

Health comes First



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Company Information

■ Board of Directors

Mr. Rashid Abdulla (Chairman)
Mr. Adnan Asdar Ali
Mr. S. Nadeem Ahmed
Mr. Mufti Zia ul Islam (Chief Executive Officer)
Mr. Zubair Palwala
Mr. Munis Abdullah
Mr. Asad Abdulla
Mr. Ayaz Abdulla
Ms. Shaista Khaliq Rehman

■ Chief Financial Officer and Company Secretary

Mr. Muhammad Tariq

■ Audit Committee

Ms. Shaista Khaliq Rehman (Chairperson)
Mr. Zubair Palwala
Mr. Asad Abdulla

■ Human Resource and Remuneration Committee

Mr. Asad Abdulla (Chairman)
Mr. Mufti Zia ul Islam
Mr. Zubair Palwala

■ Chief Internal Auditor

Mr. Muhammad Ali Rasheed

■ External Auditors

Grant Thornton Anjum Asim Shahid Rahman

■ Internal Auditors

BDO Ebrahim & Co.

■ Legal Advisors

Mohsin Tayebaly & Co.

■ Bankers

Habib Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
National Bank of Pakistan
Silk Bank Limited

■ Registered Office

9th Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

■ Share Registrar

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B", S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi - 74400, Pakistan.

Directors' Report

The Directors are pleased to present the report together with the reviewed condensed interim financial information of your Company for the half year ended December 31, 2014.

This condensed interim financial information is submitted in accordance with section 245 of the Companies Ordinance, 1984.

SUMMARY OF FINANCIAL PERFORMANCE

	December 31, 2014	2013
	----- (Rupees in '000)-----	
Revenue	484,577	488,490
Gross profit	195,697	171,732
Gross profit as a percentage of revenue	40.4%	35.2%
Operating expenses	81,644	62,562
Operating profit	114,053	109,170
Profit before taxation	115,188	106,439
Profit after taxation	101,478	88,546

During the first half of the fiscal year, your company performed even better, although the depressed economic condition of the country was pushing the business activity in the negative zone. The gross profit of the Company has shown an increase of 14% over last corresponding period. The profit after tax also grew by 14.6% in the first six months of fiscal year. This significant increase in PAT is due to improvement in gross profit to 40.4% as compared to 35.2% in the same period last year.

FUTURE OUTLOOK

The management is optimistic in maintaining excellent results in the future as our sales force is continuously focusing on providing high quality premium products to all potential HealthCare Professionals. We are confident that we can generate increased value for shareholders as well as deliver better products and services to our customers.

ACKNOWLEDGEMENT

We wish to thank the customers for their faith in our products, and their continuing patronage. Without their support we would not have been able to achieve these improved results.

We also take this opportunity to thank our suppliers, bankers and distributors for providing us with their valuable support throughout the period.

Finally we wish to thank our staff who remained committed to deliver towards the growth of your Company.

For and on behalf of the Board



Mufti Zia ul Islam
Chief Executive Officer

Karachi
February 09, 2015



Grant Thornton
An instinct for growth™

Anjum Asim Shahid Rahman

1st & 3rd Floor, Modern Motors House
Beaumont Road, Karachi 75530
T 9221 35672951-56
F 9221 35688834

W : www.gtpak.com
Other offices: Islamabad, Lahore

Independent Auditors' Review Report to the Members on Review of Condensed Interim Financial Information

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of The **IBL HealthCare Limited** as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and selected explanatory notes to the condensed interim financial information for the half year ended (herein after referred to as the "condensed interim financial information"). Management of the Company is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the approved accounting standards applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information 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 condensed interim financial information as of and for the half year ended December 31, 2014 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for the condensed interim financial information.

OTHER MATTER

The figures for the condensed interim profit and loss account for the quarters ended December 31, 2014 and December 31, 2013 have not been reviewed, as we are required to review only cumulative figures for the six-months period ended December 31, 2014.

Karachi
February 09, 2015


Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Condensed Interim Balance Sheet (Unaudited)

As At December 31, 2014

		Un-audited December 31, 2014	Audited June 30, 2014
	Note	------(Rupees in '000)-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,074	1,545
Intangible assets		11,684	14,131
Investment property		123,588	123,588
Long-term loans		51	376
Total non-current assets		136,397	139,640
Current assets			
Stock-in-trade		185,634	207,676
Trade debts	6	251,156	177,571
Current portion of long term loans		849	631
Short term investments	7	102,575	41,042
Advances, deposits and other receivables		29,954	13,997
Advance Tax		4,846	4,633
Cash and bank balances	8	37,101	25,360
Total current assets		612,115	470,910
Total assets		748,512	610,550
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (June 2014: 50,000,000) ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up share capital	9	299,000	230,000
Unappropriated profit		301,168	291,690
Total shareholders' equity		600,168	521,690
Current liabilities			
Trade and other payables		148,344	88,860
Total current liabilities		148,344	88,860
Total liabilities		148,344	88,860
Contingencies and commitments	10		
Total equity and liabilities		748,512	610,550

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



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
Director

Condensed Interim Profit And Loss Account (Unaudited)

For Half Year Ended December 31, 2014

	Half year ended		Quarter ended		
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	
Note	----- Rupees in '000' -----				
NET SALES	484,577	488,490	194,384	242,926	
COST OF SALES	(288,880)	(316,758)	(122,436)	(159,238)	
GROSS PROFIT	195,697	171,732	71,948	83,688	
Selling and distribution expenses	(59,686)	(48,751)	(31,130)	(21,001)	
Administrative expenses	(19,512)	(9,293)	(10,447)	(5,519)	
Amortization of intangible assets	(2,446)	(4,518)	(1,223)	(2,259)	
	(81,644)	(62,562)	(42,800)	(28,779)	
OPERATING PROFIT	114,053	109,170	29,148	54,909	
Other income	4,387	699	3,116	(1,502)	
Financial costs	(868)	(1,248)	(422)	(821)	
Workers' welfare fund	(2,384)	(2,182)	(1,343)	(2,182)	
	1,135	(2,731)	1,351	(4,505)	
PROFIT BEFORE INCOME TAX	115,188	106,439	30,499	50,404	
Income tax expense	(13,710)	(17,893)	(7,814)	(7,464)	
PROFIT FOR THE PERIOD	101,478	88,546	22,685	42,940	
	----- Rupees -----				
EARNINGS PER SHARE - BASIC AND DILUTED	11	3.39	2.96	0.76	1.44

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



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
Director

Condensed Interim Statement Of Comprehensive Income (Unaudited)

For Half Year Ended December 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	----- Rupees in '000' -----			
PROFIT FOR THE PERIOD	101,478	88,546	22,685	42,940
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>101,478</u>	<u>88,546</u>	<u>22,685</u>	<u>42,940</u>

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



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
Director

Condensed Interim Statement Of Cash Flows (Unaudited)

For Half Year Ended December 31, 2014

	December 31, 2014	December 31, 2013
Note	-----	-----
	(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	115,188	106,439
Adjustments for non-cash items:		
Depreciation	272	1,203
Gain on disposal of property and equipment	(1,365)	(1,324)
Unrealized gain on investments	(1,798)	-
Realized gain on sale of investments	(853)	-
Amortization of intangible assets	2,446	4,518
Exchange loss	2,099	-
	115,989	110,836
Increase/Decrease in working capital		
Stock in trade	22,042	(82,028)
Trade debts	(73,585)	(45,527)
Loans	(218)	(451)
Advances, deposits and other receivables	(15,957)	(2,935)
Trade and other payables	59,610	73,946
	(8,108)	(56,995)
Cash generated from operations	107,881	53,841
Income tax paid	(13,925)	(18,463)
Net cash flows from operating activities	93,956	35,378
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(239)	(202)
Short term investments made	(104,000)	-
Proceeds from redemption of investments	45,119	-
Proceeds from disposal of property and equipment	1,805	1,998
Net cash (used) in/flows generated from operating activities	(57,315)	1,796
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease	-	(639)
Long term loans	325	(128)
Gratuity paid	(126)	(6,302)
Dividends paid	(23,000)	(30,000)
Net cash flows used in financing activities	(22,801)	(37,069)
Net increase in cash and cash equivalents	13,840	105
Cash and cash equivalents at the beginning of the period	25,360	15,139
Effects of exchange rate changes on cash and cash equivalents	(2,099)	-
Cash and cash equivalents at the end of the period	37,101	15,244

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


Mufti Zia ul Islam
Chief Executive Officer


Syed Nadeem Ahmed
Director

Condensed Interim Statement Of Changes In Equity (Unaudited)

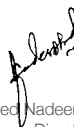
For Half Year Ended December 31, 2014

	Issued, subscribed and paid-up share capital	Reserve for issue of bonus shares	Unappropriated profit	Share holders' equity
	----- Rupees in '000' -----			
Balance as at July 1, 2013	200,000	-	172,610	372,610
Total comprehensive income for the half year	-	-	88,546	88,546
Transactions with owners				
Transfer to reserve for issue of bonus shares	-	30,000	(30,000)	-
Bonus shares issued @ 15% in the ratio of 15 shares for every 100 shares held	30,000	(30,000)	-	-
Cash dividend paid for the year ended June 30, 2013 @ Re. 1.5 per share	-	-	(30,000)	(30,000)
	30,000	-	(60,000)	(30,000)
Balance as at December 31, 2013	230,000	-	201,156	431,156
Balance as at July 01, 2014	230,000	-	291,690	521,690
Total comprehensive income for the half year	-	-	101,478	101,478
Transactions with owners				
Transfer to reserve for issue of bonus shares	-	69,000	(69,000)	-
Bonus shares issued @ 30% in the ratio of 30 shares for every 100 shares held	69,000	(69,000)	-	-
Cash dividend paid for the year ended June 30, 2014 @ Re. 1 per share	-	-	(23,000)	(23,000)
	69,000	-	(92,000)	(23,000)
Balance as at December 31, 2014	299,000	-	301,168	600,168

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



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
Director

Selected Notes to the Condensed Interim Financial Information

For Half Year Ended December 31, 2014

1 LEGAL STATUS AND OPERATIONS

IBL HealthCare (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. Its shares are quoted on Karachi Stock Exchange. The principal business activities of the Company are marketing, selling and distribution of healthcare products. The address of its registered office is 9th Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

The Company is a subsidiary of The Searle Company Limited, which holds more than 50% shares in the Company.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This un-audited condensed interim financial information constitutes separate condensed interim financial statements of the Company and are being presented and submitted to the shareholders as required by Listing Regulations of Karachi Stock Exchange and under Section 245 of the Companies Ordinance, 1984. The condensed interim financial information do not include all information and disclosures required in the financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

The condensed interim financial information is un-audited, however limited scope review has been performed by the statutory auditors as required by the Listing Regulations of Karachi Stock Exchange where the Company is listed.

3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2014.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the financial statements of the Company for the year ended June 30, 2014.

Selected Notes to the Condensed Interim Financial Information

For Half Year Ended December 31, 2014

		Un-audited December 31, 2014	Audited June 30, 2014
5	PROPERTY AND EQUIPMENT	Note	------(Rupees in '000)-----
	Operating fixed assets	5.1	<u>1,074</u> <u>1,545</u>
5.1	Details of additions and disposals to operating assets during the period ended December 31, 2014 are as follows:		
		Additions at cost	Deletions at net book value
	Owned assets	------(Rupees in '000)-----	
	Office equipments	239	(33)
	Owned vehicles	-	(408)
	December 31, 2014	<u>239</u>	<u>(441)</u>
	June 30, 2014	<u>409</u>	<u>(5,050)</u>
6	TRADE DEBTS - UNSECURED	Note	------(Rupees in '000)-----
	Considered good		
	Due from related party	6.1	238,370 162,225
	Others		<u>14,451</u> <u>17,011</u>
			<u>252,821</u> <u>179,236</u>
	Less: Provision for doubtful debts	6.2	<u>(1,665)</u> <u>(1,665)</u>
			<u>251,156</u> <u>177,571</u>
6.1	As at December 31, 2014, trade debts from related parties of the Company are as follows:		
	IBL Operations (Private) Limited	238,248	162,189
	The Searle Company Limited	122	36
		<u>238,370</u>	<u>162,225</u>
6.2	As at December 31, 2014, trade debts aggregating Rs. 1.665 million (June 2014: Rs. 1.665 million) were deemed to have been impaired. These balances are outstanding for more than 3 years. The movement of provision for doubtful debts is as follows:		
	Balance at the beginning of the period	1,665	-
	Provision made	-	1,665
	Balance at the end of the period	<u>1,665</u>	<u>1,665</u>

Selected Notes to the Condensed Interim Financial Information

For Half Year Ended December 31, 2014

7 SHORT TERM INVESTMENTS

Number of units			Un-audited December 31, 2014	Audited June 30, 2014
December 31, 2014	June 30, 2014		----- (Rupees in '000)-----	
1,093,072	892,126	Meezan Sovereign Fund - at cost	45,000	41,000
4,707,743	-	NAFA Islamic Aggressive Income Fund - at cost	55,777	-
		Unrealised gain on revaluation of units	1,798	42
<u>5,800,815</u>	<u>892,126</u>	Closing balance	<u>102,575</u>	<u>41,042</u>

- 7.1 Short term investment comprises of investment in Meezan Sovereign Fund and NAFA Islamic Aggressive Income Fund, open end mutual funds. The rating of the Meezan Fund is 'AA+' and the credit rating agency is JCR-VIS and that of NAFA Fund is 'A-' and the credit rating agency is PACRA. The investments are made during the year and are classified as "financial assets at fair value through profit and loss".

8 CASH AND BANK BALANCES

	Note	Un-audited December 31, 2014	Audited June 30, 2014
		----- (Rupees in '000)-----	
Cash in hand		47	17
Cash with banks in:			
- deposit accounts		2,759	3
- current accounts		34,295	25,340
		<u>37,101</u>	<u>25,360</u>

9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

December 31, 2014	June 30, 2014		December 31, 2014	June 30, 2014
(Number of shares)			----- (Rupees in '000)-----	
23,000,000	20,000,000	Ordinary shares of Rs. 10 each fully paid in cash	230,000	200,000
6,900,000	3,000,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	69,000	30,000
<u>29,900,000</u>	<u>23,000,000</u>		<u>299,000</u>	<u>230,000</u>

Selected Notes to the Condensed Interim Financial Information

For Half Year Ended December 31, 2014

9.1 Movement in number of shares

No. of Shares in '000'

Number of shares at beginning of the period	23,000	20,000
Bonus shares issued during the period	6,900	3,000
Number of shares at end of the period	29,900	23,000

10 CONTINGENCIES AND COMMITMENTS

Letter of credit outstanding	75,104	53,857
------------------------------	--------	--------

The facility for opening Letters of Credit (LCs) acceptances and guarantees as at December 31, 2014 amounted to Rs. 265 million (June 30, 2014: Rs. 265 million) of which the amount remaining unutilized as at that date was Rs. 189.9 million (June 30, 2014: Rs. 211.143 million).

11 EARNINGS PER SHARE - Basic and Diluted

Un-audited
December 31, 2014

Un-audited
December 31, 2013

Basic earnings per share

Profit for the period (Rupees in thousands)	101,478	88,546
Weighted average number of shares (Restated)	29,900,000	29,900,000
Earnings per share (Rupees)	3.39	2.96

11.1 Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments.

12 CASH AND CASH EQUIVALENTS

Un-audited
December 31, 2014

Un-audited
December 31, 2013

----- (Rupees in '000) -----

Cash and bank balances	37,101	15,244
------------------------	--------	--------

Selected Notes to the Condensed Interim Financial Information

For Half Year Ended December 31, 2014

13 RELATED PARTY TRANSACTIONS

The Company is controlled by The Searle Company Limited, which owns more than 50% of the Company's shares. The remaining shares are widely held. IBL Operations (Private) Limited is an associated company on the basis of common directorship and equity holding of more than 20%.

Related Party	Nature of relationship	Nature of balance	Un-audited December 31, 2014	Audited June 30, 2014
------(Rupees in '000)-----				
The Searle Company Limited	Holding	Current account balance - receivable	1,432	1,342
IBL Operations (Private) Limited	Associate	Current account balance - payable	(993)	(6,092)
Habitt	Associate	Current account balance - receivable	3,824	2,953

Related Party	Nature of relationship	Nature of transaction	Un-audited December 31, 2014	Un-audited December 31, 2013
------(Rupees in '000)-----				
The Searle Company Limited	Holding	Share of employees costs and expenses charged to the Searle Company Limited	90	-
IBL Operations (Private) Limited	Associate	Sale of goods	352,758	375,376
		Warehouse rent	908	1,565
Habitt	Associate	Rental income	2,178	2,082
Dunkin Donuts	Associate	Rental income	194	264

14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 09, 2015 by the Board of Directors of the Company.


Mufti Zia ul Islam
Chief Executive Officer


Syed Nadeem Ahmed
Director

Notes

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Notes

IBL HealthCare Limited

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