

LEADING
With **EFFICIENCY**



Half Yearly Report

December 2022

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Company **INFORMATION**

BOARD OF DIRECTORS

Ms. Aameena Saiyid	Chairperson
Mr. Munis Abdullah	Director
Mr. S. Nadeem Ahmed	Director
Mr. Mufti Zia ul Islam	Chief Executive Officer
Mr. Zubair Palwala	Director
Mr. Mobeen Alam	Director
Mr. Shuja Malik	Director

AUDIT COMMITTEE

Mr. Shuja Malik	Chairman
Mr. Zubair Palwala	Member
Ms. Aameena Saiyid	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Shuja Malik	Chairman
Mr. S. Nadeem Ahmed	Member
Ms. Aameena Saiyid	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

2nd Floor, One IBL Centre,
Block 7&8, DMCHS
Tipu Sultan Road,
Off: Shahrah-e-Faisal, 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 the shareholders', performance review together with the reviewed condensed interim financial statements of the Company for the half year ended December 31, 2022.

The Directors' report is prepared under section 227 of the Companies Act, 2017, chapter XII clause 34 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

SUMMARY OF FINANCIAL PERFORMANCE

	December 31,	
	2022	2021
	(Rupees in Thousand)	
Revenue	2,025,816	1,773,365
Gross profit	669,537	610,693
Gross profit as a percentage of revenue	33.1%	34.4%
Profit before taxation	246,037	259,123
Profit after taxation	171,256	174,296

PRINCIPAL ACTIVITIES & OVERVIEW OF FINANCIAL PERFORMANCE

The principal activities of the Company include marketing, selling and distribution of healthcare & consumer products.

The revenue for the current period remained at Rs. 2.03 billion as compared to Rs. 1.77 billion for the same period last year i-e, an increase of Rs. 252.4 million (14% growth) despite uncertain socio-economic situation in the country. This increase in revenue is mainly due to awarding of tenders for disposable division. However, significant devaluation in currency, restricted the gross margin of the company to 33.1% as compared to 34.4% last year. The impact of devaluation also resulted in significant exchange loss in current period. However, control over expenditure enabled company to achieve after tax profit of Rs. 171.26 million as compared to Rs. 174.3 million same period 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



Director

February 24, 2023
Karachi

ڈائریکٹرز کی رپورٹ

آئی بی ایل ہیلتھ کیئر لمیٹڈ (آئی بی ایل ایچ ایل) کے بورڈ آف ڈائریکٹرز شیئر ہولڈرز کے روبرو بمسرت کارکردگی کا جائزہ مع ۳۱ دسمبر ۲۰۲۲ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے مجموعی عبوری مالیاتی معلومات پیش کر رہے ہیں۔

ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ، ۲۰۱۷ء کے سیکشن ۲۲۷، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، ۲۰۱۹ء کے باب XII، شق ۳۴ کے تحت تیار کی گئی ہے۔

مالیاتی کارکردگی کا جائزہ

31 دسمبر

2021	2022	
(روپے ہزاروں میں)		
1,773,365	2,025,816	آمدنی
610,693	669,537	مجموعی منافع جات
34.4 فیصد	33.1 فیصد	مجموعی منافع جات برطابق آمدنی کا فیصدی
259,123	246,037	قبل از ٹیکس منافع
174,296	171,256	بعد از ٹیکس منافع

بنیادی سرگرمیاں اور مالیاتی کارکردگی کا جائزہ

کمپنی کی بنیادی سرگرمیوں میں ہیلتھ کیئر اور کتھریومر پروڈکٹس کی مارکیٹنگ، فروخت اور تقسیم شامل ہے۔

رواں مدت کیلئے آمدنی ۲۰۳۰ ملین روپے برقرار رہی جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران ۱۷۷۱ ملین روپے رہی تھی، یعنی ۲۵۲۰ ملین روپے (۱۴ فیصد گروتھ) کا اضافہ، ملک میں بے یقینی کی سماجی-اقتصادی صورتحال کے باوجود حاصل کیا گیا۔ آمدنی میں یہ اضافہ بنیادی طور پر ڈیپوز ایبل ڈویژن کیلئے ٹینڈر رزٹنویٹس کرنے کے سبب ممکن ہوا۔ جبکہ کرنسی کی قدر میں نمایاں کمی کی وجہ سے کمپنی کی مجموعی شرح ۲۳۰۱ فیصد تک محدود رہی جو گزشتہ سال اس کے مقابلے میں ۳۳۰۲ فیصد رہی تھی۔ قدر میں کمی کے اثرات کے نتیجے میں رواں مدت کے دوران نمایاں حد تک زرمبادلہ کا نقصان بھی ہوا۔ تاہم زائد اخراجات پر کنٹرول کر کے کمپنی ۲۶۱۷۱ ملین روپے کا منافع بعد از ٹیکس حاصل کرنے میں کامیاب رہی۔ جو اس کے مقابلے میں گزشتہ سال کی اسی مدت میں ۲۷۳۱۷۱ ملین روپے رہا تھا۔

مستقبل کا جائزہ

کمپنی مستقل طور پر منافع کی شرح اور گروتھ میں زیادہ سے زیادہ اضافے کیلئے کوشاں ہے۔ ہم پر اعتماد ہیں کہ ہم شیئر ہولڈرز کیلئے اضافی منافع کے حصول نیز اپنے صارفین کو بہتر مصنوعات اور سروسز کی فراہمی کرنے میں کامیاب رہیں گے۔ ان سب کی تکمیل کیلئے ہم اپنی سبیلز فورس کے بے مثال تعاون اور سپورٹ پر انہیں خراج تحسین پیش کرنا چاہیں گے جن کے بغیر ہم ان نتائج کے حصول میں کامیاب نہیں ہو سکتے تھے۔

ہم اس موقع پر اپنے ملازمین کے بھی مشکور ہیں کیونکہ انہوں نے کمپنی کے بہتر نتائج کے حصول میں اپنا بھرپور کردار ادا کیا۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی:

۲۳ فروری ۲۰۲۳ء



Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of IBL HealthCare Limited as at December 31, 2022 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, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

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 review resulting in this independent auditor's report is Farrukh Rehman.

Chartered Accountants
Karachi

Date: February 27, 2023

UDIN: RR202210059YvKgsaLh7

IBL HEALTHCARE LIMITED

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

		(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Note	Rupees in '000	
ASSETS			
Non-current assets			
Furniture and equipment	5	3,185	3,819
Right-of-use asset		6,987	8,601
Investment properties - at cost		576,360	576,360
Intangible assets	6	6,253	7,310
		<u>592,785</u>	<u>596,090</u>
Current assets			
Inventories	7	918,198	973,471
Trade and other receivables	8	1,458,866	1,118,723
Loans, advances, deposits and prepayments	9	345,472	137,054
Taxation - payments less provision		-	50
Cash and bank balances	10	36,048	104,122
		<u>2,758,584</u>	<u>2,333,420</u>
Total assets		<u><u>3,351,369</u></u>	<u><u>2,929,510</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital			
Issued, subscribed and paid up capital	11	713,956	649,051
Capital reserve			
Share premium		119,600	119,600
Revenue reserve			
Unappropriated profit		1,135,861	1,094,415
		<u>1,969,417</u>	<u>1,863,066</u>
LIABILITIES			
Non-current liabilities			
Lease liability		4,585	7,080
		<u>4,585</u>	<u>7,080</u>
Current liabilities			
Trade and other payables	14	857,544	780,753
Short term borrowings	15	432,646	247,139
Current portion of long-term finance	12	-	9,729
Current portion of lease liability		4,202	3,217
Taxation - provision less payment		13,108	-
Unclaimed dividend		7,108	7,108
Unpaid dividend	16	62,759	11,418
		<u>1,377,367</u>	<u>1,059,364</u>
Contingencies and commitments	17		
Total equity and liabilities		<u><u>3,351,369</u></u>	<u><u>2,929,510</u></u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

IBL HEALTHCARE LIMITED

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED**

	Note	Quarter ended		Half year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		← Rupees '000 →			
Revenue from contracts with customers	18	1,026,329	960,786	2,025,816	1,773,365
Cost of sales	19	<u>(662,851)</u>	<u>(625,128)</u>	<u>(1,356,279)</u>	<u>(1,162,672)</u>
Gross profit		363,478	335,658	669,537	610,693
Other loss	20	(42,790)	(6,267)	(47,864)	(9,707)
Marketing and distribution expenses		(136,238)	(152,059)	(295,562)	(283,830)
Administrative and general expenses		(25,194)	(22,979)	(49,060)	(46,355)
Finance cost	21	<u>(17,814)</u>	<u>(5,492)</u>	<u>(31,014)</u>	<u>(11,678)</u>
Profit before taxation		141,442	148,861	246,037	259,123
Income tax expense	22	<u>(45,201)</u>	<u>(57,360)</u>	<u>(74,781)</u>	<u>(84,827)</u>
Profit after taxation		96,240	91,501	171,256	174,296
Other comprehensive income		-	-	-	-
Total comprehensive income		<u>96,240</u>	<u>91,501</u>	<u>171,256</u>	<u>174,296</u>
			(Restated)		(Restated)
Earnings per share - Basic	23	<u>1.35</u>	<u>1.28</u>	<u>2.40</u>	<u>2.44</u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

IBL HEALTHCARE LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED**

	Issued, subscribed and paid up capital	Capital reserve		Revenue reserve	Total
		Share Premium	Issue of bonus shares	Unappropriated profit	
← Rupees in '000 →					
Balance at July 01, 2021	540,876	119,600	-	953,818	1,614,294
Total comprehensive income for the period	-	-	-	174,296	174,296
Transaction with owners					
Final dividend for the year ended June 30, 2021 @ Re. 1 per share	-	-	-	(54,087)	(54,087)
Transfer to reserve for issuance of bonus shares	-	-	108,175	(108,175)	-
Bonus shares issued during the period in the ratio of 20 shares for every 100 shares held	108,175	-	(108,175)	-	-
Balance at December 31, 2021	<u>649,051</u>	<u>119,600</u>	<u>-</u>	<u>965,852</u>	<u>1,734,503</u>
Balance at July 01, 2022	649,051	119,600	-	1,094,415	1,863,066
Total comprehensive income for the period	-	-	-	171,256	171,256
Transaction with owners					
Final dividend for the year ended June 30, 2022 @ Re. 1 per share	-	-	-	(64,905)	(64,905)
Transfer to reserve for issuance of bonus shares	-	-	64,905	(64,905)	-
Bonus shares issued during the period in the ratio of 10 shares for every 100 shares held	64,905	-	(64,905)	-	-
Balance at December 31, 2022	<u>713,956</u>	<u>119,600</u>	<u>-</u>	<u>1,135,861</u>	<u>1,969,417</u>

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

IBL HEALTHCARE LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED**

		December 31, 2022	December 31, 2021
	Note	Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	24	(141,002)	163,257
Income tax paid		(61,623)	(65,079)
Finance cost paid		(25,361)	(9,698)
Net cash (outflow) / inflow from operating activities		(227,986)	88,480
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of furniture and equipment		(69)	(690)
Proceeds from sale of furniture and equipment		-	92
Payment for acquisition of intangible asset		(308)	(3,500)
Net cash outflow from investing activities		(377)	(4,098)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(13,564)	(51,613)
Payment against lease liability		(1,925)	(1,694)
Musharkah facility obtained		138,975	47,916
Repayment of long term loan		(9,729)	(10,123)
Net cash inflow / (outflow) from financing activities		113,757	(15,514)
Net (decrease) / increase in cash and cash equivalents		(114,606)	68,868
Cash and cash equivalents at beginning of the period		(143,017)	(126,364)
Cash and cash equivalents at end of the period	25	(257,623)	(57,496)

The annexed notes 1 to 28 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

IBL HEALTHCARE LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND OPERATIONS

IBL HealthCare Limited (the Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) 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 (the Parent Company) and International Brands Limited (the Ultimate Parent Company).

The geographical locations and addresses of the Company's business units are as under:

- The registered office of the Company is located at One IBL Centre, 2nd floor, Plot No.1, Block 7 and 8, D.M.C.H.S. Tipu Sultan Road, Off Shakra-e-Faisal, Karachi.
- The Company also has a distribution warehouse in Korangi Industrial Area, Karachi.

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, 2022.

2.2 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

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 July 1, 2023 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, 2022.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of condensed interim financial statements 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 these condensed interim financial statements.

4.2 Judgements 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, 2022.

4.3 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, 2022.

4.4 Due to the current economic situation prevalent in the country in relation to the foreign reserves and its consequential impact on imports, the Company is closely monitoring the current situation and has been able to procure essential stocks to ensure business continuity. Further, since the Company is dealing in essential items which includes blood bags, nutrition products & dialyzers, therefore minimizing the risk of current uncertain economic condition on the company.

5. FURNITURE AND EQUIPMENT

During the period, the Company purchased office equipment amounting to Rs. 0.07 million (June 30, 2022 : Rs. 1.29 million).

6. INTANGIBLE ASSETS

During the period, the company purchased intangible assets amounting to Rs. 0.308 million (June 30, 2022 : Nil)

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
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Rupees in '000

7. INVENTORIES

Inventory in hand - note 7.1	584,048	679,327
Inventory in transit - note 7.2	334,150	294,144
	<u>918,198</u>	<u>973,471</u>

7.1 Inventories include Rs. 11.44 million (June 30, 2022: 20.43 million) held with third party.

7.2 These includes inventory in transit from The Searle Company Limited amounting to Rs. 5.8 million (June 30, 2022: Nil).

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
--	--	--

Rupees in '000

8. TRADE AND OTHER RECEIVABLES

Trade receivables - note 8.1	1,422,801	1,098,063
Other receivables	36,065	20,660
	<u>1,458,866</u>	<u>1,118,723</u>

8.1 Trade receivables - unsecured

Considered good

Due from related parties	815,069	710,304
Others	607,732	387,759
	<u>1,422,801</u>	<u>1,098,063</u>

Considered doubtful

	16,967	16,967
	<u>1,439,768</u>	<u>1,115,030</u>
Less: Provision for doubtful receivables	(16,967)	(16,967)
	<u>1,422,801</u>	<u>1,098,063</u>

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Rupees in '000	
9. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS		
Advances		
- to employees	6,645	1,209
- to suppliers - note 9.1	221,710	33,520
- against imports - note 9.2	67,741	65,233
- Others	3,710	3,710
	299,806	103,672
Deposits to customers	44,001	32,865
Prepayments	1,665	517
	345,472	137,054

9.1 This includes advance paid to The Searle Company Limited (the Parent Company), amounting to Rs. 29.5 million (June 30, 2022: Rs. 6.2 million) for purchase of goods.

9.2 These advances include 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 amounting to Rs. 49.2 million (June 30, 2022: Rs. 53.9 million).

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Rupees in '000	
10. CASH AND BANK BALANCES		
Cash at bank		
Conventional		
- on current accounts	12,254	47,923
Islamic		
- on current accounts	20,330	13,871
Cash in hand	59	49
Cheques in hand	3,405	42,279
	36,048	104,122

11. SHARE CAPITAL

Authorised share capital

(Unaudited) December 31, 2022	(Audited) June 30, 2022		(Unaudited) December 31, 2022	(Audited) June 30, 2022
			Rupees in '000	
<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, 2022	(Audited) June 30, 2022		(Unaudited) December 31, 2022	(Audited) June 30, 2022
			Rupees in '000	
22,990,000	22,990,000	Shares allotted for consideration paid in cash	229,900	229,900
48,405,639	41,915,126	Shares allotted as bonus shares	484,056	419,151
<u>71,395,639</u>	<u>64,905,126</u>		<u>713,956</u>	<u>649,051</u>

11.1. MOVEMENT IN ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Unaudited) December 31, 2022	(Audited) June 30, 2022		(Unaudited) December 31, 2022	(Audited) June 30, 2022
			Rupees in '000	
64,905,126	54,087,605	Opening shares outstanding	649,051	540,876
6,490,513	10,817,521	Shares allotted as bonus shares	64,905	108,175
<u>71,395,639</u>	<u>64,905,126</u>		<u>713,956</u>	<u>649,051</u>

12. LONG-TERM FINANCE – SECURED

The movement of long-term finance during the period is as follows:

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
Balance at beginning of the period	9,729	27,871
Interest expense including impact of unwinding	-	1,954
Repayments	(9,729)	(20,096)
Less: Current portion shown under current liabilities	-	(9,729)
	<u>-</u>	<u>-</u>

- 12.1 This represents loan obtained under the State Bank of Pakistan's Refinance Scheme 'Payment of Wages and Salaries to the Workers and Employees of Business Concerns' through Islamic financing. It carries mark-up at the rate of 3% per annum and is repayable in eight equal quarterly installments, starting from January 2021. The loan is secured by way of first pari passu hypothecation general charge over present and future current assets of the Company with 25% margin.

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Rupees in '000	
13. DEFERRED INCOME - GOVERNMENT GRANT		
Balance at beginning of the year	63	927
Government grant recongnised in income	(63)	(864)
	<u>-</u>	<u>63</u>
Less: Current portion of deferred income - government grant	-	(63)
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

This represents benefit obtained under SBP's Refinance Scheme for 'Payment of Wages and Salaries to Workers and Employees of Business Concerns' at concessionary rates. According to the condition of the SBP scheme, the company was prohibited from laying-off employees for a period of three months from the date of loan.

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Rupees in '000	
14. TRADE AND OTHER PAYABLES		
Creditors	32,870	10,228
Bills Payable	505,093	463,915
Accrued liabilities	50,715	37,169
Due to related parties - note 14.1	191,213	150,894
Advance from customers - unsecured	35,132	67,270
Accrued mark-up	14,335	9,098
Current portion of deffered income - government grant	-	63
Payable to employees' provident fund	1,666	1,637
Workers' Welfare Fund	9,395	9,395
General sales tax and withholding tax payable	10,098	22,132
Security deposits	4,075	500
Other Payables	2,952	8,452
	<u>857,544</u>	<u>780,753</u>
	<u><u>857,544</u></u>	<u><u>780,753</u></u>

	(Unaudited) December 31, 2022	(Audited) June 30, 2022
	Rupees in '000	
14.1. Related party balances of the company includes:		
The Searle Company Limited (the Holding Company)	158,132	129,543
International Brands (Private) Limited (Formerly International Brands Limited - the Ultimate Parent Company)	10,536	36
IBL Logistics (Private) Limited (Associated Company)	6,371	-
IBL Operations (Private) Limited (Associated Company)	16,174	21,315
	<u>191,213</u>	<u>150,894</u>
15. SHORT TERM BORROWINGS		
Islamic finances - notes 15.1	338,659	247,139
Financing against trust receipts - note 15.2	93,987	-
	<u>432,646</u>	<u>247,139</u>

15.1. The Company obtained running musharakah facilities from various banks amounting to Rs. 339 million (June 30, 2022: Rs. 300 million) out of which the amount unavailed at the year end was Rs. 0.34 million (June 30, 2022: Rs. 52.86 million). Rates of profit range from one month KIBOR plus 1% (June 30, 2022: one month KIBOR plus 1%) to three months KIBOR plus 1.5% (June 30, 2022: three month KIBOR plus 1.5%) per annum. These facilities have been secured by way of hypothecation of first pari passu charge over present and future current assets amounting to Rs. 451.6 million.

15.2. This represents payable under financing against trust receipts arrangements to National Bank of Pakistan against import of goods.

16. UNPAID DIVIDEND

This includes Rs. 46.8 million payable to the Holding Company i.e. The Searle Company Limited (TSCL) on its directive to hold such dividend.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2022, except for as mentioned below;

Subsequent to the period ended December 31, 2022, the Supreme Court of Pakistan through its judgment February 16, 2023 instructed the high earning persons to deposit super tax 4% for the tax year 2022 and has granted time to FBR to respond on enhanced rate applicable on high earning persons.

17.2 Commitments

The facility for opening letter of credit as at December 31, 2022 amounted to Rs. 640 million (June 30, 2022: Rs. 640 million) of which the amount remaining unutilised at the end of period was Rs. 333 million (June 30, 2022: Rs. 149.47 million).

	December 31, 2022	December 31, 2021
	Rupees in '000	
18. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross revenue	2,532,822	2,106,933
Less: Sales tax - note 18.1	(213,852)	(77,213)
	<u>2,318,970</u>	<u>2,029,720</u>
Less:		
- Trade discount	(224,186)	(209,713)
- Sales returns	(68,968)	(46,642)
	(293,154)	(256,355)
	<u>2,025,816</u>	<u>1,773,365</u>

18.1. This includes sales tax on certain products on which sales tax exemption was withdrawn through supplementary bill passed on January 15, 2022.

	December 31, 2022	December 31, 2021
	Rupees in '000	
19. COST OF SALES		
Opening Inventory	973,471	708,379
Add: Purchases	1,308,644	1,121,579
	2,282,115	1,829,958
Less: Cost of samples	(5,763)	(10,643)
Less: Inventory written off	(1,875)	(1,216)
Less: Closing Inventory	(918,198)	(655,427)
	(925,836)	(667,286)
	<u>1,356,279</u>	<u>1,162,672</u>

	December 31, 2022	December 31, 2021
	Rupees in '000	
20. OTHER INCOME / (LOSS)		
Income from financial assets		
Grant income	63	555
Income from non-financial assets		
Rental income from investment property	535	4,611
Others	12,975	703
Net foreign exchange losses	(61,437)	(15,576)
	<u>(47,864)</u>	<u>(9,707)</u>
21. FINANCE COST		
Mark-up expense and unwinding on long-term finance	-	1,463
Interest on lease liability	413	611
Mark-up expense on short-term borrowings	29,601	8,877
Bank and other charges	1,000	727
	<u>31,014</u>	<u>11,678</u>
22. INCOME TAX EXPENSE		
Current		
- for the period	74,781	75,783
- prior year charge	-	9,044
	<u>74,781</u>	<u>84,827</u>

23. EARNINGS PER SHARE

23.1 Earnings per share - Basic

	For the quarter ended		For the half year ended	
	December 2022	December 2021	December 2022	December 2021
	← Rupees in '000 →			
Profit for the period attributable to ordinary shareholders	<u>96,240</u>	<u>91,501</u>	<u>171,256</u>	<u>174,296</u>
Weighted average number of ordinary shares outstanding during the period (in thousand)	<u>71,396</u>	<u>71,396</u>	<u>71,396</u>	<u>71,396</u>
		(Restated)		(Restated)
Basic earnings per share	<u>Rs. 1.35</u>	<u>Rs. 1.28</u>	<u>Rs. 2.40</u>	<u>Rs. 2.44</u>

23.2 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, 2022 and December 31, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

	December 31, 2022	December 31, 2021
Rupees in '000		
24. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit for the period	246,037	259,123
Adjustments for non-cash income and expenses:		
Depreciation of furniture and equipment	702	1,883
Depreciation of right-of-use asset	1,614	1,606
Amortisation of intangible assets	1,365	1,342
Finance costs	31,014	11,678
	<u>34,695</u>	<u>16,509</u>
	280,732	275,632
Changes in working capital:		
(Increase) / decrease in current assets:		
Inventories	55,273	52,952
Trade and other receivables	(340,143)	(195,206)
Loans, advances, deposits and prepayments	(208,418)	(45,820)
	<u>(493,288)</u>	<u>(188,074)</u>
Increase in current liabilities:		
Trade and other payables	71,554	75,698
	<u>(141,002)</u>	<u>163,257</u>
25. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 10	36,048	82,023
Short term borrowings - note 15	(293,671)	(139,520)
	<u>(257,623)</u>	<u>(57,497)</u>

26. 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, 2022.

Fair value estimation and hierarchy

As at December 31, 2022 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, 2022.

27. RELATED PARTY TRANSACTIONS

Disclosure of transactions with related parties during the period are as follows:

S.No.	Nature of relationship	Nature of transaction	December 31, 2022	December 31, 2021
			Rupees in '000	
i.	Ultimate parent company			
	International Brands (Private) Limited	- Corporate service charges	10,500	10,500
		- Dividend Paid	208	147
		- Bonus shares issued in the ratio of 10 shares for every 100 shares held		
ii.	Holding Company			
	The Searle Company Limited	- Sale of goods	2,212	1,276
		- Reimbursement of Expenses	18,000	14,190
		- Rent paid	1,863	1,693
		- Purchase of goods	141,979	112,383
		- Dividend Payable / Paid	46,811	39,009
		- Dividend paid - provident fund	1,730	1,442
		- Bank guarantee	5,715	-
		- Utilities	2,036	2,934
		- Bonus shares issued in the ratio of 10 shares for every 100 shares held		
iii.	Associated Company			
	IBL Operations (Private) Limited	- Sale of goods	910,236	858,708
		- Discounts	92,351	93,245
		- Shared Cost	2,800	2,640
	United Brands Limited	- Sale of goods	19,506	41,586
		- Discounts	2,300	5,541
	IBL Logistics (Private) Limited	- Cartage & Freight	11,494	11,008
	United Retail (SMC) Private Limited	- Sales of Goods	41	-
		- Rental Income	535	129
		- Other Income	703	-
iii.	Other Related Parties			
	Employees' Provident Fund	- Contribution paid	5,025	4,304
v.	Key Management Personnel *			
		- Salaries and other employee benefits	52,033	49,391
		- Directors' fee and conveyance	1,475	885

* Key management personnel includes CEO, CFO and all Heads of Departments.

27.1 The status of outstanding balances with related parties as at December 31, 2022 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

28. 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 24, 2023.



Chief Executive



Director



Chief Financial Officer



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