

IBL HealthCare Limited

9th Floor, N.I.C. Building, Abbasi Shaheed Road,
Off: Shahrah-e-Faisal, Karachi-75530

www.searlepak.com/iblhc



IBL HealthCare Limited

Synergetic **Growth**
in HealthCare



Annual Report 2011



Synergetic **Growth**
in HealthCare

The health of the people is really the foundation upon which all their happiness and growth depends.

We are recognized for our growth and innovation as a member of this dynamic business community. We are proud of the time, energy and devotion that our employees put into delivering healthcare products to meet growing market opportunities and our customers' needs. Our aim is to create a completely unique model to build market share and create new revenue opportunities. Explore unprecedented opportunities to address healthcare's most dynamic growth areas.

We are focused on Healthcare with Synergetic Growth.

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Our Vision

To become the leading healthcare products and service providers of Pakistan.

Our Mission

We are committed to contribute in the betterment of society by providing a versatile range of healthcare and nutrition products. We aim to grow by relentlessly providing better products and services to our customers, better returns to our stakeholders and a better quality of life to the employees.



Company Information

Board of Directors

Mr. Rashid Abdulla (Chairman and Chief Executive)
Mr. S. Nadeem Ahmed
Mr. Zubair Palwala
Mr. Asad Abdulla
Mr. Ayaz Abdulla
Mr. A. M. Jallaluddin
Mr. Adnan Asdar Ali

Chief Financial Officer and Company Secretary

Mr. Mobeen Alam

Audit Committee

Mr. Asad Abdulla (Chairman)
Mr. Zubair Palwala
Mr. A. M. Jallaluddin
Mr. Sajid Hussain (Secretary of Audit Committee)

Chief Internal Auditor

Mr. Muhammad Ali Rasheed

Auditors

Baker Tilly Mehmood Idrees Qamar & Co.

Legal Advisors

Mohsin Tayebaly & Co.

Bankers

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

Registered Office

Ninth Floor, NIC Building, Abbasi Shaheed Road, Karachi

Registrar

Gangjees Registrar Services (Private) Limited,
Room # 516, Fifth Floor, Clifton Center, Kehkashan,
Block 5, Clifton, Karachi – 75600.

Stronger Children Learn More



Enfagrow *A+* & Enfakid *A+* growing up milk now has more than 4 times **DHA**, which helps brain cells communicate well and supports Learning. The new ENFA SMART 10 Nutrition System is incorporated with a blend of nutrients to support optimum mental as well as physical development of your child.



Notice of Annual General Meeting

Notice is hereby given that the 14th Annual General Meeting of IBL HealthCare Limited will be held at the Institute of Cost and Management Accountants of Pakistan, Soldier Bazar, Hussain Shaheed Road, Karachi, on Tuesday October 25, 2011, at 06:00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last general meeting held on April 8, 2011.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2011 together with the reports of directors' and auditors' thereon.
3. To consider and approve final cash dividend for the year ended June 30, 2011, at the rate of Rs.2.50 per share, equivalent to 25%.
4. To consider the appointment of external auditors for the year ending June 30, 2012 and to fix their remuneration. The present auditors, Baker Tilly Mehmood Idrees Qamar, Chartered Accountants being eligible, have offered themselves for re-appointment.

OTHER BUSINESS

5. To transact any other ordinary business of the Company with the permission of the Chair.

By order of the Board



Mobeen Alam
Company Secretary

Karachi
October 3, 2011

Notes:

1. Share Transfer Books will be closed from October 19, 2011 to October 25, 2011 (both days inclusive).
2. A member of the Company entitled to attend, speak and vote at this meeting may appoint a proxy to attend, speak and vote on his / her behalf. Proxies in order to be effective must be duly signed, witnessed and deposited at the registered office of the Company not less than 48 hours before the time of the meeting.
3. CDC account holders will have to follow the under mentioned guidelines as laid down in Circular # 1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan for attending the meeting.
 - a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
 - b) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.
4. Shareholders are requested to notify change of their addresses, if any, to Share Registrar, Gangjees Registrar Services (Private) Limited, Room # 516, 5th Floor, Clifton Centre, Kehkashan, Clifton, Karachi.

Directors' Report

The Directors are pleased to present the 2011 Annual Report together with the audited financial statements of the Company for the year ended June 30, 2011.

The directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause six of the Code of Corporate Governance.

Summary of Financial Performance

	2011	2010
	(Rupees in thousand)	
Revenue	639,195	475,248
Gross profit	172,395	113,074
Gross profit as a percentage of revenue	27.0%	23.8%
Operating expenses	112,076	101,078
Operating profit	60,319	11,996
Profit before taxation	54,078	14,031
Profit after taxation	45,516	9,093

Despite slowing economic growth, turnover increased by 34.5%. Infants' Nutritional Healthcare segment showed a growth in sales of approximately 26.1% over last year. Similarly the medical disposable division and Adult Nutritional Healthcare segment also showed a growth in sales of 41.0% and 55.7% respectively.

Gross profit is reported at 27.0% of sales as compared to 23.8% last year. The said increase is mainly because of incremental effect of upward revision in sales price. Selling and distribution expenses dropped down to 13.6% as a percentage of sales as compared to 17.6% reported last year.

The global recession caused by the international financial crisis continued to impact the world's economies during 2011. In the current year although we were unable to reduce the cost of sales but due to aforesaid increase in selling price, the Company was able to earn better operating profit. This operating profit rise as compared to the previous period is Rs. 48.3 million.

Holding Company

Searle Pakistan Limited is the Holding Company of IBL HealthCare. As at June 30, 2011, Searle Pakistan Limited held 10,000,000 shares of Rs. 10 each.

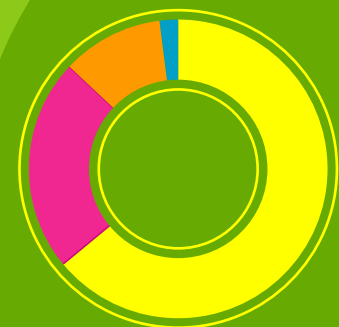
Cost of sales
73%

Gross profit
27%

Operating expenses
18%

Operating profit
9%

Profit after tax
7%



- Infants' Nutrition 64%
- Medical Disposable 23%
- Adult Nutrition 11%
- Others 2%

Basic Earnings Per Share

Earnings per share after taxation was Rs. 2.28 (2010 Re. 0.45).

Dividend

The Board of Directors has recommended a cash dividend of 25% for the year ended June 30, 2011 (2010: Nil).

Statement of Ethics and Business Practices

Performance with integrity is central to operating at IBL HealthCare. The Board of Directors has adopted a statement of ethics and business practices. All employees are informed and aware of this and are required to observe these rules of conduct in relation to business and regulations.

Board Of Directors Meeting and Attendance

During the year 2011, four Board meetings were held and were attended as follows:

Director	No. of meetings attended
Mr. Rashid Abdulla	4
Mr. Munis Abdulla	3
Mr. Khalid Malik	3
Mr. Zubair Palwala	4
Mr. S. Nadeem Ahmed	4
Mr. Ayaz Abdulla	4
Mr. Asad Abdulla	4
Mr. A.M. Jallaluddin	1
Mr. Adnan Asdar Ali	Nil

Election of directors was held on April 8, 2011 and the following seven directors were elected on the board:

1. Mr. Rashid Abdulla
2. Mr. S. Nadeem Ahmed
3. Mr. Zubair Palwala
4. Mr. Asad Abdulla
5. Mr. Ayaz Abdulla
6. Mr. A.M. Jallaluddin
7. Mr. Adnan Asdar Ali

Subsequent to the election Mr. Rashid Abdulla was elected as the Chairman and Chief Executive Officer on April 18, 2011.

Audit Committee

The Committee comprises of three members all of them are non-executive Directors including the Chairman of the Committee.

The terms of reference of the Committee have been determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations and advised to the Committee for compliance. The Committee held four meetings during the year.

An independent audit function reporting to the Board's audit committee reviews risks and controls across the organization.

Subsequent to the election of directors, audit committee was reconstituted and the following members were selected for the committee:

1. Mr. Asad Abdulla - Chairman
2. Mr. Zubair Palwala
3. Mr. A.M. Jallaluddin

Auditors

The present auditors, Baker Tilly Mehmood Idrees Qamar and Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending June 30, 2012 at a fee to be mutually agreed.

Subsequent Events


No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Value of Investments of Provident and Gratuity Funds

The cost of investment of staff retirement provident fund as per its financial statements at June 30, 2011 is Rs. 14,919,557 (June 30, 2010 is Rs. 4,862,816).

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.



Our adult nutritional division is aggressively working on new products with better margins to contribute to the bottom line of the next fiscal year. Similarly, we are working hard on the marketing of baby cereals and expect a major increase in sales in the next fiscal year.

- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The financial statements are prepared in accordance with International Financial Reporting Standards, as applicable in Pakistan.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed. This has been formalized by the Board's Audit Committee and is updated as and when needed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Code of Corporate Governance as detailed in the listing regulations.

Future Outlook

Whilst our operating environment remains challenging, we have made significant progress through better planning and a rigorous returns-based approach to capital allocation. We expect underlying sales momentum to continue in 2012.

The Management clearly sees tremendous growth in IBL HealthCare business in the future. We have seen good progress in our sales performance; we are maintaining a strong focus on cost reduction; and we will be delivering new health care products. Our adult nutritional division is aggressively working on new products with better margins to contribute to the bottom line of the next fiscal year. Similarly, we are working hard on the marketing of baby cereals and expect a major increase in sales in the next fiscal year.

We remain confident that we can generate increased value for shareholders as well as deliver better outcomes to patients and consumers. In accomplishing this, we would like to recognize the enormous contribution of our employees.

Operating and Financial Highlights

	Unit	2011	2010	2009	2008	2007	2006
FINANCIAL POSITION							
Bal ance sheet							
Property, plant and equipment	Rs in TH	126,502	121,067	4,490	7,707	8,673	8,680
Other non current assets	Rs in TH	52,726	61,383	70,626	79,440	89,130	97,302
Current assets	Rs in TH	368,468	188,943	268,184	285,034	375,160	287,361
Total assets	Rs in TH	547,696	371,393	343,300	372,181	472,963	393,343
Share capital	Rs in TH	200,000	200,000	200,000	200,000	200,000	200,000
Unappropriated profit	Rs in TH	93,634	48,118	39,025	58,580	42,773	26,750
Total equity	Rs in TH	293,634	248,118	239,025	258,580	242,773	226,750
Non current liabilities	Rs in TH	14,093	7,953	7,372	8,548	8,872	7,172
Current liabilities	Rs in TH	239,968	115,322	96,903	105,053	221,318	159,421
Total liabilities	Rs in TH	254,061	123,275	104,275	113,601	230,190	166,593
Total equity and liabilities	Rs in TH	547,695	371,393	343,300	372,181	472,963	393,343
Net current assets	Rs in TH	128,500	73,621	171,281	179,981	153,842	127,940
OPERATING AND FINANCIAL TREND							
Pr of i t and l o s s							
Revenue	Rs in TH	639,195	475,248	414,882	636,539	589,481	396,265
Gross profit	Rs in TH	172,395	113,074	38,896	106,010	141,434	105,285
Operating profit / (loss)	Rs in TH	60,319	11,996	(9,474)	51,044	43,341	36,714
Finance cost	Rs in TH	5,509	450	(1,135)	5,777	5,626	3,502
Profit / (loss) before taxation	Rs in TH	54,078	14,031	(8,339)	43,245	37,715	33,212
Profit / (loss) after taxation	Rs in TH	45,516	9,093	(19,555)	15,807	14,715	10,087
Cash f l o w s							
Operating activities	Rs in TH	(86,047)	105,419	31,105	32,028	(57,438)	13,636
Investing activities	Rs in TH	(6,815)	(117,911)	1,360	(1,375)	(974)	(5,019)
Financing activities	Rs in TH	5,375	(1,706)	(1,446)	(31,338)	(29,594)	2,768



Operating and Financial Highlights

	Unit	2011	2010	2009	2008	2007	2006
FINANCIAL RATIOS							
Rate of return							
Pre tax return on equity	%	18.42	5.65	(3.49)	16.72	15.54	14.65
Post tax return on equity	%	15.50	3.66	(8.18)	6.11	6.06	4.45
Interest cover	times	9.82	31.18	7.35	7.49	6.70	9.48
Profitability							
Gross profit margin	%	26.97	23.79	9.38	16.65	23.99	26.57
Pre tax profit to sales	%	8.46	2.95	(2.01)	6.79	6.40	8.38
Post tax profit to sales	%	7.12	1.91	(4.71)	2.48	2.50	2.55
Liquidity							
Current ratio		1.54	1.64	2.77	2.71	1.70	1.80
Quick ratio		0.56	0.67	1.60	1.39	1.19	0.99
Financial gearing							
Debt equity ratio		0.87	0.50	0.44	0.44	0.95	0.73
Capital efficiency							
Debtors turnover	days	51	26	57	65	77	48
Inventory days	days	184	112	110	55	91	132
Total assets turnover	times	1.17	1.28	1.21	1.71	1.25	1.01
Property, plant and equipment turnover	times	5.05	3.93	92.40	82.59	67.97	45.65
Investment							
Earnings per share	Rs	2.28	0.45	(0.98)	0.79	0.74	0.50

Pattern of Shareholding

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	From	To	
2,273	1	100	57,216
1,187	101	500	290,531
212	501	1,000	156,738
240	1,001	5,000	537,253
46	5,001	10,000	375,173
12	10,001	15,000	149,737
10	15,001	20,000	181,956
5	20,001	25,000	108,338
7	25,001	30,000	193,462
3	30,001	35,000	97,441
2	35,001	40,000	75,241
2	40,001	45,000	82,606
3	45,001	50,000	147,960
1	50,001	55,000	50,114
1	60,001	65,000	62,500
1	65,001	70,000	60,905
3	80,001	85,000	250,104
1	95,001	100,000	98,490
1	100,001	105,000	102,315
1	105,001	110,000	107,500
1	120,001	125,000	125,000
1	150,001	155,000	150,459
1	155,001	160,000	158,374
1	195,001	200,000	198,486
1	295,001	300,000	295,437
1	450,001	455,000	453,318
1	360,001	635,000	631,460
1	775,001	780,000	775,854
1	4,015,001	4,020,000	4,017,039
1	9,995,001	10,000,000	9,999,993
4,021			20,000,000



Categories of Shareholders

as of June 30, 2011

Categories of Shareholders	Number	Shares Held	Percentage
1 Individuals	3,943	4,025,201	20.13
2 Insurance Companies	1	158,374	0.79
3 Joint Stock Companies	34	1,447,644	72.38
4 Financial Institution	10	491,023	2.46
5 Modaraba Companies	4	786,221	3.93
6 Foreign Investors	21	8,636	0.04
7 Others	8	54,104	0.27
	4,021	20,000,000	100.00

Pattern of Shareholdings	Number	Shares Held	Percentage
Parent / Holding Company Searle Pakistan Limited	1	9,999,993	50.00
Associated Companies, Undertakings International Brands (Pvt) Limited	1	4,017,039	20.09
United Distributors Pakistan Limited	1	453,318	2.27
Trustee - SPL Gratuity Fund	1	41,303	0.21
Chairman & CEO Rashid Abdulla	2	36,867	0.18
Directors and their Spouse and Minor Children <i>Directors:</i> Rashid Abdulla	2	36,867	0.18
Syed Nadeem Ahmed	2	188	0.00
Zubair Palwala	2	458	0.00
Asad Abdulla	2	16,288	0.08
Ayaz Abdulla	2	458	0.08
A.M.Jalaludin	1	1	0.00
Adnan Asdar Ali	1	1	0.00
<i>Spouse:</i> Shakila Rashid	2	183,116	0.92
Public Sector Companies & Corporations, Banks, DFIs, NBFIs, Insurance Companies, Modarabas, Mutual Funds, Foreign Investors and Other Organizations	74	1,463,146	7.32
Individuals	3,929	3,771,994	18.86
	4,021	20,000,000	100.00

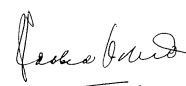
Karachi
September 29, 2011


Rashid Abdulla
Chief Executive

Statement of Compliance with the Code of Corporate Governance

- 1 The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present all the members of the board are independent non-executive directors.
- 2 The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
- 3 All the directors of the Company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4 The Company had already adopted and circulated a 'Code of Business Principles', which has been signed by all the directors and employees of the Company.
- 5 The Company has a Mission Statement, and has also defined Strategic Thrusts. The Company, traditionally, maintains and follows policies designed to align with the IBL group of companies and global best practices in agreement with the Board. The Board considers any significant amendments to the policies, as and when required. However, a complete record of particulars of significant policies along with the dates on which these were enacted has been maintained.
- 6 All the powers of the Board have been duly exercised and decisions on material transactions, based on the significance of the matters involved, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
- 7 The meetings of the Board were presided over by the Chairman, and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 8 The Company arranges orientation courses / meetings for its directors.
- 9 The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- 10 The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- 11 The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- 12 The Company has complied with all the corporate and financial reporting requirements of the Code.
- 13 The Board has formed an audit committee. It comprises of three members, all of whom are non executive directors including the chairman of the committee.
- 14 The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 15 The Company has an effective internal audit function. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
- 16 The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- 17 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18 The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with the best practices.

Karachi
September 29, 2011



Rashid Abdulla
Chief Executive





**BAKER TILLY
MEHMOOD IDREES
QAMAR**

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Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of IBL HEALTHCARE LIMITED to comply with the Listing Regulations of the Karachi Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects that status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's Statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of the Stock Exchange where the company is listed require the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Director and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company of the year ended June 30, 2011.

Mehmoood A. Razzak

Chartered Accountants
Name of Audit Engagement Partner
Mehmoood. A. Razzak

Karachi
Date: September 29, 2011



**BAKER TILLY
MEHMOOD IDREES
QAMAR**

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Auditors' Report to the Members

We have audited the annexed balance sheet of IBL HEALTHCARE LIMITED as at June 30, 2011 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, (hereinafter referred to as financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts, and are further in accordance with the accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2011, and of the profit, its cash flow and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Mehmood A. Razzak

Chartered Accountants
Name of Audit Engagement Partner
Mehmood A. Razzak
Karachi

Date: September 29, 2011





Financial Statements

for the year ended
June 30, 2011

Balance Sheet


As at June 30, 2011

	Note	2011 (Rupees '000)	2010 (Rupees '000)
Assets			
Non-Current Assets			
Property, plant and equipment	3	126,502	121,067
Intangible assets	4	52,241	60,941
Long term loans and advances	5	485	442
		<u>179,228</u>	<u>182,450</u>
Current Assets			
Stock in trade	6	234,702	111,244
Trade debts - unsecured	7	90,153	33,558
Short term loans and advances	8	308	1,356
Deposits, prepayments and other receivables	9	24,244	12,042
Taxation - net		2,919	2,103
Cash and bank balance	10	16,142	28,640
		<u>368,468</u>	<u>188,943</u>
TOTAL ASSETS		<u>547,696</u>	<u>371,393</u>
Equity and Liabilities			
Share Capital and Reserves			
Authorized Share Capital			
21,000,000 Ordinary share of Rs. 10/- each		<u>210,000</u>	<u>210,000</u>
Issued, subscribed and paid up capital	11	200,000	200,000
Unappropriated profit		93,634	48,118
Total Equity		<u>293,634</u>	<u>248,118</u>
LIABILITIES			
Non-Current Liabilities			
Liabilities against assets subject to finance leases	12	4,562	-
Staff retirement benefit	13	9,531	7,953
		<u>14,093</u>	<u>7,953</u>
Current Liabilities			
Trade and other payables	14	163,910	115,066
Current maturity of liabilities against assets subject to finance leases	12	1,069	256
Short term running finance	15	74,989	-
		<u>239,968</u>	<u>115,322</u>
Contingencies and commitments	16	-	-
Total Liabilities		<u>254,062</u>	<u>123,276</u>
TOTAL EQUITY AND LIABILITIES		<u>547,696</u>	<u>371,393</u>

The annexed notes form an integral part of these financial statements.



Rashid Abdulla
Chairman & Chief Executive



Syed Naheem Ahmed
Director

Profit and Loss Account

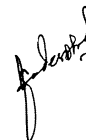
As at June 30, 2011

	Note	2011 (Rupees '000)	2010
Net sales	17	639,772	477,821
Sales tax		(577)	(2,573)
		<u>639,195</u>	<u>475,248</u>
Cost of goods sold	18	466,800	362,174
Gross profit		<u>172,395</u>	<u>113,074</u>
Selling and distribution expenses	19	87,133	83,530
Administrative expenses	20	16,243	8,848
Amortization of intangible assets	4	8,700	8,700
		<u>112,076</u>	<u>101,078</u>
Other income	21	372	2,485
Finance cost	22	5,509	450
Other charges - workers' welfare fund		1,104	-
Profit before taxation		<u>54,078</u>	<u>14,031</u>
Taxation	23	8,562	4,938
Profit after taxation		<u>45,516</u>	<u>9,093</u>
Other comprehensive income		-	-
Total comprehensive income		<u>45,516</u>	<u>9,093</u>
Earnings per share	24	<u>2.28</u>	<u>0.45</u>

The annexed notes form an integral part of these financial statements.



Rashid Abdulla
Chairman & Chief Executive



Syed Nadeem Ahmed
Director



Statement of Changes in Equity

For the year ended June 30, 2011

	Issued, Subscribed and Paid-up Capital	Unappro- priated profit	Total
	(Rupees '000)		
Balance as at July 01, 2009	200,000	39,025	239,025
Profit for the year ended June 30, 2010	-	9,093	9,093
Balance as at June 30, 2010	200,000	48,118	248,118
Profit for the year ended June 30, 2011	-	45,516	45,516
Balance as at June 30, 2011	200,000	93,634	293,634

The annexed notes form an integral part of these financial statements.



Rashid Abdulla
Chairman & Chief Executive



Syed Nadeem Ahmed
Director

Cash Flow Statement

For the year ended June 30, 2011

	Note	2011 (Rupees '000)	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		54,078	14,031
Adjustments for non-cash charges and other items:			
Depreciation	3.1	1,715	2,189
Amortization of intangible assets		8,700	8,700
Profit on disposal of property, plant and equipment		(335)	(855)
Provision for staff retirement gratuity		1,950	1,671
		<u>66,108</u>	<u>25,736</u>
(Increase)/decrease in current assets		(191,207)	66,262
Increase in current liabilities		48,844	19,753
		<u>(76,255)</u>	<u>111,751</u>
Long term loans-net		(43)	(16)
Long term deposits-net		-	559
Income tax paid		(9,378)	(6,157)
Gratuity paid		(372)	(718)
Net cash (used in) / from operating activities		<u>(86,047)</u>	<u>105,419</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7,150)	(118,766)
Sale proceeds of property, plant and equipment on disposal		335	855
Net cash used in investing activities		<u>(6,815)</u>	<u>(117,911)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance leases		5,375	(1,706)
Net cash from / (used in) financing activities		<u>5,375</u>	<u>(1,706)</u>
Net decrease in cash and cash equivalents		<u>(87,487)</u>	<u>(14,198)</u>
Cash and cash equivalent at the beginning of the year		28,640	42,838
Cash and cash equivalent at the end of the year	25	<u>(58,847)</u>	<u>28,640</u>

The annexed notes form an integral part of these financial statements.



Rashid Abdulla
Chairman & Chief Executive



Syed Nadeem Ahmed
Director

Notes to the Financial Statements

For the year ended June 30, 2011

1. THE COMPANY AND ITS OPERATIONS

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

The company is the subsidiary of Searle Pakistan Limited.

2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the company's accounting policies. The matters involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the financial statements are provision for staff retirement benefit, provision of doubtful debts, stock obsolesces and write-off etc.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There have been no critical judgements made by the company's management in applying the accounting policies that would have significant effect on the amounts recognized in the financial statements.

Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards and interpretations have been issued and that are not yet effective for the Company.

	Effective for the annual periods beginning on or after
i) IAS 24 - Related Party Disclosures.	January 01, 2011
ii) IFRIC 14 (IAS 19 - The limit on a Defined benefit Asset, Minimum Funding Requirements and their Interaction)	January 01, 2011
iii) IFRS 9 - Financial instruments part 1: Classification and measurement.	January 01, 2013

Notes to the Financial Statements

For the year ended June 30, 2011

2.2 Overall Valuation Policy

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2.3 Property, Plant and Equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of property, plant and equipment is written off on straight line basis over the period of the expected useful life of asset. Full month's depreciation is charged on additions, while no depreciation is charged on disposal in the month of disposal. The depreciation rates charged are given as follows:

Office equipments	33%
Computer equipments	33%
Furniture and Fixture	10%
Vehicle	20%

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may or may not be appropriate.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds, and are included in the profit and loss account.

Leased Assets

The Company accounts for assets acquired under finance leases by recording the assets and the related liability. These amounts are determined at the inception of lease, on the basis of lower of the fair value or the present value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability. Same basis and estimates for depreciation are applied to owned assets and assets subject to finance lease.

Details of property, plant and equipment disposed during the year are given in note 28.

Change in Accounting Estimate

During the current year, the management has modified the method of charging depreciation in the year of addition to conform it with IAS 16 for Property, Plant and Equipment. As a result of such exercise:

The charge for depreciation is calculated on monthly basis whereby, a full month's charge is made for assets purchased during the year and no charge is made in the month of disposal. Previously, a full year's charge was made for assets purchased during the year and no charge was made in the year of disposal.

The above change has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) - 8 "Accounting Policies, Changes in Accounting Estimates and Errors" whereby the effects of these changes are recognized prospectively.

Had the Company not made the above referred change in accounting estimate, profit before tax for the year would have been decreased by Rs. 898,500/-.





Notes to the Financial Statements

For the year ended June 30, 2011

2.4 Intangible Assets

Intangibles are stated at cost less accumulated amortization and impairment, if any. These costs are amortized over the estimated useful life of the asset.

2.5 Stock-in-Trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost is determined using the First-In-First Out (FIFO) basis.

Cost of Stock in transit comprises of invoice value plus other charges accumulated to the balance sheet date.

Net realizable value represents the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

2.6 Loans and Receivables

Interest free loans to employees are stated at cost and recovered in equal monthly installments through salary of the employees.

2.7 Trade Debts and Other receivables

Trade debts and receivables are valued at invoice value, being the fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment. A provision for impairment of trade debts and receivables is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

2.8 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current and savings accounts and short-term running finance.

2.9 Financial Instruments

Financial assets and liabilities are recognized on the company's balance sheet when the company has become a party to the contractual provisions of the instrument.

Financial assets

Financial assets includes cash and bank balances, trade debts, deposits, short-term loans/advances. Trade debts stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts while other financial assets are stated at cost.

Financial liabilities

Financial liabilities are classified according to the substance of the term finance, contractual arrangement entered into. Significant financial liabilities include financial lease obligations and trade and other liabilities. Other liabilities are stated at their nominal value. Financial charges are accounted for on an accrual basis.

Notes to the Financial Statements

For the year ended June 30, 2011

2.10 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and the final tax regime whichever is applicable, in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. However due to application of presumptive basis of taxation, deferred taxation would not arise.

2.11 Employee Benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering all employees. The eligibility period under the scheme is ten or more years of the service. The liability recognized in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. A latest actuarial valuation was carried as at June 30, 2011. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality of corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related gratuity liability.

Annual provisions are made to the scheme based on actuarial recommendations. The unrecognized actuarial gains or losses at each valuation date are amortized over the average remaining working lives of the employees in excess of the higher of the following corridor limits:

- (i) 10% of the present value of the defined benefit obligation; and
- (ii) 10% of the fair value of the plan assets.

Employee retirement benefits are payable to eligible employees on completion of the prescribed qualifying period of service under these funds.

Defined contribution plan

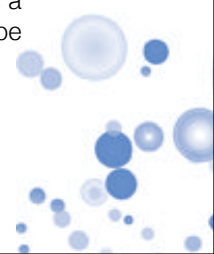
The Company also operates a provident fund scheme for its employees. Equal contributions are paid by the Company and the employees, to the fund, at the rate of 10% of the basic salary.

2.12 Trade and other Payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.13 Provisions

A provision is recognized in the balance sheet when the company has legal or constructive obligation as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.





Notes to the Financial Statements

For the year ended June 30, 2011

2.14 Revenue Recognition

Sales are recorded when goods are dispatched.

2.15 Regular way Purchase and Sale Transactions

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the company commits to purchases or sell the asset.

2.16 Related Party Transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible. The Exception (if any) to the approval of the Board of Directors, made when it is in the interest of the company to do so.

2.17 Impairment

At each balance sheet date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. When the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and loss is recognized as an expense immediately.

2.18 Off - Setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and also intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.19 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'rupees', which is the company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated using exchange rates at the respective dates of transactions. Assets and liabilities in foreign currencies as at the balance sheet date are expressed in rupees at the rate of exchange prevailing on the date of balance sheet except where forward exchange cover has been obtained for payment of liabilities, in which case the contracted rates are applied. Exchange gains and losses are included in profit and loss account currently.

Notes to the Financial Statements

For the year ended June 30, 2011

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Office equipments	Owned Vehicles	Furniture and Fixtures	Leased Vehicles	Total
	(Rupees '000)					
Year ended June 30, 2010						
Opening net book amount	-	335	1,771	202	2,182	4,490
Additions	118,766	-	-	-	-	118,766
Transfer in	-	-	5,228	-	-	5,228
Transfer out	-	-	-	-	(5,228)	(5,228)
Disposals	-	-	(1,798)	-	-	(1,798)
Depreciation charge	-	(225)	(756)	(50)	(1,158)	(2,189)
Adjustment	-	-	1,798	-	-	1,798
Transfer in	-	-	(4,610)	-	-	(4,610)
Transfer out	-	-	-	-	4,610	4,610
Closing net book value	118,766	110	1,632	152	407	121,067
At July 01, 2010						
Cost	118,766	3,103	14,484	607	1,162	138,122
Accumulated depreciation	-	(2,993)	(12,851)	(455)	(755)	(17,054)
Net book Value	118,766	110	1,632	152	407	121,067
Year ended June 30, 2011						
Opening net book amount	118,766	110	1,632	152	407	121,067
Additions	1,160	-	-	-	5,990	7,150
Transfer in	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Disposals	-	-	(555)	-	-	(555)
Depreciation charge	-	(110)	(1,029)	(44)	(532)	(1,715)
Adjustment	-	-	555	-	-	555
Transfer in	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Closing net book amount	119,926	-	603	108	5,865	126,502
At June 30, 2011						
Cost	119,926	3,103	13,929	607	7,152	144,717
Accumulated depreciation	-	(3,103)	(13,326)	(499)	(1,287)	(18,215)
Net book amount	119,926	-	603	108	5,865	126,502

3.1 Depreciation for the year has been allocated to:

	Note	(Rupees '000)	
Selling and distribution expenses	19	1,516	1,936
Administrative expenses	20	199	253
		1,715	2,189

Notes to the Financial Statements

For the year ended June 30, 2011

3.2 Details of Property, Plant and Equipment Disposals

The details of property, plant and equipment disposed during the year are given below:

	Cost	Accumulated depreciation	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Purchaser
Vehicles -Book value less than Rs. 50,000/-	555	555	-	335	Insurance	Fire Insurance was claimed from PICIC Insurance Ltd, on April 04, 2011.
June 30, 2011	555	555	-	335		
June 30, 2010	1,798	1,798	-	855		

3.2.1 Insurance Claim Received

Book value	-
Gain (2011)	335
Gain (2010)	855

2011 2010
(Rupees '000)

4. INTANGIBLE ASSETS

Cost	192,200	192,200
Less: Accumulated amortization	(131,259)	(122,559)
Amortization charge during the year	(8,700)	(8,700)
	<u>52,241</u>	<u>60,941</u>

4.1 Intangible assets represent marketing and distribution rights of multinational companies acquired under an agreement from the related party International Brands (Private) Limited (IBL) in the year 1997. By virtue of the agreement, IBL has relinquished its own rights in favor of the company.

Note 2011 2010
(Rupees '000)

5. LONG TERM LOANS AND ADVANCES

To employees	5.1	793	755
Less: Current portion		(308)	(313)
		<u>485</u>	<u>442</u>

5.1 Reconciliation of carrying amount of loans to executives and other employees:

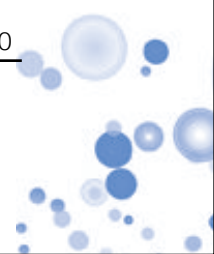
	Balance as at July 01, 2010	Disbursements during the year	Repayments during the year	Balance as at June 30, 2011
	(Rupees '000)			
Due from other employees	755	429	(391)	793

5.2 Long-term loans represent interest-free loan given to employees, for purchase of motor cars and motorcycles, repayable in equal monthly installments over four to five years. The maximum aggregate amount due from employees at end of any month during the year was Rs. 0.793 million (2010: Rs. 0.755 million).

Notes to the Financial Statements

For the year ended June 30, 2011

	2011	2010	
	(Rupees '000)		
6. STOCK IN TRADE			
Finished goods	205,036	61,126	
In transit	29,666	50,118	
	<u>234,702</u>	<u>111,244</u>	
7. TRADE DEBTS - UNSECURED			
Considered good:			
- Due from related party	55,255	14,110	
- Others	34,898	19,448	
	<u>90,153</u>	<u>33,558</u>	
8. SHORT TERM LOANS AND ADVANCES			
Loans and advances to employees	308	313	
Other loans and advances	-	1,043	
	<u>308</u>	<u>1,356</u>	
9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits	3,984	3,089	
Advance to employees	647	522	
Advances for LC's	18,682	-	
Deposits	931	-	
Other receivables (including claims from a supplier)	-	8,431	
	<u>24,244</u>	<u>12,042</u>	
10. CASH AND BANK BALANCES			
Cash at Banks:			
- Current accounts	15,682	27,086	
- Savings account	460	1,554	
	<u>16,142</u>	<u>28,640</u>	
11. SHARE CAPITAL			
Authorized Share Capital			
	Number of Shares		
	<u>2011</u>	<u>2010</u>	
	<u>21,000,000</u>	<u>21,000,000</u>	Ordinary share of Rs. 10/- each.
	<u>210,000</u>	<u>210,000</u>	
Issued, Subscribed and Paid-up Share Capital			
	Number of Shares		
	<u>2011</u>	<u>2010</u>	
	<u>20,000,000</u>	<u>20,000,000</u>	Ordinary share of Rs. 10/- each fully paid in cash.
	<u>200,000</u>	<u>200,000</u>	



Notes to the Financial Statements

For the year ended June 30, 2011

11.1 Searle Pakistan Limited the holding company owns 50% (2010: 50%) ordinary shares in the Company.

12. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASES

The Company has entered into an arrangement with leasing companies for lease of motor vehicles. Lease rentals include financial charge equivalent to KIBOR plus 2% (2010: 8% to 14%) per annum which have been used as discounting factors and are payable in monthly rentals. The Company has option to purchase the asset upon completion of lease period.

	June 2011			June 2010		
	Minimum Lease Payments	Principal	Financial Charges	Minimum Lease Payments	Principal	Financial Charges
Not later than one year	1,787	1,069	718	393	256	137
Later than one year but not later than five years	4,914	4,562	352	-	-	-
	<u>6,701</u>	<u>5,631</u>	<u>1,070</u>	<u>393</u>	<u>256</u>	<u>137</u>

13. STAFF RETIREMENT BENEFIT

2011 2010
% Per Annum

Principal actuarial assumptions

Discount rate	14%	12%
Expected return on plan assets	0%	0%
Medical cost trend rates	13%	11%

2011 2010
(Rupees '000)

Reconciliation of provision for gratuity scheme

Present value of defined benefit obligation	9,461	8,335
Fair value of plan assets	-	-
Deficit	9,461	8,335
Unrecognized actuarial gains	637	469
Non vested past service cost to be recognized in later periods	(292)	(438)
Unrecognized transitional liability	(275)	(413)
	<u>9,531</u>	<u>7,953</u>

Movement in the net liability recognized in the balance sheet

Opening net liability	7,953	7,000
Charge for the year	1,950	1,671
Contributions	-	(31)
Benefits paid	(372)	(687)
	<u>9,531</u>	<u>7,953</u>

The amounts recognized in the profit and loss account

Additional liability charged for the year	138	103
Current service cost	666	580
Interest cost	1,000	842
Amortization of non-vested past service cost	146	146
	<u>1,950</u>	<u>1,671</u>

Notes to the Financial Statements

For the year ended June 30, 2011

	2011	2010
	(Rupees '000)	
14. TRADE AND OTHER PAYABLES		
Trade creditors	147,727	98,356
Accrued liabilities	11,031	6,404
Workers' welfare fund	1,104	-
Due to parent company	686	4,202
Other liabilities	3,363	6,104
	<u>163,910</u>	<u>115,066</u>

15. SHORT-TERM RUNNING FINANCE

This represents the utilized amount against the facility available from a commercial bank amounting to Rs. 75 million (2010: Rs. Nil). The rate of mark-up is 6 months KIBOR + 2% per quarter (2010: Nil). The arrangement is secured by way of hypothecation of stocks and receivables of the company.

	2011	2010
	(Rupees in million)	
16. CONTINGENCIES AND COMMITMENTS		
Letter of credit outstanding	<u>198</u>	<u>227</u>

17. NET SALES

	2011	2010
	(Rupees '000)	
Local sales	742,397	554,369
Less: Discount	<u>(102,625)</u>	<u>(76,548)</u>
	<u>639,772</u>	<u>477,821</u>

17.1 Net sales includes Rs. 395.696 million (2010: Rs.313.250 million) representing sales to the related party.

17.2 Net sales includes nutritional items, pharma products, disposal medical and other healthcare products amounting to Rs. 424.315 million and Rs. 214.878 million respectively (2010: Rs. 327.402 million and Rs. 147.844 million).

	2011	2010
	(Rupees '000)	
18. COST OF GOODS SOLD		
Opening stock	61,125	76,899
Add: Purchases	614,994	348,040
	<u>676,119</u>	<u>424,939</u>
Less: Cost of samples	(4,283)	(1,640)
	<u>671,836</u>	<u>423,299</u>
Less: Closing stock	<u>(205,036)</u>	<u>(61,125)</u>
	<u>466,800</u>	<u>362,174</u>

18.1 Cost of purchases includes custom duties and sales tax amounting to Rs. 87.454 million and other charges amounting to Rs.13.108 million respectively (2010 : Rs.58.236 million and Rs. 1.136 million).

Notes to the Financial Statements

For the year ended June 30, 2011

	Note	2011 (Rupees '000)	2010
19. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits		31,528	28,866
Provident fund costs - defined contribution plan		1,146	1,038
Gratuity costs - defined benefit plan		1,677	1,548
Advertising and promotional expense		28,360	28,170
Cartage and freight expenses		4,698	3,345
Travelling and conveyance expenses		7,802	9,670
Depreciation	3.1	1,516	1,936
Rent, rates and taxes		2,366	1,858
Vehicle running expenses		3,882	3,302
Utilities		100	180
Legal and professional charges		77	315
Communications		1,095	1,150
Printing, stationery and supplies		570	391
Insurance expenses		583	574
Repairs and maintenance		867	559
Security guards expenses		204	172
Training expense		662	442
Subscription		-	14
		<u>87,133</u>	<u>83,530</u>
20. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		10,684	5,030
Provident fund costs - defined contribution plan		479	250
Gratuity costs - defined benefit plan		273	123
Advertising, promotion and entertainment expense		126	76
Travelling and conveyance expenses		216	193
Depreciation	3.1	199	253
Vehicle running expenses		513	454
Auditors' remuneration	20.1	418	468
Legal and professional charges		1,041	529
Communications		213	125
Printing, stationery and supplies		678	104
Subscription		831	934
Insurance expenses		54	-
Training Cost		4	-
Repairs and maintenance		514	309
		<u>16,243</u>	<u>8,848</u>

Notes to the Financial Statements

For the year ended June 30, 2011

		2011	2010
		(Rupees '000)	
20.1 Auditors' Remuneration			
Annual audit fee		300	250
Audit fee half yearly review		75	100
Out of pocket expenses		43	118
		<u>418</u>	<u>468</u>
21. OTHER INCOME			
Insurance claim		335	855
Profit on savings account		37	1,630
		<u>372</u>	<u>2,485</u>
22. FINANCE COST			
Finance cost on finance leases		156	162
Financial charges on short-term running finance		5,065	-
Bank charges		288	288
		<u>5,509</u>	<u>450</u>
23. TAXATION			
Current		<u>8,562</u>	<u>4,938</u>
		<u>8,562</u>	<u>4,938</u>
23.1	The current period income tax represents provision based on section 153 of the income tax ordinance 2001 @ 5% - 1% on goods imported during the year.		
	Note	2011	2010
		(Rupees '000)	
24. EARNINGS PER SHARE			
Profit after tax for the year		45,516	9,093
Number of shares		20,000	20,000
Earnings per share		<u>2.28</u>	<u>0.45</u>
25. CASH AND CASH EQUIVALENTS			
Cash and bank balance	10	16,142	28,640
Less: Short-term running finance		(74,989)	-
		<u>(58,847)</u>	<u>28,640</u>



Notes to the Financial Statements

For the year ended June 30, 2011

26. FINANCIAL INSTRUMENTS

(i) On Balance Sheet

	Interest / Mark-up bearing			Non-interest / Non mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
(Rupees '000)							
Financial assets							
Long-term loans	-	-	-	308	485	793	793
Trade debts	-	-	-	90,153	-	90,153	90,153
Deposits and other receivables	-	-	-	24,244	-	24,244	24,244
Cash and bank balances	460	-	460	15,682	-	15,682	16,142
	460	-	460	130,387	485	130,872	131,332
Financial liabilities							
Liabilities against assets subject to finance lease							
Staff retirement benefit	1,069	4,562	5,631	-	-	-	5,631
Short-term running finance	-	-	-	9,531	-	9,531	9,531
Trade and other payables	-	-	-	74,989	-	74,989	74,989
Running Finance	74,989	-	74,989	163,910	-	163,910	163,910
	76,058	4,562	80,620	248,431	-	248,431	329,051

(ii) Off Balance Sheet

198,000

198,000

198,000

(i) On Balance Sheet

	Interest / Mark-up bearing			Non-interest / Non mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
(Rupees '000)							
Financial assets							
Long-term loans	-	-	-	1,356	442	1,798	1,798
Trade debts	-	-	-	33,558	-	33,558	33,558
Deposits and other receivables	-	-	-	12,042	-	12,042	12,042
Cash and bank balances	1,554	-	1,554	27,086	-	27,086	28,640
	1,554	-	1,554	74,042	442	74,484	76,038
Financial liabilities							
Liabilities against assets subject to finance lease							
Trade and other payables	256	-	256	-	-	-	256
	-	-	-	115,066	-	115,066	115,066
	256	-	256	115,066	-	115,066	115,322

(ii) Off Balance Sheet

227,000

227,000

227,000

Notes to the Financial Statements

For the year ended June 30, 2011

26.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause other party to incur a financial loss. Out of the total financial assets of Rs. 131.332 million, the financial assets which are subject to credit risk amount to Rs. 59.45 million. The Company believes that it is not subject to major concentration of credit risk. To manage exposure to credit risk, the Company applies credit limits to its customers.

26.2 Fair value of financial instruments

Fair value is the amount at which an asset could be exchange or liabilities settled between knowledgeable, willing parties in an arm's length transaction. Whereas the Company prepares its financial statements under the historical cost convention, the estimated fair value of all financial instruments are not significantly different from their book values on June 30, 2011.

26.3 Exposure to currency rate risk

The Company attempts to reduce exposure to risk of currency rates by monitoring currency market changes. Assets amounting to Rs. NIL (2010: Rs. Nil) are exposed to currency rate risk.

27. RELATED PARTY TRANSACTIONS

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

Related Party	Nature of relationship	Nature of transaction / balance	2011 (Rupees '000)	2010
Searle Pakistan Limited	Holding	Purchase of goods	1,872	1,298
		Share of employees costs and expenses charged by SPL	8,173	4,204
		Current account balance- Payable	686	-
International Brands (Private) Limited	Associate	Sale of goods	395,696	313,520
		Share of employees costs and expenses charged by IBL	6,637	2,950
		Current account balance- Receivable	55,255	14,110



Notes to the Financial Statements

For the year ended June 30, 2011

28. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2011 Executives	2010 Executives
	(Rupees '000)	
Managerial remuneration	9,542	7,197
Annual bonus and leave encashment	1,243	967
Leave fare assistance	451	386
Retirement benefits:		
- Provident Fund	626	479
- Gratuity Fund	376	317
Perquisites:		
- House Rent	2,549	1,919
- Utility	635	479
	<u>15,422</u>	<u>11,744</u>
Number of persons	<u>11</u>	<u>9</u>

28.1 In addition to the above, some executives have been provided with free use of Company's cars. Further, medical expenses are reimbursed in accordance with the Company's policy.

29. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 29, 2011 by the Board of Directors of the Company.

29.1 The Board of Directors of the Company has approved cash dividend of Rs. 2.5 (2010: Nil) per share amounting to Rs. 50 million, in their meeting held on September 29, 2011.


30. GENERAL

Figures have been rounded off to the nearest rupee.

Figures have been reclassified and re-arranged where necessary.



Rashid Abdulla
Chairman & Chief Executive



Syed Nadeem Ahmed
Director



Notes

Proxy Form

The Secretary
IBL Healthcare Limited

9th Floor, N.I.C. Building, Abbasi Shaheed Road,
Off: Shahrah-e-Faisal, Karachi-75530

I / We _____ son / daughter / wife / husband of _____, shareholder of IBL Pakistan Limited, holding _____ ordinary shares hereby appoint _____ who is my _____ [state relationship (if any) with the proxy; required by Government regulations] and the son / daughter / wife / husband of _____, (holding _____ ordinary shares in the Company under Folio No. _____) [required by Government] as my / our proxy, to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 25, 2011 and / or any adjournment thereof.

Signed this _____ day of _____ 2011.

Witness:

1. _____

2. _____

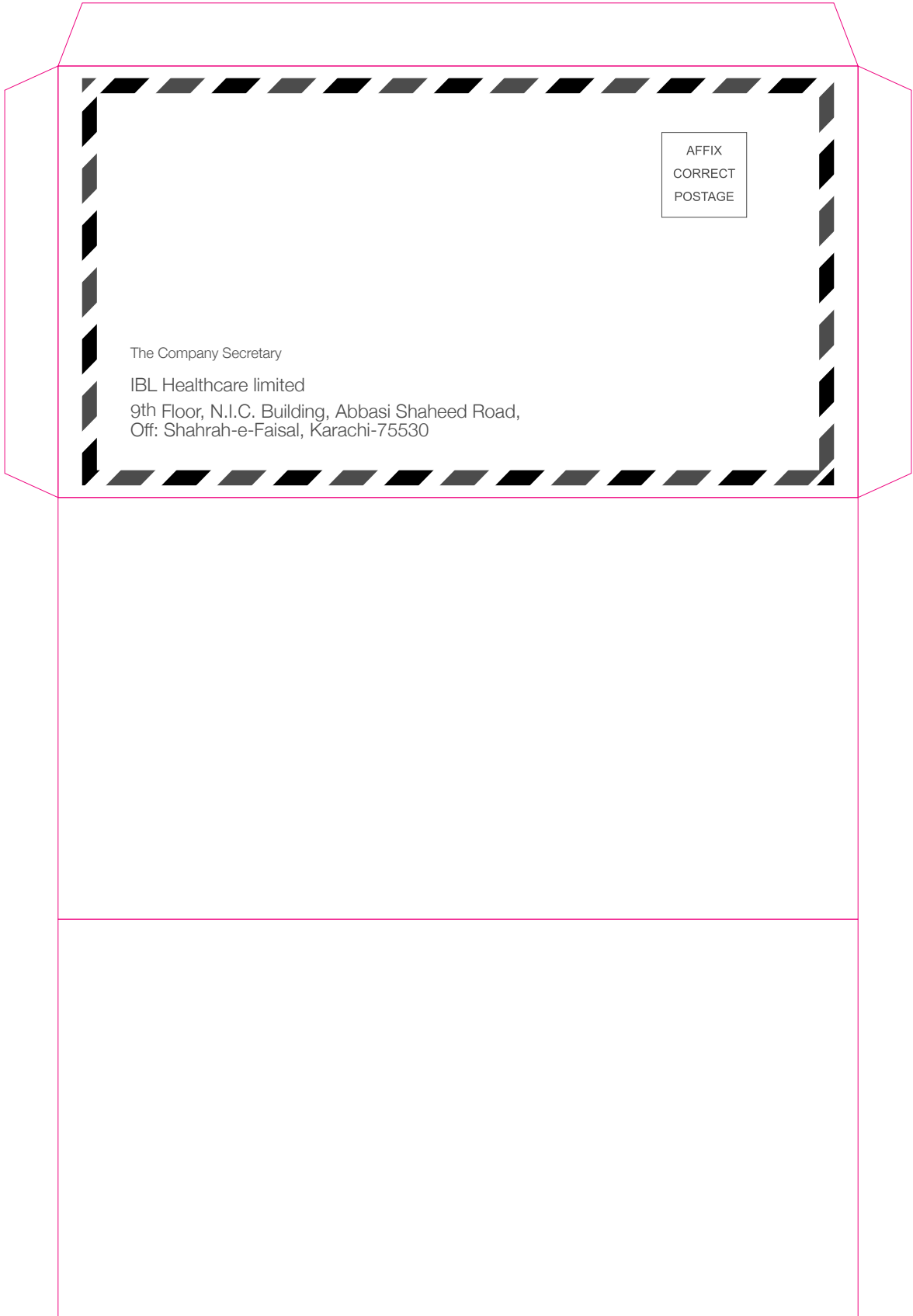
RS. 5/-
Revenue
Stamp

Signature of Member(s)

Shareholders Folio No. _____ and / or
CDC Participation I.D. No. _____ and
Sub-Account No. _____

Note:

1. The member is requested:
 - I. To affix Revenue Stamp of Rs. 5/- at the place indicated above.
 - II. To sign across the revenue Stamp in the same style of signature as is registered with the Company.
 - III. To write down his Folio Number.
2. In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the Meeting, duly completed in all respects.
3. CDC Shareholders or their proxies should bring their original Computerized National Identity Card or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the Notes to the Notice of AGM.



AFFIX
CORRECT
POSTAGE

The Company Secretary
IBL Healthcare limited
9th Floor, N.I.C. Building, Abbasi Shaheed Road,
Off: Shahrah-e-Faisal, Karachi-75530

