

# HealthCare **TRANSFORMATION** For Generations



Half Year Report December 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
Mr. Zubair Razzak Palwala	Director
Mr. Ayaz Abdulla	Director
Ms. Aameena Saiyid	Director

### AUDIT COMMITTEE

Ms. Aameena Saiyid	Chairperson
Mr. Zubair Razzak Palwala	Member
Mr. Ayaz Abdulla	Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Aameena Saiyid	Chairperson
Mr. S. Nadeem Ahmed	Member
Mr. Ayaz Abdulla	Member

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Tariq

### COMPANY SECRETARY

Mr. Shariq Zafar

### AUDITORS

A.F. Ferguson & Co.,  
Chartered Accountants

### INTERNAL AUDITORS

Grant Thornton Anjum Rahman

### LEGAL ADVISOR

Mohsin Tayabaly & Co.

### BANKERS

Habib Bank Limited  
Standard Chartered Bank  
(Pakistan) Limited  
National Bank of Pakistan  
Summit Bank Limited  
Soneri Bank Limited  
Habib Metropolitan Bank Limited  
Al-Baraka Bank (Pakistan) Limited

### REGISTERED OFFICE

One IBL Centre 2nd Floor,  
Plot # 1 Block 7 & 8, D.M.C.H.S  
Tipu Sultan Road,  
off: Shahra-e-Faisal Karachi.  
Sindh 74200

### SHARE REGISTRAR

Central Depository Company  
of Pakistan Limited  
CDC House, 99-B, Block-B,  
SMCHS Shahrah-e-Faisal,  
Karachi – 74400

## Directors' Review Report

The Board of Directors of IBL HealthCare Limited (IBLHL) takes pleasure to present before shareholders' performance review together with the reviewed condensed interim financial statements of the Company for the half year ended December 31, 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

	December 31, 2019	2018
	(Rupees in Thousand)	
Revenue	<b>1,244,565</b>	755,150
Gross profit	<b>374,578</b>	221,286
Gross profit as a percentage of revenue	<b>30.1%</b>	29.3%
Profit before taxation	<b>132,940</b>	97,341
Profit after taxation	<b>87,078</b>	62,619

### 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, political stability & stabilization of currency helps achieving the significant growth in revenue and profitability of the company. To enhance the revenue and profitability further, new local products are also in line for launch with high GP margins.

The revenue for the current period is Rs. 1.24 billion as compared to Rs. 755.15 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 period compared to 29.3% same period last year. This increase in profit margin resulted in after tax profit of Rs.87.07m compared to Rs.62.61m last year.

### 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.



Chief Executive Officer  
February 19, 2020  
Karachi



Director

# ڈائریکٹرز کی رپورٹ

آئی بی ایل ہیلتھ کیئر لمیٹڈ (آئی بی ایل ایچ ایل) کے بورڈ آف ڈائریکٹرز شیئر ہولڈرز کے روبرو بسمرت کارکردگی کا جائزہ مع ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے جائزہ شدہ مجموعی عبوری مالیاتی حسابات پیش کر رہے ہیں۔

ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ ۲۰۱۷ء کے سیکشن ۲۲۷، کوڈ آف کارپوریٹ گورننس کے باب XII، شق ۳۴ (رپورٹنگ و ڈسکلوژر) کے تحت تیار کی گئی ہے۔

## مالیاتی کارکردگی کا جائزہ

31 دسمبر

2018	2019	
(روپے ہزاروں میں)		
755,150	1,244,565	آمدنی
<b>221,286</b>	<b>374,578</b>	مجموعی منافع جات
29.3 فیصد	30.1 فیصد	مجموعی منافع جات بمطابق آمدنی کا فیصدی
97,341	132,940	قبل از ٹیکس منافع
<b>62,619</b>	<b>87,078</b>	بعد از ٹیکس منافع

## بنیادی سرگرمیاں اور مالیاتی کارکردگی کا جائزہ

کمپنی کی بنیادی سرگرمیاں بشمول مارکیٹنگ اور ہیلتھ کیئر واشیاے صارف کی فروخت اور تقسیم ہے۔ اس مدت کے دوران نئے کاروباروں کی شمولیت، سیاسی استحکام اور کرنسی کی قدر متحکم کرنے نے کمپنی کی آمدنی اور منافع کے فروغ سے نمایاں گروتھ حاصل ہوئی۔ آمدنی اور منافع میں مزید اضافے کیلئے نئی مقامی مصنوعات کو بلند تر جی پی شرح منافع کے ساتھ متعارف کرایا گیا۔

رواں مدت کیلئے آمدنی ۲۳ ارب ۵۵۵ ملین روپے رہی جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران ۱۵ ارب ۵۵۵ ملین روپے رہی تھی۔ آمدنی میں نمایاں اضافے کی وجہ سے پورٹ فولیو کا اضافہ اور موجودہ کاروبار میں بہتر شرح نمو تھا۔ مجموعی منافع بحیثیت سبز کی فیصدی شرح بھی رواں مدت کیلئے ۳۰.۱ فیصد تک بڑھ گیا جو اس کے مقابلے میں گزشتہ سال کی اسی مدت میں ۲۹.۳ فیصد تھا۔ شرح منافع میں اس اضافے کے نتیجے میں بعد از ٹیکس منافع ۷۰ ارب ۸۷ ملین روپے ہو گیا جو گزشتہ سال اس کے مقابلے میں ۶۱ ارب ۶۲ ملین روپے تھا۔

## مستقبل کا جائزہ

کمپنی مستقل طور پر منافع اور گروتھ بڑھانے کیلئے کوشاں ہے۔ ہم بڑا اعتماد ہیں کہ ہم شیئر ہولڈرز کے لئے منافع کی شرح میں اضافہ حاصل کر سکتے ہیں نیز اسے بہتر مصنوعات اور سروسز فراہم کر سکتے ہیں۔ اس عزم کی تکمیل میں ہم اپنی بیزنس فورس کے تعاون اور بے مثال کاوشوں کو خارج تشویش بن پیش کرنا چاہیں گے جن کے بغیر ہم یہ نتائج حاصل نہیں کر 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۔

ڈائریکٹرز

چیف ایگزیکٹو آفیسر

کراچی:

۱۹ فروری ۲۰۲۰ء

# **Independent Auditor's Review Report**

## **to the members of IBL HealthCare Limited**

### **Report on review of Interim Financial Statements**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of IBL HealthCare Limited as at December 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

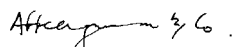
#### **Scope of Review**

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

#### **Conclusion**

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

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



Chartered Accountants  
Karachi

Date: February 28, 2020

# Statement of Financial Position

as at December 31, 2019

	Note	(Unaudited) December 31, 2019	(Audited) June 30, 2019
Rupees in '000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	9,449	8,052
Investment property	5	362,165	266,526
Intangible assets	6	12,702	13,520
Long-term loan - unsecured	7	200,000	-
		<u>584,316</u>	<u>288,098</u>
<b>Current assets</b>			
Inventories		550,568	506,983
Trade and other receivables	8	841,396	528,981
Short-term deposits, prepayments, loans and advances	9	223,535	431,083
Interest accrued		13,484	2,970
Refunds due from government - Sales Tax		-	9,071
Taxation		20,496	15,186
Cash and bank balances	10	32,082	30,894
		<u>1,681,561</u>	<u>1,525,168</u>
Asset classified as 'Held for Sale'	11	-	75,500
<b>Total assets</b>		<u><u>2,265,877</u></u>	<u><u>1,888,766</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital			
Issued, subscribed and paid up capital	12	540,877	540,877
Capital reserve			
Share premium		119,600	119,600
Revenue reserve			
Unappropriated profit		628,553	595,563
		<u>1,289,030</u>	<u>1,256,040</u>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	13	731,352	455,880
Short term borrowings		199,498	167,501
Dividend payable		38,884	-
Unclaimed dividend		7,113	9,345
		<u>976,847</u>	<u>632,726</u>
<b>Contingency and commitments</b>	14		
<b>Total equity and liabilities</b>		<u><u>2,265,877</u></u>	<u><u>1,888,766</u></u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

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

For the Half Year Ended December 31, 2019 - Unaudited

	Note	Quarter ended		Half year ended	
		December 31,	December 31,	December 31,	December 31,
		2019	2018	2019	2018
		----- Rupees '000 -----			
Revenue	15	<b>627,440</b>	402,530	<b>1,244,565</b>	755,150
Cost of sales		<b>(438,588)</b>	(278,643)	<b>(869,987)</b>	(533,864)
Gross profit		<b>188,852</b>	123,887	<b>374,578</b>	221,286
Other income	16	<b>16,095</b>	11,227	<b>32,443</b>	23,087
Marketing and distribution expenses		<b>(113,830)</b>	(54,201)	<b>(212,125)</b>	(98,409)
Administrative and general expenses		<b>(21,985)</b>	(21,841)	<b>(43,661)</b>	(40,316)
Other operating expenses		<b>(2,182)</b>	(4,479)	<b>(3,024)</b>	(7,834)
Finance cost		<b>(7,492)</b>	(294)	<b>(15,271)</b>	(473)
Profit before taxation		<b>59,458</b>	54,299	<b>132,940</b>	97,341
Income tax expense		<b>(10,496)</b>	(17,323)	<b>(45,862)</b>	(34,722)
Profit after taxation		<b>48,962</b>	36,976	<b>87,078</b>	62,619
Other comprehensive income		-	-	-	-
Total comprehensive income		<b>48,962</b>	36,976	<b>87,078</b>	62,619
Earnings per share	17	<b>0.91</b>	0.68	<b>1.61</b>	1.16

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

# Condensed Interim Statement of Cash Flows

For the Half Year Ended December 31, 2019 - Unaudited

		December 31, 2019	December 31, 2018
	Note	Rupees '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	18	<b>223,418</b>	(24,375)
Interest income received		<b>5,250</b>	20,125
Income tax paid		<b>(51,172)</b>	(40,868)
Finance cost paid		<b>(15,270)</b>	(473)
(Increase) / decrease in long term loans and advances		<b>(200,000)</b>	9,876
Net cash outflow from operating activities		<b>(37,774)</b>	(35,715)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments for acquisition of property and equipment		<b>(2,553)</b>	(3,553)
Proceeds from sale of investment property		<b>75,500</b>	-
Payments for acquisition of intangible assets		<b>(407)</b>	-
Payment for acquisition of investment property		<b>(48,139)</b>	-
Dividend received		-	17
Proceeds from redemption of short term investments		-	56,090
Net cash inflow from investing activities		<b>24,401</b>	52,555
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		<b>(17,436)</b>	(15,120)
Net cash outflow from financing activities		<b>(17,436)</b>	(15,120)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(30,809)</b>	1,719
Cash and cash equivalents at beginning of the period		<b>(136,607)</b>	27,722
<b>Cash and cash equivalents at end of the period</b>	19	<b>(167,416)</b>	29,441

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

# Condensed Interim Statement of Changes In Equity

For the Half Year Ended December 31, 2019 - Unaudited

	Issued, subscribed and paid up capital	Capital reserve Share Premium	Revenue reserve Unappropriated profit	Total reserves	Total
	----- Rupees in '000 -----				
Balance at July 01, 2018	540,877	119,600	528,274	647,874	1,188,751
Total comprehensive income for the period	-	-	62,619	62,619	62,619
<b>Transaction with owners</b>					
Final dividend for the year ended June 30, 2018 @ Re. 1 per share	-	-	(54,088)	(54,088)	(54,088)
<b>Balance at December 31, 2018</b>	<b>540,877</b>	<b>119,600</b>	<b>536,805</b>	<b>656,405</b>	<b>1,197,282</b>
Balance at July 01, 2019	540,877	119,600	595,563	715,163	1,256,040
Total comprehensive income for the period	-	-	87,078	87,078	87,078
<b>Transaction with owners</b>					
Final dividend for the year ended June 30, 2019 @ Re. 1 per share	-	-	(54,088)	(54,088)	(54,088)
<b>Balance at December 31, 2019</b>	<b>540,877</b>	<b>119,600</b>	<b>628,553</b>	<b>748,153</b>	<b>1,289,030</b>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

# Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 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 a public limited company with its liability limited by shares. The shares of the Company are quoted on Pakistan Stock Exchange. The principal business activities of the Company include marketing, selling and distribution of healthcare 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

### 2.1 Statement of compliance

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

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

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

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019.

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

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

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

#### 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, 2019 are considered not to be relevant to the Company's financial statements and hence have not been detailed here.

# Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 - Unaudited

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, 2020 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, 2019.

#### 3.1 ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2019.

### 4. PROPERTY AND EQUIPMENT

Operating assets

<b>(Unaudited) December 31, 2019</b>	<b>(Audited) June 30, 2019</b>
	Rupees in '000

**9,449**      8,052

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

	<b>(Unaudited) December 31, 2019</b>	<b>(Unaudited) December 31, 2018</b>
	Rupees in '000	
Office equipments	<b>2,553</b>	2,916
Furniture and fixtures	<b>-</b>	637
	<u><b>2,553</b></u>	<u>3,553</u>

# Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 - Unaudited

## 5. INVESTMENT PROPERTY

The Company acquired plot of land no. 4 Block 7 & 8, D.M.C.H.S, Tipu Sultan Road, Karachi measuring 502 square yards at a value of Rs. 80 million during the period. The property has been capitalised at Rs. 95.64 million which includes ancillary charges of Rs. 15.64 million.

<b>(Unaudited)</b> <b>December 31,</b> <b>2019</b>	<b>(Audited)</b> <b>June 30,</b> <b>2019</b>
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Rupees in '000

## 6. INTANGIBLE ASSETS

Computer software	5,052	4,908
Marketing rights	7,650	8,550
Software license	-	62
	<u>12,702</u>	<u>13,520</u>

6.1 Details of additions in computer software during the period are as follows:

<b>(Unaudited)</b> <b>December 31,</b> <b>2019</b>	<b>(Unaudited)</b> <b>December 31,</b> <b>2018</b>
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Rupees in '000

Computer software	<u>407</u>	<u>-</u>
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<b>(Unaudited)</b> <b>December 31,</b> <b>2019</b>	<b>(Audited)</b> <b>June 30,</b> <b>2019</b>
--	--

Rupees in '000

## 7. LONG-TERM LOAN - unsecured

Loan - considered good:		
Related party	249,630	-
Less: current portion of long-term loan	<u>(49,630)</u>	<u>-</u>
	<u>200,000</u>	<u>-</u>

7.1 Loan to International Brands Limited, ultimate holding company, amounting to Rs. 200 million has been converted into long term loan which was approved in the annual general meeting held on October 25, 2019. The tenure of the loan is 5 years commencing July 1, 2019 carrying a mark-up of one year KIBOR + 2% per annum.

## 8. TRADE AND OTHER RECEIVABLES

These include Rs. 649.92 million (June 30, 2019: Rs. 433.19 million) receivable from related parties.

# Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 - Unaudited

	(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Rupees in '000	
<b>9. SHORT-TERM DEPOSITS, PREPAYMENTS, LOANS AND ADVANCES</b>		
Loans to International Brands Limited		
- Current portion of long term loan - note 7	49,630	49,630
- Short term loan - note 7.1	-	200,000
	<u>49,630</u>	<u>249,630</u>
Prepayments	2,992	923
Short term deposits	8,545	4,169
Advances		
- to employees	4,032	5,722
- to suppliers	129,150	16,397
- against purchase of land	-	47,500
- against imports - note 9.1	29,186	106,742
	<u>162,368</u>	<u>176,361</u>
	<u><u>223,535</u></u>	<u><u>431,083</u></u>

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

	(Unaudited) December 31, 2019	(Audited) June 30, 2019
	Rupees in '000	
<b>10. CASH AND BANK BALANCES</b>		
Cash at bank:		
- current accounts	31,982	30,794
Cash in hand	100	100
	<u>32,082</u>	<u>30,894</u>

## 11. Asset classified as 'Held for Sale'

During the period, the property was disposed of at the transaction price of Rs. 75.5 million.

# Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 - Unaudited

## 12. SHARE CAPITAL

### Authorised share capital

(Unaudited) December 31, 2019	(Audited) June 30, 2019		(Unaudited) December 31, 2019	(Audited) June 30, 2019
<u>75,000,000</u>	<u>75,000,000</u>	Ordinary shares of Rs. 10 each	<u>750,000</u>	<u>750,000</u>

### Issued, subscribed and paid up capital

(Unaudited) December 31, 2019	(Audited) June 30, 2019		(Unaudited) December 31, 2019	(Audited) June 30, 2019
22,990,000	22,990,000	Shares allotted for consideration paid in cash	229,900	229,900
31,097,605	31,097,605	Shares allotted as bonus shares	310,977	310,977
<u>54,087,605</u>	<u>54,087,605</u>		<u>540,877</u>	<u>540,877</u>

(Unaudited) December 31, 2019	(Audited) June 30, 2019
Rupees in '000	

## 13. SHORT TERM BORROWINGS

Running finance under mark-up arrangements - note 12.1

<u>199,498</u>	<u>167,501</u>
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- 13.1. The Company obtained running finance facilities from Soneri Bank Limited and Habib Bank Limited at 3 months KIBOR + 1.5% and 1 month KIBOR + 0.75% per annum respectively (June 30, 2019: 3 months KIBOR + 1.5% and 1 month KIBOR +0.75% per annum respectively).

## 14. CONTINGENCY AND COMMITMENTS

### 14.1 Contingency

- 14.1.1 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 Sindh Board of Revenue (SRB) before the High Court of Sindh. The Company has impugned the levy on the constitutional grounds that renting of immovable property is not a "service" and therefore does not fall within the scope of SRB to tax through the Sindh Sales Tax on Services Act, 2011 (the Act). Further, the Company has also taken the stance that the collection mechanism is ultra vires the Act and therefore no coercive measures be adopted against the Company for the collection of the impugned levy.

The said matter was disposed off by the High Court in favour of the Company on ground that mere letting of immovable property by the landlord to a tenant on a rent for consideration does not involve any element of providing taxable services, therefore, the amount of rent received by the landlord cannot be subjected to tax.

# Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 - Unaudited

## 14.2 Commitments

The facility for opening letter of credit and Running Musharakah as at December 31, 2019 amounted to Rs. 683 million (June 30, 2019: Rs. 683 million) of which the amount remaining unutilised at the end of year was Rs. 193.42 million (June 30, 2019: Rs. 207.32 million).

	(Unaudited) December 31, 2019	(Unaudited) December 31, 2018
	Rupees in '000	
<b>15. REVENUE</b>		
Gross revenue	1,564,320	863,700
Less: Sales tax	(97,114)	(17,094)
	<u>1,467,206</u>	<u>846,606</u>
Less:		
- Trade discount	(171,267)	(82,570)
- Sales returns	(38,874)	(8,886)
Provision for claims	(12,500)	-
	<u>(222,641)</u>	<u>(91,456)</u>
	<u><u>1,244,565</u></u>	<u><u>755,150</u></u>

## 16. OTHER INCOME

Income from financial assets		
Realised gain on investments - at fair value through profit or loss	-	308
Interest on loan to International Brands Limited	15,764	10,772
Dividend income	-	17
Exchange gain	3,534	-
	<u>19,298</u>	<u>11,097</u>
Income from non-financial assets		
Rental income from investment property	13,077	11,990
Insurance claim	2	-
Scrap sales	66	-
	<u>13,145</u>	<u>11,990</u>
	<u><u>32,443</u></u>	<u><u>23,087</u></u>

## 17. EARNINGS PER SHARE

### 17.1 Earnings per share - Basic

	For the quarter ended		For the half year ended	
	December 2019	December 2018	December 2019	December 2018
	Rupees in '000			
Profit for the period attributable to ordinary shareholders	<u>48,962</u>	<u>36,976</u>	<u>87,078</u>	<u>62,619</u>
Weighted average number of ordinary shares outstanding during the period (in thousand)	<u>54,088</u>	<u>54,088</u>	<u>54,088</u>	<u>54,088</u>
Basic earnings per share	<u><u>Rs. 0.91</u></u>	<u><u>Rs. 0.68</u></u>	<u><u>Rs. 1.61</u></u>	<u><u>Rs. 1.16</u></u>

# Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 - Unaudited

## 17.2 Earnings per share - diluted

Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2019 and December 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

<b>(Unaudited)</b> <b>December 31,</b> <b>2019</b>	(Unaudited) December 31, 2018
Rupees in '000	

## 18. CASH GENERATED FROM OPERATIONS

Profit for the period	132,940	97,341
<b>Adjustments for non-cash income and expenses:</b>		
Depreciation of property and equipment	1,155	1,035
Amortisation of intangible assets	1,226	302
Finance costs	15,271	473
Provision against doubtful receivables	123	-
Dividend income	-	(17)
Interest income	(15,764)	(10,772)
Realised gain on investments - at fair value through profit or loss	-	(308)
	<u>2,011</u>	<u>(9,287)</u>
	<b>134,951</b>	<b>88,054</b>

### Changes in working capital:

(Increase) / decrease in current assets:

Inventories	(43,585)	(107,828)
Trade and other receivables	(312,538)	(61,757)
Short-term deposits, prepayments, loans and advances	160,047	(39,383)
Refunds due from government - sales tax	9,071	-
	<u>(187,005)</u>	<u>(208,968)</u>

Increase in current liabilities:

Trade and other payables	275,472	96,539
	<u>275,472</u>	<u>96,539</u>
	<u>223,418</u>	<u>(24,375)</u>

## 19. CASH AND CASH EQUIVALENTS

Cash at bank:		
- current accounts	31,982	29,341
Cash in hand	100	100
Short term borrowings	(199,498)	-
	<u>(167,416)</u>	<u>29,441</u>

## 20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Financial risk factors

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

# Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 - Unaudited

## Fair value estimation and hierarchy

As at December 31, 2019 all financial assets and financial liabilities are carried at amortised cost.

The valuation techniques and fair value hierarchy of the financial assets of the Company are consistent with those given in the financial statements for the year ended June 30, 2019.

## 21. RELATED PARTY TRANSACTIONS

S. no.	Nature of relationship	Nature of transaction	(Unaudited)	(Unaudited)
			December 31, 2019	December 31, 2018
			Rupees in '000	
i.	Ultimate parent	- Interest income	15,764	10,772
		- Corporate service charges	10,500	9,600
		- Dividend paid	147	147
		- Recovery of loan	-	30,000
ii.	Holding company	- Shared costs	499	387
		- Purchase of goods	235,636	239
iii.	Associated companies	- Sale of goods	775,248	531,093
		- Shared costs	3,600	1,617
		- Rental income	3,348	3,354
		- SAP maintenance fee	328	-
		- Dividend paid	1,006	-
		- Donation paid	-	2,500
iv.	Employees' Provident Fund-	Contribution paid	3,748	1,950
v.	Key Management Personnel	- Salaries and other employee benefits	7,088	7,908
		- Director's fee and conveyance	250	200

## 22. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on February 19, 2020.



Chief Executive



Director



Chief Financial Officer



One IBL Centre 2nd Floor,  
Plot # 1 Block 7 & 8, D.M.C.H.S  
Tipu Sultan Road,  
off: Shakra-e-Faisal Karachi.  
Sindh 74200  
[www.iblhc.com](http://www.iblhc.com)