

IBL HealthCare Limited

Promise for healthy life



Report for nine months ended March 31, 2019

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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

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

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 statements of the Company for the period ended March 31, 2019.

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

	2019	March 31, 2018
	(Rupees in Thousand)	
Revenue	1,147,900	988,124
Gross profit	324,940	308,639
Gross profit as a percentage of revenue	28.3%	31.2%
Profit before taxation	139,699	162,987
Profit after taxation	83,433	114,098

PRINCIPAL ACTIVITIES & OVERVIEW OF FINANCIAL PERFORMANCE

The performance of the company for the nine months 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 closing quarter of the financial year considering economic stability during the period. Launch of new products and expansion in the customer coverage will be our key focusing area to meet the objective kept for financial year 2018-19.

The revenue for the current period is Rs. 1.15 billion as compared to Rs. 988.12 million for the same period last year with a positive growth of 16.1%. Despite of double-digit revenue growth, the gross profit percentage has declined to 28.3% as compared to 31.2% last year. This decline in gross profit restricted the profit after tax at Rs.83.4m as compared to Rs.114.01m 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

April 16, 2019
Karachi

ڈائریکٹرز کی رپورٹ

آئی بی ایل ہیلتھ کیئر لمیٹڈ (آئی بی ایل ایچ ایل) کے بورڈ آف ڈائریکٹرز شیئر ہولڈرز کے روبرو بمسرت کارکردگی کا جائزہ مع ۳۱ مارچ ۲۰۱۹ء کو ختم ہونے والی سی مہی کے لئے کمپنی 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 ڈسکلوزر) کے تحت تیار کی گئی ہے۔

مالیاتی کارکردگی کا جائزہ

31 مارچ

2018	2019	
(روپے ہزاروں میں)		
988,124	1,147,900	آمدنی
308,639	324,940	مجموعی منافع جات
31.2 فیصد	28.3 فیصد	مجموعی منافع جات برعاطق آمدنی کا فیصدی
162,987	139,699	قبل از ٹیکس منافع
114,098	83,433	بعد از ٹیکس منافع

بنیادی سرگرمیاں اور مالیاتی کارکردگی کا جائزہ

مالی سال کے ۹ ماہ کیلئے کمپنی کی کارکردگی سنگین معاشی بحران اور کرنسی کی قدر میں نمایاں کمی کے موجودہ حالات میں بھی اطمینان بخش رہی اور اس کے اثرات درآمدات پر منحصر کاروبار پر مرتب ہوئے، تاہم انتظامیہ پُر عزم ہے کہ مالی سال کی اختتامی سہ ماہی میں خسارہ پورا کر لیا جائے گا کیونکہ آنے والی مدت میں معاشی استحکام کے قوی امکانات موجود ہیں۔ نئی مصنوعات کے تعارف اور صارفین کا دائرہ کار وسیع کرنا ہمارا کلیدی توجہ کا مرکز ہے تاکہ مالی سال ۲۰۱۹ء-۲۰۱۸ء کیلئے اہداف پورے کئے جاسکیں۔

رواں مدت کیلئے آمدنی ۱۵ ارب روپے رہی جو گزشتہ سال کی اس مدت کے دوران ۱۲ ارب ۹۸۸ ملین روپے تھی جس سے ۱۶ فیصد کی مثبت شرح نمو حاصل ہوئی۔ آمدنی میں ۲ ہندسوں کی شرح نمو کے باوجود مجموعی منافع کی شرح میں ۳۸ فیصد کمی آئی جو گزشتہ سال کے مقابلے میں ۳۱ فیصد تھی۔ مجموعی منافع میں کمی نے منافع بعد از ٹیکس کو ۸۳ ملین روپے پر روک دیا جو اس کے مقابلے میں گزشتہ سال اسی مدت کے دوران ۱۱۴ ملین روپے تھا۔ روپے کی قدر میں کمی کے اثرات کو کم کرنے کے لئے آمدنی اور منافع جات میں اضافے کی غرض سے مختلف آپریشنل اقدامات کئے گئے۔

مستقبل کا جائزہ

کمپنی منافع جات اور ترقی کے حصول کیلئے مستقل طور پر کوشاں ہے۔ ہم پُر اعتماد ہیں کہ ہم شیئر ہولڈرز کیلئے منافع جات میں اضافے کے ساتھ ساتھ اپنے صارفین کو بہتر مصنوعات اور خدمات کی فراہمی میں کامیاب رہیں گے۔ اس عزم کے ساتھ ہم اپنی سٹیز 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:

۱۶ اپریل ۲۰۱۹ء

Condensed Interim Statement of Financial Position

As at March 31, 2019

	Note	Un-audited March 31, 2019 ------(Rupees in '000)-----	Audited June 30, 2018
ASSETS			
Non-current assets			
Property and equipment	5	8,602	6,198
Investment properties - at cost		341,253	341,253
Intangible assets		5,091	5,545
Long term loans and advances		16,385	26,260
		371,331	379,256
Current assets			
Inventories		429,987	222,452
Trade and other receivables	6	513,418	402,352
Short-term deposits, prepayments, loans and advances		322,582	286,434
Interest accrued		11,827	16,208
Investments - at fair value through profit or loss	7	-	55,782
Current tax asset		17,473	9,712
Cash and bank balances	8	38,328	27,722
		1,333,615	1,020,662
Total assets		1,704,946	1,399,918
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	9	540,877	540,877
Share Premium		119,600	119,600
Un-appropriated Reserves		557,620	528,274
		1,218,097	1,188,751
Liabilities			
Current liabilities			
Trade and other payables	10	473,981	203,126
Sales tax payable		3,522	853
Unpaid dividend		2,220	-
Unclaimed dividend		7,125	7,188
		486,849	211,167
Contingencies and commitments	11		
Total equity and liabilities		1,704,946	1,399,918

The annexed notes 1 to 15 form an integral part of this condensed interim financial statement



Chief Executive



Director



Chief Financial Officer

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the nine months ended March 31, 2019 - Unaudited

		Quarter ended		Nine-months ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
----- (Rupees in '000) -----					
Revenue	12	392,750	344,091	1,147,900	988,124
Cost of sales		(289,546)	(233,764)	(823,410)	(679,485)
Gross profit		103,204	110,327	324,490	308,639
Distribution cost		(49,242)	(44,467)	(147,651)	(122,674)
Administrative expenses		(20,796)	(19,107)	(61,112)	(50,224)
Other Operating Expenses		(2,725)	(779)	(10,559)	(3,964)
Other income	13	13,442	10,740	36,529	32,262
Profit from operations		43,882	56,714	141,696	164,039
Finance cost		(1,524)	(512)	(1,997)	(1,052)
Profit before income tax		42,358	56,202	139,699	162,987
Income tax expense		(21,544)	(17,104)	(56,266)	(48,888)
Profit after taxation		20,814	39,097	83,433	114,098
Other comprehensive income		-	-	-	-
Total comprehensive income		20,814	39,097	83,433	114,098
Earnings per share - basic and diluted (Rupees)		0.38	0.72	1.54	2.11

The annexed notes 1 to 15 form an integral part of this condensed interim financial statement



Chief Executive



Director



Chief Financial Officer

Condensed Interim Statement of Cash Flow

For the nine months ended March 31, 2019 - Unaudited

	March 31, 2019 ------(Rupees in '000)-----	March 31, 2018 -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	139,699	162,987
Adjustments for non-cash items:		
Depreciation	1,602	1,669
Amortization of intangible assets	453	129
Finance cost	1,997	1,052
Dividend income	(17)	(6)
Interest income	(15,744)	(15,400)
Realised gain on investments - at fair value through profit or loss	(224)	(825)
Un-realized gain on investments-at fair value through profit or loss	-	(785)
	127,767	148,821
<i>Decrease/(Increase) in working capital</i>		
Inventories	(207,535)	10,000
Trade and other receivables	(111,066)	(60,410)
Short-term deposits, prepayments, loans and advances	(36,148)	7,015
Refunds due from government - sales tax	-	927
Trade and other payables	273,524	(25,334)
	(81,224)	(67,802)
<i>Cash generated from operations</i>	46,543	81,019
Income tax paid	(64,027)	(53,256)
Finance cost paid	(1,997)	(1,052)
Interest income received	20,125	10,902
Decrease in long-term loans and advances	9,875	15,263
Net cash generated from operating activities	10,519	52,876
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of property and equipment	(4,006)	(107,735)
Payments for acquisition of intangibles	-	(144)
Dividend received	17	6
Payments for acquisition of short term investments	-	(158,582)
Proceeds from redemption of short term investments	56,006	256,301
Net cash generated from/(used) in investing activities	52,017	(10,154)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(51,930)	(47,238)
Net cash (used) in financing activities	(51,930)	(47,238)
Net increase/(decrease) in cash and cash equivalents	10,606	(4,516)
Cash and cash equivalents at the beginning of the period	27,722	16,104
Cash and cash equivalents at the end of the period	38,328	11,588

The annexed notes 1 to 15 form an integral part of this condensed interim financial statement



Chief Executive



Director



Chief Financial Officer

Condensed Interim Statement of Changes In Equity

For the nine months ended March 31, 2019 - Unaudited

	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	-	-	-	114,098	114,098
Transactions with owners					
Transfer to reserve for issue of bonus shares	-	49,171	-	(49,171)	-
Bonus shares issued in the ratio of 10 shares for every 100 shares held	49,171	(49,171)	-	-	-
Cash dividend paid for the year ended June 30, 2017 @ Re.1 per share	-	-	-	(49,171)	(49,171)
	49,171	-	-	(98,342)	(49,171)
Balance as at March 31, 2018	<u>540,877</u>	<u>-</u>	<u>119,600</u>	<u>493,032</u>	<u>1,153,509</u>
Balance as at July 01, 2018	540,877	-	119,600	528,274	1,188,751
Total comprehensive income for the period	-	-	-	83,433	83,433
Transactions with owners					
Cash dividend paid for the year ended June 30, 2018 @ Re.1 per share	-	-	-	(54,087)	(54,087)
	-	-	-	(54,087)	(54,087)
Balance as at March 31, 2019	<u>540,877</u>	<u>-</u>	<u>119,600</u>	<u>557,620</u>	<u>1,218,097</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial statement



Chief Executive



Director



Chief Financial Officer

Notes to the Condensed Interim Financial Statements

For the nine months ended March 31, 2019 - Unaudited

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 March 31, 2019 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.

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.

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

Notes to the Condensed Interim Financial Statements

For the nine months ended March 31, 2019 - Unaudited

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.

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.

	Un-audited March 31, 2019	Audited June 30, 2018
Note	-----Rupees in '000-----	

5. PROPERTY AND EQUIPMENT

Operating assets	5.1	8,602	6,198
		8,602	6,198

Notes to the Condensed Interim Financial Statements

For the nine months ended March 31, 2019 - Unaudited

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

	Un-audited March 31, 2019 -----Rupees in '000-----	Un-audited March 31, 2018
Property - Owned	-	104,888
Office equipments	4,006	2,847
	<u>4,006</u>	<u>107,735</u>

6. TRADE AND OTHER RECEIVABLES

Trade receivables - considered good

Due from related party	6.1	417,234	349,163
Others		77,465	46,763
		<u>494,699</u>	<u>395,926</u>
Less: Provision for doubtful debts		(800)	(600)
		<u>493,899</u>	<u>395,326</u>

Other receivables

Insurance claim		62	101
Claims from Supplier		13,737	4,549
Rent receivable		5,720	2,376
		<u>19,519</u>	<u>7,026</u>
		<u>513,418</u>	<u>402,352</u>

- 6.1. As at March 31, 2019, amount due from IBL Operations (Private) Limited stood at Rs. 417.23 million.

7. INVESTMENTS

NAFA Islamic Aggressive Income Fund	-	55,008
Meezan Cash Fund	-	774
	<u>-</u>	<u>55,782</u>

8. CASH AND BANK BALANCES

Cash in hand	100	100
Cheques in hand	-	8,900
Cash at bank	38,228	18,722
	<u>38,328</u>	<u>27,722</u>

Notes to the Condensed Interim Financial Statements

For the nine months ended March 31, 2019 - Unaudited

9. SHARE CAPITAL

March 31, 2019	June 30, 2018		Un-audited March 31, 2019	Audited June 30, 2018
Number of shares			-----Rupees in '000-----	
54,087,605	54,087,605	Ordinary shares of Rs. 10 each fully paid in cash.	540,877	540,877
54,087,605	54,087,605		540,877	540,877

10. TRADE AND OTHER PAYABLES

	Un-audited March 31, 2019	Audited June 30, 2018
Creditors	348,538	133,450
Accrued liabilities	26,186	42,362
Advance from customers	13,766	8,884
Workers' Welfare Fund	9,395	9,395
Due to related parties	17,369	5,319
Other liabilities	58,727	3,716
	473,981	203,126

11. CONTINGENCIES AND COMMITMENTS

Letter of credit outstanding	236,062	219,175
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- 11.1.** The facility for opening Letters of Credit (LCs) acceptances and guarantees as at March 31, 2019 amounted to Rs. 383 million (June 2018: Rs. 383 million) of which the amount remained unutilized as at balance sheet date was Rs. 128.93 million (June 2018: Rs. 163.8 million).

12. REVENUE

	Un-audited March 31, 2019	Un-audited March ,31 2018
Gross sales	1,317,950	1,130,134
Sales tax	(31,316)	(8,936)
	1,286,634	1,121,198
Less:		
Sales return	(13,155)	(18,957)
Sales discount	(125,579)	(114,117)
	(138,734)	(133,074)
	1,147,900	988,124

Notes to the Condensed Interim Financial Statements

For the nine months ended March 31, 2019 - Unaudited

	Un-audited March 31, 2019	Un-audited March ,31 2018
	-----Rupees in '000-----	
13. OTHER INCOME		
Income from financial assets		
Realised gain on invesments - at fair value through profit or loss	308	824
Un-realised gain on invesments - at fair value through profit or loss	-	785
Exchange gain	2,000	-
Insurance claim	-	1,052
Interest on loan to International Brands Limited	15,744	15,400
Dividend income	17	6
	18,070	18,067
Income from non-financial assets		
Rental income from investment property	18,359	14,159
Scrap sales	100	35
	18,459	14,195
	36,529	32,262

Notes to the Condensed Interim Financial Statements

For the nine months ended March 31, 2019 - Unaudited

14. 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	March 31, 2019	March 31, 2018
-----Rupees in '000-----				
The Searle Company Limited	Parent	Sale of goods	-	124
		Purchase of goods	25,949	1,844
		Dividend paid	33,158	30,281
International Brands Limited	Associate	Interest income	15,744	15,400
		Corporate service charges	14,400	9,900
		Dividend paid	147	135
IBL Operations (Private) Limited	Associate	Sale of goods	790,141	758,211
		Shared cost	4,169	2,243
IBL Identity (Private) Limited	Associate	Rent income	3,557	4,004
Trax online (Private) Limited	Associate	Rent income	975	-
United Franchises (Private) Limited	Associate	Rent income	839	-
United Distributors Pakistan Limited	Associate	Dividend	1,006	919

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statement was authorized for issue on **April 16, 2019** by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer

IBL HealthCare Limited

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