

Dedicated to



IBL HealthCare Limited

Contents

02
Company Information

03
Directors' Report

04
Directors' Report Urdu

05
Auditors' Report to the Members on Review

06
Condensed Interim Balance Sheet

07
Condensed Interim Profit and Loss Account

08
Condensed Interim Statement of Changes in Equity

09
Condensed Interim Statement of Cash Flows

10
Notes To The Condensed Interim Financial Information

Company Information

Board of Directors

Mr. Rashid Abdulla	(Chairman)
Mr. Adnan Asdar Ali	(Director)
Mr. Syed Nadeem Ahmed	(Director)
Mr. Mufti Zia ul Islam	(Chief Executive Officer)
Mr. Zubair Razzak Palwala	(Director)
Mr. Shahid Abdulla	(Director)
Mr. Ayaz Abdulla	(Director)
Mr. Arshad Anis	(Director)
Ms. Shaista Khaliq Rehman	(Director)

Audit Committee

Ms. Shaista Khaliq Rehman	(Chairperson)
Mr. Zubair Razzak Palwala	(Member)
Mr. Arshad Anis	(Member)

Human Resource & Remuneration Committee

Mr. Shaista Khaliq Rehman	(Chairperson)
Mr. Zubair Razzak Palwala	(Member)
Mr. Mufti Zia ul Islam	(Member)

Chief Financial Officer and Company Secretary

Mr. Muhammad Tariq

Auditors

A.F. Ferguson & Co.

Legal Advisor

Mohsin Tayabaly & Co.

Bankers

Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited
National Bank of Pakistan
Habib Metropolitan Bank Limited
Summit Bank 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
Shahra-e-Faisal, Karachi – 74400

Internal Auditors

Grant Thornton Anjum Rahman

Directors' Report

The Directors are pleased to present the report together with the condensed interim financial information of your Company for the half year ended December 31, 2016.

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

SUMMARY OF FINANCIAL PERFORMANCE

	December 31, 2016	2015
	----- (Rupees in '000) -----	
Revenue	593,108	603,912
Gross profit	198,968	209,069
Gross profit as percentage of revenue	33.5%	34.6%
Operating expenses	93,794	96,893
Operating profit	125,205	121,058
Profit before taxation	124,588	120,451
Profit after taxation	99,362	100,412

During the first half of the fiscal year 2016-17, the sales remained under pressure due to introduction of economical brands by the new players and extensive promotional activities by exciting key players in the market. Hence, the sales for current period stood at Rs.593m as compared to Rs.604m same period last year. The gross profit for the current half has declined due to increase in price by the Principal and there has been an adverse effect of US Dollar appreciated in the period under review. Despite of decline in sales, operating profit for the current period has improved as percentage of sales compared to same period last year.

FUTURE OUTLOOK

The management is optimistic in maintaining excellent results in the future as we have planned to launch new business lines and our sales force is continuously focusing on providing high quality premium products to all potential HealthCare Professionals, which will contribute significantly towards profitability. 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 23, 2017

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز اپنی رپورٹ مع آپ کی کمپنی کے مجموعی مالیاتی حسابات برائے ششماہی کی مدت ختمہ ۳۱ دسمبر ۲۰۱۶ء پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

یہ مجموعی مالیاتی حسابات کمپنیز آرڈیننس ۱۹۸۳ کی دفعہ ۲۲۵ کے تحت جمع کرائے گئے ہیں۔

مالیاتی کارکردگی کا جائزہ

31 دسمبر		
2015	2016	
(روپے ہزاروں میں)		
603,912	593,108	ریونیو
209,069	198,968	مجموعی منافع جات
34.6 فیصد	33.5 فیصد	مجموعی منافع جات برطانی آمدنی کا فیصدی
96,893	93,794	آپریٹنگ اخراجات
121,058	125,205	آپریٹنگ منافع جات
120,451	124,588	قبل از ٹیکس منافع
100,412	99,362	بعد از ٹیکس منافع

مالی سال ۲۰۱۶-۱۷ء کی پہلی ششماہی کے دوران نئی کمپنیوں کی جانب سے باکفایت برائڈز متعارف کرائے جانے اور مارکیٹ میں موجود اہم کلیدی اداروں کی زبردست تقبیری سرگرمیوں کے باعث سیلز بدستور دباؤ کا شکار رہیں لہذا اس رواں مدت میں سیلز ۵۹۳ ملین روپے پر رہی جبکہ اس کے مقابلے میں گزشتہ سال کی اسی مدت میں ۶۰۳ ملین روپے رہی تھی۔ رواں ششماہی کیلئے مجموعی منافع پرنسپل کی جانب سے نرخ میں اضافے کے باعث کم ہو گیا اور زبرد جائزہ مدت میں امریکی ڈالر کے بھی خراب اثرات ظاہر ہوئے۔ سیلز میں کمی کے باوجود رواں مدت کیلئے آپریٹنگ منافع بہتر ہو گیا کیونکہ سیلز کی فیصدی شرح گزشتہ سال کی اسی مدت کے مقابلے میں بہتر رہی۔

مستقبل کا جائزہ

انتظامیہ مستقبل میں بہتر نتائج کی توقعات رکھتے ہوئے پرعزم ہے کیونکہ ہم نے نئی کاروباری حکمت عملیاں طے کی ہیں اور ہماری سیلز فورس تمام مستحکم ہیلتھ کیئر پروفیشنلوں کو اعلیٰ معیار کی شاندار مصنوعات کی فراہمی پر مسلسل توجہ دے رہی ہے جن سے منافع جات کے ضمن میں بھی فائدہ حاصل ہوگا۔ ہم پر اعتماد ہیں کہ شیئر ہولڈرز کیلئے بہتر منافع جات کے ساتھ اپنے صارفین کو بہترین مصنوعات اور سروسز بھی فراہم کریں گے۔

اظہار تشکر

ہم اپنی مصنوعات پر صارفین کے اعتماد کرنے پر ان کے مشکور ہیں اور ان کی جانب سے مستقبل سرپرستی کیے جانے پر ان کا شکریہ ادا کرتے ہیں کیونکہ ان کے تعاون کے بغیر ہم ان بہتر نتائج کے حصول کے اہل نہیں ہو سکتے تھے۔

ہم اس موقع سے فائدہ اٹھاتے ہوئے اپنے سپلائرز، مینکراؤڈسٹری بیوٹرز کا بھی اس پوری مدت کے دوران ان کی جانب سے کیے جانے والے تعاون پر شکریہ ادا کرنا چاہیں گے۔

آخر میں ہم اپنے عملے کا شکریہ ادا کرتے ہیں جو اپنی کمپنی کی ترقی میں ہر قدم ہمارے ساتھ رہے ہیں۔

برائے اور بورڈ کی جانب سے

مفتی ضیاء الاسلام
چیف ایگزیکٹو

کراچی
۲۳ فروری ۲۰۱۷ء



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of IBL HealthCare Limited as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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 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 interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The financial statements for the year ended June 30, 2016 and half year ended December 31, 2015 were audited and reviewed respectively by another auditor whose reports dated September 26, 2016 and February 24, 2016 expressed an unmodified opinion / conclusion thereon.

Chartered Accountants
Karachi

Date: February 27, 2017

Name of Engagement Partner: Farrukh Rehman

Condensed Interim Balance Sheet

As at December 31, 2016

	Note	(Unaudited) December 31, 2016 ------(Rupees in '000)-----	(Audited) June 30, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	5	84,945	1,527
Investment property		123,588	123,588
Intangibles	6	4,258	8,570
Long term loans and advances	7	64,732	142,183
		<u>277,523</u>	<u>275,868</u>
Current assets			
Stock-in-trade		200,369	263,383
Trade debts	8	280,019	259,329
Loans and advances	9	234,423	228,649
Trade deposits and short-term prepayments		4,567	4,421
Interest accrued		7,260	3,045
Other receivables		5,374	16,649
Investments - at fair value through profit or loss	10	141,177	99,593
Taxation - payments less provisions		5,158	9,757
Cash and bank balances	11	19,530	18,187
		<u>897,877</u>	<u>903,013</u>
Total assets		<u><u>1,175,400</u></u>	<u><u>1,178,881</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	12	491,706	427,570
Reserves		<u>497,820</u>	<u>505,351</u>
		<u>989,526</u>	<u>932,921</u>
Liabilities			
Current liabilities			
Trade and other payables		185,874	245,960
Contingencies and commitments	13		
Total equity and liabilities		<u><u>1,175,400</u></u>	<u><u>1,178,881</u></u>

The annexed notes 1 to 21 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 (Un-Audited)
For the half year ended December 31, 2016

		Quarter ended		Half year ended	
	Note	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
-----Rupees in '000-----					
Revenue	14	291,358	311,455	593,108	603,912
Cost of sales		(193,474)	(204,149)	(394,140)	(394,843)
Gross profit		97,884	107,306	198,968	209,069
Distribution cost		(27,875)	(29,082)	(68,927)	(64,099)
Administrative expenses		(14,408)	(14,346)	(24,867)	(27,249)
Other operating expenses		-	(2,784)	-	(5,545)
Other income	15	11,234	5,121	20,031	8,882
Operating profit		66,835	66,215	125,205	121,058
Finance cost		(242)	(362)	(617)	(607)
Profit before taxation		66,593	65,853	124,588	120,451
Income tax expense		(14,954)	(12,375)	(25,226)	(20,039)
Profit after taxation		51,639	53,478	99,362	100,412
Other comprehensive income		-	-	-	-
Total comprehensive income		51,639	53,478	99,362	100,412
			(Restated)		(Restated)
Earnings per share - basic and diluted (Rupees)	16	1.05	1.09	2.02	2.04

The annexed notes 1 to 21 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 (Un-Audited)

For the half year ended December 31, 2016

	Issued, subscribed and paid-up capital	Capital reserve Share Premium	Revenue reserve Issue of bonus shares	Unappropriated profit	Total reserves	Total
	------(Rupees in '000)-----					
Balance as at July 01, 2015	299,000	-	-	365,327	365,327	664,327
Total comprehensive income for the period	-	-	-	100,412	100,412	100,412
Transaction with owners						
Transfer to reserve for issuance of bonus shares	-	-	59,800	(59,800)	-	-
Bonus shares issued during the period in the ratio of 20 shares for every 100 shares held	59,800	-	(59,800)	-	(59,800)	-
Final dividend for the year ended June 30, 2015 @ Rs. 2 per share	-	-	-	(59,800)	(59,800)	(59,800)
	59,800	-	-	(119,600)	(119,600)	(59,800)
Balance at December 31, 2015	<u>358,800</u>	<u>-</u>	<u>-</u>	<u>346,139</u>	<u>346,139</u>	<u>704,939</u>
Balance as at July 01, 2016	427,570	119,600	-	385,751	505,351	932,921
Total comprehensive income for the period	-	-	-	99,362	99,362	99,362
Transaction with owners						
Transfer to reserve for issuance of bonus shares	-	-	64,136	(64,136)	-	-
Bonus shares issued during the period 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 @ Rs. 1 per share	-	-	-	(42,757)	(42,757)	(42,757)
	64,136	-	-	(106,893)	(106,893)	(42,757)
Balance at December 31, 2016	<u>491,706</u>	<u>119,600</u>	<u>-</u>	<u>378,220</u>	<u>497,820</u>	<u>989,526</u>

The annexed notes 1 to 21 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 (Un-Audited)

For the half year ended December 31, 2016

Note December December
31, 2016 31, 2015
-----Rupees in '000-----

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	101,765	61,661
Interest income received	17 7,258	594
Income tax paid	(20,627)	(19,549)
Finance cost paid	(617)	(607)
Decrease in long term loans and advances	11,451	10,824
Net cash generated from operating activities	99,230	52,923

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(17,724)	(260)
Purchase of intangibles	(66)	(2,540)
Additions to investments - at fair value through profit or loss	(169,000)	(95,000)
Proceeds from redemption of investments - at fair value through profit or loss	129,830	108,413
Net cash (used in) / generated from investing activities	(56,960)	10,613

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(40,927)	(59,800)
Advance against issue of right shares	-	46,918
Net cash used in financing activities	(40,927)	(12,882)
Net increase in cash and cash equivalents	1,343	50,654
Cash and cash equivalents at the beginning of the period	18,187	16,836
Cash and cash equivalents at the end of the period	19,530	67,490

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
Director

Notes To The Condensed Interim Financial Information

For the half year ended December 31, 2016

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 includes 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.

2. BASIS OF PREPARATION

The condensed interim financial information of the Company for the period ended December 31, 2016 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 Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 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 245 of the Companies Ordinance, 1984.

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, 2016.

2.1. Changes in accounting standards, interpretations and pronouncements

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

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provides clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

Notes To The Condensed Interim Financial Information

For the half year ended December 31, 2016

- 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, 2016 are considered not to be relevant for 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

IAS 7, 'Statement of cash flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative.

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, 2016.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT “

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

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

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2016.

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, 2016.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) December 31, 2016	(Audited) June 30, 2016
		-----Rupees in '000-----	
Operating assets - note	5.1	71,893	1,527
Capital work in progress	5.2	13,052	-
		<u>84,945</u>	<u>1,527</u>

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

		(Unaudited) December 31, 2016	(Unaudited) December 31, 2015
		-----Rupees in '000-----	
Leasehold land	5.1.1	70,000	-
Office equipments		672	164
Furniture and fixtures		-	96
		<u>70,672</u>	<u>260</u>

Notes To The Condensed Interim Financial Information

For the half year ended December 31, 2016

5.1.1 This represents land purchased from IBL Operations (Private) Limited - an associated company, located at S.I.T.E. Area, Karachi, measuring 0.46 acres. Purchase of the land was approved in the extra ordinary general meeting held on January 14, 2015.

5.1.2 This represents 10% advance paid for acquisition of land situated at Tipu Sultan Road, Karachi, measuring 1,004 square yards.

		(Unaudited) December 31, 2016	(Audited) June 30, 2016
	Note	-----Rupees in '000-----	
6. INTANGIBLES			
Computer software		138	87
Distribution rights		-	4,363
Capital work in progress - at cost	6.1	4,120	4,120
		<u>4,258</u>	<u>8,570</u>

6.1 The amount represents the cost of implementation of SAP in collaboration with IBL Unisys Pakistan (Private) Limited.

		(Unaudited) December 31, 2016	(Audited) June 30, 2016
	Note	-----Rupees in '000-----	
7. LONG TERM LOANS AND ADVANCES - unsecured			
Loans - considered good			
- Related party	7.1	87,258	98,000
Less: current portion of long term loan		<u>(22,698)</u>	<u>(22,184)</u>
		64,560	75,816
- Employees		172	367
Advance against land		-	66,000
		<u>64,732</u>	<u>142,183</u>

7.1. This represents loan to International Brands Limited. The tenure of this 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%. 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 Companies Ordinance, 1984.

Notes To The Condensed Interim Financial Information

For the half year ended December 31, 2016

(Unaudited) (Audited)
December 31, June 30,
2016 2016
Note -----Rupees in '000-----

8. TRADE DEBTS

Considered good - unsecured

Related party - IBL Operations (Private) Limited	251,798	232,959
Others	28,221	26,370
	<u>280,019</u>	<u>259,329</u>
Considered doubtful	1,665	1,665
Less: Provision for doubtful debts	<u>(1,665)</u>	<u>(1,665)</u>
	<u>-</u>	<u>-</u>
	<u>280,019</u>	<u>259,329</u>

9. LOANS AND ADVANCES

Loans to International Brands Limited

- Current portion of long term loan	7 22,698	22,184
- Short term loan	9.1 <u>200,000</u>	<u>200,000</u>
	<u>222,698</u>	<u>222,184</u>

Advances

- To employees	599	1,711
- Others	<u>11,126</u>	<u>4,754</u>
	<u>11,725</u>	<u>6,465</u>
	<u>234,423</u>	<u>228,649</u>

- 9.1 This loan is repayable within 1 year and carries mark-up at the rate of 12 months KIBOR + 2%. 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 Companies Ordinance, 1984.

10. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

(Unaudited) December 31, 2016	(Audited) June 30, 2016		(Unaudited) December 31, 2016	(Audited) June 30, 2016
Number of shares			-----Rupees in '000-----	
2,262,766	1,536,775	Meezan Sovereign Fund	119,067	78,073
2,269,207	2,269,207	"NAFA Islamic Aggressive		
4,531,973	3,805,982	Income Fund "	<u>22,110</u>	<u>21,520</u>
			<u>141,177</u>	<u>99,593</u>

- 10.1 The rating of the Meezan Fund and NAFA Fund is 'AA+' and 'A-' as per the credit rating agency JCR-VIS and PACRA respectively.
- 10.2 The fair value of these investments is the Net Asset Value (NAV) as assessed by the respective Asset Management Company.

Notes To The Condensed Interim Financial Information

For the half year ended December 31, 2016

		(Unaudited) December 31, 2016	(Audited) June 30, 2016
11. CASH AND BANK BALANCES	Note	-----Rupees in '000-----	
Cash at bank:			
- current accounts		19,428	18,015
- deposit account		8	8
Cash in hand		94	164
		<u>19,530</u>	<u>18,187</u>

12. SHARE CAPITAL

Authorised share capital			(Unaudited) December 31, 2016	(Audited) June 30, 2016
			-----Rupees in '000-----	
			<u>75,000,000</u>	<u>50,000,000</u>
	Ordinary shares of Rs. 10 each		<u>750,000</u>	<u>500,000</u>
Issued, subscribed and paid up capital				
(Unaudited) December 31, 2016	(Audited) June 30, 2016			
22,990,000	22,990,000	Shares allotted for consideration paid in cash	229,900	229,900
26,180,550	19,767,000	Shares allotted as bonus shares	261,806	197,670
<u>49,170,550</u>	<u>42,757,000</u>		<u>491,706</u>	<u>427,570</u>

12.1 During the year, the Company increased its authorised share capital for ordinary shares from Rs. 500 million to Rs. 750 million in its annual general meeting held on October 28, 2016.

12.2 Movement in issued, subscribed and paid-up capital

(Unaudited) December 31, 2016	(Audited) June 30, 2016		(Unaudited) December 31, 2016	(Audited) June 30, 2016
42,757,000	29,900,000	Opening shares outstanding	427,570	299,000
6,413,550	9,867,000	Shares allotted as bonus shares	64,136	98,670
-	2,990,000	Shares allotted as right shares	-	29,900
<u>49,170,550</u>	<u>42,757,000</u>		<u>491,706</u>	<u>427,570</u>

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 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, 2016.

Notes To The Condensed Interim Financial Information

For the half year ended December 31, 2016

- 13.1.2 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 the interim financial information of the Company is Rs. 0.34 million.

13.2 Commitment

The facilities for opening letter of credit and letter of guarantees as at December 31, 2016 amounted to Rs. 283 million (June 30, 2016: Rs. 265 million) of which the amount remaining unutilised at the end of period was Rs. 210.42 million (June 30, 2016: Rs. 98.87 million).

	Note	(Unaudited) December 31, 2016	(Unaudited) December 31, 2015
14. REVENUE			
Gross sales		662,382	674,155
Sales tax		(1,859)	(129)
		<u>660,523</u>	<u>674,026</u>
Less:			
Sales discount		66,140	66,229
Sales return		1,275	3,885
		<u>67,415</u>	<u>70,114</u>
		<u>593,108</u>	<u>603,912</u>
15. OTHER INCOME			
Income from financial assets			
Realised gain on investments - at fair value through profit or loss		379	1,189
Unrealised gain on investments - at fair value through profit or loss		2,035	3,036
Interest on loan to International Brands Limited		11,473	4,245
		<u>13,887</u>	<u>8,470</u>
Income from non - financial assets			
Scrap sales		347	137
Exchange gain		736	-
Rental income from investment property		4,600	-
Others		461	275
		<u>6,144</u>	<u>412</u>
		<u>20,031</u>	<u>8,882</u>

Notes To The Condensed Interim Financial Information

For the half year ended December 31, 2016

16. EARNINGS PER SHARE - BASIC AND DILUTED

		(Unaudited) December 31, 2016	(Unaudited) December 31, 2015
16.1	Basic earnings per share		
	Profit after taxation attributable to ordinary shareholders	<u>99,362</u>	<u>100,412</u>
	Weighted average number of ordinary shares in issue during the period (in thousand)	12.2 <u>49,171</u>	<u>49,171</u> (Restated)
	Earnings per share - Basic and diluted (Rupees)	16.2 <u>2.02</u>	<u>2.04</u>
16.2	A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2016 and 2015 which would have any effect on the earnings per share if the option to convert is exercised.		

		(Unaudited) December 31, 2016	(Unaudited) December 31, 2015
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17. CASH GENERATED FROM OPERATIONS

Profit before taxation	124,588	120,451
Add / (Less): Adjustment for non-cash charges and other items		
Depreciation	306	245
Amortisation	4,378	2,412
Finance cost	617	607
Interest income	(11,473)	(4,245)
"Realised gain on investments - at fair value through profit or loss"	(379)	(1,189)
"Unrealised gain on investments - at fair value through profit or loss"	(2,035)	(3,036)
	<u>(8,586)</u>	<u>(5,206)</u>
Profit before changes in working capital	<u>116,002</u>	<u>115,245</u>

Effect on cash flow due to working capital changes

(Increase) / decrease in current assets:

Stock-in-trade	63,014	41,656
Trade debts	(20,690)	(67,127)
Loans and advances	(5,774)	(30,252)
Trade deposits and short-term prepayments	(146)	(1,122)
Other receivables	11,275	(10,675)
	<u>47,679</u>	<u>(67,520)</u>

(Decrease) / increase in trade and other payables	(61,916)	13,936
Cash generated from operations	<u>101,765</u>	<u>61,661</u>

Notes To The Condensed Interim Financial Information

For the half year ended December 31, 2016

18. CASH AND CASH EQUIVALENTS

	(Unaudited) December 31, 2016	(Unaudited) December 31, 2015
Cash and bank balances	<u>19,530</u>	<u>67,490</u>

19. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	December 31, 2016	December 31, 2015
----(Rupees in '000)----			
i. Holding company	- Dividend paid	31,181	30,738
	- Share of expenses	140	-
	- Sale of goods	37	196
	- Purchase of goods	1,756	-
ii. Associated companies	- Sale of goods	452,151	478,206
	- Shared costs	1,377	1,531
	- Interest income	11,473	4,245
	- Rental income	2,400	-
iii. Employees' Provident Fund	Contribution paid	1,365	1,267
iv. Key Management Personnel (Private) Limited	- Salaries and other employee benefits	7,520	6,345
	- Director's fee	300	340

20. SUBSEQUENT EVENTS

The Board of Directors of the Company in its meeting held on February 23, 2017 has approved the following appropriation:

	December 31, 2016	December 31, 2015
----(Rupees in '000)----		
Issue of bonus shares nil for every 100 shares (December 31, 2015: 20 shares for every 100 shares) held.	-	59,800

21. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on February 23, 2017.



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
Director

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