

# HealthCare

# TRANSFORMATION

## For Generations



## Quarterly Report September 2019

# Contents

<b>Company Information</b>	2
<b>Directors' Report to the Members</b>	3
<b>Directors' Report to the Members (Urdu)</b>	4
<b>Condensed Interim Statement of Financial Position</b>	5
<b>Condensed Interim Statement of Profit or Loss and other Comprehensive Income</b>	6
<b>Condensed Interim Statement of Cash Flows</b>	7
<b>Condensed Interim Statement of Changes in Equity</b>	8
<b>Selected Notes to the Condensed Interim Financial Statement</b>	9

## 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

### AUDIT COMMITTEE

Mr. Zubair Razzak Palwala	Member
Mr. Ayaz Abdulla	Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

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

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 statement of the Company for the quarter ended September 30, 2019.

The Directors' report is prepared under section 227 of the Companies Act, 2017, chapter XII clause 34 (Reporting & Disclosure) of the Code of Corporate Governance.

### SUMMARY OF FINANCIAL PERFORMANCE

	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Rupees in Thousand)</b>	
Revenue	617,125	352,620
<b>Gross profit</b>	<b>185,726</b>	<b>97,399</b>
Gross profit as a percentage of revenue	30.1%	27.6%
Profit before taxation	73,481	43,041
<b>Profit after taxation</b>	<b>38,116</b>	<b>25,642</b>

### PRINCIPAL ACTIVITIES & OVERVIEW OF FINANCIAL PERFORMANCE

The principal activities of the Company include marketing, selling and distribution of healthcare & consumer products. During the period, induction of new businesses enhances the revenue and profitability of the company. As the business activities are mainly on imports, devaluation of currency and imposition of additional duties adversely affect the business operation. Despite of all the challenges, the company managed to delivered both in terms of revenue and profitability in Q1,2019-20 as per set objectives.

The revenue for the current period is Rs. 617.1 million as compared to Rs.352.6 million for the same period last year. This significant increase in revenue is due to addition of new portfolio and growth in the existing business. The gross profit as a percentage of sales has also increased to 30.1% for the current quarter compared to 27.6% same period last year. This increase in profit margin resulted in after tax profit of Rs. 38.1m compared to Rs. 25.6m last year.

### FUTURE OUTLOOK

We are confident that we can generate increased value for shareholders as well as deliver better products and services to our customers. In accomplishing this, we would like to appreciate the enormous cooperation and support of our sales force, without which we will not be able to achieve these results.

We also take this opportunity to thank our employees for their continuing contribution in the achievement of Company's results



**Chief Executive Officer**



**Director**

October 28, 2019  
Karachi

## ڈائریکٹرز کی رپورٹ

آئی بی ایل ہیلتھ کیئر لمیٹڈ (آئی بی ایل ایچ ایل) کے بورڈ آف ڈائریکٹرز شیئرز ہولڈرز کے روبرو بمسرت کارکردگی کا جائزہ مع ۳۰ ستمبر ۲۰۱۹ء کو ختم ہونے والی سی ماسی کے لیے 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 XII، شق ۳۴ (رپورٹنگ وڈسکلوژر) کے تحت تیار کی گئی ہے۔

30 ستمبر

مالیاتی کارکردگی کا جائزہ

2018	2019	
(روپے ہزاروں میں)		
352,620	617,125	آمدنی
97,399	185,726	مجموعی منافع جات
27.6 فیصد	30.1 فیصد	مجموعی منافع جات برعلاق آمدنی کا فیصدی
43,041	73,481	قبل از ٹیکس منافع
25,642	38,116	بعد از ٹیکس منافع

بنیادی سرگرمیاں اور مالیاتی کارکردگی کا جائزہ

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

رواں مدت کے لیے آمدنی ۶۱۷ ملین روپے رہی جو گزشتہ سال کی اس مدت کے دوران ۳۵۲ ملین روپے تھی جس سے ۱۱ فیصد کی مثبت شرح نمو حاصل ہوئی۔ آمدنی میں ۲ ہندسوں کی شرح نمو کے حصول کے باوجود مجموعی منافع بطور یکم کی فیصدی شرح رواں سہ ماہی کیلئے ۲۷.۶ فیصد کم ہو گیا۔ نتیجے کے طور پر منافع بعد از ٹیکس ۳۸.۱ ملین روپے رہا جو گزشتہ سال کی اس مدت میں ۴۷.۹ ملین روپے تھا۔ کرنسی کی قدر میں کمی اور ڈیپوٹیز میں اضافے کے اثرات کو زائل کرنے کے لئے متعدد آپریشنل اقدامات بروئے کار لائے گئے تاکہ آمدنی اور منافع جات میں اضافہ کیا جائے۔

مستقبل کا جائزہ

ہم پُر اعتماد ہیں کہ ہم شیئرز ہولڈرز کیلئے منافع جات میں اضافے کے ساتھ اپنے صارفین کو بہترین مصنوعات اور خدمات کی فراہمی میں بھی کامیاب رہیں گے۔ اس عزم کے ساتھ ہم اپنی بیلن 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 بہترین نتائج کے حصول میں اپنا بھرپور کردار ادا کیا۔

سید ندیم احمد  
ڈائریکٹر

مفتی ضیاء الاسلام  
چیف ایگزیکٹو آفیسر

کراچی  
۲۸ اکتوبر ۲۰۱۹ء

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2019**

		Un-audited September 30, 2019	Audited June 30, 2019
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	7,482	8,052
Investment properties - at cost		266,526	266,526
Intangible assets		13,325	13,520
		<u>287,333</u>	<u>288,098</u>
<b>Current assets</b>			
Inventories		592,616	506,983
Trade and other receivables	5	735,049	528,981
Short-term deposits, prepayments, loans and advances	6	488,450	431,083
Interest accrued		5,602	2,970
Refunds due from government - Sales tax		9,344	9,071
Taxation		4,082	15,186
Cash and bank balances	7	29,176	30,894
		1,864,318	1,525,168
<b>Asset classified as 'Held for Sale'</b>		75,500	75,500
<b>Total assets</b>		<u><u>2,227,152</u></u>	<u><u>1,888,766</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Share Capital</b>			
Issued, subscribed and paid-up share capital	8	540,877	540,877
<b>Capital reserve</b>			
Share premium		119,600	119,600
<b>Revenue reserve</b>			
Un-appropriated profit		633,679	595,563
		1,294,156	1,256,040
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	733,301	455,880
Short-term borrowings		190,390	167,501
Unclaimed dividend		9,306	9,345
		932,997	632,726
<b>Contingencies and commitments</b>	10		
<b>Total equity and liabilities</b>		<u><u>2,227,152</u></u>	<u><u>1,888,766</u></u>

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

  
**Chief Executive Officer**

  
**Director**

  
**Chief Financial Officer**


**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (Un-audited)  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019**

	Note	September 30, 2019 ----- (Rupees in '000) -----	September 30, 2018
Revenue	11	617,125	352,620
Cost of Sales		(431,399)	(255,221)
<b>Gross Profit</b>		<b>185,726</b>	<b>97,399</b>
Distribution costs		(98,295)	(44,208)
Administrative expenses		(21,676)	(18,475)
Other operating expenses		(842)	(3,355)
Other income	12	16,348	11,860
<b>Profit from operations</b>		<b>81,261</b>	<b>43,220</b>
Finance cost		(7,780)	(179)
<b>Profit before income tax</b>		<b>73,481</b>	<b>43,041</b>
Income tax expense		(35,366)	(17,399)
<b>Profit after taxation</b>		<b>38,116</b>	<b>25,642</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>38,116</b>	<b>25,642</b>
 <b>Earnings per share - basic and diluted</b>		 <b>0.70</b>	 <b>0.47</b>

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



**Chief Executive Officer**



**Director**



**Chief Financial Officer**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019**

Note	September 30, 2019 ----- (Rupees in '000)-----	September 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	73,481	43,041
<b>Adjustments for non-cash items:</b>		
Depreciation	569	475
Amortization of intangible assets	603	151
Finance cost	7,780	179
Dividend income	-	(17)
Interest income	(7,882)	(5,416)
Realised gain on investments - at fair value through profit or loss	-	(73)
Un-realized gain on investments- at fair value through profit or loss	-	(142)
	<b>74,551</b>	<b>38,198</b>
<b>Decrease/(Increase) in working capital</b>		
Inventories	(85,633)	(25,368)
Trade and other receivables	(206,068)	2,423
Short-term deposits, prepayments, loans and advances	(57,367)	(33,198)
Refunds due from government - sales tax	(273)	-
Trade and other payables	300,310	(9,282)
	<b>(49,031)</b>	<b>(65,425)</b>
<b>Cash generated from/(used) in operations</b>	<b>25,520</b>	<b>(27,227)</b>
Income tax paid	(24,261)	(16,570)
Finance cost paid	(7,780)	(179)
Interest income received	5,250	-
<b>Net cash used in operating activities</b>	<b>(1,271)</b>	<b>(43,976)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(3,056)
Purchase of intangibles	(407)	-
Dividend received	-	17
Short term investments made	-	(16)
Proceeds from redemption of investments	-	55,000
<b>Net cash (used) in/generated from investing activities</b>	<b>(407)</b>	<b>51,945</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(39)	(58)
<b>Net cash (used) in financing activities</b>	<b>(39)</b>	<b>(58)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,718)</b>	<b>7,912</b>
Cash and cash equivalents at the beginning of the period	30,894	27,722
<b>Cash and cash equivalents at the end of the period</b>	<b>29,176</b>	<b>35,634</b>

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

**Chief Executive Officer**

**Director**

**Chief Financial Officer**



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019**

	Issued, subscribed and paid-up share capital	Reserve for issue of bonus shares	Share Premium	Unappropriated profit	Total share holders' equity
	(Rupees in '000)				
<b>Balance as at July 01, 2018</b>	540,877	-	119,600	528,274	1,188,751
Total comprehensive income for the period ended September 30, 2018	-	-	-	25,642	25,642
Balance as at September 30, 2018	540,877	-	119,600	553,917	1,214,394
<b>Balance as at July 01, 2019</b>	540,877	-	119,600	595,563	1,256,040
Total comprehensive income for the period ended September 30, 2019	-	-	-	38,116	38,116
<b>Balance as at September 30, 2019</b>	<b>540,877</b>	<b>-</b>	<b>119,600</b>	<b>633,679</b>	<b>1,294,156</b>

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



**Chief Executive Officer**



**Director**



**Chief Financial Officer**

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

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

The geographical location and address of the Company's business units are as under:

- 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 the sole distributor of Mead Johnson products in Pakistan. In this respect, the Company has also entered into a service level agreement with Reckitt Benckiser Pakistan Limited.

### 2. BASIS OF PREPARATION

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2019.

### 4. PROPERTY AND EQUIPMENT

		Un-audited September 30, 2019	Audited June 30, 2019
	Note	-----Rupees in '000-----	
Operating assets	4.1	<u>7,482</u>	<u>8,052</u>
		<u>7,482</u>	<u>8,052</u>

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

	Un-audited September 30, 2019	Un-audited September 30, 2018
	-----Rupees in '000-----	
Office equipments	<u>-</u>	<u>3,056</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019**

		Un-audited September 30, 2019	Audited June 30, 2019
Note		-----Rupees in '000-----	
<b>5. Trade and other receivables</b>			
<b>Trade receivables - considered good</b>			
Due from related party	5.1	574,566	433,392
Others		<u>140,088</u>	<u>81,014</u>
		714,654	514,406
Less: Provision for doubtful debts		<u>(205)</u>	<u>(205)</u>
		<u>714,449</u>	<u>514,201</u>
<b>Other receivables</b>			
Claims from Supplier		14,213	10,872
Due from related party		6,309	3,849
Others		<u>77</u>	<u>59</u>
		<u>20,599</u>	<u>14,780</u>
		<u>735,049</u>	<u>528,981</u>

**5.1.** As at September 30, 2019, amount due from IBL Operations (Private) Limited stood at Rs. 573.15 million.

		Un-audited September 30, 2019	Audited June 30, 2019
Note		-----Rupees in '000-----	
<b>6. Short-term deposits, prepayments, loans and advances</b>			
Short term deposits		7,256	4,169
Prepayments		4,472	923
Short term loans		249,630	249,630
Advances		<u>227,091</u>	<u>176,361</u>
		<u>488,450</u>	<u>431,083</u>
<b>7. Cash and bank balances</b>			
Cash in hand		100	100
Cash at bank		<u>29,076</u>	<u>30,794</u>
		<u>29,176</u>	<u>30,894</u>

**8. Issued, subscribed and paid-up share capital**

September 30, 2019	June 30, 2019		Un-audited September 30, 2019	Audited June 30, 2019
			-----Rupees in '000-----	
		Number of shares		
<u>54,087,605</u>	<u>54,087,605</u>		<u>540,877</u>	<u>540,877</u>
<u>54,087,605</u>	<u>54,087,605</u>	Ordinary shares of Rs. 10 each fully paid in cash.	<u>540,877</u>	<u>540,877</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019**

	Un-audited September 30, 2019	Audited June 30, 2019
Note	-----Rupees in '000-----	
<b>9. Trade and other payables</b>		
Creditors	345,526	292,750
Accrued liabilities	38,307	18,186
Advance from customers	24,925	14,012
Advance against sale of land	73,500	73,500
Due to related parties	222,610	27,192
Security deposits	16,017	16,017
Other liabilities	12,416	14,223
	<u>733,301</u>	<u>455,880</u>

**10. Contingencies and commitments**

Letter of credit outstanding	<u>559,177</u>	<u>475,680</u>
------------------------------	----------------	----------------

- 10.1.** The facility for opening Letters of Credit (LCs) and running musharaka as at September 30, 2019 amounted to Rs. 683 million (June 2019: Rs. 683 million) of which the amount remained unutilized as at balance sheet date was Rs. 123.82 million (June 2019: Rs. 207.32 million).

	Un-audited September 30, 2019	Un-audited September 30, 2018
Note	-----Rupees in '000-----	
<b>11. REVENUE</b>		
Gross sales	758,939	397,706
Sales tax	<u>(37,282)</u>	<u>(2,376)</u>
	721,657	395,330
Less:		
Sales return	<u>(17,268)</u>	<u>(3,492)</u>
Sales discount	<u>(87,263)</u>	<u>(39,219)</u>
	<u>(104,532)</u>	<u>(42,710)</u>
	<u>617,125</u>	<u>352,620</u>

**12. Other income**

**Income from financial assets**

Realised gain on investments - at fair value through profit or loss	-	73
Un-realised gain on investments - at fair value through profit or loss	-	226
Exchange gain	1,536	97
Interest on loan to International Brands Limited	7,882	5,416
Dividend income	-	17
	<u>9,418</u>	<u>5,829</u>

**Income from non-financial assets**

Rental income from investment property	6,880	6,031
Scrap sales	50	-
	<u>6,930</u>	<u>6,031</u>
	<u>16,348</u>	<u>11,860</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019**

**13. RELATED PARTY TRANSACTIONS**

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

Related Party	Nature of relationship	Nature of transaction	September 30, 2019	September 30, 2018
			-----Rupees in '000-----	
The Searle Company Limited	Parent	Purchase of goods	<u>208,457</u>	<u>568</u>
International Brands Limited	Associate	Interest income	<u>7,882</u>	<u>5,416</u>
		Corporate service charges	<u>5,250</u>	<u>4,200</u>
IBL Operations (Private) Limited	Associate	Sale of goods	<u>404,575</u>	<u>249,989</u>
		Shared cost	<u>1,665</u>	<u>759</u>
IBL Identity (Private) Limited	Associate	Rent income	<u>1,290</u>	<u>1,172</u>
Trax online (Private) Limited	Associate	Rent income	<u>548</u>	<u>225</u>
United Franchises (Private) Limited	Associate	Rent income	<u>93</u>	<u>280</u>
United Brands Limited	Associate	Sales of goods	<u>1,315</u>	<u>-</u>

**14. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial statement was authorized for issue on October 28, 2019 by the Board of Directors of the Company.



**Chief Executive Officer**



**Director**



**Chief Financial Officer**



9th Floor, N.I.C. Building, Abbasi Shaheed Road,  
Off: Shahrah-e-Faisal, Karachi-75530  
[www.iblhc.com](http://www.iblhc.com)