

IBL HealthCare Limited

Promise for healthy life



For the 1st Quarter ended
September 30, 2018

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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

Mr. Shariq Zafar

AUDITORS

A.F. Ferguson & Co., Chartered Accountants

INTERNAL AUDITOR

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

Directors' Report

The Board of Directors of IBL HealthCare Limited (IBLHL) takes pleasure to present before shareholders' performance review together with the condensed interim financial information of the Company for the quarter ended September 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

	September 30,	
	2018	2017
	(Rupees in thousand)	
Revenue	352,620	318,565
Gross profit	97,399	101,180
Gross profit as a percentage of revenue	27.6%	31.8%
Profit before taxation	43,041	60,912
Profit after taxation	25,642	47,915

PRINCIPAL ACTIVITIES & OVERVIEW OF FINANCIAL PERFORMANCE

The principal activities of the Company include marketing, selling and distribution of healthcare products. During the period, unstable political condition of the country led to the serious economic crises which also adversely impacted the business of company. The profitability of the company squeezed significantly due to devaluation of currency since the business is totally based on imports.

The revenue for the current period is Rs. 352.6 million as compared to Rs. 318.5 million for the same period last year with a positive growth of 11%. Despite of double-digit revenue growth, the gross profit as a percentage of sales has declined to 27.6% for the current quarter. Resultantly the profit after tax remained at Rs.25.6m as compared to Rs.47.9m 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.

FUTURE OUTLOOK

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.



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
Director

ڈائریکٹرز کی رپورٹ

آئی بی ایل ہیلتھ کیئر لیمنڈ (آئی بی ایل ایچ ایل) کے بورڈ آف ڈائریکٹرز شیئر ہولڈرز کے روبرو ہمسرت کارکردگی کا جائزہ مع ۳۰ ستمبر ۲۰۱۸ء کو ختم ہونے والی مہینے کے مجموعی عبوری مالیاتی حسابات پیش کر رہے ہیں۔

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

مالیاتی کارکردگی کا جائزہ

30 ستمبر 2017	30 ستمبر 2018	
(روپے ہزاروں میں)		
318,565	352,620	آمدنی
101,180	97,399	مجموعی منافع جات
31.8 فیصد	27.6 فیصد	مجموعی منافع جات برطانیہ آمدنی کا فیصدی
60,912	43,041	قبل از ٹیکس منافع
47,915	25,642	بعد از ٹیکس منافع

بنیادی سرگرمیاں اور مالیاتی کارکردگی کا جائزہ

کمپنی کی بنیادی سرگرمیوں میں ہیلتھ کیئر مصنوعات کی مارکیٹنگ، فروخت اور تقسیم شامل ہیں۔ زیر جائزہ مدت کے دوران ملک کی غیر مستحکم سیاسی صورتحال کے نتیجے میں سنگین معاشی بحرانوں کا سامنا رہا ہے جس کے منفی اثرات کمپنی کے کاروبار پر بھی مرتب ہوئے۔ کرنسی کی قدر میں کمی کے باعث کمپنی کے منافع جات پر بہت فرق پڑا کیونکہ کاروبار مکمل طور پر درآمدات پر منحصر ہے۔

رواں مدت کے لیے آمدنی ۳۵۲.۶ ملین روپے رہی جو گزشتہ سال کی اس مدت کے دوران ۳۱۸.۵ ملین روپے تھی جس سے ۱۱ فیصد کی مثبت شرح نمو حاصل ہوئی۔ آمدنی میں ۲ ہندسوں کی شرح نمو کے حصول کے باوجود مجموعی منافع بطور سیلز کی فیصدی شرح رواں سہ ماہی کیلئے ۲۷.۶ فیصد کم ہو گیا۔ نتیجے کے طور پر منافع بعد از ٹیکس ۲۵.۶ ملین روپے رہا جو گزشتہ سال کی اس مدت میں ۲۷.۹ ملین روپے تھا۔ کرنسی کی قدر میں کمی اور ڈیویڈنڈز میں اضافے کے اثرات کو زائل کرنے کے لئے متعدد آپریشنل اقدامات بروئے کار لائے گئے تاکہ آمدنی اور منافع جات میں اضافہ کیا جائے۔

مستقبل کا جائزہ

ہم پر 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۔

سید ندیم احمد
ڈائریکٹر

مفتی ضیاء الاسلام
چیف ایگزیکٹو آفیسر

کراچی
۲۹ اکتوبر ۲۰۱۸ء


Condensed Interim Statement of Financial Position

As at September 30, 2018

	Note	Un-audited September 30, 2018 ------(Rupees in '000)-----	Audited June 30, 2018
ASSETS			
Non-current assets			
Property and equipment	4	8,779	6,198
Investment property - at cost		341,253	341,253
Intangible assets		5,394	5,545
Long term loans and advance		26,260	26,260
		381,686	379,256
Current assets			
Inventories		247,820	222,452
Trade and other receivable	5	399,929	402,352
Short-term deposits, prepayments, loans and advance		319,632	286,434
Interest accrued		21,624	16,208
Investments - at fair value through profit or loss	6	1,012	55,782
Current tax asset		8,883	9,712
Cash and bank balances	7	35,634	27,722
		1,034,534	1,020,662
Total assets		1,416,220	1,399,918
EQUITY AND LIABILITIES			
Share capital and reserves			
Share Capital			
Issued, subscribed and paid-up share capital	8	540,877	540,877
Capital reserve			
Share premium		119,600	119,600
Revenue reserve			
Un-appropriated profit		553,916	528,274
		1,214,394	1,188,751
Liabilities			
Current liabilities			
Trade and other payables	9	194,697	203,979
Unclaimed dividend		7,130	7,188
		201,827	211,167
CONTINGENCIES AND COMMITMENTS			
Total equity and liabilities	10	1,416,220	1,399,918

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director

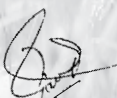

Chief Financial Officer


Condensed Interim Statement Of Profit Or Loss And Other Comprehensive Income (Un-audited)

for the three months ended September 30, 2018

	Note	September 30, 2018	September 30, 2017
		-----Rupees in '000-----	
Revenue	11	352,620	318,565
Cost of Sales		(255,221)	(217,385)
Gross Profit		97,399	101,180
Distribution costs		(44,208)	(38,403)
Administrative expenses		(18,475)	(12,085)
Other operating expenses		(3,355)	-
Other income	12	11,860	10,569
Profit from operations		43,220	61,261
Finance cost		(179)	(349)
Profit before income tax		43,041	60,912
Income tax expense		(17,399)	(12,997)
Profit after taxation		25,642	47,915
Other comprehensive income		-	-
Total comprehensive income		25,642	47,915
Earnings per share - basis and diluted		0.47	0.89

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.


 Chief Executive Officer


 Director


 Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-Audited)

for the three months ended September 30, 2018

September 30, 2018 September 30, 2017
-----Rupees in '000-----

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	43,041	60,912
Adjustments for non-cash items:		
Depreciation	475	550
Amortization of intangible assets	151	8
Finance cost	179	349
Dividend income	(17)	-
Interest income	(5,416)	(5,368)
Realized gain on investments - at fair value through profit or loss	(73)	(1,745)
Un-realised gain/ (loss) on investment - at fair value through profit or loss	(142)	1,218
	38,199	55,924
Decrease/(Increase) in working capital		
Inventories	(25,368)	9,080
Trade and other receivables	2,423	(5,807)
Short-term deposits, prepayments, loans and advances	(33,198)	19,536
Refunds due from government - sales tax	-	927
Trade and other payables	(9,282)	(16,536)
	(65,425)	7,200
Cash (used) in/generated from operations	(27,226)	63,124
Income tax paid	(16,570)	(14,986)
Finance cost paid	(179)	(349)
Decrease in long-term loans and advances	-	1,196
Net cash (used) in/generated from operating activities	(43,975)	48,985

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(3,056)	(104,378)
Purchase of intangibles	-	(145)
Dividend received	17	-
Short term investments made	(16)	(70,000)
Proceeds from redemption of investments	55,000	117,000
Net cash generated from/(used) in investing activities	51,945	(57,523)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(58)	-
Net cash (used) in financing activities	(58)	-

Net (decrease) in cash and cash equivalents

Net (decrease) in cash and cash equivalents	7,912	(8,538)
Cash and cash equivalents at the beginning of the period	27,722	16,104
Cash and cash equivalents at the end of the period	35,634	7,566

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

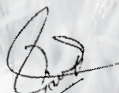
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-Audited)

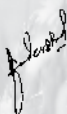
for the three months ended September 30, 2018

	Issued, subscribed and paid-up share capital	Reserve for issue of bonus shares	Share Premium	Unappropriated Profit	Total share holders' equity
------(Rupees in '000)-----					
Balance as at July 01, 2017	491,706	-	119,600	477,276	1,088,582
Total comprehensive income for the period ended September 30, 2017	-	-	-	47,915	47,915
	491,706	-	119,600	525,191	1,136,497
Balance as at July 01, 2018	540,877	-	119,600	528,274	1,188,751
Total comprehensive income for the period ended September 30, 2018	-	-	-	25,642	25,642
Balance as at September 30, 2018	540,877	-	119,600	553,916	1,214,394

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

Notes To The Condensed Interim Financial Information

for the three months ended September 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 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.

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

The Company is the sole distributor for the products of Mead Johnson Nutrition in Pakistan. During the year ended June 30, 2017, Mead Johnson Nutrition was globally acquired by Reckitt Benckiser plc, UK. However, there is no change in the distribution arrangement in Pakistan.

2. BASIS OF PREPARATION

The condensed interim financial information of the Company for the period ended September 30, 2018 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information is being present and submitted to the shareholders as required by the Listing Regulations of the Pakistan Stock Exchange and under section 237 of the Companies Act, 2017.

The condensed interim financial information does not include all the information required for the complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2018.

		Un-audited September 30, 2018	Audited June 30, 2018
	Note	-----Rupees in '000-----	
4. PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	<u>8,779</u>	6,198
		<u>8,779</u>	<u>6,198</u>

4.1 Details of additions in operating assets during the period were as follows:

	Un-audited September 30, 2018	Un-audited September 30, 2017
	-----Rupees in '000-----	
Property - Owned	-	104,378
Office equipments	<u>3,056</u>	-
	<u>3,056</u>	<u>104,378</u>

Notes To The Condensed Interim Financial Information

for the three months ended September 30, 2018

		Un-audited September 30, 2018	Audited June 30, 2018
	Note	-----Rupees in '000-----	
5. TRADE AND OTHER RECEIVABLES			
Trade receivables - Considered good			
Due from related party	5.1	331,721	349,163
Others		57,705	46,763
		<u>389,426</u>	<u>395,926</u>
Less: Provision for doubtful debts		(800)	(600)
		<u>388,626</u>	<u>395,326</u>
Other receivables			
Insurance claim		119	101
Claims from Supplier		6,453	4,549
Rent receivable		4,731	2,376
		<u>11,303</u>	<u>7,026</u>
		<u>399,929</u>	<u>402,352</u>
5.1.	As at September 30, 2018, amount due from IBL Operations (Private) Limited stood at Rs. 331.72 million.		
6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS			
NAFA Islamic Aggressive Income Fund		229	55,008
Meezan Cash Fund		783	774
		<u>1,012</u>	<u>55,782</u>
		Number of units	
NAFA Islamic Aggressive Income Fund		23,784	5,505,230
Meezan Cash Fund		15,314	14,709
		<u>39,098</u>	<u>5,519,939</u>
		Un-audited September 30, 2018	Audited June 30, 2018
	Note	-----Rupees in '000-----	
7. CASH AND BANK BALANCES			
Cash in hand		100	100
Cheques in hand		-	8,900
Cash at banks		35,534	18,722
		<u>35,634</u>	<u>27,722</u>
8. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
September 30, 2018		Un-audited September 30, 2018	Audited June 30, 2018
June 30, 2018		-----Rupees in '000-----	
Number of Shares	Note		
54,087,605		540,877	540,877
54,087,605		<u>540,877</u>	<u>540,877</u>

Ordinary shares of Rs. 10 each fully paid in cash.

Notes To The Condensed Interim Financial Information

for the three months ended September 30, 2018

	Un-audited September 30, 2018	Audited June 30, 2018
	-----Rupees in '000-----	
9. TRADE AND OTHER PAYABLES		
Creditors	120,560	133,450
Accrued liabilities	40,842	43,215
Advance from customers	13,505	8,884
Workers' Welfare Fund	9,395	9,395
Due to related parties	6,678	5,319
Other liabilities	3,716	3,716
	<u>194,697</u>	<u>203,979</u>

10. CONTINGENCIES AND COMMITMENTS

Letter of credit outstanding	<u>209,011</u>	<u>219,175</u>
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- 10.1 The facility for opening Letters of Credit (LCs) acceptances and guarantees as at September 30, 2018 amounted to Rs. 383 million (June 2018: Rs. 383 million) of which the amount remained unutilized as at balance sheet date was Rs. 173.9 million (June 2018: Rs. 163.8 million).

	Un-audited September 30, 2018	Audited June 30, 2018
	-----Rupees in '000-----	
11. REVENUE		
Gross sales	397,706	360,893
Sales tax	(2,376)	(513)
	<u>395,330</u>	<u>360,380</u>
Less:		
Sales return	(3,492)	(4,455)
Sales discount	(39,219)	(37,360)
	<u>(42,710)</u>	<u>(41,815)</u>
	<u>352,620</u>	<u>318,565</u>

12. OTHER INCOME

Income from financial assets

Realised gain on investments - at fair value through profit or loss	73	1,430
Un-realised gain on investments - at fair value through profit or loss	226	-
Exchange gain	97	28
Interest on loan to International Brands Limited	5,416	5,368
Dividend income	17	-
	<u>5,829</u>	<u>6,826</u>

Income from non-financial assets

Rental income from investment property	6,031	3,714
Scrap sales	-	29
	<u>6,031</u>	<u>3,743</u>
	<u>11,860</u>	<u>10,569</u>

Notes To The Condensed Interim Financial Information

for the three months ended September 30, 2017

13. RELATED PARTY TRANSACTIONS

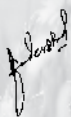
The Company is controlled by The Searle Company Limited, which owns 74.19% of the Company's shares and International Brands Limited holds 0.32% shares in the Company. The remaining 25.49% shares are widely held. IBL Operations (Private) Limited is an associated company on the basis of common directorship.

Related Party	Nature of relationship	Nature of transaction / balance	Un-audited September 30, 2018 -----Rs. in '000-----	Un-audited September 30, 2017
The Searle Company Limited	Parent	Sale of goods	-	40
		Purchase of goods	568	238
International Brands Limited	Associate	Interest income	5,416	5,368
		Corporate service charges	4,200	-
IBL Operations (Private) Limited	Associate	Sale of goods	249,989	234,766
		Shared cost	759	709
IBL Identity (Private) Limited	Associate	Rent income	1,172	1,320
Tax online (Private) Limited	Associate	Rent income	225	-

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 29, 2018 by the Board of Directors of the Company.


 Chief Executive Officer


 Director


 Chief Financial Officer

IBL HealthCare Limited

9th Floor, N.I.C. Building, Abbasi Shaheed Road,
Off: Shahrāh-e-Faisal, Karachi-75530
www.iblhc.com