporate Governance.

1. Mr. Rashid Abdulla
2. Mr. S. Nadeem Ahmed
3. Mr. Mufti Zia ul Islam
4. Mr. Zubair Palwala
5. Mr. Ayaz Abdulla
6. Ms. Shaista Khaliq Rehman

PERFORMANCE EVALUATION OF THE BOARD

The overall performance of the Board measured on the basis of above-mentioned parameters for the year was satisfactory. A separate report by the Chairman on Board's overall performance, as required under section 192 of the Companies Act, 2017 is attached with this Annual Report.

DIRECTORS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Directors' of the company are very keen to have strong internal financial control in the company as it helps better financial reporting. To implement the same directors review summary of financial controls in their quarterly meetings and use their expertise to implement effective controls.

DIRECTORS' REMUNERATION

The Board of Directors of IBL HealthCare has approved a 'Remuneration Policy' for Directors which includes the following:

- The Company will not pay any remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings.
- The directors shall be provided or reimbursed for all travelling and other expenses incurred by them for attending meetings of the Board, its Committees and/or General Meetings of the Company.

AUDIT COMMITTEE

The Committee comprises of three members, two are non-executive Directors and the Chairperson of the Committee is an independent director.

The terms of reference of the Committee have been determined by the Board of Directors in accordance

with the guidelines provided in the Listing Regulations and advised to the Committee for compliance. During the year four Committee meetings were held.

An independent audit function reporting to the Board's audit committee reviews risks and controls across the organization. The Board has outsourced the Internal Audit function to Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

During the year 2017-2018, four audit committee meetings were held and attended as follows:

Members	Meetings attended
Ms. Shaista Khaliq Rehman – Chairperson	4
Mr. Zubair Palwala	4
Mr. Ayaz Abdulla	4

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Committee comprises of three members, all of them are non-executive directors including the chairperson of the Committee. The chairperson of the committee is an independent director.

Members

Ms. Shaista Khaliq Rehman – Chairperson
Mr. Zubair Palwala
Mr. Ayaz Abdulla

CORPORATE AND SOCIAL RESPONSIBILITY

At IBL HealthCare, our aim has always been to make useful contributions to the economy we operate in. One of the primary areas of focus has been the creation of employment opportunities to support sales workforce. The group operates in a socially responsible manner. Accordingly, the group's CSR program has a very wide scope encompassing initiative in the areas of health care, education, environment protection and other social welfare activities.

INFORMATION SYSTEM

We believe that information system plays key role in an organization to work efficiently and effectively. In lieu with our policy of keeping pace with technological advancement, we have successfully implemented the most robust enterprise resource planning system SAP.

AUDITORS

The present auditors, A.F. Ferguson & Co, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Audit Committee after due consideration, recommended to the board for appointment of A.F. Ferguson & Co as auditors of the Company for the year ending June 30, 2019. The Board of Directors endorsed the recommendation of the Audit Committee for appointment of A.F. Ferguson & Co for the financial year ending June 30, 2019.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The directors of the Company are aware of their responsibilities under the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Rule book of Pakistan Stock Exchange. Your Company has taken all necessary steps to ensure good Corporate Governance and compliance of the Code.

As required by the rule 5.19.11 of the Rule Book of PSX, we confirm the following:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

Directors' Report

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- As required by the rule 5.19.11 of the Rule Book of PSX, we have included the following information in this report:
 - Statement of pattern of shareholding.
 - Statement of shares held by associated undertakings and related persons.
 - Statement of the Board meetings held during the year and attendance by each director.
 - Key operating and financial statistics for last six years.

FUTURE OUTLOOK

The Management of your Company is optimistic for maintaining the pace of growth by enhancing current business and tapping new opportunities. We have finalized agreements with USA and China based Principals for their wide range of products. Some of the products are in launching face. Our sales force is strenuously focusing on providing high quality premium products to all health care professionals. Bedside enhancing coverage, addition of new products, will not only increase our market share in these categories, but will also result in an increase in the Company's sales growth and profitability.

We are confident that we can generate increased value for shareholders as well as deliver better products and services to our customers. In accomplishing this, we would like to appreciate the enormous cooperation and support of our sales force, without which we will not be able to achieve these results.

We also take this opportunity to thank our employees for their continuing contribution in the achievement of Company's results.

SHAREHOLDING INFORMATION

The Company's shares are traded in Pakistan Stock Exchange. The pattern of shareholding as at June 30, 2018 and other related information is set out on page 30 to 36.


None of the Company's directors, executives and their spouses and minor children took part in the trading of shares of the Company during the period.

CHAIRMAN'S REVIEW

As per the requirement of the Companies Act 2017, Chairman's review of the Board's performance and effectiveness in achieving the Company's objectives has been outlined in "Chairman Review Report".



Syed Nadeem Ahmed
Director



Mufti Zia ul Islam
Chief Executive Officer

Karachi
September 26, 2018

ہم پُر اعتماد ہیں کہ ہم شیئر ہولڈرز کیلئے منافع جات میں اضافے کے ساتھ اپنے صارفین کو بہترین مصنوعات اور خدمات کی فراہمی میں بھی کامیاب رہیں گے۔ اس عزم کے ساتھ ہم اپنی سیلز فورس کے بھرپور تعاون اور سپورٹ کے بھی شکر گزار ہیں جس کے بغیر ہم ان نتائج کے حصول میں کامیاب نہیں ہو سکتے تھے۔

ہم اس موقع پر اپنے ملازمین کے بھی مشکور ہیں کیونکہ انہوں نے کمپنی کے بہتر نتائج کے حصول میں اپنا بھرپور کردار ادا کیا۔

شیئر ہولڈنگ کی معلومات

کمپنی کے شیئرز کی پاکستان اسٹاک ایکسچینج میں تجارت ہوتی ہے۔ ۳۰ جون ۲۰۱۸ء کے مطابق شیئر ہولڈنگ کا طریقہ کار اور دیگر متعلقہ معلومات صفحہ نمبر ۳۰ اور ۳۶ پر درج ہیں۔

کمپنی کے کوئی ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے اس مدت کے دوران کمپنی کے شیئرز کی کوئی خرید و فروخت نہیں کی۔

چیئر مین کا جائزہ

کمپنیز ایکٹ ۲۰۱۷ کی شرائط کے مطابق بورڈ کی کارکردگی اور کمپنی کے اغراض و مقاصد کے موثر ہونے کے بارے میں چیئر مین کا جائزہ ”چیئر مین کی جائزہ رپورٹ“ میں پیش کیا گیا ہے۔

مفتی ضیاء الاسلام
چیف ایگزیکٹو آفیسر

سید ندیم احمد
ڈائریکٹر

کراچی
۲۶ ستمبر ۲۰۱۸ء

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

کمپنی کے ڈائریکٹریٹ کمیٹی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۷ اور پاکستان اسٹاک ایکسچینج کی رول بک کے تحت اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔ آپ کی کمپنی بہتر کارپوریٹ گورننس اور ضابطے پر عملدرآمد کو یقینی بنانے کیلئے تمام تر ضروری اقدامات بروئے کار لاتی ہے۔

جیسا کہ PSX کی رول بک کے ضابطہ 5.19.11 کے تحت لازم ہے، ہم درج ذیل کی تصدیق کرتے ہیں:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات اس کے تمام کاروباری امور، اس کے آپریشن کے نتائج، بہاؤ اور اس کی ایکویٹی میں تبدیلی کو شفاف انداز میں پیش کرتے ہیں۔
- کمپنی کے حسابات کی باقاعدہ کتب تیار کی جاتی ہیں۔
- موزوں ترین اکاؤنٹنگ پالیسیاں مالیاتی حسابات اور اکاؤنٹنگ کے تخمینہ جات کی تیاری میں مستقل طور پر لاگو کی جاتی ہیں اور یہ مناسب اور محتاط فیصلوں پر منحصر ہوتی ہیں۔
- انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں مروجہ ہیں، مالیاتی حسابات کی تیاری میں لاگو کیے جاتے ہیں اور ان سے کسی بھی روگردانی کو مناسب انداز میں بیان اور واضح کر دیا جاتا ہے۔
- اندرونی کنٹرول کا نظام مستحکم طور پر تیار کیا گیا ہے اور موثر طور پر نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- اس امر میں کوئی شبہ نہیں کہ کمپنی میں ترقی کرنے کی بہترین صلاحیت موجود ہے۔
- جیسا کہ PSX کی رول بک کے ضابطہ 5.19.11 کے تحت لازم ہے، ہم نے اس رپورٹ میں درج ذیل معلومات شامل کی ہیں:

✦ شیئر ہولڈنگ کے پیٹرن کا اسٹیٹمنٹ۔

✦ منسلک انڈرٹیکننگ اور متعلقہ افراد کے پاس موجود شیئرز کا اسٹیٹمنٹ۔

✦ سال کے دوران یورڈ کے اجلاسوں اور ان میں ہر ایک ڈائریکٹر کی شرکت کے بارے میں بیان۔

✦ گزشتہ چھ برسوں کے لئے کلیدی آپریننگ اور مالیاتی اعداد و شمار۔

مستقبل پر ایک نظر

آپ کی کمپنی کی انتظامیہ موجودہ کاروبار میں اضافے اور نئے مواقع تلاش کرنے کے ذریعے ترقی کی رفتار برقرار رکھنے کے سلسلے میں پرعزم ہے۔ ہم نے امریکا اور چین میں قائم اداروں کے پرنسپلز کے ساتھ ان کی وسیع تر رینج کی حامل مصنوعات کے لئے معاہدے طے کیے ہیں۔ ان میں چند پروڈکٹس جلد متعارف کرائے جانے کے مرحلے میں ہیں۔ ہماری سیلز فورس مستقل طور پر تمام ہیلتھ کیئر پروفیشنلز کے لئے اعلیٰ معیاری مصنوعات فراہم کرنے پر توجہ دے رہی ہے۔ اپنے دائرہ کار وسیع کرنے، نئی مصنوعات میں اضافہ کے ساتھ نہ صرف ان کیٹیگریز میں ہمارا مارکیٹ شیئر بڑھے گا بلکہ اس کے مثبت نتائج کمپنی کی سیلز گروتھ اور منافع جات پر بھی پڑھیں گے۔

ممبران

مسماة شائستہ خالق رحمن - چیئر پرسن

جناب زبیر پال والا

جناب ایاز عبداللہ

کارپوریٹ اور سماجی ذمہ داری

آئی بی ایل ہیلتھ کیئر میں ہمارا عزم اس معیشت میں کارآمد حصہ بنانا ہے جس میں ہم کاروبار کر رہے ہیں۔ خصوصی توجہ کے بنیادی شعبوں میں سے ایک روزگار کے مواقع پیدا کرنا ہے تاکہ سیلز میں افرادی قوت کو معاونت فراہم کی جاسکے۔ یہ گروپ ایک سماجی ذمہ دار ادارے کی حیثیت سے کام کر رہا ہے۔ جس کے مطابق گروپ کا سی ایس آر پروگرام ایک انتہائی وسیع اسکوپ کا حامل ہے جس میں ہیلتھ کیئر، تعلیم، ماحولیاتی تحفظ اور دیگر سماجی بہبود کی سرگرمیوں کے حوالے سے موثر اقدامات کئے جا رہے ہیں۔

انفارمیشن سسٹم

ہم اس امر پر یقین رکھتے ہیں کہ انفارمیشن سسٹم کسی بھی ادارے کی کارکردگی کو بہتر اور موثر بنانے میں کلیدی کردار ادا کرتا ہے۔ تیز رفتار کام کے ساتھ ٹیکنالوجی میں جدت کی ہماری پالیسی کے تحت ہم نے کامیابی کے ساتھ انتہائی فعال انٹرپرائز ریسورس پلاننگ سسٹم ایس اے پی (SAP) لاگو کر رکھا ہے۔

آڈیٹرز

موجودہ آڈیٹرز اے۔ ایف۔ فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سبکدوش ہو رہے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی نے غور و خوض کے بعد بورڈ کو سفارش کی ہے کہ اے۔ ایف۔ فرگوسن اینڈ کمپنی کو ۳۰ جون ۲۰۱۹ء کو ختم ہونے والے سال کیلئے کمپنی کے آڈیٹرز کی حیثیت سے تقرری دے دی جائے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر ۳۰ جون ۲۰۱۹ء کو ختم ہونے والے مالیاتی سال کیلئے اے۔ ایف۔ فرگوسن اینڈ کمپنی کی تقرری کی توثیق کر دی ہے۔

بعد ازاں ہونے والے واقعات

اس رپورٹ کی تاریخ اور کمپنی کے مالیاتی سال کے اختتام کے درمیان کمپنی کی مالیاتی حیثیت پر اثر انداز ہونے والی کوئی تبدیلی یا معاہدے عمل میں نہیں آئے۔

ڈائریکٹرز کا مشاہرہ

- آئی بی ایل ہیلتھ کیئر کے بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کیلئے ایک ”مشاہرے کی پالیسی“ منظور کی ہے جس میں درج ذیل نکات شامل ہیں:
- کمپنی اپنے نان-ایگزیکٹو ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لئے ادا کی جانے والی میٹنگ فیس کے علاوہ کسی دیگر مشاہرے کی ادائیگی نہیں کرے گی۔
 - ڈائریکٹرز کو بورڈ، اس کی کمیٹیوں کے اجلاسوں اور یا کمپنی کے اجلاس عام میں شرکت کے لئے خرچ ہونے والے تمام سفری اور دیگر اخراجات فراہم کیے جائیں گے یا ان کی زرتلافی کر دی جائے گی۔

آڈٹ کمیٹی

- یہ کمیٹی تین ممبران پر مشتمل ہے، دونان-ایگزیکٹو ڈائریکٹرز اور کمیٹی کے چیئر پرسن ایک خود مختار ڈائریکٹر ہیں۔
- کمیٹی کے ٹرمز آف ریفرنس کا تعین بورڈ آف ڈائریکٹرز لسٹنگ ریگولیشنز میں فراہم کردہ رہنما ہدایات کے مطابق کرتا ہے اور اس پر عملدرآمد کے لئے کمیٹی کو ہدایات دی جاتی ہیں سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔
- ایک خود مختار آڈٹ کا کام بورڈ کی آڈٹ کمیٹی کو رپورٹ پیش کرنا ہے جو پورے ادارے میں خدشات اور کنٹرول کا جائزہ لیتی ہے۔ بورڈ نے انٹرنل آڈٹ کا عمل بیرونی طور پر گرانٹ تھورنٹون انچارجمن، چارٹرڈ اکاؤنٹنٹس سے کرایا جو موزوں طور پر اس مقصد کے لئے اہل اور تجربہ کار تصور کئے گئے اور کمپنی کی پالیسیوں اور طریقہ کار سے بھی بخوبی واقف ہیں۔
- سال ۲۰۱۷ء-۲۰۱۸ء کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے اور ان میں حاضری درج ذیل کے مطابق رہی۔

ارکان اجلاس میں حاضری

ارکان	اجلاس میں حاضری
مسماۃ شائستہ خالق رحمن - چیئر پرسن	4
جناب زبیر پال والا	4
جناب ایاز عبداللہ	4

ہیومن ریسورس اینڈ ریمونریشن کمیٹی

یہ کمیٹی تین ممبران پر مشتمل ہے، تمام نان-ایگزیکٹو ڈائریکٹرز بشمول کمیٹی کی چیئر پرسن ہیں۔ کمیٹی کے چیئر پرسن ایک انڈیپنڈنٹ ڈائریکٹر ہیں۔

ڈائریکٹرز کا تربیتی پروگرام

بورڈ آف ڈائریکٹرز کی تربیت بورڈ کو اس کا کردار ادا کرنے اور کمپنی کی کارکردگی میں نمایاں تبدیلی لانے میں معاون ثابت ہوتی ہے۔ یہ ایک عملی اور حقیقت پسندانہ نقطہ نظر کا حامل ہے کیونکہ ہر بورڈ کمپنی پر نظر رکھنے بشمول اسٹیک ہولڈرز کے لئے ڈیوٹی انجام دینے میں ایک منفرد کردار رکھتا ہے۔ لہذا اس امر کو مد نظر رکھتے ہوئے درج ذیل ڈائریکٹرز مستثنیٰ ہو یا تربیتی پروگرام میں شرکت کی ہو جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے۔

- ۱۔ جناب راشد عبداللہ
- ۲۔ جناب الیس۔ ندیم احمد
- ۳۔ جناب مفتی ضیاء الاسلام
- ۴۔ جناب زبیر پال والا
- ۵۔ جناب ایاز عبداللہ
- ۶۔ مسماۃ شائستہ خالق رحمن

بورڈ کی کارکردگی کا جائزہ

سال کیلئے مذکورہ بالا پیمانوں کی بنیاد پر لگایا جانے والی بورڈ کی مجموعی کارکردگی کا جائزہ اطمینان بخش تھا۔ چیئرمین کی جانب سے بورڈ کی مجموعی کارکردگی کے بارے میں ایک الگ رپورٹ، جیسا کہ کمپنیز ایکٹ ۲۰۱۷ کے سیکشن ۱۹۲ کے تحت ضروری ہے، اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

اندرونی مالیاتی کنٹرول کے لئے ڈائریکٹرز کی ذمہ داری

کمپنی کے ڈائریکٹرز کمپنی میں اندرونی مستحکم مالیاتی کنٹرول کے بارے میں انتہائی توجہ دیتے ہیں کیونکہ یہ بہتر فنانشل رپورٹنگ میں معاون ہے۔ اپنے سہ ماہی اجلاسوں میں مالیاتی کنٹرول کے ضمن میں ڈائریکٹرز کی جائزہ سماری کو لاگو کرنے اور موثر کنٹرول کو نافذ کرنے کے لئے ان کی مہارت کا استعمال کیا جاتا ہے۔

بورڈ کی تشکیل

ممبران کی معلومات، مہارت اور علم و قابلیت کے شاندار امتزاج نے ہمارے بورڈ کی کارکردگی کو موثر بنایا ہے۔ ہمارے بورڈ کی تشکیل شیئر ہولڈرز کی تمام کٹیگریز کے مفادات کی نمائندگی کرتی ہے اور یہ درج ذیل پر مشتمل ہے:

مجموعی ڈائریکٹرز کی تعداد		
06	مرد	اے
01	خاتون	بی

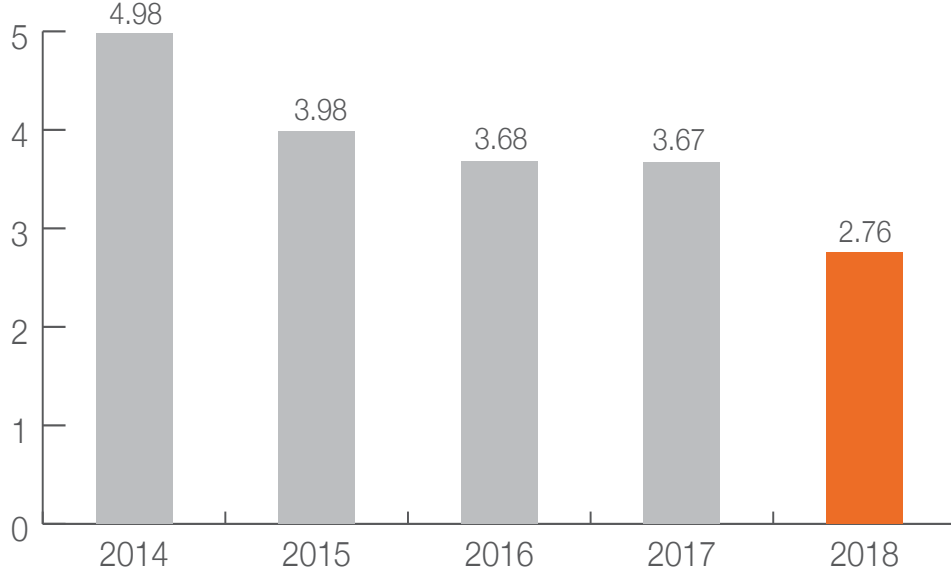
ترتیب		
01	انڈیپنڈنٹ ڈائریکٹر	۱
05	نان-ایگزیکٹو ڈائریکٹر	۲
01	ایگزیکٹو ڈائریکٹر	۳

بورڈ آف ڈائریکٹرز کے اجلاس

سال ۲۰۱۷ء-۲۰۱۸ء کے دوران بورڈ کے پانچ اجلاس ہوئے اور ان میں حاضری درج ذیل کے مطابق رہی:

ڈائریکٹرز	اجلاس میں حاضری
جناب راشد عبداللہ	4
جناب عدنان اسد علی	2
جناب ایس۔ ندیم احمد	4
جناب مفتی ضیاء الاسلام	5
جناب زبیر پال والا	5
جناب ایاز عبداللہ	4
مسماة شائستہ خالق رحمن	5

Earnings Per Share (Rs.)

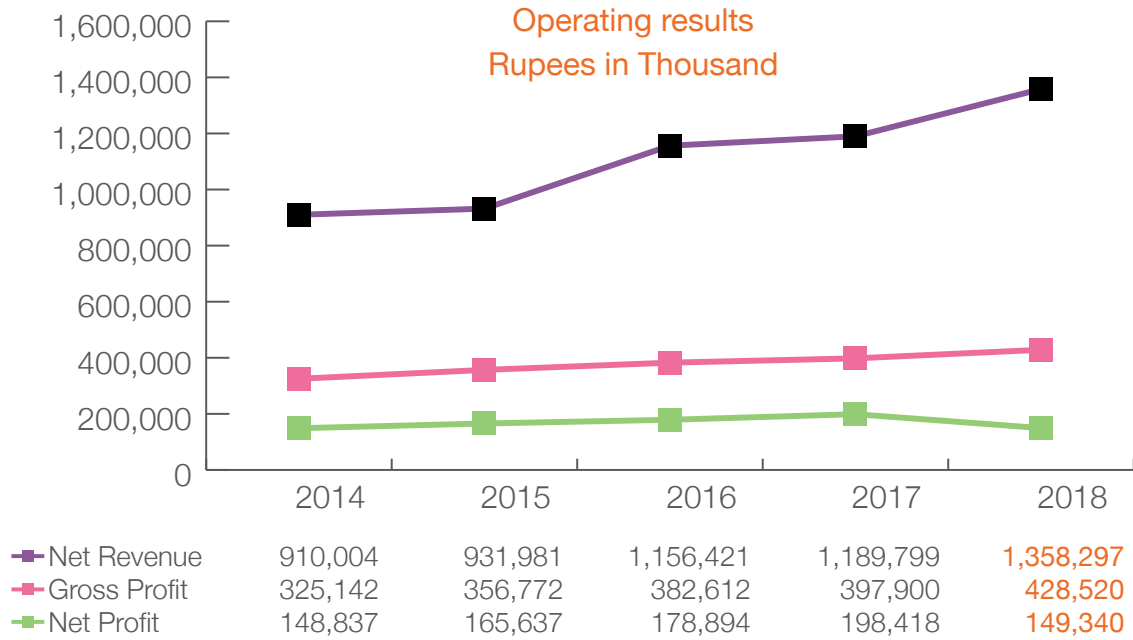


منافع منقسمہ

یورڈ آف ڈائریکٹرز نے ۳۰ جون ۲۰۱۸ء کو ختم ہونے والے سال کے لئے ۱۰ فیصد نقد منافع منقسمہ کی سفارش کی ہے۔ (۲۰۱۷ء: ۱۰ فیصد نقد اور ۱۰ فیصد اسٹاک منافع منقسمہ)

ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ

کارکردگی کے ساتھ نظم و ضبط آئی بی ایل ہیلتھ کیئر لمیٹڈ میں کام کرنے کیلئے مرکزی حیثیت کا حامل ہے۔ یورڈ آف ڈائریکٹرز نے ضابطہ اخلاق اور کاروباری طریقہ کار کا ایک اسٹیٹمنٹ تیار کر رکھا ہے۔ تمام ملازمین کو اس سے آگاہ کر دیا گیا ہے اور وہ اس سے بخوبی واقف ہیں جبکہ کاروبار اور ضوابط سے متعلق ان اصولوں پر عملدرآمد کرنا ضروری ہے۔



رواں مالی سال کیلئے آمدنی ۳۵۸ بلین روپے رہی جبکہ گزشتہ سال اسی مدت کے دوران اس کے مقابلہ میں آمدنی ۱۹۰ بلین روپے رہی تھی اور اس طرح ۱۴ فیصد کی مثبت شرح نمو ظاہر ہوئی۔

دہرے ہندسوں میں شرح آمدنی میں اضافے کے باوجود رواں مالی سال کے لئے سیلز کی فیصدی شرح ۳۱.۵ فیصد تک کی کم ہو گئی۔ نتیجے کے طور پر منافع بعد از ٹیکس ۱۴۹ بلین روپے رہا جو اس کے مقابلے میں گزشتہ سال کی اس مدت میں ۱۹۸ بلین روپے تھا۔ روپے کی قدر میں کمی اور ڈیپوٹیز میں اضافے کے اثرات کو کم کرنے کے لئے مختلف آپریشنل اقدامات بروئے کار لائے گئے تاکہ آمدنی اور منافع جات میں اضافہ کیا جائے ان میں بلند تر منافع کی حامل پروڈکٹس پر خصوصی توجہ سمیت نئے کاروباری شعبوں کی شمولیت کے لئے مواقع تلاش کرنا شامل تھا۔

ہولڈنگ کمپنی

دی سرل کمپنی لمیٹڈ (ٹی ایس سی ایل)، آئی بی ایل ہیلتھ کیئر لمیٹڈ کی ہولڈنگ کمپنی ہے۔ ۳۰ جون ۲۰۱۸ء کے مطابق دی سرل کمپنی لمیٹڈ ہر ایک ۱۰ روپے مالیت کے ۳۹,۰۰۸,۸۶۳ شیئرز برقرار رہی۔

بنیادی آمدنی فی شیئر

بنیادی آمدنی فی شیئر ۲۰۱۷ء روپے رہی (۲۰۱۷ء) ۳۶۶۷ روپے (۲۰۱۷ء)۔

ڈائریکٹرز کی رپورٹ

آئی بی ایل ہیلتھ کیئر لمیٹڈ (آئی بی ایل ایچ ایل) کے بورڈ آف ڈائریکٹرز بمسرت کارکردگی کا جائزہ بشمول آڈٹ رپورٹ اور کمپنی کے مالیاتی حسابات ۳۰ جون ۲۰۱۸ء کو ختم ہونے والے مالی سال کے لئے شیئر ہولڈرز کے روبرو پیش کر رہے ہیں۔

ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۷، باب XIII شق ۳۵ (رپورٹنگ اینڈ ڈسکلوزر) بابت کوڈ آف کارپوریٹ گورننس کے تحت تیار کی گئی ہے۔

مالیاتی کارکردگی کا خلاصہ

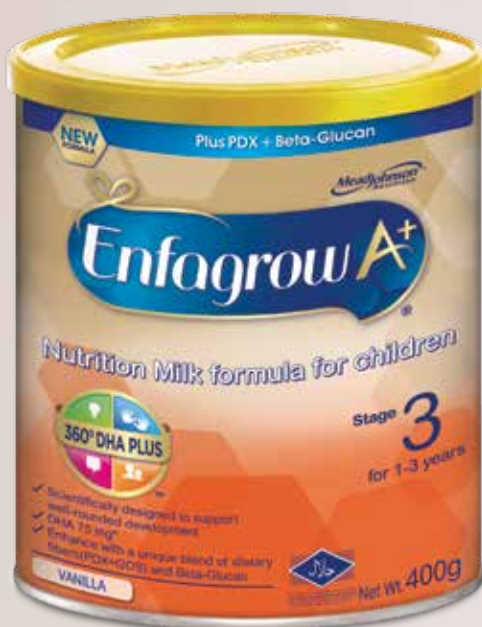
2017	2018	
		(روپے، ہزاروں میں)
1,189,799	1,358,297	آمدنی
397,900	428,520	مجموعی منافع جات
33.4%	31.5%	مجموعی منافع جات کی شرح بہ نسبت آمدنی
252,567	212,305	منافع قبل از ٹیکس
198,418	149,340	منافع بعد از ٹیکس

بنیادی سرگرمیاں اور مالیاتی کارکردگی کا جائزہ

کمپنی کی بنیادی سرگرمیوں میں ہیلتھ کیئر مصنوعات کی مارکیٹنگ، فروخت اور تقسیم شامل ہے۔ کمپنی کا نمایاں مقصد صارفین کو ان بہترین ہیلتھ کیئر مصنوعات کی فراہمی ہے جو انسانی معیار زندگی کو بلند کر سکیں اور جن کے ماحولیات پر بھی مثبت اثرات مرتب ہوں۔ یہ سال چیلنجوں سے بھرپور رہا جس کی وجہ ملک کی غیر یقینی سیاسی صورتحال تھی جس کے باعث ملک کو ایک سال سے زائد عرصے سے بدترین معاشی بحران کا سامنا ہے۔ کرنسی کی قدر میں کمی کے نتیجے میں کمپنی کے منافع جات بھی کم ہو گئے کیونکہ کاروبار مکمل طور پر درآمدات پر انحصار کرتا ہے۔ مذکورہ بالا صورتحال کے باوجود دیگر بے قابو عناصر مثلاً ڈیویڈنڈ میں اضافہ اور فارمولادودھ پر حاکم کی جانب سے سخت قوانین لاگو کرنے کے باعث کمپنی کے منافع جات پر بڑے اثرات ظاہر ہوئے۔

Nutlify our little ones to be little pioneer

High quality milk supplement formulated for growing children. It contains essential nutrients to help them better able to achieve their optimal mental and physical development.



Special Attention



Operating & Financial Highlights

	Unit	2018	2017	2016	2015	2014	2013
FINANCIAL POSITION							
Balance Sheet							
Property and equipment	Rs. in '000	6,198	115,603	1,527	815	1,545	7,529
Investment property	Rs. in '000	341,253	123,588	123,588	123,588	123,588	123,588
Other non-current assets	Rs. in '000	31,805	56,428	150,753	147,443	14,507	35,249
	Rs. in '000	31,805	56,428	150,753	147,443	14,507	35,249
Current assets	Rs. in '000	1,020,662	1,021,501	903,013	589,823	470,910	339,792
Total assets	Rs. in '000	1,399,918	1,317,120	1,178,881	861,669	610,550	506,158
Share capital	Rs. in '000	540,877	491,706	427,570	299,000	230,000	200,000
Unappropriated profit plus share premium	Rs. in '000	647,874	596,876	505,351	365,327	291,690	202,853
Total equity	Rs. in '000	1,188,751	1,088,582	932,921	664,327	521,690	402,853
Non-current liabilities	Rs. in '000	-	-	-	-	-	1,096
Current liabilities	Rs. in '000	211,167	228,538	245,960	197,342	88,860	102,209
Total liabilities	Rs. in '000	211,167	228,538	245,960	197,342	88,860	103,305
Total equity and liabilities	Rs. in '000	1,399,918	1,317,120	1,178,881	861,669	610,550	506,158
Total net assets	Rs. in '000	1,188,751	1,088,582	932,921	664,327	521,690	402,853
OPERATING AND FINANCIAL TREND							
Profit and loss							
Revenue	Rs. in '000	1,358,297	1,189,799	1,156,421	931,981	910,004	863,746
Cost of sales		929,777	791,899	773,809	575,209	584,862	629,144
Gross profit	Rs. in '000	428,520	397,900	382,612	356,772	325,142	234,602
Operating profit	Rs. in '000	231,500	253,970	223,059	190,532	170,486	118,598
Finance cost	Rs. in '000	1,389	1,403	2,464	1,956	2,602	3,314
Profit before taxation	Rs. in '000	212,305	252,567	220,595	196,474	181,354	121,631
Profit after taxation	Rs. in '000	149,340	198,418	178,894	165,637	148,837	100,617
Cash flows							
Operating activities	Rs. in '000	63,181	144,506	(120,244)	225,767	70,611	59,598
Investing activities	Rs. in '000	(4,293)	(105,019)	31,895	(211,291)	(27,977)	(2,660)
Financing activities	Rs. in '000	(47,270)	(41,570)	89,700	(23,000)	(32,413)	(55,450)
FINANCIAL POSITION							
Rate of return							
Pre tax return on equity	%	17.86	23.20	23.65	29.57	34.76	30.19
Post tax return on equity	%	12.56	18.23	16.43	24.93	28.53	24.98

	Unit	2018	2017	2016	2015	2014	2013
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Profitability

Gross profit margin	%	31.55	33.44	33.09	38.28	35.73	27.16
Pre tax profit to sales	%	15.63	21.23	19.08	21.08	19.93	14.08
Post tax profit to sales	%	10.99	16.68	15.47	17.77	16.36	11.65

Liquidity

Current ratio		4.83	4.47	3.67	2.99	5.30	3.32
Quick ratio		2.30	2.18	1.53	1.84	2.75	1.63

Financial gathering

Debt equity ratio		0.18	0.21	0.26	0.30	0.17	0.26
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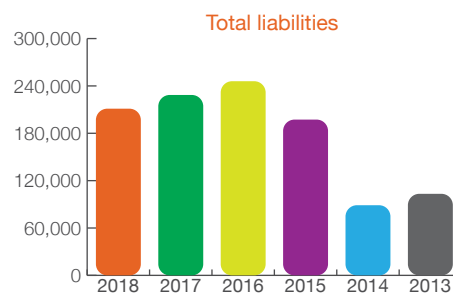
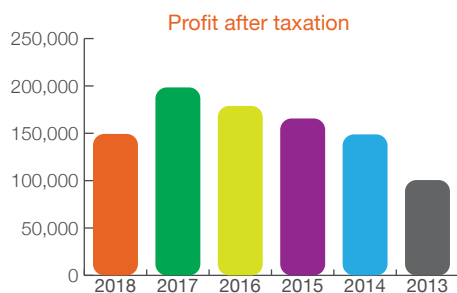
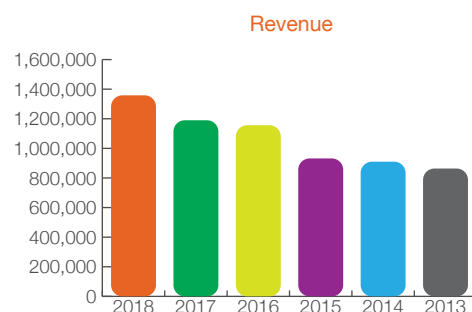
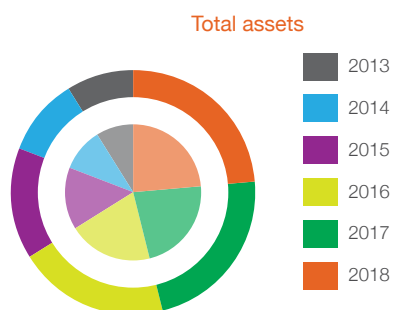
Capital efficiency

Inventory

Debtors turnover	days	98	98	82	86	71	64
Inventory turnover	days	87	103	124	130	130	89
Total assets turnover	times	1.00	1.11	1.02	0.92	0.67	0.59
Property, plant equipment turnover	times	219.15	10.29	757.32	1,143.53	589.00	114.72

Investment

Earnings per share	Rs.	2.76	3.67	3.68	3.98	4.98	4.37
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Pattern of Shareholders

No. of shareholders		Shareholdings Slab		Total Shares Held
2252	1	to	100	59,506
1292	101	to	500	337,430
859	501	to	1000	588,868
761	1001	to	5000	1,603,705
124	5001	to	10000	852,987
51	10001	to	15000	618,347
15	15001	to	20000	272,536
11	20001	to	25000	250,054
12	25001	to	30000	324,737
2	30001	to	35000	66,478
5	35001	to	40000	188,959
5	40001	to	45000	213,946
3	45001	to	50000	139,580
5	50001	to	55000	268,465
1	55001	to	60000	58,082
2	60001	to	65000	127,675
2	65001	to	70000	135,021
1	75001	to	80000	75,097
1	80001	to	85000	81,422
1	85001	to	90000	87,159
1	105001	to	110000	107,854
2	125001	to	130000	256,543
1	135001	to	140000	136,001
1	140001	to	145000	142,419
1	160001	to	165000	164,203
1	170001	to	175000	173,495
2	195001	to	200000	394,787
1	215001	to	220000	218,775
1	220001	to	225000	224,012
1	240001	to	245000	242,220
1	260001	to	265000	262,575
2	280001	to	285000	564,945
1	310001	to	315000	311,452
1	320001	to	325000	324,520
1	410001	to	415000	414,956
1	420001	to	425000	423,358
1	450001	to	455000	454,705
1	1180001	to	1185000	1,183,792
1	1285001	to	1290000	1,285,900
1	1440001	to	1445000	1,442,285
1	12890001	to	12895000	12,894,674
1	26110001	to	26115000	26,114,080
5430				54,087,605

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Rashid Abdulla	2	136,002	0.25%
Adnan Asdar Ali	1	1	0.00%
Syed Nadeem Ahmed	3	650	0.00%
Mufti Zia ul Islam	1	962	0.00%
Zubair Razzak Palwala	2	1,186	0.00%
Ayaz Abdulla	2	42,625	0.08%
Shaista Khaliq Rehman	1	20	0.00%
Shakila Rashid	1	418	0.00%
Associated Companies, undertakings and related parties			
The Searle Company Limited	3	39,008,863	72.12%
International Brands Limited	1	173,495	0.32%
United Distributors Pakistan Limited	1	1,183,792	2.19%
Executives	-	-	0.00%
Public Sector Companies & Corporations	2	423,763	0.78%
Banks, develop finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	15	655,705	1.21%
Mutual Funds	1	4,242	0.01%
General Public			
a. Local	5327	10,206,775	18.87%
b. Foreign	4	412,554	0.76%
Foreign Companies	23	61,096	0.11%
Others	40	1,775,456	3.28%
Total	5430	54,087,605	100.00%

Shareholders holding 5% or more	Shares Held	Percentage
The Searle Company Limited	39,008,863	72.12%

Pattern of Shareholders

As at June 30, 2018

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Directors and their spouse(s) and minor children				
1	03277-93293	ZUBAIR RAZZAK PALWALA	1,185	0.00
2	7	ZUBAIR PALWALA	1	0.00
3	03277-11384	RASHID ABDULLA	136,001	0.25
4	2	RASHID ABDULLA	1	0.00
5	03277-21385	AYAZ ABDULLA	42,624	0.08
6	6	AYAZ ABDULLA	1	0.00
7	03277-56270	MUFTI ZIA UL ISLAM	962	0.00
8	8	S. NADEEM AHMED	1	0.00
9	2088	SYED NADEEM AHMED	164	0.00
10	2435	SYED NADEEM AHMED	485	0.00
11	00539-16655	SHAISTA KHALIQ REHMAN	20	0.00
12	2522	ADNAN ASDAR ALI	1	0.00
13	03277-12714	SHAKILA RASHID	418	0.00
			13	536,193
				0.99
Associated companies, undertakings and related parties				
1	00539-16820	THE SEARLE COMPANY LIMITED	109	0.00
2	03277-94394	THE SEARLE COMPANY LIMITED	12,894,674	23.84
3	1	SEARLE PAKISTAN LIMITED	26,114,080	48.28
4	03277-2937	INTERNATIONAL BRANDS LTD.	173,495	0.32
5	03277-62621	UNITED DISTRIBUTORS PAKISTAN LIMITED	1,183,792	2.19
			5	40,366,150
				74.63
Executive				
			-	-
Public sector companies and corporations				
1	03889-28	NATIONAL BANK OF PAKISTAN	405	0.00
2	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	423,358	0.78
			2	423,763
				0.78
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	1414	ATLAS INVESTMENT BANK LTD.	33	0.00
2	1419	ASSET INVESTMENT BANK LIMITED	3	0.00
3	1871	CRESCENT INVESTMENT BANK LTD	500	0.00
4	2471	INDUS BANK LIMITED	6,579	0.01
5	2475	BANK ALFALAH LIMITED	2,017	0.00
6	03277-2538	EFU LIFE ASSURANCE LTD	414,956	0.77
7	1890	BUSINESS & INDUSTRIAL INSURANCE COMPANY	14	0.00
8	03277-1651	FIRST UDL MODARABA	142,419	0.26
9	03277-3367	FIRST IBL MODARABA	219	0.00
10	1876	FIRST UDL MODARABA	20	0.00
11	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	65,021	0.12
12	15719-23	CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	4,767	0.01
13	15727-22	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	7,051	0.01
14	06700-11865	Escorts Investment Bank Limited	106	0.00
15	02113-708	First UDL Modaraba	12,000	0.02
			15	655,705
				1.21

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Mutual Funds				
1	06726-23	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	4,242	0.01
			1	0.01
General Public Foreign				
1	2917	MR. ROBERT K. SIRGIOVANNI	42,124	0.08
2	00364-137057	DR. OMAR ABDUL MONEM YOUSUF AL ZAWAWI	262,575	0.49
3	00364-137065	DR. OMAR ABDUL MONEM YOUSUF AL ZAWAWI	107,854	0.20
4	07450-22202	FARAZ AHMED	1	0.00
			4	0.76
Foreign Companies				
1	00547-716	THE NORTHERN TRUST COMPANY	774	0.00
2	03533-722	HABIB BANK AG ZURICH, DEIRA DUBAI	27,912	0.05
3	1271	MIDLAND BANK TRUST CORP. (JERSEY) LTD	153	0.00
4	1620	INVESTORS BANK & TRUST COMPANY	430	0.00
5	1622	DAY LIMITED	223	0.00
6	1623	SMITH NEW COURT FAR EAST LIMITED	39	0.00
7	1653	INVESTORS BANK & TRUST COMPANY	1,596	0.00
8	1654	MORGAN STANLEY TRUST COMPANY	3,105	0.01
9	1656	AETNA INVESTMENT MGMT B.V.I NOMINEES LTD	1,750	0.00
10	1657	STATE STREET BANK AND TRUST CO. U.S.A.	1,402	0.00
11	1664	THE NORTHERN TRUST COMPANY	436	0.00
12	1677	CHASE MANHATTAN BANK (IRELAND) PLC	121	0.00
13	1680	THE AETNA CASUALTY AND SURETY COMPANY	363	0.00
14	1775	SOMERS NOMINEES (FAR EAST) LTD	545	0.00
15	1776	SMITH NEW COURT FAR EAST LTD	36	0.00
16	1779	THE NORTHERN TRUST COMPANY	361	0.00
17	1781	CHEM BANK NOMINEES LTD	39	0.00
18	1782	H.S.B.C. INTERNATIONAL TRUSTEE LIMITED	154	0.00
19	1884	CHEM BANK NOMINEES LTD.	237	0.00
20	1961	MERRILL LYNCH, PIERCE, FENNER & SMITH INC.	981	0.00
21	1981	THE BANK OF NEWYORK	7,902	0.01
22	2140	INVESCO (BVI) NOMINEES LIMITED	72	0.00
23	06502-5283	TARIIC HOLDING COMPANY BSC (CLOSED)	12,465	0.02
			23	0.11

Pattern of Shareholders

As at June 30, 2018

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Others				
1	1736	SHAFI (PRIVATE) LTD.	270	0.00
2	1870	FIRST CAPITAL MUTUAL FUND LTD.	6,667	0.01
3	1875	PROFESSIONAL SECURITIES MANAGEMENT (PVT) LTD.	519	0.00
4	2009	SAFEWAY MUTUAL FUND LIMITED	73	0.00
5	2024	SADIQ TRADERS (PVT) LTD.	908	0.00
6	2474	S.H. BUKHARI SECURITIES	382	0.00
7	2476	SHAZ INVESTMENT CORPORATION	182	0.00
8	2477	AAG SECURITIES (PVT) LTD.	177	0.00
9	2480	LASANI SECURITIES (PVT) LTD.	33	0.00
10	2481	BAGASRA SECURITIES (PVT) LTD	2	0.00
11	2483	ISMAIL ABDUL SHAKOOR SEC.	39	0.00
12	2685	M/S. FEDERAL BOARD OF REVENUE	9,131	0.02
13	03277-13438	TRUSTEES THE AGA KHAN UNIVERSITY EMP G.F	26,749	0.05
14	03277-4915	AGA KHAN UNIVERSITY EMPLOYEES P.F	64,199	0.12
15	03277-7421	TRUSTEES SAEEDA AMIN WAKF	14,186	0.03
16	03277-8034	GARIBSONS (PVT.) LTD.	8,310	0.02
17	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	2,278	0.00
18	03277-89483	TRUSTEES OF FIRST UDL MODARABA STAFF PROVIDENT FUND	303	0.00
19	03525-63416	H M INVESTMENTS (PVT) LIMITED	146	0.00
20	03525-63817	NH SECURITIES (PVT) LIMITED.	194	0.00
21	03525-87235	MAPLE LEAF CAPITAL LIMITED	1	0.00
22	04457-45	FDM CAPITAL SECURITIES (PVT) LIMITED	13,768	0.03
23	04457-78	FDM CAPITAL SECURITIES (PVT) LIMITED	523	0.00
24	04481-26	DOSSLANI'S SECURITIES (PVT) LIMITED	24	0.00
25	04705-87224	FEDERAL BOARD OF REVENUE	87,159	0.16
26	05587-6474	PROGRESSIVE INVESTMENT MANAGEMENT (PVT)L	244	0.00
27	14241-22	FIKREES (PRIVATE) LIMITED	10,029	0.02
28	14274-29	MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD.	48	0.00
29	16261-28	AXIS GLOBAL LIMITED - MF	500	0.00
30	04184-22	AZEE SECURITIES (PRIVATE) LIMITED	109	0.00
31	04291-29	IRFAN MAZHAR SECURITIES (PVT) LTD.	1,100	0.00
32	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	3,000	0.01
33	07005-29	MAM SECURITIES (PVT) LIMITED	9	0.00
34	15867-26	MARGALLA FINANCIAL (PRIVATE) LIMITED	800	0.00
35	16857-26	MRA SECURITIES LIMITED - MF	13,000	0.02
36	05264-115704	TRUSTEE - MOHAMMED AMIN WAKF ESTATE	10,109	0.02
37	03657-25	CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD	2,000	0.00
38	07146-23	TARIQ VOHRA SECURITIES (PVT) LIMITED	46,000	0.09
39	10363-22	SALIM SOZER SECURITIES (PVT.) LTD.	10,000	0.02
40	02113-3439	Trustee Searle Pakistan Limited Provident Fund	1,442,285	2.67
		40	1,775,456	3.28
Total		5430	54,087,605	100.00
General Public Local		5327	10,206,775	18.87

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A **SEARLE** Subsidiary

Lets fortify the real care

Formulated with DHA and ARA, specialty formula provide specialized nutrition as per need of infants.



Dedicated Care



Statement of Compliance With Listed Companies (Code of Corporate Governance) Regulations, 2017

For the year ended June 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:
 - a) Male: 6 (six)
 - b) Female: 1 (one)
2. The composition of the board is as follows:

Category	Name of Director
Independent Director:	Ms. Shaista Khaliq Rehman
Executive Director:	Mr. Mufti Zia ul Islam
Non-Executive Directors:	Mr. Rashid Abdulla
	Mr. S. Nadeem Ahmed
	Mr. Adnan Asdar Ali
	Mr. Zubair Razzak Palwala
	Mr. Ayaz Abdulla

3. The Directors have confirmed that none of them is serving as a director on the board of more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by the Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board.
8. The board of directors have a formal policy and transparent procedures for remuneration of

directors in accordance with the Act and these Regulations.

9. All directors (except one) are either exempted or have attended the required training in prior years.
10. The board has approved the appointment of the CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Audit Committee

Name	Category
Ms. Shaista Khaliq Rehman	Chairperson
Mr. Zubair Razzak Palwala	Member
Mr. Ayaz Abdulla	Member

HR and Remuneration Committee

Name	Category
Ms. Shaista Khaliq Rehman	Chairperson
Mr. S. Nadeem Ahmed	Member
Mr. Ayaz Abdulla	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per the following:
 - a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2018
 - b) HR & R Committee: One meeting during the financial year ended June 30, 2018
15. The Board has outsourced the internal audit function to Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

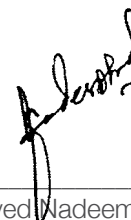
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.



RASHID ABDULLA
Chairman



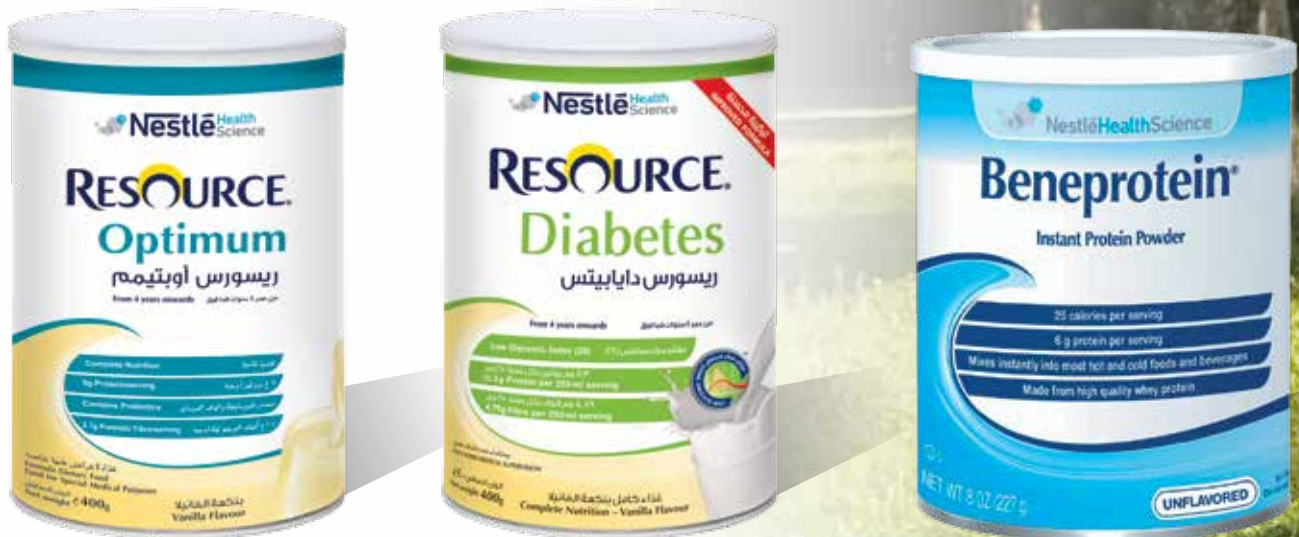
Syed Wadeem Ahmed
Director

Dedicated for age care resources

Resource Optimum is a nutritionally complete, oral supplement specifically formulated for older adults to help support immune function and enhance recovery.

Resource Diabetes is a complete and balanced nutritional formula for people with Diabetes.

Beneprotein is a concentrated source of high quality Whey protein. It can be added to food and beverages without compromising taste and texture.

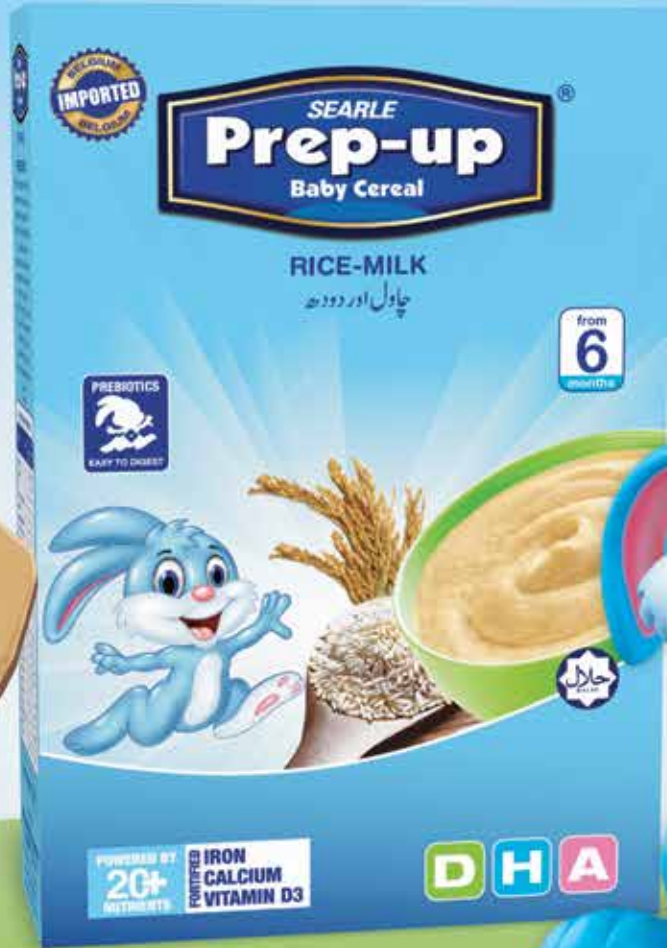


Healthy Moments





ٹھوس غذا کی بہترین ابتداء





Highly nutritious for babies from 6 months onwards when breast milk or formula milk can no longer covers their nutritional energy requirements

STAGE

1

Prep-up Wheat-Milk

Wheat-Milk based cereal provides essential nutrients that helps baby to start as a 1st complimentary food



STAGE

1

Prep-up Rice-Milk

Rice- Milk based cereal helps baby to move from a milk only diet to one that includes solid food with the least discomfort & easy to digest



STAGE

1

Prep-up Rice

Rice without milk cereal is specially formulated for babies suffering from lactose intolerance associated with diarrhea. It is highly suitable for introducing solid food to sensitive tummies as it is easy to digest



Prep-up cereal range after learning how to take solid food, baby is ready to explore new tastes

STAGE

2

Prep-up Wheat-Milk-Honey

Wheat-Milk-Honey based cereal adds a healthy & yummy twist to baby's diet. A range of delicious choices to encourage babies to discover an array of new tastes



STAGE

3

Prep-up Wheat-Milk-Fruits

Wheat-Milk-Fruits based cereal contains blend of important nutrients that boost immunity & supports catch-up growth



Marketed by:

IBL HealthCare Limited
www.iblhlc.com



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF HEALTHCARE LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of IBL Healthcare Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.


Chartered Accountants
Karachi

Dated: October 05, 2018



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IBL HEALTHCARE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of IBL HealthCare Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
--------	------------------	---

(i)	Companies Act, 2017	
-----	----------------------------	--

(Refer note 3.1.1 to the financial statements)

The Fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of annual financial statements.

As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous and the current fourth schedules and as a result certain amendments relating to presentation and disclosures were made in the accompanying financial statements.

In view of the various new disclosures prepared and presented in the financial statements, we considered this as a key audit matter.

We reviewed and understood the requirements of the Fourth schedule to the Companies Act, 2017. Our audit procedures included the following:

- considered the management's process to identify the additional disclosures required in the Company's financial statements;
- obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and
- verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Syed Fahim ul Hasan.


Chartered Accountants
Karachi

Date: October 05, 2018



Financial Statements

Statement of Financial Position

As at June 30, 2018

	Note	2018 -----Rupees in '000-----	2017
ASSETS			
Non-current assets			
Property and equipment	4	6,198	115,603
Investment property	5	341,253	123,588
Intangible assets	6	5,545	4,242
Long-term loans and advances	7	26,260	52,186
		379,256	295,619
Current assets			
Inventories	8	222,452	222,940
Trade and other receivables	9	402,352	325,638
Short-term deposits, prepayments, loans and advances	10	286,434	283,663
Interest accrued		16,208	6,743
Investments - at fair value through profit or loss	11	55,782	160,884
Refunds due from Government - Sales tax		-	927
Current tax asset		9,712	4,602
Cash and bank balances	12	27,722	16,104
		1,020,662	1,021,501
Total assets		1,399,918	1,317,120
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid up capital	13	540,877	491,706
Capital reserve			
Share premium		119,600	119,600
Revenue reserve			
Un-appropriated profit		528,274	477,276
		1,188,751	1,088,582
Liabilities			
Current liabilities			
Trade and other payables	14	203,979	223,251
Unclaimed Dividend		7,188	5,287
		211,167	228,538
Contingencies and commitments			
Total equity and liabilities		1,399,918	1,317,120

The annexed notes 1 to 32 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

Statement of Profit or Loss and other Comprehensive Income

For the year ended June 30, 2018

		2018	2017
	Note	-----Rupees in '000-----	
Revenue	16	1,358,297	1,189,799
Cost of sales	17	(929,777)	(791,899)
Gross profit		428,520	397,900
Other income	18	44,231	49,443
Marketing and distribution expenses	19	(172,328)	(147,752)
Administrative and general expenses	20	(68,923)	(45,621)
Other operating expenses	21	(17,806)	-
Finance costs	22	(1,389)	(1,403)
Profit before income tax		212,305	252,567
Income tax expense	23	(62,965)	(54,149)
Profit after taxation		149,340	198,418
Other comprehensive income		-	-
Total comprehensive income		149,340	198,418

There are no other comprehensive income items

		Rupees	
Earnings per share - basic and diluted	24	2.76	3.67

The annexed notes 1 to 32 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2018

	2018	2017
Note	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	25 95,817	151,770
Interest income received	10,902	19,136
Income tax paid	(68,075)	(48,994)
Finance cost paid	(1,389)	(1,403)
Decrease in long term loans and advances	25,926	23,997
Net cash inflow from operating activities	63,181	144,506
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of property and equipment	(4,598)	(49,394)
Payments for acquisition of investment property	(104,885)	-
Payments for acquisition of intangible assets	(1,620)	(67)
Payments for acquisition of short term investments	(213,576)	(456,814)
Proceeds from redemption of short term investments	320,386	401,244
Proceeds from disposal of property and equipment	-	12
Net cash outflow from investing activities	(4,293)	(105,019)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(47,270)	(41,570)
Net increase / (decrease) in cash and cash equivalents	11,618	(2,083)
Cash and cash equivalents at the beginning of the year	16,104	18,187
Cash and cash equivalents at the end of the year	12 27,722	16,104

The annexed notes 1 to 32 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2018

	Issued, subscribed and paid up capital	Capital reserve		Revenue reserve	Total reserves	Total
		Share Premium	Issue of bonus shares	Unappropriated profit		
-----Rupees in '000-----						
Balance as at July 01, 2016	427,570	119,600	-	385,751	505,351	932,921
Total comprehensive income for the year ended June 30, 2017	-	-	-	198,418	198,418	198,418
Transaction with owners						
Transfer to reserve for issuance of bonus shares	-	-	64,136	(64,136)	-	-
Bonus shares issued during the year in the ratio of 15 shares for every 100 shares held	64,136	-	(64,136)	-	(64,136)	-
Final dividend for the year ended June 30, 2016 @ Re. 1 per share	-	-	-	(42,757)	(42,757)	(42,757)
	64,136	-	-	(106,893)	(106,893)	(42,757)
Balance at June 30, 2017	491,706	119,600	-	477,276	596,876	1,088,582
Total comprehensive income for the year ended June 30, 2018	-	-	-	149,340	149,340	149,340
Transaction with owners						
Transfer to reserve for issuance of bonus shares	-	-	49,171	(49,171)	-	-
Bonus shares issued during the year in the ratio of 10 shares for every 100 shares held	49,171	-	(49,171)	-	(49,171)	-
Final dividend for the year ended June 30, 2017 @ Re. 1 per share	-	-	-	(49,171)	(49,171)	(49,171)
	49,171	-	-	(98,342)	(98,342)	(49,171)
Balance at June 30, 2018	540,877	119,600	-	528,274	647,874	1,188,751

The annexed notes 1 to 32 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

Notes to the Financial Statements

For the year ended June 30, 2018

1. LEGAL STATUS AND OPERATIONS

IBL HealthCare Limited (the Company) was incorporated in Pakistan as a private limited company on July 14, 1997. In November 2008 the Company was converted into public limited company. The shares of the Company are quoted on the Pakistan Stock Exchange.

The principal activities of the Company include marketing, selling and distribution of healthcare products.

The Company is a subsidiary of The Searle Company Limited and International Brands Limited is the Company's ultimate parent.

The geographical location and address of the Company's business units is as under:

- The registered office of the Company is located at 9th Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.
- The Company also has a distribution warehouse in S.I.T.E. Area, Karachi.

1.1 The Company is the sole distributor of Mead Johnson products in Pakistan. Last year, Mead Johnson was globally acquired by Reckitt Benckiser Group plc. However, there is no change in the distribution arrangement as of June 30, 2018.

2. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

- a) The Company has purchased land measuring 1,004 square yards in D.M.C.H.S., Karachi which has been classified as investment property (refer note 5.1); and
- b) Due to devaluation of Pak Rupee during the year ended June 30, 2018, the Company suffered exchange loss amounting to Rs. 16.24 million for liabilities denominated in US Dollar (refer note 21).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

3.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

Notes to the Financial Statements

For the year ended June 30, 2018

3.1.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards require 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. There were no critical estimates, assumptions and judgements made by the management that would have significant effect in preparation of these financial statements.

3.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these financial statements.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Company.

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

Notes to the Financial Statements

For the year ended June 30, 2018

3.3 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

3.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any) except capital work-in-progress which is stated at cost.

Depreciation on assets is charged to statement of profit or loss and other comprehensive income applying the straight-line method whereby the depreciable cost of an asset is written off over its useful life. Same basis and estimates for depreciation are applied to owned assets.

Depreciation on additions is charged from the month during which the asset is available for use whereas no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to statement of profit or loss and other comprehensive income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

3.5 Investment property

The Company carries investment property at its respective cost under the cost model in accordance with IAS 40 - 'Investment Property'. The fair value is determined by the independent valuation experts and such valuation is carried out every year to determine the recoverable amount.

Leasehold land classified under investment property is carried at its respective cost less accumulated impairment losses, if any.

3.6 Intangible Assets

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Computer software licenses are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life using the straight line method.

The carrying value of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

3.7 Inventories

Inventory is valued at the lower of cost and net realisable value. Cost is determined using the First-In First-Out (FIFO) method. Cost of inventory in transit comprises of invoice value plus other charges accumulated to the statement of financial position date.

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

3.8 Short-term deposits, prepayments, loans and advances

Short-term deposits, prepayments, loans and advances are non-derivative financial assets with fixed and determinable payments. These are included in current assets, except those with maturities greater than twelve months after the reporting date, which are classified as non-current assets.

Notes to the Financial Statements

For the year ended June 30, 2018

Interest free loans to employees are stated at amortised cost.

3.9 Trade and other receivables

Trade and other receivables are valued at invoice value, being the fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Provision for impairment of trade and other receivables are established when there is an objective evidence that the Company will not be able to collect all or any amounts due according to the original terms of receivables.

3.10 Investments - at fair value through profit or loss

Investments held for trading are classified at fair value through statement of profit or loss and other comprehensive income. These are measured at fair value which is re-assessed at each reporting date. In case of investments in open ended mutual funds, fair value is determined on the basis of period end Net Asset Value (NAV) as announced by the Asset Management Company. Changes in fair value are recognised in statement of profit or loss and other comprehensive income.

3.11 Cash and bank balances

Cash and bank balances are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, balance with banks on current and savings accounts.

3.12 Financial instruments

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

Financial assets and liabilities are off set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.13 Foreign currencies

Transactions in foreign currencies are recorded in Pak Rupee at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupee using the exchange rates approximating those prevailing at the statement of financial position date. Exchange differences are included in statement of profit or loss and other comprehensive income currently.

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency and figures are rounded off to the nearest thousand of Rupees.

3.14 Income Tax

Current

Provision for current taxation is based on final tax regime applicable to the Company based on tax withheld at import stage which is deemed to be full and final discharge of tax liability and provision of tax other than final tax regime is calculated at the current rates of taxation in accordance with the prevailing law for taxation of income.

Notes to the Financial Statements

For the year ended June 30, 2018

Deferred

Deferred tax is accounted for using the statement of financial position liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged to or credited in the statement of profit or loss and other comprehensive income.

Deferred tax is determined at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates enacted at the reporting date.

3.15 Employee benefits

Defined contribution plan

The Company operates a recognised provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and employees, to the fund at 10% of basic salary.

3.16 Trade and other payables

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

3.17 Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.18 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts, returns and sales tax. Sales are recorded when the goods are dispatched to the customer.

3.19 Other income

Sale of fixed assets are recognised as income when risk and rewards of ownership are transferred.

Profit from saving accounts and rent income are accounted for as income on an accrual basis.

3.20 Dividend

Dividend distribution to shareholders is accounted for in the period in which the dividend is declared / approved.

3.21 Method of preparation of statement of cash flows

The statement of cash flows is prepared using the indirect method.

Notes to the Financial Statements

For the year ended June 30, 2018

4. PROPERTY AND EQUIPMENT	2018	2017		
	-----Rupees in '000-----			
Operating assets - note 4.1	6,198	77,551		
Capital work in progress	-	38,052		
	6,198	115,603		
4.1 Operating assets				
Particulars	Leasehold land	Office equipments	Furniture and fittings	Total
	-----Rupees in '000-----			
Net carrying value basis				
Year ended June 30, 2018				
Opening net book value	74,034	2,986	531	77,551
Additions - at cost	694	2,157	1,747	4,598
Transfer to investment property	(74,728)	-	-	(74,728)
Depreciation charge - note 4.2	-	(1,064)	(159)	(1,223)
Closing net book value	-	4,079	2,119	6,198
Gross carrying value basis				
At June 30, 2018				
Cost	-	9,710	2,975	12,685
Accumulated depreciation	-	(5,631)	(856)	(6,487)
Net book value	-	4,079	2,119	6,198
Net carrying value basis				
Year ended June 30, 2017				
Opening net book value	-	934	593	1,527
Additions - at cost	74,552	2,790	-	77,342
Disposals				
Cost	-	(65)	-	(65)
Accumulated depreciation	-	54	-	54
Depreciation charge - note 4.2	(518)	(727)	(62)	(1,307)
Closing net book value	74,034	2,986	531	77,551
Gross carrying value basis				
At June 30, 2017				
Cost	74,552	7,553	1,228	83,333
Accumulated depreciation	(518)	(4,567)	(697)	(5,782)
Net book value	74,034	2,986	531	77,551
Depreciation rates	-	10% - 33%	10%	

Notes to the Financial Statements

For the year ended June 30, 2018

4.2 Depreciation for the year has been allocated as follows:

	2018	2017
	-----Rupees in '000-----	
Marketing and distribution expenses - note 19	330	1,129
Administrative and general expenses - note 20	893	178
	<u>1,223</u>	<u>1,307</u>
5. INVESTMENT PROPERTY		
Operating Assets - note 5.1	<u>341,253</u>	<u>123,588</u>

5.1 Operating Assets

Particulars

Leasehold land
Rupees in '000

Year ended 30 June 2018

Opening net book value - note 5.1.1	123,588
Additions during the year - note 5.1.2	142,937
Transfer from property and equipment - note 5.1.2	74,728

Closing net book value

341,253

At 30 June 2018

Cost	341,253
Accumulated depreciation	-

Net book value

341,253

Year ended 30 June 2017

Opening net book value	123,588
Additions during the year	-
Depreciation charge	-

Closing net book value

123,588

At 30 June 2017

Cost	123,588
Accumulated depreciation	-

Net book value

123,588

5.1.1 The plot of land has been rented to IBL Identity (Private) Limited (an associated company), Espresso Coffee Houses (Private) Limited and J.B Saeed Home and Hardware in consideration for monthly rentals.

5.1.2 The plot of land is not occupied by the Company and is held for capital appreciation.

5.1.3 The valuations of investment properties have been carried out by M/s. PEE DEE & Associates, an independent valuer engaged by the Company. Market value of these investment properties as at June 30, 2018 is Rs. 454.84 million (2017: Rs. 161.92 million).

The forced sale value of the above properties as at June 30, 2018 is Rs. 363.87 million.

Notes to the Financial Statements

For the year ended June 30, 2018

5.1.4 Particulars of immovable property (i.e. land) in the name of Company are as follows:

Location	Usage of immovable property	Covered Area (in sqr.yds)
Plot no 24/3, Block 7 & 8, D.M.C.H.S., Karachi	Rented property	754
Plot no 4-A, Block 7 & 8, D.M.C.H.S., Karachi	Vacant Plot	1,004
F/2-A-1, S.I.T.E., Karachi	Vacant Plot	2,226

2018 2017
 -----Rupees in '000-----

6. INTANGIBLE ASSETS

Operating intangible assets - note 6.1	5,545	122
Capital work in progress - at cost	-	4,120
	5,545	4,242

6.1 Operating intangible assets

	Computer Software	Software License	Distribution Rights	Total
	-----Rupees in '000-----			
Year ended 30 June 2018				
Opening net book value	-	122	-	122
Additions during the year - note 6.1.1	5,740	-	-	5,740
Amortisation charge - note 6.2	(287)	(30)	-	(317)
Closing net book value	5,453	92	-	5,545
At 30 June 2018				
Cost	5,740	633	-	6,373
Accumulated amortisation	(287)	(541)	-	(828)
Net book value	5,453	92	-	5,545
Year ended 30 June 2017				
Opening net book value	-	87	4,363	4,450
Additions during the year	-	67	-	67
Amortisation charge	-	(32)	(4,363)	(4,395)
Closing net book value	-	122	-	122
At 30 June 2017				
Cost	-	633	192,200	192,833
Accumulated amortisation	-	(511)	(180,071)	(180,582)
Accumulated impairment	-	-	(12,129)	(12,129)
Net book value	-	122	-	122
Amortisation rates	10%	20%	20%	

Notes to the Financial Statements

For the year ended June 30, 2018

6.1.1 The amount represents the cost of implementation and license of SAP in collaboration with IBL Unisys (Private) Limited, an associated company. The software has a remaining useful life of 9.5 years.

6.2 Amortisation for the year has been allocated as follows:

	2018	2017
	-----Rupees in '000-----	
Marketing and distribution expenses - note 19	-	4,393
Administrative and general expenses - note 20	317	2
	<u>317</u>	<u>4,395</u>

7. LONG-TERM LOANS AND ADVANCES - unsecured

Loans - considered good:

- Related party - notes 7.1 and 7.2
- Less: current portion of long-term loans
- Employees - note 7.3
- Less: current portion of employee loan

	62,750	75,076
	(36,512)	(22,972)
	<u>26,238</u>	<u>52,104</u>
	82	142
	(60)	(60)
	<u>22</u>	<u>82</u>
	<u>26,260</u>	<u>52,186</u>

7.1 This represents loan to International Brands Limited, the ultimate parent company. Tenure of the loan is 5 years with a grace period of 1 year payable in equal semi-annual installments. The rate of mark-up is 12 months KIBOR+1% per annum. The said loan was approved in an extra ordinary general meeting held on January 14, 2015 as per the requirements of section 208 of the repealed Companies Ordinance, 1984.

7.2 The maximum amount due as at the end of any month during the year was Rs. 62.75 million (2017: Rs. 75.08 million).

7.3 Long-term loans to employees represent interest-free loans given to employees for purchase of motor cars. These are repayable in equal monthly installments over a term of five years.

	2018	2017
	-----Rupees in '000-----	
8. INVENTORIES		
Inventory in hand	216,620	164,229
Inventory in transit	5,832	58,711
	<u>222,452</u>	<u>222,940</u>
Provision for slow moving inventory - note 8.1	-	-
	<u>222,452</u>	<u>222,940</u>

8.1 Provision for slow moving inventory

- Opening balance
- Charge for the year

- Written off during the year
- Closing balance

	-	2,880
	4,176	1,572
	<u>4,176</u>	<u>4,452</u>
	(4,176)	(4,452)
	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended June 30, 2018

	2018	2017
	-----Rupees in '000-----	
9. TRADE AND OTHER RECEIVABLES		
Trade receivables - note 9.1	395,326	320,653
Other receivables - note 9.2	7,026	4,985
	402,352	325,638
9.1 Trade receivables		
Unsecured		
Due from related parties - notes 9.1.1, 9.1.2 and 9.1.3	348,563	290,335
Others	46,763	30,318
	395,326	320,653
Considered doubtful	600	-
Less: Provision for doubtful receivables - note 9.1.4	(600)	-
	-	-
	395,326	320,653
9.1.1 As at June 30, 2018, due from related parties of the Company are as follows:		
IBL Operations (Private) Limited (an associated company)	349,163	290,239
The Searle Company Limited (the holding company)	-	96
	349,163	290,335
9.1.2 The maximum aggregate amount due from related parties at the end of any month during the year is as follows:		
	2018	2017
	-----Rupees in '000-----	
IBL Operations (Private) Limited (an associated company)	349,163	290,239
The Searle Company Limited (the holding company)	-	96
	349,163	290,335
9.1.3 As at June 30, 2018, the age analysis of trade receivables from related parties is as follows:		
	2018	2017
	-----Rupees in '000-----	
Not yet due	92,435	2,907
Past due but not yet impaired		
- 0 to 30 days	97,253	116,944
- 31 to 60 days	54,327	28,977
- 61 to 90 days	-	72,614
- 91 to 365 days	105,083	68,815
- older than 365 days	65	78
	349,163	290,335

Notes to the Financial Statements

For the year ended June 30, 2018

	2018	2017
	-----Rupees in '000-----	
9.1.4 Provision for doubtful receivables		
Opening balance	-	1,665
Provision made during the year	600	1,109
Written off during the year	-	(2,774)
Closing balance	<u>600</u>	<u>-</u>

9.2 Other receivables		
Due from related party - notes 9.2.1, 9.2.2 and 9.2.3	2,376	880
Claim from suppliers - note 9.2.4	4,549	4,105
Others	101	-
	<u>7,026</u>	<u>4,985</u>

9.2.1 The maximum aggregate amount due from related parties at the end of any month during the year is as follows:

	2018	2017
	-----Rupees in '000-----	
IBL Identity (Private) Limited (an associated company)	<u>2,376</u>	<u>880</u>

9.2.2 The maximum aggregate amount due at the end of any month during the year is Rs. 1.74 million (2017: Rs. 1.20 million).

9.2.3 As at June 30, 2018, the age analysis of other receivables from related party is as follows:

	2018	2017
	-----Rupees in '000-----	
Not yet due	-	-
Past due but not yet impaired		
- 0 to 30 days	484	440
- 31 to 60 days	484	440
- 61 to 90 days	484	-
- 91 to 365 days	924	-
- older than 365 days	-	-
	<u>2,376</u>	<u>880</u>

9.2.4 This represents amount claimed from Nestle Health Sciences in respect of certain claimable expenses related to trade.

	2018	2017
	-----Rupees in '000-----	
10. SHORT-TERM DEPOSITS, PREPAYMENTS, LOANS AND ADVANCES		

Notes to the Financial Statements

For the year ended June 30, 2018

	Short term deposits - note 10.1	5,238	4,367
	Prepayments - note 10.2	291	-
	Short term loans - note 10.3	236,572	223,032
	Advances - note 10.4	44,333	56,264
		286,434	283,663
10.1	The amount represents following:		
	- Trade deposits	4,965	3,614
	- Other deposits	873	753
		5,838	4,367
	Less: Allowance for doubtful deposits	(600)	-
		5,238	4,367
10.2	This represents payment in respect of SAP maintenance fee.		
10.3	The amount represents following:		
	- Short term loan - notes 10.3.1 and 10.3.2	200,000	200,000
	- Current portion of long term loan to IBL - note 7	36,512	22,972
	- Current portion of employee loan - note 7	60	60
		236,572	223,032
10.3.1	This represents loan to International Brands Limited, the ultimate parent company. Tenure of the loan is 1 year. The rate of mark-up is 12 months KIBOR+2% per annum. The said loan was approved in the extra ordinary general meeting held on May 18, 2016 as per the requirements of section 208 of the repealed Companies Ordinance, 1984. The loan has been further extended for a period of one year effective July 01, 2018.		
10.3.2	The maximum aggregate amount of loan outstanding at the end of any month during the year was Rs. 200 million (2017 : Rs. 200 million).		
10.4	The amount represents following:		
		2018	2017
		-----Rupees in '000-----	
	- To employees - note 10.4.1	1,303	1,983
	- To suppliers	3,580	-
	- Against imports - note 10.4.2	39,450	54,281
		44,333	56,264
10.4.1	Reconciliation of carrying amount of advances to employees:		
	Balance at July 1	1,983	1,744
	Disbursements	5,355	5,944
	Repayments	(6,035)	(5,705)
	Balance as at June 30	1,303	1,983
10.4.2	This includes Rs. 36.01 million (2017: Rs. 49.81 million) being 100% cash margin on import of specified items kept with scheduled banks in accordance with the requirements of Circular No. 02 of 2017 of Banking Policy & Regulations Department, State Bank of Pakistan.		

Notes to the Financial Statements

For the year ended June 30, 2018

11. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

2018	2017		2018	2017
Number of units			Rupees in '000	
-	291,942	Meezan Islamic Income Fund	-	15,003
-	345,910	Meezan Sovereign Fund	-	17,780
5,505,230	13,469,704	NAFA Islamic Aggressive Income Fund	55,008	128,101
14,709	-	Meezan Cash Fund	774	-
5,519,939	14,107,556		55,782	160,884

11.1 The rating of NAFA Islamic Aggressive Income Fund is 'A-' and Meezan Cash Fund is 'AA' as per the credit rating agency PACRA and JCR-VIS respectively.

11.2 The fair value of these investments is the Net Asset Value (NAV) as assessed by the respective Asset Management Company.

2018 2017
-----Rupees in '000-----

12. CASH AND BANK BALANCES

Cash at bank:

- current accounts

Cash in hand

Cheques in hand

18,722	14,652
100	94
8,900	1,358
27,722	16,104

13. SHARE CAPITAL

Authorised share capital

2018	2017		2018	2017
75,000,000	75,000,000	Ordinary shares of Rs. 10 each	750,000	750,000

Issued, subscribed and paid up capital

2018	2017		2018	2017
22,990,000	22,990,000	Shares allotted for consideration paid in cash	229,900	229,900
31,097,605	26,180,550	Shares allotted as bonus shares	310,977	261,806
54,087,605	49,170,550		540,877	491,706

Notes to the Financial Statements

For the year ended June 30, 2018

13.1 Movement in issued, subscribed and paid-up capital

2018	2017		2018	2017
49,170,550	42,757,000	Opening shares outstanding	491,706	427,570
4,917,055	6,413,550	Shares allotted as bonus shares	49,171	64,136
54,087,605	<u>49,170,550</u>		540,877	<u>491,706</u>

14. TRADE AND OTHER PAYABLES

2018
-----Rupees in '000-----

Creditors	133,450	175,133
Accrued liabilities	41,391	24,590
Advance from customers - unsecured	8,884	8,884
Due to related parties - note 14.1	5,319	3,010
Payable to employees' provident fund - note 14.2	618	248
Workers' Welfare Fund	9,395	9,395
General sales tax payable	853	-
Withholding tax payable	352	341
Security deposits	3,717	1,650
	203,979	<u>223,251</u>

14.1 As at June 30, 2018, due to related parties of the Company are as follows:

International Brands Limited (the ultimate parent company)	3,600	-
IBL Operations (Private) Limited (an associated company)	1,719	3,010
	5,319	<u>3,010</u>

14.2 The investments in collective investment schemes, listed equity and listed debt securities out of the provident fund have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

15. CONTINGENCY AND COMMITMENTS

15.1 Contingency

15.1.1 The Company has challenged the levy of Sindh Sales Tax on services of renting of immovable property which has been categorised as renting services by the SRB. The Company has impugned the levy on constitutional grounds taking the stance that renting of immovable property is not a "service" and therefore does not fall within the competence of SRB to tax through the Sindh Sales Tax on Services Act, 2011. Further, the Company has also taken the stance that the collection mechanism is ultra vires the Act 2011 and therefore no coercive measures can be adopted against the Company for the collection of the impugned levy.

The Honorable Sindh High Court, on the basis of the representations made, has been pleased to grant an interim order to the Company restraining the defendants from taking any coercive action against the Company. The matter is presently pending on hearing of the case. Further, the impact of this levy on these financial statements of the Company is Rs. 0.58 million (2017: Rs. 0.84 million).

The lawyer, dealing the case, is of the view that no coercive measures can be adopted against the Company for the collection of the impugned levy.

Notes to the Financial Statements

For the year ended June 30, 2018

15.2 Commitments

The facility for opening letter of credit and letter of guarantees as at June 30, 2018 amounted to Rs. 383 million (2017: Rs. 258 million) of which the amount remaining unutilised at the end of year was Rs. 163.09 million (2017: Rs. 111.6 million).

16. REVENUE

2018 2017
-----Rupees in '000-----

Gross revenue	1,552,520	1,345,169
Less: Sales tax	(15,127)	(3,897)
	1,537,393	1,341,272
Less:		
Trade discount	(156,712)	(130,817)
Sales returns	(22,384)	(20,656)
	(179,096)	(151,473)
	1,358,297	1,189,799

16.1 Revenue includes Rs. 1,012.59 million (2017: Rs. 894.81 million) which represents sales to IBL Operations (Private) Limited (an associated company).

17. COST OF SALES

2018 2017
-----Rupees in '000-----

Opening inventory	164,229	174,514
Add: Purchases	991,862	784,398
	1,156,091	958,912
Less: Cost of samples	(5,518)	(2,784)
Less: Inventory written off	(4,176)	-
Less: Closing inventory	(216,620)	(164,229)
	(226,314)	(167,013)
	929,777	791,899

18. OTHER INCOME

Income from financial assets

Realised gain on investments - at fair value through profit or loss	3,272	5,424
Unrealised gain on investments - at fair value through profit or loss	-	297
Exchange gain	-	1,418
Interest on loan to International Brands Limited	20,367	22,834
Dividend income	6	-
	23,645	29,973

Income from non-financial assets

Rental income from investment property	19,491	10,460
Gain on disposal of property and equipment	-	1
Scrap sales	35	498
	19,526	10,959

Others

Insurance claim	1,060	-
Liabilities no longer payable written back	-	8,511
	1,060	8,511
	44,231	49,443

Notes to the Financial Statements

For the year ended June 30, 2018

19. MARKETING AND DISTRIBUTION EXPENSES	2018	2017
	-----Rupees in '000-----	
Salaries, wages and benefits - note 19.1	82,541	60,904
Advertisement and trade promotion	44,589	39,856
Cartage and freight	8,123	5,235
Travelling	17,544	17,892
Provision for claim	4,176	2,528
Depreciation	330	1,129
Amortisation	-	4,393
Rent, rates and taxes	2,980	5,178
Vehicle running expenses	5,997	3,614
Utilities and communication	2,025	1,813
Printing and stationery	334	397
Insurance	743	934
Repairs and maintenance	522	614
Fee and subscription	836	207
Security charges	711	470
Training	-	118
Others	877	2,470
	172,328	147,752

19.1 Salaries, wages and other benefits include contributions to contributory provident fund of Rs. 2.31 million (2017: Rs. 1.69 million).

20. ADMINISTRATIVE AND GENERAL EXPENSES	2018	2017
	-----Rupees in '000-----	
Salaries, wages and benefits - note 20.1	30,916	28,095
Travelling	534	811
Depreciation	893	178
Amortisation	317	2
Rent, rates and taxes	393	584
Vehicle running expenses	1,514	1,443
Utilities and communication	977	1,100
Auditors' remuneration - note 20.2	2,047	1,787
Donations - notes 20.3 and 20.4	5,750	10
Legal and professional charges	1,900	1,989
Printing and stationery	957	2,295
Insurance	100	-
Fee and subscription	4,935	5,056
Repairs and maintenance	1,199	772
Provision against doubtful receivables	600	1,109
Provision against doubtful deposits	600	-
Security charges	387	-
Training	20	-
Corporate services charged by ultimate parent company	14,400	-
Others	484	390
	68,923	45,621

Notes to the Financial Statements

For the year ended June 30, 2018

20.1 Salaries, wages and other benefits include contributions to contributory provident fund of Rs. 1.35 million (2017: Rs. 1.12 million).

	2018	2017
	-----Rupees in '000-----	
20.2 Auditors' remuneration		
Audit services		
- Annual audit fee	900	800
- Half yearly review	400	350
- Out of pocket expenses	200	192
	1,500	1,342
Non-audit services		
- Certifications for regulatory purposes	300	200
- Tax advisory service	247	245
	547	445
	2,047	1,787
20.3 Donations to following exceed Rs. 0.5 million:		
- The Hunar Foundation	3,500	-
- Various individuals	2,250	-
	5,750	-

20.4 Donation given to The Hunar Foundation is to facilitate the technical training of illiterate, semi-literate and literate citizens. One of the directors of the ultimate parent company was also a director in donee Foundation, however, the director resigned during the year. For remaining donation amounts, none of the directors or their spouses had any interest in the donees.

	2018	2017
	-----Rupees in '000-----	
21. OTHER OPERATING EXPENSES		
Exchange loss	16,242	-
Unrealised loss on investments - at fair value through profit or loss	1,564	-
	17,806	-
22. FINANCE COSTS		
Bank charges	1,389	1,403
23. INCOME TAX EXPENSE		
Current year - note 23.1	63,399	56,055
Prior year	(434)	(1,906)
	62,965	54,149

Notes to the Financial Statements

For the year ended June 30, 2018

	2018	2017
	-----Rupees in '000-----	
23.1 Relationship between income tax expense and accounting profit		
Accounting profit before income tax	212,305	252,567
Tax at the applicable tax rate of 30% (2017: 31%)	63,692	78,296
Effect of applicability of final tax	(72)	(23,274)
Effect of income subject to separate rate of tax	(22)	(343)
Effect of temporary differences	851	1,376
Effect of tax rebate	(1,050)	-
Prior year reversal	(434)	(1,906)
Income tax expense for the year	62,965	54,149

23.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for taxation is available. This is analysed as follows:

Tax Year	Provision for taxation	Tax assessed	Excess/ (Short)
	-----Rupees in '000-----		
2017	55,621	55,621	-
2016	37,882	47,639	(9,757)
2015	32,750	32,178	572

The difference in the tax year 2016 is due to the fact that provision for income tax was booked excluding the tax impact of closing stock whereas entire amount of tax deducted on it was offered in the return as required by the Income Tax Ordinance 2001. The accounting treatment is based on the selected opinion of the Institute of Chartered Accountants of Pakistan (ICAP) on 'IAS 12 Income Taxes'.

23.3 No deferred tax is recognised by the Company as Company's 99% income falls under the Final Tax Regime.

	2018	2017
	-----Rupees in '000-----	
24. EARNINGS PER SHARE - BASIC AND DILUTED		
24.1 Earnings per share - Basic		
Profit after taxation attributable to ordinary shareholders	149,340	198,418
Weighted average number of outstanding shares at the end of year (in thousand) - note 13.1	54,088	54,088
Earnings per share - Basic (Rupees) - note 24.2	2.76	3.67

24.2 Earnings per share - Diluted

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2018 and 2017 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to the Financial Statements

For the year ended June 30, 2018

	2018	2017
	-----Rupees in '000-----	
25. CASH GENERATED FROM OPERATIONS		
Profit for the year	212,305	252,567
Adjustments for non-cash income and expenses:		
Depreciation of property and equipment	1,223	1,307
Amortisation of intangible assets	317	4,395
Finance costs	1,389	1,403
Unrealised exchange loss	2,605	-
Provision against doubtful receivables	600	1,109
Provision against doubtful deposits	600	-
Interest income	(20,367)	(22,834)
Gain on disposal of property and equipment	-	(1)
Realised gain on investments - at fair value through profit or loss	(3,272)	(5,424)
Unrealised loss / (gain) on investments - at fair value through profit or loss	1,564	(297)
	(15,341)	(20,342)
	196,964	232,225
Changes in working capital:		
(Increase) / decrease in current assets:		
Inventories	488	40,443
Trade and other receivables	(77,314)	(50,769)
Short-term deposits, prepayments, loans and advances	(3,371)	(50,593)
Refunds due from government - Sales tax	927	(927)
	(79,270)	(61,846)
Decrease in current liabilities:		
Trade and other payables	(21,877)	(18,609)
	95,817	151,770

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

- 26.1** The Company's activities expose it to variety of financial risks namely market risks (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

Notes to the Financial Statements

For the year ended June 30, 2018

26.2 Financial assets and liabilities by category and their respective maturities

	Interest / Mark up bearing			Non-interest / Non-mark up bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
----- Rupees in '000' -----							
FINANCIAL ASSETS							
Loans and receivables							
Short-term deposits, prepayments, loans and advances	236,512	26,238	262,750	49,922	22	49,944	312,694
Trade and other receivables	-	-	-	402,352	-	402,352	402,352
Interest accrued	-	-	-	16,208	-	16,208	16,208
Investments - at fair value through profit or loss	-	-	-	55,782	-	55,782	55,782
Cash and bank balances	-	-	-	27,722	-	27,722	27,722
2018	236,512	26,238	262,750	551,986	22	552,008	814,758
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	183,877	-	183,877	183,877
Unclaimed Dividend	-	-	-	7,188	-	7,188	7,188
2018	-	-	-	191,065	-	191,065	191,065
FINANCIAL ASSETS							
Loans and receivables							
Short-term deposits, prepayments, loans and advances	222,972	52,104	275,076	60,691	82	60,773	335,849
Trade and other receivables	-	-	-	325,638	-	325,638	325,638
Interest accrued	-	-	-	6,743	-	6,743	6,743
Investments - at fair value through profit or loss	-	-	-	160,884	-	160,884	160,884
Cash and bank balances	-	-	-	16,104	-	16,104	16,104
2017	222,972	52,104	275,076	570,060	82	570,142	845,218
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	204,383	-	204,383	204,383
Unclaimed Dividend	-	-	-	5,287	-	5,287	5,287
2017	-	-	-	209,670	-	209,670	209,670

Notes to the Financial Statements

For the year ended June 30, 2018

(a) **Market risk**

(i) **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates.

At June 30, 2018, the Company had variable interest bearing financial assets of Rs. 262.75 million (2017: Rs. 275.08 million), and had the interest rate varied by 200 basis points with all other variables held constant, profit before income tax for the year would have been lower / higher by Rs. 0.41 million (2017: Rs. 0.46 million) mainly as a result of higher / lower interest income on floating rate loans.

(ii) **Currency risk**

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is exposed to currency risk on payables in respect of imported inventory denominated in US Dollar (USD). The total foreign currency risk exposure as at June 30, 2018 is Rs. 125.35 million (2017: Rs. 170.69 million).

As at June 30, 2018, if the Pak Rupee had weakened / strengthened by 4% against US Dollar with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 5.01 million (2017: Rs. 6.83 million), as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company only as at the statement of financial position date and assumes this is the position for the year. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentage per annum.

(iii) **Price risk**

Price risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the fund or it's management company.

The Company limits price risk by maintaining a diversified portfolio and by continuous monitoring of developments in open ended income funds. In addition, the Company actively monitors the key factors that affect the open ended income funds. The maximum exposure to price risk as at June 30, 2018 amounts to Rs. 55.78 million (2017: Rs. 160.88 million).

(b) **Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The Company believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties.

As at June 30, 2018 trade receivables of Rs. 289.17 million (2017: Rs. 182.53 million) were past due but not impaired. The carrying amount of trade receivables relate to number of independent customers for whom there is no history of default.

Notes to the Financial Statements

For the year ended June 30, 2018

Deposits, loans, advances and other receivables are not exposed to any material credit risk.

The fair value through profit and loss investments represent investments in open end mutual funds. The Company manages its credit and price risk by investing in income based diversified mutual funds.

The bank balances represent low credit risk as these are placed with banks having good credit rating assigned by credit rating agencies.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management believes that it will be able to fulfill its financial obligations.

(d) Fair value of 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 June 30, 2018, all financial assets and financial liabilities are carried at amortised cost except investments in mutual funds which are carried at their fair values.

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 (e.g. significant increases / decreases in activity).
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets.

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Notes to the Financial Statements

For the year ended June 30, 2018

The following table analyses within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2018:

Financial assets	2018			Total
	Level 1	Level 2	Level 3	
-----Rupees in '000-----				
Financial investments: fair value through profit or loss	55,782	-	-	55,782

Financial assets	2017			Total
	Level 1	Level 2	Level 3	
-----Rupees in '000-----				
Financial investments: fair value through profit or loss	160,884	-	-	160,884

26.3 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company finances its operations and manages its working capital through equity.

27. RELATED PARTY TRANSACTIONS

Nature of relationship	Nature of transaction	2018	2017
		-----Rupees in '000-----	
i. Ultimate parent	- Interest income	20,367	22,834
	- Corporate service charges	14,400	-
	- Dividend paid	158	139
	- Repayment of loan	25,926	23,997
ii. Holding company	- Dividend paid	35,625	31,181
	- Shared costs	467	604
	- Sale of goods	-	111
	- Purchase of goods	2,587	2,365
iii. Associated companies	- Sale of goods	1,012,602	894,697
	- Shared costs	2,930	2,827
	- Rental income	5,456	4,960
	- SAP maintenance fee	2,057	-
	- Dividend paid	1,081	946
	- Payment for SAP license	1,620	67
iv. Employees' Provident Fund	- Contribution paid	3,659	2,809
v. Key Management Personnel	- Salaries and other employee benefits	11,330	10,691
	- Director's fee and conveyance	628	530

Notes to the Financial Statements

For the year ended June 30, 2018

- 27.1** The status of outstanding balances with related parties as at June 30, 2018 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.
- 27.2** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

S.No	Company	Basis of Association	Aggregate % of shareholding
1	The Searle Company Limited	Holding Company	72.12%
2	International Brands Limited	Ultimate Parent	42.34%*
3	IBL Operations (Private) Limited	Group Company	N/A
4	IBL Identity (Private) Limited	Group Company	N/A
5	IBL Unisys Limited	Group Company	N/A

* Direct holding of International Brands Limited is 0.32%.

28. REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVES

	2018	2017	2018	2017 *
	Chief Executive Officer		Executives	
	-----Rupees in '000 -----			
Managerial remuneration	4,958	4,083	15,071	11,243
Bonus and incentives	2,509	3,501	4,432	3,636
Leave fare assistance and leave encashment	560	454	1,030	1,019
Company's contribution to the Provident fund	466	408	1,301	1,124
Housing and utilities	2,837	2,245	8,289	6,183
	11,330	10,691	30,123	23,205
Number of persons	1	1	15	11

* Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017.

Notes to the Financial Statements

For the year ended June 30, 2018

29. NUMBER OF EMPLOYEES	2018	2017
Number of employees at year end	118	96
Average number of employees during the year	121	90

30. CORRESPONDING FIGURES

Due to revision in Fourth Schedule to the Companies Act, 2017, unclaimed dividend which was previously classified under trade and other payables has been separately disclosed on the statement of financial position.

31. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on September 26, 2018 proposed a cash dividend of Re. 1 per share (2017: Re. 1) amounting to Rs. 54.08 million (2017: Rs. 49.17 million) subject to approval of members at the forthcoming annual general meeting.

Through Finance Act 2018, the rate of tax on undistributed profits under section 5A of the Income Tax Ordinance, 2001 has been reduced from 7.5% to 5% of accounting profit before tax on every public company. Moreover, the minimum limit for distribution for applicability of this levy has also been reduced from 40% to 20%, excluding distribution through bonus shares. Liability in respect of such income tax, if any, is recognised when the Company does not distribute dividend within six months of the end of the said tax year. No provision has been made in this respect as at June 30, 2018.

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on September 26, 2018.



Chief Executive



Director



Chief Financial Officer

Proxy Form

The Secretary
IBL HealthCare Limited
9th Floor, N.I.C. Building, Abbasi Shaheed Road,
Off: Shahrah-e-Faisal, Karachi-75530

I / We _____ son / daughter / wife / husband of _____, shareholder of IBL HealthCare Limited, holding _____ ordinary shares hereby appoint _____ who is my _____ [state relationship (if any) with the proxy; required by Government regulations] and the son / daughter / wife / husband of _____, (holding _____ ordinary shares in the Company under Folio No. _____) [required by Government] as my / our proxy, to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 26, 2018 and / or any adjournment thereof.

Signed this _____ day of _____ 2018.

Witness:

1. _____

2. _____

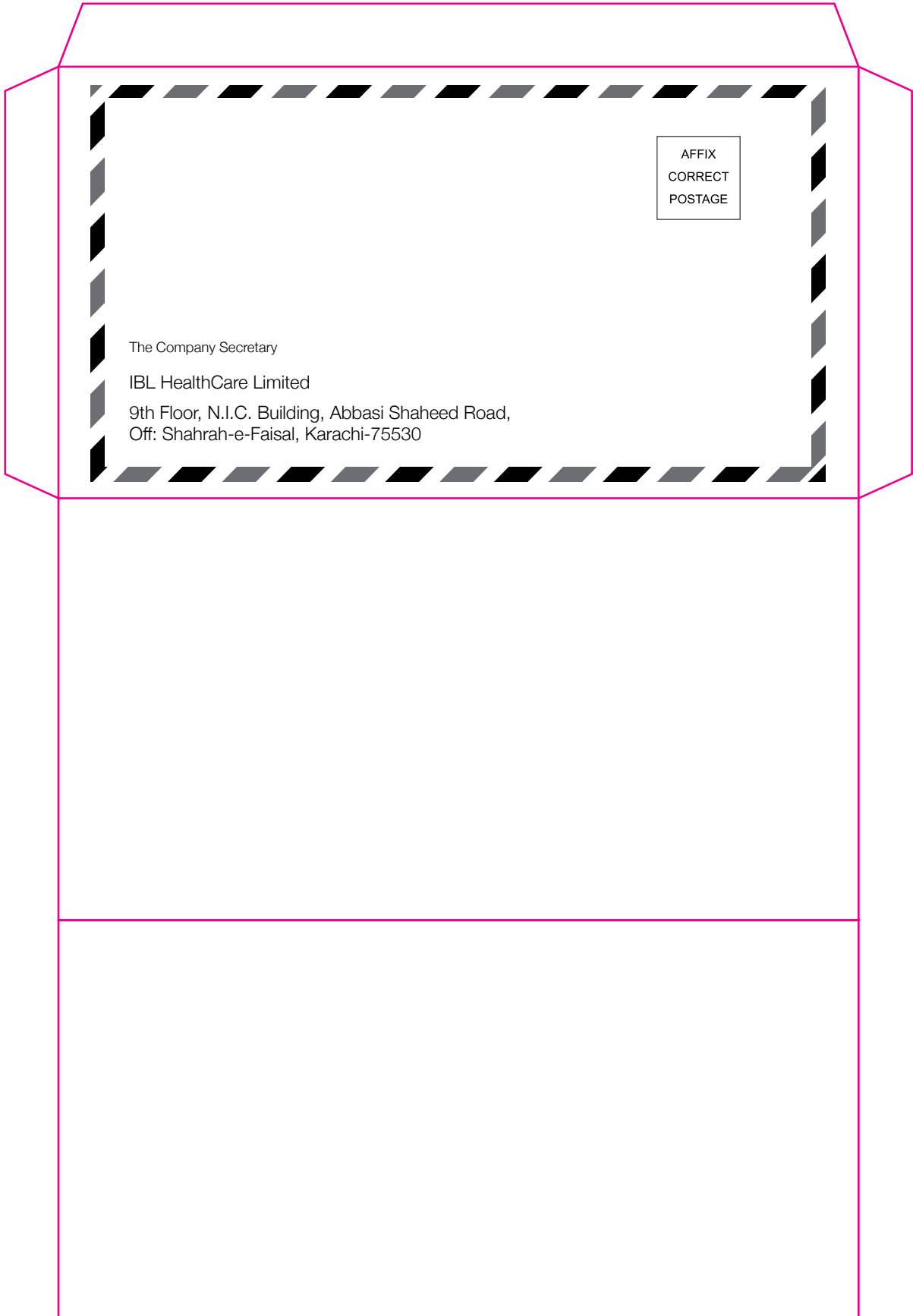
Rs. 5/-
Revenue
Stamp

Signature of Member(s)
Shareholders Folio No. _____ and / or
CDC Participation I.D. No. _____ and
Sub-Account No. _____

Note:

1. The member is requested:

- I. To affix revenue stamp of Rs. 5/- at the place indicated above.
 - II. To sign across the revenue stamp in the same style of signature as is registered with the Company.
 - III. To write down their Folio Number.
2. In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the Meeting, duly completed in all respects.
 3. CDC Shareholders or their proxies should bring their original Computerized National Identity Card or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the Notes to the Notice of AGM.



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POSTAGE

The Company Secretary
IBL HealthCare Limited
9th Floor, N.I.C. Building, Abbasi Shaheed Road,
Off: Shahrah-e-Faisal, Karachi-75530

پراکسی فارم

ذی کئی سیکریٹری
آئی بی ایل ایٹھ کیئر لیڈ
۹ ویں منزل، این آئی سی بلڈنگ، عباسی شہید روڈ
شہراہ فیصل، کراچی۔

میں / ہم
پیر / دختر ازوجہ / خاوند
شیر ہولڈر
بابت آئی بی ایل ایٹھ کیئر لیڈ حامل
عمومی شیر ہولڈر /
جو میرا امیری (رشتے کی نوعیت بیان کریں) (اگر کوئی ہو) مع پراکسی حکومتی ضوابط کے
مطابق ضروری اور پیر / دختر ازوجہ / خاوند
فولیو نمبر [حکومت کی جانب سے درکار] بطور میرا / ہمارا پراکسی کئی کے مورخہ ۲۶ اکتوبر ۲۰۱۸ کو منعقد ہونے والے
سالانہ اجلاس عام اور اس کے کسی بلٹی شدہ اجلاس میں میرے / ہمارے لئے اور میری / ہماری جانب سے شرکت اور ووٹ ڈالنے کا اہل اور ایسا کسی دوسری کاروائی میں حصہ لے گا / گی۔

دستخط آج بروز _____ تاریخ _____ ۲۰۱۸ء

۵ روپے کار یونیٹ اسٹیپ

گواہ (اے):

دستخط:

نام:

پتہ:

سی این آئی سی ایپا سپورٹ نمبر:

گواہ (بی):

دستخط:

نام:

پتہ:

سی این آئی سی ایپا سپورٹ نمبر:

اہم نکات:

۱۔ ممبران سے درخواست ہے کہ:

i. جس مذکورہ بالا جگہ پر نشاندہی کی گئی ہے وہاں ۵/۱ روپے کار یونیٹ اسٹیپ چسپاں کریں۔

ii. ریونیو اسٹیپ پراسی طرح دستخط کریں جس طرز میں کئی کے پاس رجسٹرڈ ہو۔

iii. اس کا فولیو نمبر درج کریں۔

۲۔ مندرجہ ذیل کے لئے پراکسی لازم کئی کے رجسٹرڈ آفس میں ہر طرح سے مکمل صورت میں اجلاس کے لئے طے شدہ وقت سے کم از کم ۲۸ گھنٹے قبل موصول ہو جائے۔

۳۔ سی ڈی سی شیر ہولڈرز یا ان کے پراکسی اپنی شناخت میں سہولت کے لئے اصل کپیڈ انڈر ڈومیسٹک شناختی کارڈ یا ایپا سپورٹ بشمول پارٹیچپٹ کا آئی ڈی نمبر اور ان کے اکاؤنٹ نمبر لازماً ساتھ لائیں۔

مفصل طریقہ کار غیر معمولی اجلاس عام کی اطلاع کے نوٹس میں دیا گیا ہے۔

دستخط ممبر (ممبران)

شیر ہولڈر / ہولڈرز / فولیو نمبر _____ اور / یا
سی ڈی سی پارٹیچپٹ آئی ڈی نمبر _____ اور
ذیلی اکاؤنٹ نمبر _____



IBL HealthCare

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-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
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-  Online Quizzes



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IBL HealthCare Limited

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