

IBL HealthCare Limited

**Promise**  
for **healthy life**



Half Yearly Report December 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 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

9<sup>th</sup> 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 reviewed condensed interim financial statement of the Company for the half year ended December 31, 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

	December 31, 2018	2017
	(Rupees in Thousand)	
Revenue	755,150	644,033
<b>Gross profit</b>	<b>221,286</b>	<b>198,312</b>
Gross profit as a percentage of revenue	29.3%	30.8%
Profit before taxation	97,341	106,785
<b>Profit after taxation</b>	<b>62,619</b>	<b>75,001</b>

## PRINCIPAL ACTIVITIES & OVERVIEW OF FINANCIAL PERFORMANCE

The performance of the company for the first half of the financial year remained satisfactory in the prevailing circumstances of serious economic crisis coupled with drastic devaluation of currency, impacted the business mainly based on imports. However, management is optimistic to recover the deficit in next half of the financial year considering economic stability during the period, launch of new products and expansion in the customer coverage.

The revenue for the current period is Rs. 755.15 million as compared to Rs. 644.03 million for the same period last year with a positive growth of 17.3%. Despite of double-digit revenue growth, the gross profit percentage has declined to 29.3% as compared to 30.3% last year. This decline in gross profit restricted the profit after tax at Rs.62.6m as compared to Rs.75.01m same period last year. To neutralize the effect of devaluation, various operational measures have been taken to enhance the revenue and profitability.

## FUTURE OUTLOOK

The company is continuously striving to maximize the profitability and growth. 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

February 21, 2019  
Karachi

## ڈائریکٹرز کی رپورٹ

آئی بی ایل ہیلتھ کیئر لمیٹڈ (آئی بی ایل ایچ ایل) کے بورڈ آف ڈائریکٹرز شیئر ہولڈرز کے روبرو سمیرت کارکردگی کا جائزہ مع ۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے مجموعی عبوری مالیاتی حسابات جائزے کے بعد پیش کر رہے ہیں۔

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

### مالیاتی کارکردگی کا جائزہ

31 دسمبر 2017	31 دسمبر 2018	
(روپے ہزاروں میں)		
644,033	755,150	آمدنی
198,312	221,286	مجموعی منافع جات
30.8 فیصد	29.3 فیصد	مجموعی منافع جات برطابق آمدنی کا فیصدی
106,785	97,341	قبل از ٹیکس منافع
75,001	62,619	بعد از ٹیکس منافع

### بنیادی سرگرمیاں اور مالیاتی کارکردگی کا جائزہ

مالی سال کی پہلی ششماہی کیلئے کمپنی کی کارکردگی ننگین اقتصادی بہران کے ساتھ روپے کی قدر میں انتہائی کمی کی موجودہ صورتحال کے باوجود اطمینان بخش رہی جبکہ اس صورتحال کے درآمدی کاروبار پر بھی اثرات مرتب ہوئے۔ تاہم انتظامیہ پُر عزم ہے کہ مالی سال کی آئندہ ششماہی میں خسارہ پورا کر لیا جائے گا کیونکہ اس مدت میں اقتصادی استحکام کے امکانات ہیں جبکہ نئی پروڈکٹس کے تعارف کے ساتھ صارفین کے دائرہ کار میں توسیع بھی متوقع ہے۔

روان مدت کے لئے آمدنی ۵۵۵.۱۵ ملین روپے رہی جو گزشتہ سال کی اس مدت میں ۶۴۴.۰۳ ملین تھی جس سے ۷.۳ فیصد کی مثبت شرح نمو ظاہر ہوتی ہے۔ آمدنی میں ۲ ہندسوں کی شرح نمو کے حصول کے باوجود مجموعی منافع کی فیصدی شرح کم ہو کر ۲۹.۶ فیصد رہی جو اس کے مقابلے میں گزشتہ سال ۳۰.۸ فیصد رہی تھی۔ مجموعی منافع میں اس کمی نے منافع بعد از ٹیکس کو ۶۲.۶ ملین روپے تک محدود رکھا جو گزشتہ سال کی اس مدت میں ۵۵.۰۱ ملین روپے تھا۔ روپے کی قدر میں کمی کے اثرات کو معمول پر لانے کیلئے آمدنی اور منافع جات میں اضافے کی غرض سے مختلف آپریشنل اقدامات بروئے کار لائے گئے۔

### مستقبل کا جائزہ

کمپنی مستقل طور پر منافع جات اور شرح نمو میں اضافے کیلئے کوشاں ہے۔ ہم پُر امید ہیں کہ شیئر ہولڈرز کیلئے زائد منافع کے حصول کے ساتھ ساتھ اپنے صارفین کو بہترین مصنوعات اور خدمات کی فراہمی میں کامیاب رہیں گے۔ اس عزم کے ساتھ ہم اپنی سیکلوزرس 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  
۲۱ فروری ۲۰۱۹ء

# Independent Auditor's Review Report to the members of IBL HealthCare Limited

Report on review of Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of IBL HealthCare Limited as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

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

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



Chartered Accountants  
Karachi

Date: February 26, 2019

# Condensed Interim Statement of Financial Position

As at December 31, 2018

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
Rupees :000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	8,716	6,198
Investment property		341,253	341,253
Intangibles	6	5,243	5,545
Long term loans and advances	7	16,384	26,260
		<b>371,596</b>	<b>379,256</b>
<b>Current assets</b>			
Inventories		330,280	222,452
Trade and other receivables	8	464,109	402,352
Short-term deposits, prepayments, loans and advances	9	325,817	286,434
Interest accrued		6,855	16,208
Investments - at fair value through profit or loss		-	55,782
Current tax asset		15,858	9,712
Cash and bank balances	10	29,441	27,722
		<b>1,172,360</b>	<b>1,020,662</b>
<b>Total assets</b>		<b>1,543,956</b>	<b>1,399,918</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	11	540,877	540,877
Share Premium		119,600	119,600
Un-appropriated Reserves		536,805	528,274
		<b>1,197,282</b>	<b>1,188,751</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		298,737	203,126
Sales Tax Payables		1,781	853
Unpaid Dividend		39,028	-
Unclaimed Dividend		7,128	7,188
		<b>346,674</b>	<b>211,167</b>
<b>Contingencies and commitments</b>	12		
<b>Total equity and liabilities</b>		<b>1,543,956</b>	<b>1,399,918</b>

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer



# Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the half year ended December 31, 2018 - Unaudited

		Quarter ended		Half year ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		----- Rupees '000 -----			
Revenue	13	402,530	325,468	755,150	644,033
Cost of sales		(278,643)	(228,336)	(533,864)	(445,721)
Gross profit		123,887	97,132	221,286	198,312
Distribution cost		(54,201)	(39,804)	(98,409)	(78,207)
Administrative expenses		(21,841)	(19,032)	(40,316)	(31,117)
Other Operating Expenses		(4,479)	-	(7,834)	(3,167)
Other income	14	11,227	7,768	23,087	21,504
Operating profit		54,593	46,064	97,814	107,325
Finance cost		(294)	(191)	(473)	(540)
Profit before taxation		54,299	45,873	97,341	106,785
Income tax expense		(17,323)	(18,787)	(34,722)	(31,784)
Profit after taxation		36,976	27,086	62,619	75,001
Other comprehensive income		-	-	-	-
Total comprehensive income		36,976	27,086	62,619	75,001
Earnings per share - basic and diluted (Rupees)		0.68	(Restated) 0.50	1.16	(Restated) 1.39

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

# Condensed Interim Statement of Cash Flow

For the half year ended December 31, 2018 - Unaudited

		December 31, 2018	December 31, 2017
	Note	Rupees '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	15	(24,375)	73,317
Interest income received		20,125	10,902
Income tax paid		(40,868)	(37,780)
Finance cost paid		(473)	(540)
Decrease in long term loans and advances		9,876	13,558
Net cash (used in) / generated from operating activities		(35,715)	59,457
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property and equipment		(3,553)	(106,197)
Payments for acquisition of intangibles		-	(144)
Dividend received		17	6
Payments for acquisition of short term investments		-	(120,082)
Proceeds from redemption of short term investments		56,090	215,705
Net cash generated from / (used in) investing activities		52,554	(10,712)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(15,120)	(47,187)
Net increase in cash and cash equivalents		1,719	1,558
Cash and cash equivalents at beginning of the period		27,722	16,104
Cash and cash equivalents at end of the period	16	29,441	17,662

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

# Condensed Interim Statement of Changes In Equity

For the half year ended December 31, 2018 - Unaudited

	Issued, subscribed and paid-up capital	Capital reserve		Revenue reserve	Total reserves	Total
		Share Premium	Issue of bonus shares	Unappropriated profit		
----- Rupees '000 -----						
Balance as at July 01, 2017	491,706	119,600	-	477,276	596,876	1,088,582
Total comprehensive income for the period	-	-	-	75,001	75,001	75,001
<b>Transaction with owners</b>						
Transfer to reserve for issuance of bonus shares	-	-	49,171	(49,171)	-	-
Bonus shares issued during the period 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 December 31, 2017	540,877	119,600	-	453,935	573,535	1,114,412
Balance as at July 01, 2018	540,877	119,600	-	528,274	647,874	1,188,751
Total comprehensive income for the period	-	-	-	62,619	62,619	62,619
<b>Transaction with owners</b>						
Final dividend for the year ended June 30, 2018 @ Re. 1 per share	-	-	-	(54,088)	(54,088)	(54,088)
Balance at December 31, 2018	540,877	119,600	-	536,805	656,405	1,197,282

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

# Notes to the Condensed Interim Financial Statements

For the half year ended December 31, 2018 - Unaudited

## 1. THE COMPANY AND ITS 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 a public limited company with its liability limited by shares. The shares of the Company are quoted on Pakistan Stock Exchange. The principal business activities of the Company include marketing, selling and distribution of health-care products. The registered office of the Company is situated at 9th Floor, N.I.C. Building, Abbasi Shaheed Road, 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. In 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

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

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

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.

### 2.1 Changes in accounting standards, interpretations and pronouncements

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

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.

# Notes to the Condensed Interim Financial Statements

For the half year ended December 31, 2018 - Unaudited

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 changes laid down by these standards do not have any significant impact on these financial statements of the Company.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant to the Company's financial statements and hence have not been detailed here.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant to the Company's financial statements and hence have not been detailed here.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

### **4. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

# Notes to the Condensed Interim Financial Statements

For the half year ended December 31, 2018 - Unaudited

	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	Rupees '000	

## 5. PROPERTY AND EQUIPMENT

Operating assets - note 5.1	<u>8,716</u>	<u>6,198</u>
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- 5.1 Details of additions in operating assets including transfers from capital work in progress during the period are as follows:

	(Unaudited) December 31, 2018	(Unaudited) December 31, 2017
	Rupees '000	
Leasehold land	-	142,937
Office equipments	2,916	162
Furniture and fixtures	637	1,150
	<u>3,553</u>	<u>144,249</u>

	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	Rupees '000	

## 6. INTANGIBLES

Computer software	<u>5,243</u>	<u>5,545</u>
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## 7. LONG TERM LOANS AND ADVANCES - unsecured

Loans - considered good		
- Related party - note 7.1	52,875	62,750
Less: current portion of long term loan	(36,491)	(36,512)
	<u>16,384</u>	<u>26,238</u>
- Employee	-	82
Less: current portion of employee loan	-	(60)
	<u>-</u>	<u>22</u>
	<u>16,384</u>	<u>26,260</u>

- 7.1 This represents loan to International Brands Limited, the ultimate holding company. The said loan was approved in the extra ordinary general meeting held on January 14, 2015 as per the requirements of section 208 of the repealed Companies Ordinance, 1984. The tenure of this loan is 5 years maturing on January 20, 2020 with a grace period of 1 year payable in equal semi-annual instalments. The rate of mark-up is 12 months KIBOR+1% per annum.

## 8. TRADE AND OTHER RECEIVABLES

These include Rs. 407.79 (June 30, 2018: Rs. 351.47) receivable from related parties.

# Notes to the Condensed Interim Financial Statements

For the half year ended December 31, 2018 - Unaudited

	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	Rupees '000	
<b>9. SHORT-TERM DEPOSITS, PREPAYMENTS, LOANS AND ADVANCES</b>		
<b>Loans to International Brands Limited</b>		
- Current portion of long term loan - note 7	36,491	36,512
- Short term loan - note 9.1	200,000	200,000
	<b>236,491</b>	<b>236,512</b>
Prepayments	1,892	291
Short term deposits	4,994	5,238
Current portion of employee loan	-	60
<b>Advances</b>		
- To employees	2,570	1,303
- To suppliers	12,402	3,580
- Against imports - note 9.2	67,468	39,450
	<b>82,440</b>	<b>44,333</b>
	<b>325,817</b>	<b>286,434</b>

**9.1** This loan is repayable within 1 year and carries mark-up at the rate of 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 with maturity on June 30, 2019.

**9.2** These advances are 100% cash margin on import of specified items kept with scheduled banks in accordance with the requirement of Circular No. 02 of 2017 of Banking Policy & Regulations Department, State Bank of Pakistan.

	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	Rupees '000	
<b>10. CASH AND BANK BALANCES</b>		
Cash at bank - current accounts	29,341	18,722
Cash in hand	100	100
Cheques in hand	-	8,900
	<b>29,441</b>	<b>27,722</b>

# Notes to the Condensed Interim Financial Statements

For the half year ended December 31, 2018 - Unaudited

## 11. SHARE CAPITAL

Authorised share capital (Unaudited) December 31, 2018	(Audited) June 30, 2018		(Unaudited) December 31, 2018	(Audited) June 30, 2018
Rupees '000				
<u>75,000,000</u>	<u>75,000,000</u>	Ordinary shares of Rs. 10 each	<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid up capital				
(Unaudited) December 31, 2018	(Audited) June 30, 2018			
<u>22,990,000</u>	<u>22,990,000</u>	Shares allotted for consideration paid in cash	<u>229,900</u>	<u>229,900</u>
<u>31,097,605</u>	<u>31,097,605</u>	Shares allotted as bonus shares	<u>310,977</u>	<u>310,977</u>
<u>54,087,605</u>	<u>54,087,605</u>		<u>540,877</u>	<u>540,877</u>

### 11.1 Movement in issued, subscribed and paid-up capital

(Unaudited) December 31, 2018	(Audited) June 30, 2018		(Unaudited) December 31, 2018	(Audited) June 30, 2018
Rupees '000				
<u>54,087,605</u>	<u>49,170,550</u>	Opening shares outstanding	<u>540,877</u>	<u>491,706</u>
-	<u>4,917,055</u>	Shares allotted as bonus shares	-	<u>49,171</u>
-	-	Shares allotted as right shares	-	-
<u>54,087,605</u>	<u>54,087,605</u>		<u>540,877</u>	<u>540,877</u>

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

**12.1.1** There has been no significant change in the status of contingency as reported in the annual audited financial statements of the Company for the year ended June 30, 2018.

### 12.2 Commitments

The facilities for opening letters of credit as at December 31, 2018 amounted to Rs. 383 million (June 30, 2018: Rs. 283 million) of which the amount remaining unutilised at the end of period was Rs. 192.5 million (June 30, 2018: Rs. 163.09 million).

The above facilities are secured by way of first pari passu hypothecation charge over all present and future stocks and receivables of the Company.



# Notes to the Condensed Interim Financial Statements

For the half year ended December 31, 2018 - Unaudited

	December 31, 2018	December 31, 2017
	Rupees '000	
<b>13. REVENUE</b>		
Gross sales	863,700	733,797
Sales tax	(17,094)	(2,034)
	846,606	731,763
Less:		
Sales discount	82,570	74,357
Sales return	8,886	13,373
	91,456	87,730
	755,150	644,033
<b>14. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Realised gain on investments - at fair value through profit or loss	308	500
Unrealised gain on investments - at fair value through profit or loss	-	615
Interest on loan to International Brands Limited	10,772	10,475
Dividend income	17	6
	11,097	11,596
<b>Income from non - financial assets</b>		
Scrap sales	-	35
Rental income from investment property	11,990	8,914
Insurance claim	-	959
	11,990	9,908
	23,087	21,504

# Notes to the Condensed Interim Financial Statements

For the half year ended December 31, 2018 - Unaudited

	December 31, 2018	December 31, 2017
	Rupees '000	
<b>15. CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
Profit before taxation	97,341	106,785
<b>Add / (Less): Adjustment for non-cash charges and other items</b>		
Depreciation of property and equipment	1,035	1,098
Amortisation of intangible assets	302	15
Finance cost	473	540
Interest income	(10,772)	(10,475)
Dividend Income	(17)	(6)
Realised gain on investments - at fair value through profit or loss	(308)	(500)
Unrealised gain on investments - at fair value through profit or loss	-	(615)
	(9,287)	(9,943)
Profit before changes in working capital	88,054	96,842
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Inventories	(107,828)	(29,424)
Trade and other receivables	(61,757)	(21,211)
Short-term deposits, prepayments, loans and advances	(39,383)	(1,036)
Refunds due from government - sales tax	-	927
Other receivables	-	-
	(208,968)	(50,744)
Increase in trade and other payables	96,539	27,219
Cash (used in) / generated from operations	(24,375)	73,317
<b>16. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	29,441	17,662

## 17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

Financial risk factors

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

# Notes to the Condensed Interim Financial Statements

For the half year ended December 31, 2018 - Unaudited

## Fair value estimation and hierarchy

As at December 31, 2018 all financial assets and financial liabilities are carried at amortised cost.

The valuation techniques and fair value hierarchy of the financial assets of the Company are consistent with those given in the financial statements for the year ended June 30, 2018.

## 18. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	December 31, 2018	December 31, 2017
		Rupees '000	
i. Ultimate holding company	- Dividend paid	147	135
	- Share of expenses	9,600	5,400
	- Recovery of loan	30,000	24,000
	- Interest income	10,772	10,475
ii. Holding company	- Dividend paid	-	30,281
	- Share of expenses	387	541
	- Sale of goods	-	87
	- Purchase of goods	239	992
iii. Associated companies	- Sale of goods	531,093	478,616
	- Share of expenses	1,617	1,446
	- Payment made for SAP implementation	-	144
	- Donation paid	2,500	500
	- Rental income	3,354	2,640
iv. Employees' Provident Fund	Contribution paid	1,950	1,807
v. Key Management Personnel	- Salaries and other employee benefits	7,908	8,224
	- Directors' fee	200	400

## 19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 21, 2019.



Chief Executive



Director



Chief Financial Officer

## **IBL HealthCare Limited**

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