

IBL HealthCare Limited



With You
all the **WAY**

Annual Report 2013

With You all the WAY

The face of healthcare is constantly changing, with technological innovations, new treatments, and new regulations, arising almost daily. In addition to negotiating day-to-day demands of a busy and dynamic organization, in healthcare we must also be able to evaluate and understand the impact of changing times. While we are aware of the demands of time and change, we at the same time, do not shift our attention from the very basic reason we are in this industry...that is care.

Moving forward with time, but never forgetting, that we will be with you all the way.





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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 nutritional 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)
Mr. Mufti Zia ul Islam (Chief Executive Officer)
Mr. S. Nadeem Ahmed
Mr. Zubair Palwala
Mr. Asad Abdulla
Mr. Ayaz Abdulla
Mr. Adnan Asdar Ali

■ Chief Financial Officer and Company Secretary

Mr. Mobeen Alam

■ Audit Committee

Mr. Asad Abdulla (Chairman)
Mr. Zubair Palwala
Mr. Mufti Zia ul Islam

■ Human Resource and Remuneration Committee

Mr. Ayaz Abdulla (Chairman)
Mr. Asad Abdulla
Mr. Zubair Palwala

■ 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

9th Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

■ Registrar

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B", S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi - 74400, Pakistan.

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Our products are specifically designed to support pregnant or breastfeeding women.





Enfagrow A+



بچوں کی بہترین ذہنی نشوونما
نئے انفاگرو A+ کے ساتھ



1 - 3 years



3 years & above



Notice of Annual General Meeting

Notice is hereby given that the 16th annual general meeting of IBL HealthCare Limited will be held on Thursday, October 24, 2013, at 03:00 p.m. at the Institute of Chartered Accountants of Pakistan, Clifton, Karachi, to transact the following business:

Ordinary Business

1. To confirm the minutes of the last general meeting held on October 23, 2012.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2013 together with the directors' and auditors' reports thereon.
3. To consider and approve final cash dividend for the year ended June 30, 2013, at the rate of Rs.1.50 per share, equivalent to 15%.
4. To consider the appointment of external auditors for the year ending June 30, 2014 and to fix their remuneration. The present auditors, Baker Tilly Mehmood Idrees Qamar, Chartered Accountants being eligible, have offered themselves for re-appointment.

Special Business

5. To approve the issue of bonus shares in the ratio of fifteen shares for every hundred shares held i.e. 15% as recommended by the Board of Directors and, if thought appropriate, to pass with or without modification(s) the following resolutions as ordinary resolution:

"RESOLVED that a sum of Rs.30,000,000/- out of the un-appropriated profits of the Company be capitalized and applied towards the issue of 3,000,000 ordinary shares of Rs.10/- each and allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on October 17, 2013, in the proportion of fifteen shares for every hundred ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares but shall not be eligible for the cash dividend declared for the year ended June 30, 2013.

FURTHER RESOLVED that in the event of any member becoming entitled to a fraction of a share, the Directors be and are hereby authorised to consolidate all such fractions and sell the shares so constituted on the Stock Market and to pay the proceeds of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.

FURTHER RESOLVED that the Company Secretary be and is hereby authorized to take all necessary actions on behalf of the Company for allotment and distribution of the said bonus shares as he think fit."

6. To consider the increase of authorized share capital of the Company from Rs.210.0 million to Rs.500.0 million divided into 50,000,000 ordinary shares of Rs.10/- each and to consider and if thought fit to pass the following resolution as special resolution:

RESOLVED that the authorised share capital of the Company be and is hereby increased from Rs.210,000,000/- divided into 21,000,000 ordinary shares of Rs.10/- each to Rs.500,000,000/- divided into 50,000,000 ordinary shares of Rs.10/- each, by the creation of 29,000,000 additional ordinary shares at nominal value of Rs.10/- each to rank pari passu in every respect with the existing ordinary share of the Company.

Notice of Annual General Meeting

FURTHER RESOLVED that the Memorandum and Articles of Association of the Company be and are hereby altered for increase in authorized share capital to read as follows:

- Clause V of Memorandum of Association “The authorized capital of the Company is Rs.500,000,000/- divided into 50,000,000 ordinary shares of Rs.10/- each.”
- Article IV(4) of Articles of Association “The authorized capital of the Company is Rs.500,000,000/- divided into 50,000,000 ordinary shares of Rs.10/- each.”

FURTHER RESOLVED that Mr. Mobeen Alam, Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementation the aforesaid resolution.

Other Business

7. 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 2, 2013

A statement as required by section 160(1)(b) of the Companies Ordinance 1984 in respect of the special business is being sent to the Members, along with a copy of this notice.

Statement of material facts under section 160(1)(b) of the Companies Ordinance, 1984 regarding the Special Business

Item 5

The Directors of the Company are of the view that the Company's financial position justifies issuance of bonus shares in the ratio of fifteen shares for every hundred shares held.

The Directors are interested in the business to the extent of the entitlement of bonus shares as shareholders.

Item 6

The amendment in Memorandum and Articles of Association of the Company is proposed to enhance the authorised capital of the Company to Rs.500.0 million. The enhancement of its authorised capital will enable the Company to issue the bonus shares.

The Directors have no interest directly or indirectly in alteration of the Memorandum and Articles of Association of the Company, except that they are shareholders/directors in the Company.

Notes:

1. Share Transfer Books will be closed from October 18, 2013 to October 24, 2013 (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 Department, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400.

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We provide special formulas and solutions that cater to common feeding issues, such as fussiness and gas.





Directors' Report

The Board of Directors of IBL HealthCare Limited has the pleasure to present before you the 2013 Annual Report together with the audited financial statements of the Company for the year ended June 30, 2013.

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

Summary of Financial Performance

	2013	2012
	(Rupees in thousand)	
Revenue	863,746	723,387
Gross profit	234,602	217,807
Gross profit as a percentage of revenue	27.2%	30.1%
Operating expenses	116,004	120,742
Operating profit	118,597	97,065
Profit before taxation	121,630	87,726
Profit after taxation	100,616	78,360

Despite slowing economic growth, turnover increased by 19.4%. The said increase is mainly due to increase in unit terms and slight increase in prices of our core infants' nutritional products.

Gross profit is reported at 27.2% of sales as compared to 30.1% last year, reflecting the impact of devaluation. Selling and distribution expenses decreased by 3.7% resulting from several cost savings and operational initiatives.

The global recession caused by the international financial crisis continued to impact the world's economies during 2013. In the current year although we were unable to reduce the cost of sales but due to increase in sales the Company was able to earn better operating profit. The operating profit rise as compared to the previous period is Rs. 21.5 million.

Holding Company

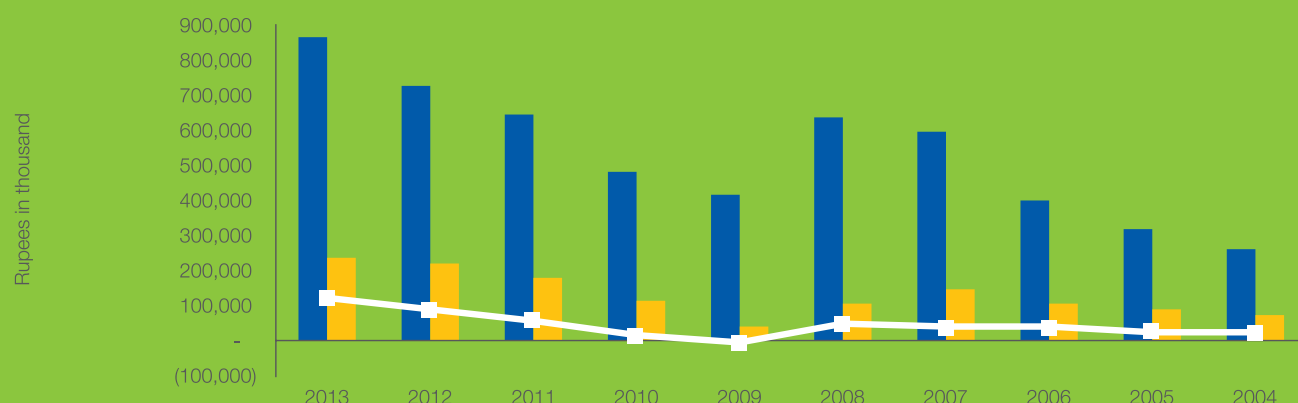
The Searle Company Limited is the Holding Company of IBL HealthCare. As at June 30, 2013, The Searle Company limited held 10,000,000 shares of Rs.10 each.

Basic Earnings Per Share

Earnings per share after taxation was Rs.5.03 (2012: Rs.3.92)

Dividend

The board of directors has recommended a cash dividend of 15% and a stock dividend of 15% for the year ended June 30, 2013 (2012: 25% cash dividend).



Revenue	863,746	723,387	639,195	475,248	414,882	636,539	589,481	396,265	311,177	257,650
Gross profit	234,602	217,807	172,395	113,074	38,896	106,010	141,434	105,285	83,603	73,548
Profit / (loss) before taxation	121,630	87,726	54,078	14,031	(8,339)	43,245	37,715	33,212	22,390	17,416

■ Revenue ■ Gross profit — Profit / (loss) before taxation

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 2013, four Board meetings were held and were attended as follows:

Director	No. of meetings attended
Mr. Rashid Abdulla	4
Mr. S. Nadeem Ahmed	4
Mr. Zubair Palwala	4
Mr. Asad Abdulla	4
Mr. Ayaz Abdulla	4
Mr. Mufti Ziaul Islam	4
Mr. Adnan Azdar Ali	2

During the year, Mr. Mufti Ziaul Islam was appointed as Director and Chief Executive Officer of the Company in place of Mr. A.M.Jalaluddin.

Audit Committee

The Committee comprises of three members and two 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. The Board has outsourced the Internal Audit function to BDO Ebrahim & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with

the policies and procedures of the Company.

During the year, Mr. A.M. Jalaluddin resigned from the Board and Mr. Mufti Ziaul Islam was appointed in his place as the member of Audit Committee.

During the year 2013, four audit committee meetings were held and were attended as follows:

Director	No. of meetings attended
Mr. Zubair Palwala	4
Mr. Asad Abdulla	4
Mr. Mufti Ziaul Islam	4

Auditors

The present auditors, Baker Tilly Mehmood Idrees Qamar & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment. 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, 2014 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, 2013 is Rs Nil (June 30, 2012 is Rs.10,000,000).

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.
- Proper books of account of the Company have been maintained.

Directors' Report

- 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

The Management clearly sees remarkable growth in IBL Health Care business in the future. Our sales force is continuously focusing on providing high quality premium

nutritional products to all of the potential health Care Professionals. The effective planning of new launches and expanding the existing coverage in 2014 will not only continue the sales momentum but also increase the sales growth in 2014.

To generate better value and increase market share, aggressive promotional campaign on infant nutrition products, along with the introduction of children nutrition products during 2014 will contribute towards the growth of our business.

Our adults' nutrition division performance and sales results were very encouraging last year and we plan to maintain the high growth trend by enriching the portfolio with the inclusion of new products.

For strengthening our Medical Disposable Division, new sources and products are identified for launch during the new fiscal year to increase the business volume and profitability of the company.

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

We are confident that we can generate increased value for shareholders as well as deliver better products and services to our consumers.

Operating and Financial Highlights

	Unit	2013	2012	2011	2010	2009	2008
Financial Position							
Balance sheet							
Property, plant and equipment	Rs in TH	7,529	7,475	126,502	121,067	4,490	7,707
Investment property	Rs in TH	123,588	120,952	-	-	-	-
Other non current assets	Rs in TH	35,249	44,043	52,726	61,383	70,626	79,440
Current assets	Rs in TH	331,108	433,562	368,468	188,943	268,184	285,034
Total assets	Rs in TH	497,474	606,032	547,696	371,393	343,300	372,181
Share capital	Rs in TH	200,000	200,000	200,000	200,000	200,000	200,000
Unappropriated profit	Rs in TH	172,610	121,994	93,634	48,118	39,025	58,580
Total equity	Rs in TH	372,610	321,994	293,634	248,118	239,025	258,580
Non current liabilities	Rs in TH	10,137	14,866	14,093	7,953	7,372	8,548
Current liabilities	Rs in TH	114,727	269,172	239,968	115,322	96,903	105,053
Total liabilities	Rs in TH	124,864	284,038	254,061	123,275	104,275	113,601
Total equity and liabilities	Rs in TH	497,474	606,032	547,695	371,393	343,300	372,181
Net current assets	Rs in TH	216,381	164,390	128,500	73,621	171,281	179,981
Operating And Financial Trend							
Profit and loss							
Revenue	Rs in TH	863,746	723,387	639,195	475,248	414,882	636,539
Gross profit	Rs in TH	234,602	217,807	172,395	113,074	38,896	106,010
Operating profit / (loss)	Rs in TH	118,598	97,065	60,319	11,996	(9,474)	51,044
Finance cost	Rs in TH	3,314	11,991	5,509	450	(1,135)	5,777
Profit / (loss) before taxation	Rs in TH	121,630	87,726	54,078	14,031	(8,339)	43,245
Profit / (loss) after taxation	Rs in TH	100,616	78,360	45,516	9,093	(19,555)	15,807
Cash flows							
Operating activities	Rs in TH	56,297	128,665	(86,047)	105,419	31,105	32,028
Investing activities	Rs in TH	(2,660)	(5,098)	(6,815)	(117,911)	1,360	(1,375)
Financing activities	Rs in TH	(52,149)	(51,069)	5,375	(1,706)	(1,446)	(31,338)
Financial Position							
Rate of return							
Pre tax return on equity	%	32.64	27.24	18.42	5.65	(3.49)	16.72
Post tax return on equity	%	27.00	24.34	15.50	3.66	(8.18)	6.11
Interest cover	times	36.70	7.32	9.82	31.18	7.35	7.49

Operating and Financial Highlights

	Unit	2013	2012	2011	2010	2009	2008
Profitability							
Gross profit margin	%	27.16	30.11	26.97	23.79	9.38	16.65
Pre tax profit to sales	%	14.08	12.13	8.46	2.95	(2.01)	6.79
Post tax profit to sales	%	11.65	10.83	7.12	1.91	(4.71)	2.48
Liquidity							
Current ratio		2.89	1.61	1.54	1.64	2.77	2.71
Quick ratio		0.84	0.74	0.56	0.67	1.60	1.39
Financial gearing							
Debt equity ratio		0.34	0.88	0.87	0.50	0.44	0.44
Capital efficiency							
Debtors turnover	days	50	60	51	26	57	65
Inventory turnover	days	173	173	184	112	110	55
Total assets turnover	times	1.74	1.19	1.17	1.28	1.21	1.71
Property, plant and equipment turnover	times	114.72	96.77	5.05	3.93	92.40	82.59
Investment							
Earnings	Rs	5.03	3.92	2.28	0.45	(0.98)	0.79

Directors' Training Program

During the year, Mr. Zubair Palwala attended the Directors' training program conducted by the Institute of Chartered Accountants of Pakistan.

Shareholding Information

None of the Directors, CEO, CFO and Company Secretary and their spouses and minor children has carried out any trades in the shares of the Company except as reported hereunder:

Mrs. Shakila Rashid w/o Mr. Rashid Abdulla – (purchase) 116,000 shares

Pattern of Shareholding

as at June 30, 2013

No. of Shareholders	Shareholdings' Slab			Total Shares Held
2324	1	to	100	54,509
1143	101	to	500	295,098
238	501	to	1000	191,638
263	1001	to	5000	651,615
36	5001	to	10000	282,700
17	10001	to	15000	203,511
17	15001	to	20000	305,771
7	20001	to	25000	154,687
5	25001	to	30000	136,901
1	30001	to	35000	30,941
3	35001	to	40000	111,566
3	40001	to	45000	127,303
3	45001	to	50000	143,716
2	60001	to	65000	127,490
1	65001	to	70000	69,905
2	80001	to	85000	166,478
2	100001	to	105000	202,409
1	105001	to	110000	107,500
1	120001	to	125000	122,883
1	155001	to	160000	158,374
1	295001	to	300000	300,000
1	450001	to	455000	453,318
1	495001	to	500000	496,498
1	550001	to	555000	552,303
1	4550001	to	4555000	4,552,893
1	9995001	to	10000000	9,999,993
4076				20,000,000

Pattern of Shareholding

as at June 30, 2013

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Rashid Abdulla	2	36,867	0.18
Syed Nadeem Ahmed	2	188	0.00
Zubair Palwala	2	456	0.00
Asad Abdulla	2	16,288	0.08
Ayaz Abdulla	2	16,288	0.08
Mufti Ziaul Islam	1	371	0.00
Adnan Asdar Ali	1	1	0.00
Shakila Rashid	1	496,498	2.48
Associated Companies, undertakings and related parties			
The Searle Company Limited	1	9,999,993	50.00
Trustee - Searle Pakistan Limited Provident Fund	1	552,303	2.76
International Brands (Private) Limited	1	4,552,893	22.76
United Distributors Pakistan Limited	1	453,318	2.27
Executives	-	-	-
Public Sector Companies and Corporations	2	158,540	0.79
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	14	223,373	1.12
Mutual Funds			
SAFEWAY MUTUAL FUND LIMITED	1	32	0.00
FIRST CAPITAL MUTUAL FUND LTD.	1	2,769	0.01
General Public			
a. Local	3980	3,223,718	16.12
b. Foreign	4	158,936	0.79
Foreign Companies	21	8,636	0.04
Others	36	98,532	0.49
Totals	4076	20,000,000	100.00
Share holders holding 5% or more			
The Searle Company Limited		9,999,993	50.00
International Brands (Private) Limited		4,552,893	22.76

Pattern of Shareholding

as at June 30, 2013

S.No.	Folio #	Name of shareholder	Number of shares
Directors and their spouse(s) and minor children			
1	2	Rashid Abdulla	1
2	03277-11384	Rashid Abdulla	36,866
3	8	Syed Nadeem Ahmed	1
4	2435	Syed Nadeem Ahmed	187
5	7	Zubair Palwala	1
6	02113-1037	Zubair Palwala	455
7	5	Asad Abdulla	1
8	03277-20909	Asad Abdulla	16,287
10	6	Ayaz Abdulla	1
9	03277-21385	Ayaz Abdulla	16,287
11	03277-56270	Mufti Ziaul Islam	371
12	2522	Adnan Asdar Ali	1
13	03277-12714	Shakila Rashid	496,498
			13
			566,957
Associated companies, undertakings and related parties			
1	1	The Searle Company Limited	9,999,993
2	02113-3439	Trustee - Searle Pakistan Limited Provident Fund	552,303
3	03277-2937	International Brands (Private) Limited	4,552,893
4	03277-62621	United Distributors Pakistan Limited	453,318
			4
			15,558,507
Executive			
		NIL	-
Public sector companies and corporations			
1	03889-28	National Bank of Pakistan	166
2	02683-23	State Life Insurance Corp. of Pakistan	158,374
			2
			158,540
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
1	1414	ATLAS INVESTMENT BANK LTD.	15
2	1419	ASSET INVESTMENT BANK LIMITED	3
3	1871	CRESCENT INVESTMENT BANK LTD	209
4	2471	INDUS BANK LIMITED	2,733
5	2475	BANK ALFALAH LIMITED	826
6	05587-6474	PROGRESSIVE INVESTMENT MANAGEMENT (PVT)L	103
7	11940-4410	ESCORTS INVESTMENT BANK LIMITED	41
8	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	26,993

Pattern of Shareholding

as at June 30, 2013

S.No.	Folio #	Name of shareholder	Number of shares
9	1876	FIRST UDL MODARABA	30
10	1878	FIRST UDL MODARABA	10,245
11	1950	FIRST IBL MODARABA	92
12	02113-21	FIRST EQUITY MODARABA	39,200
13	02113-708	First UDL Modaraba	20,000
14	03277-1651	FIRST UDL MODARABA	122,883
			14
			223,373
Mutual Funds			
1	2009	SAFEWAY MUTUAL FUND LIMITED	32
2	1870	FIRST CAPITAL MUTUAL FUND LTD.	2,769
			2
			2,801
General Public			
a	Local	3980	3,223,718
b	Foreign Ind.	4	158,936
c	Foreign Co.	21	8,636
Foreign Companies			
1	1271	MIDLAND BANK TRUST CORP. (JERSEY) LTD	65
2	1620	INVESTORS BANK & TRUST COMPANY	180
3	1622	DAY LIMITED	94
4	1623	SMITH NEW COURT FAR EAST LIMITED	18
5	1653	INVESTORS BANK & TRUST COMPANY	665
6	1654	MORGAN STANLEY TRUST COMPANY	1,291
7	1656	AETNA INVESTMENT MGMT B.V.I NOMINEES LTD	728
8	1657	STATE STREET BANK AND TRUST CO. U.S.A.	584
9	1664	THE NORTHERN TRUST COMPANY	183
10	1677	CHASE MANHATTAN BANK (IRELAND) PLC	52
11	1680	THE AETNA CASUALTY AND SURETY COMPANY	153
12	1775	SOMERS NOMINEES (FAR EAST) LTD	228
13	1776	SMITH NEW COURT FAR EAST LTD	16
14	1779	THE NORTHERN TRUST COMPANY	151
15	1781	CHEM BANK NOMINEES LTD	18
16	1782	H.S.B.C. INTERNATIONAL TRUSTEE LIMITED	66
17	1884	CHEM BANK NOMINEES LTD.	100
18	1961	MERRILL LYNCH, PIERCE, FENNER & SMITH INC.	409
19	1981	THE BANK OF NEWYORK	3,281
20	2140	INVESCO (BVI) NOMINEES LIMITED	31
21	00547-716	THE NORTHERN TRUST COMPANY	323
			21
			8,636

Pattern of Shareholding

as at June 30, 2013

S.No.	Folio #	Name of shareholder	Number of shares
Others			
1	1244	H. M. INVESTMENTS (PVT) LTD.	22
2	1736	SHAFI (PRIVATE) LTD.	114
3	1798	NH SECURITIES (PVT) LTD	10
5	1875	PROFESSIONAL SECURITIES MANAGEMENT (PVT) LTD.	217
6	2024	SADIQ TRADERS (PVT) LTD.	379
7	2474	S.H. BUKHARI SECURITIES	160
8	2476	SHAZ INVESTMENT CORPORATION	78
9	2477	AAG SECURITIES (PVT) LTD.	75
10	2480	LASANI SECURITIES (PVT) LTD.	15
11	2481	BAGASRA SECURITIES (PVT) LTD	2
12	2483	ISMAIL ABDUL SHAKOOR SEC.	18
13	01552-45	FIRST CAPITAL EQUITIES LIMITED	74
14	03277-7421	TRUSTEES SAEEDA AMIN WAKF	5,247
15	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	947
16	03459-20	ASKARI SECURITIES LIMITED	186
17	03525-63416	H M INVESTMENTS (PVT) LIMITED	35
18	03525-63817	NH SECURITIES (PVT) LIMITED.	65
19	03715-27	EXCEL SECURITIES (PVT.) LTD.	34
20	03863-20	ACE SECURITIES (PVT.) LIMITED	2
21	03939-11093	HIGHLINK CAPITAL (PVT) LTD	20,500
22	03939-12463	CAPITAL VISION SECURITIES PVT LIMITED	12,000
23	04481-26	DOSSLANI'S SECURITIES (PVT) LIMITED	12
24	04804-25436	SHAFI LIFESTYLE (PVT) LIMITED	16,500
25	04804-25444	EVER FRESH FARMS (PVT) LIMITED	17,500
26	05298-28	MAAN SECURITIES (PRIVATE) LIMITED	5,000
27	05348-21	HH MISBAH SECURITIES (PRIVATE) LIMITED	14
28	05546-26	STOCK MASTER SECURITIES (PRIVATE) LTD.	3,297
29	06445-28	DARSON SECURITIES (PVT) LIMITED	279
30	06700-41	SUMMIT CAPITAL (PRIVATE) LIMITED	56
31	07005-29	MAM SECURITIES (PVT) LIMITED	33
32	07294-26	AL-HAQ SECURITIES (PVT) LTD.	29
33	11072-34	SEVEN STAR SECURITIES (PVT.) LTD.	10,179
34	11718-27	ELEVEN STARS SECURITIES (PVT) LTD	500
35	14019-2686	Pearl Capital Management (Private) Limited	500
36	14241-22	FIKREE'S (SMC-PVT) LTD.	4,432
37	14274-29	MUHAMMAD AMER RIAZ SECURITIES (PVT) LTD.	21
			36
			98,532
TOTAL			4076
			20,000,000

Karachi
September 9, 2013


 Mufti Zia ul Islam
 Chief Executive Officer

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Our products for toddlers feature specialized nutrition including the DHA and iron milk lacks to help support healthy growth and development.





Statement of Compliance

with the Code of Corporate Governance

Name of company : IBL HealthCare Limited
Year ending : June 30th 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of non-executive directors on its board of directors. At present the board includes:

Category	Names
Independent Directors	-
Executive Directors	1) Mr. Mufti Zia ul Islam
Non-Executive Directors	1) Mr. Rashid Abdulla 2) Mr. S. Nadeem Ahmed 3) Mr. Zubair Palwala 4) Mr. Asad Abdulla 5) Mr. Ayaz Abdulla 6) Mr. Adnan Asdar Ali

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurring on the board during the period was filled in prescribed time.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged training programs for its directors during the year.
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three non-executive directors including the Chairman of the committee.
16. 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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of three non-executive directors including the Chairman of the Committee.
18. The board has outsourced the internal audit function to BDO Ebrahim & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 the ICAP.
20. 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.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.



Mufti Ziaul Islam
Chief Executive Officer

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Review Report to the Members

on Statement of Compliance with Best Practices of Code of Corporate Governance

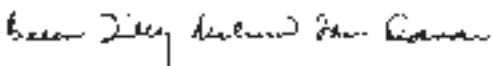
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of IBL HEALTHCARE LIMITED to comply with the Listing Regulations of the Karachi Stock Exchange, where the Company is listed.

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, 2013.



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

Karachi
Date: September 09, 2013



**BAKER TILLY
MEHMOOD IDREES
QAMAR**

CHARTERED ACCOUNTANTS

4th Floor, Central Hotel Building,
Civil Lines, Mereweather Road,
Karachi - Pakistan.

Tel: +92 (021) 35644872-7

Fax: +92 (021) 35694573

Email: mim@mimandco.com

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, 2013, and of the profit, its cash flow and changes in equity for the year then ended; and
- d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Zakat fund established Under Section 7 of the Ordinance.

Chartered Accountants
Name of Audit Engagement Partner
Mehmoood A. Razzak
Karachi
Date: September 09, 2013

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Balance Sheet

As at June 30, 2013

ASSETS

Non-Current Assets

Property, plant and equipment	3	7,529	7,475
Investment property	4	123,588	120,952
Intangible assets	5	35,064	43,541
Long term loans	6	185	502
		166,366	172,470

Current Assets

Stock in trade	7	152,835	221,114
Trade debts - unsecured	8	143,073	118,884
Short term loans	9	355	512
Advances, deposits, prepayments and other receivables	10	16,004	18,809
Taxation - net		3,702	2,920
Cash and bank balances	11	15,139	71,324
		331,108	433,562

TOTAL ASSETS

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorized Share Capital

21,000,000 Ordinary shares of Rs. 10/- each

Issued, subscribed and paid up share capital	12	200,000	200,000
Unappropriated profit		172,610	121,994
Total Equity		372,610	321,994

LIABILITIES

Non-Current Liabilities

Liabilities against assets subject to finance leases	13	1,096	3,312
Staff retirement benefit	14	9,041	11,554
		10,137	14,866

Current Liabilities

Creditors, accrued and other liabilities	15	113,410	210,249
Current maturity of liabilities against assets subject to finance leases	13	1,317	1,250
Short term running finance	16	-	57,673
		114,727	269,172

Contingencies and commitments

Total Liabilities

TOTAL EQUITY AND LIABILITIES

Note	2013	2012
	----(Rupees '000)----	
	497,474	606,032
	497,474	606,032
	124,864	284,038
	497,474	606,032

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



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
CEO/Managing Director

Profit and Loss Account

For the year ended June 30, 2013

		2013	2012
	Note	----(Rupees '000)----	
Net sales	18	864,152	725,487
Sale tax		(406)	(2,100)
		863,746	723,387
Cost of goods sold	19	(629,144)	(505,580)
Gross profit		234,602	217,807
Selling and distribution expenses	20	(91,860)	(95,436)
Administrative expenses	21	(15,332)	(16,605)
Amortization of intangible assets	5	(8,812)	(8,700)
		(116,004)	(120,742)
Other income	22	8,829	4,443
Finance cost	23	(3,314)	(11,991)
Other charges - workers' welfare fund		(2,482)	(1,792)
Profit before taxation		121,630	87,726
Taxation	24	(21,014)	(9,366)
Profit after taxation		100,616	78,360
Other comprehensive income		-	-
Total comprehensive income		100,616	78,360
Earnings per share	25	5.03	3.92

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



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
CEO/Managing Director

Statement of Changes in Equity

For the year ended June 30, 2013

	Issued, Subscribed and Paid-up Share Capital	Unappropriated profit	Total
	----- Rupees in 000 -----		
Balance as at July 01, 2011	200,000	93,634	293,634
Final dividend for the year ended June 30, 2011 @ 2.5 per share	-	(50,000)	(50,000)
Total comprehensive income for the year ended June 30, 2012	-	78,360	78,360
Balance as at June 30, 2012	200,000	121,994	321,994
Final dividend for the year ended June 30, 2012 @ 2.5 per share	-	(50,000)	(50,000)
Total comprehensive income for the year ended June 30, 2013	-	100,616	100,616
Balance as at June 30, 2013	200,000	172,610	372,610

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



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
CEO/Managing Director

Cash Flow Statement

For the year ended June 30, 2013

	2013	2012
Note	----(Rupees '000)----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	121,630	87,726
Adjustments for non-cash charges and other items:		
Depreciation	2,323	3,173
Amortization of intangible assets	8,812	8,700
Gain on disposal of property, plant and equipment	(2,688)	-
Provision for staff retirement gratuity	788	2,465
	130,865	102,063
Decrease / (increase) in current assets	47,051	(9,911)
(Decrease) / increase in current liabilities	(96,838)	46,339
	81,077	138,491
Long term loans	317	(17)
Income tax paid	(21,796)	(9,367)
Gratuity paid	(3,301)	(442)
Cash inflow from/(used in) operating activities	56,297	128,665
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,622)	(5,098)
Addition to investment property	(2,636)	-
Additions to intangible assets	(335)	-
Sale proceeds of property, plant and equipment on disposal	2,933	-
Cash used in investing activities	(2,660)	(5,098)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance leases	(2,149)	(1,069)
Dividend paid	(50,000)	(50,000)
Cash used in financing activities	(52,149)	(51,069)
Net increase in cash and cash equivalents	1,488	72,498
Cash and cash equivalent at the beginning of the year	13,651	(58,847)
Cash and cash equivalent at the end of the year	26 15,139	13,651

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



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
CEO/Managing Director

Notes to the Financial Statements

For the year ended June 30, 2013

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 The Searle Company 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.

New or Revised Standards, amendments and interpretations which became effective during the period:

There were certain new standards and amendments to the approved accounting standards and new interpretations which became effective during the year but are considered not to be relevant or have no material effect on the company's operations or did not have any material impact on the company's accounting policies and are, therefore, not disclosed in these financial statements.

New or Revised Standards, amendments and interpretations issued but not yet effective:

	Effective For Periods Beginning
IFRS 1 First time adoption of financial reporting standards (amendments)	January 1, 2013
IFRS 7 Financial instruments: Disclosures (amendments)	January 1, 2013
IFRS 9 Financial instruments	January 1, 2015
IFRS 10 Consolidated financial statements	January 1, 2013
IFRS 11 Joint arrangements	January 1, 2013
IFRS 12 Disclosure of interests in other entities	January 1, 2013
IFRS 13 Fair value measurement	January 1, 2013
IAS 16 Property, plant and equipment (amendments)	January 1, 2013
IAS 19 Employee benefits (amendments)	January 1, 2013
IAS 27 Separate financial statements (amendments)	January 1, 2013
IAS 28 Investments in associates and joint ventures (amendments)	January 1, 2013
IAS 32 Financial instruments - Presentation (amendments)	January 1, 2014
IAS 34 Interim financial reporting (amendments)	January 1, 2013
IAS 39 Financial instruments - Recognition and measurement (amendments)	January 1, 2013
IFRIC 20 Stripping costs in the production phase of a surface mine	January 1, 2013
IFRIC 21 Levies - an interpretation on the accounting for levies imposed by Government	January 1, 2013

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.

Notes to the Financial Statements

For the year ended June 30, 2013

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.

2.4 Investment Property

The Company accounts for Investment Property using the fair value model given in the International Accounting Standard 40 "Investment Property". Surplus and deficits on revaluation of investment property, if arises, will be taken to profit and loss account in the year.

2.5 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.

2.6 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.

2.7 Loans and Advances

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

2.8 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.

2.9 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.

2.10 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.

2.11 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.

Notes to the Financial Statements

For the year ended June 30, 2013

2.12 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 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.

The Company's management has decided to discontinue the gratuity scheme with effect from December 31, 2012.

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.

2.13 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.

2.14 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.

2.15 Revenue Recognition

Sales are recorded when goods are dispatched.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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, 2013

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Office Equipments	Owned Vehicles	Furniture and Fixtures	Leased Vehicles	Total
	----- Rupees in 000 -----					
2012 Year ended June 30						
Opening net book amount	119,926	-	603	108	5,865	126,502
Additions	1,026	-	3,908	-	164	5,098
Transfer in	-	-	-	-	-	-
Transfer out	(120,952)	-	-	-	-	(120,952)
Disposals	-	-	-	-	-	-
Depreciation charge	-	-	(1,277)	(108)	(1,788)	(3,173)
Adjustment	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Closing net book value	-	-	3,234	-	4,241	7,475
At June 30, 2012						
Cost	-	3,103	17,837	607	7,316	28,863
Accumulated depreciation	-	(3,103)	(14,603)	(607)	(3,075)	(21,388)
Net book Value	-	-	3,234	-	4,241	7,475
2013 Year ended June 30						
Opening net book amount	-	-	3,234	-	4,241	7,475
Additions	-	174	2,448	-	-	2,622
Transfer in	-	-	1,280	-	-	1,280
Transfer out	-	-	-	-	(1,280)	(1,280)
Disposals	-	-	(2,678)	-	(569)	(3,247)
Depreciation charge	-	(15)	(1,111)	-	(1,197)	(2,323)
Adjustment	-	-	2,678	-	324	3,002
Transfer in	-	-	(1,280)	-	-	(1,280)
Transfer out	-	-	-	-	1,280	1,280
Closing net book value	-	159	4,571	-	2,799	7,529
At June 30, 2013						
Cost	-	3,277	18,887	607	5,467	28,238
Accumulated depreciation	-	(3,118)	(14,316)	(607)	(2,668)	(20,709)
Net book value	-	159	4,571	-	2,799	7,529

	2013	2012
	----(Rupees '000)----	
3.1 Depreciation for the year has been allocated to:		
Selling and distribution expenses	2,054	2,805
Administrative expenses	269	368
	2,323	3,173

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
	----- Rupees in 000 -----					
Vehicles -Book value less than Rs. 50,000/-	554	554	-	406	Negotiation	Muhammad Shoab, House # L-711, Sector 5-C/3, North Karachi.
Vehicles -Book value less than Rs. 50,000/-	336	336	-	262	Negotiation	Muhammad Khaliq-ur-Rehman, House # 1469, Street #19, Mehmoodabad, Karachi
Vehicles -Book value less than Rs. 50,000/-	668	668	-	700	Negotiation	The Searle Company Limited, 1st Floor, N.I.C Building, Karachi.
Vehicles -Book value less than Rs. 50,000/-	890	890	-	900	Negotiation	International Franchise (Private) Limited, 9th Floor, N.I.C Building, Karachi.
Vehicles -Book value less than Rs. 50,000/-	230	230	-	115	Negotiation	Arif Sultan, House # 875, Sector 11-1/2, Orangi Town, Karachi.
Vehicles -Book value greater than Rs. 50,000/-	569	324	245	550	Negotiation	PICIC Insurance Limited, Shaheen Complex, Karachi.
June 30, 2013	3,247	3,002	245	2,933		
June 30, 2012	-	-	-	-		
3.2.1						
Sale proceeds				2,933		
Book value				(245)		
Gain - 2013				2,688		
Gain - 2012				-		

Notes to the Financial Statements

For the year ended June 30, 2013

	Note	2013	2012
		----(Rupees '000)----	
4. INVESTMENT PROPERTY			
Opening		120,952	-
Addition during the year		2,636	120,952
		123,588	120,952
5. INTANGIBLE ASSETS			
Cost		192,200	192,200
Addition during the year		335	-
		192,535	192,200
Less: Accumulated amortization		(148,659)	(139,959)
Amortization charged during the year		(8,812)	(8,700)
		(157,471)	(148,659)
		35,064	43,541
6. LONG TERM LOANS			
To employees	6.1	540	1,014
Less: Current portion		(355)	(512)
		185	502

6.1 Reconciliation of carrying amount of loans to employees:

Balance as at July 01, 2012	Disbursements during the year	Repayments during the year	Balance as at June 30, 2013
----- Rupees in 000 -----			
1,014	280	(754)	540

6.2 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. 0.540 million (2012: Rs. 1.014 million).

	2013	2012
	----(Rupees '000)----	
7. STOCK IN TRADE		
Finished goods	134,558	135,186
In transit	25,635	85,928
Less: Stock written off	(7,358)	-
	152,835	221,114

	2013	2012
	----(Rupees '000)----	
8. TRADE DEBTS - UNSECURED		
Considered good		
Due from related party	74,034	84,295
Others	69,039	34,589
	143,073	118,884
9. SHORT TERM LOANS		
Loans to employees	355	512
	355	512
10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Trade deposits	3,036	3,504
Advance to employees	2,039	648
Advances for LC's	3,994	4,926
Deposits	651	2,429
Other receivables (including claims from a supplier)	6,286	7,302
	16,004	18,809
11. CASH AND BANK BALANCES		
Cash at banks:		
- Current accounts	15,136	70,842
- Savings account	3	482
	15,139	71,324
12. SHARE CAPITAL		
Authorized Share Capital		
Number of Shares		
2013	2013	2012
21,000,000	21,000,000	21,000,000
Ordinary share of Rs. 10/- each.	210,000	210,000
Issued, Subscribed and Paid-up Share Capital		
Number of Shares		
2013	2013	2012
20,000,000	20,000,000	20,000,000
Ordinary share of Rs. 10/- each fully paid in cash.	200,000	200,000

12.1 The Searle Company Limited (the holding company) owns 50% (2012: 50%) ordinary shares in the company.

Notes to the Financial Statements

For the year ended June 30, 2013

13. 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 6 months KIBOR plus 2% (2012: 6 months KIBOR plus 2%) payable quarterly 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 2013			June 2012		
	Minimum Lease Payments	Principal	Financial Charges	Minimum Lease Payments	Principal	Financial Charges
	----- Rupees in 000 -----					
Not later than one year	1,536	1,317	219	1,787	1,250	537
Later than one year but not later than five years	1,152	1,096	56	3,721	3,312	409
	2,688	2,413	275	5,508	4,562	946

14. STAFF RETIREMENT BENEFIT

Principal actuarial assumptions

	2013	2012
	% Per Annum	
Discount rate	-	14%
Expected return on plan assets	-	0%
Salary increase	-	13%

Reconciliation of provision for gratuity scheme

	2013	2012
	----(Rupees '000)----	
Present value of defined benefit obligation	9,041	11,200
Fair value of plan assets	-	-
Deficit	9,041	11,200
Unrecognized actuarial gains	-	637
Past service cost	-	(146)
Unrecognized transitional liability	-	(137)
	9,041	11,554

Movement in the net liability recognized in the balance sheet

Opening net liability	11,554	9,531
Charge for the year	788	2,465
Benefits paid	(3,301)	(442)
	9,041	11,554

The amounts recognized in the profit and loss account

Additional liability charged for the year	788	138
Current service cost	-	857
Interest cost	-	1,324
Past service cost	-	146
	788	2,465

	2013	2012
	----(Rupees '000)----	
15. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	76,960	179,370
Accrued liabilities	26,707	21,567
Workers' welfare fund	5,378	2,896
Due to holding company	814	1,061
Other liabilities	3,551	5,355
	113,410	210,249

16. SHORT TERM RUNNING FINANCE

This represents the utilized amount against the facility available from a commercial bank. The rate of markup is 6 months KIBOR + 2% per quarter (2012: 6 months KIBOR + 2% per quarter). The arrangement is secured by way of hypothecation of stocks and receivables of the company.

	2013	2012
	----(Rupees '000)----	
17. CONTINGENCIES AND COMMITMENTS		
Letter of credit outstanding	176,099	90,000
18. NET SALES		
Local sales	969,730	841,569
Less: Discount	(105,578)	(116,081)
	864,152	725,487

18.1 Net sales includes Rs. 609.390 million (2012: Rs.479.540 million) representing sales to the related party.

	2013	2012
	----(Rupees '000)----	
19. COST OF GOODS SOLD		
Opening stock	135,185	205,036
Add: Purchases	633,937	441,700
	769,122	646,736
Less: Cost of samples	(5,420)	(5,971)
Stock written off	(7,358)	-
	756,344	640,765
Less: Closing stock	(127,200)	(135,185)
	629,144	505,580

19.1 Cost of purchases includes custom duties and sales tax amounting to Rs. 106.465 million and other charges amounting to Rs.18.399 million respectively (2012 : Rs. 81.167 and Rs. 12.164 million).

Notes to the Financial Statements

For the year ended June 30, 2013

		2013	2012
	Note	----(Rupees '000)----	
20. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and other benefits		42,308	34,426
Provident fund costs - defined contribution plan		2,165	1,177
Gratuity costs - defined benefit plan		683	2,166
Promotional expense		22,773	30,398
Cartage and freight expenses		3,567	4,693
Travelling and conveyance		7,228	8,487
Depreciation	3.1	2,054	2,805
Rent, rates and taxes		4,344	3,153
Vehicle running expenses		2,655	2,161
Utilities		574	625
Legal and professional charges		-	16
Communications		1,073	1,391
Printing, stationery and supplies		593	562
Insurance expenses		1,077	814
Repairs and maintenance		434	973
Security guards expenses		332	275
Training expense		-	1,316
		91,860	95,436
21. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		7,519	11,001
Provident fund costs - defined contribution plan		433	478
Gratuity costs - defined benefit plan		105	299
Advertising, promotion and entertainment expense		191	34
Travelling and conveyance		222	159
Depreciation	3.1	269	368
Rent, rates and taxes		1,232	-
Vehicle running expenses		610	1,402
Auditors' remuneration	21.1	418	418
Legal and professional charges		827	289
Communications		246	187
Printing, stationery and supplies		841	84
Subscription		1,520	1,517
Insurance expenses		27	54
Repairs and maintenance		872	315
		15,332	16,605
21.1 Auditors' Remuneration			
Annual audit fee		300	300
Audit fee half yearly review		75	75
Out of pocket expenses		43	43
		418	418

	2013	2012
	----(Rupees '000)----	
22. OTHER INCOME		
Insurance claim	230	640
Profit on savings account	2	140
Gain on disposal of fixed assets	2,688	-
Rent income	4,952	3,663
Scrap sales	161	-
Other income	796	-
	8,829	4,443
23. FINANCE COST		
Finance cost on finance leases	454	695
Financial charges on short term running finance	2,344	11,004
Bank charges	516	293
	3,314	11,991
24. TAXATION		
Current	21,014	9,366
	21,014	9,366

24.1 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.

	2013	2012
	----(Rupees '000)----	
25. EARNINGS PER SHARE		
Profit after taxation for the year	100,616	78,360
Number of shares	20,000	20,000
Earnings per share	5.03	3.92
26. CASH AND CASH EQUIVALENTS		
Cash and bank balances	15,139	71,324
Less: Short term running finance	-	(57,673)
	15,139	13,651

Note

11

Notes to the Financial Statements

For the year ended June 30, 2013

27. FINANCIAL INSTRUMENTS

(i) On Balance Sheet

	June 30, 2013						
	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 in 000 -----						
Financial assets							
Long-term loans	-	-	-	355	185	540	540
Trade debts	-	-	-	143,073	-	143,073	143,073
Deposits and other receivables	-	-	-	16,004	-	16,004	16,004
Cash and bank balances	3	-	3	15,136	-	15,136	15,139
	3	-	3	174,568	185	174,753	174,756
Financial liabilities							
Liabilities against assets subject to finance lease	1,317	1,096	2,413	-	-	-	2,413
Staff retirement benefits	-	-	-	-	9,041	9,041	9,041
Trade and other payables	-	-	-	113,410	-	113,410	113,410
Short term Running Finance	-	-	-	-	-	-	-
	1,317	1,096	2,413	113,410	9,041	122,452	124,865

(ii) Off Balance Sheet

	176,099	176,099	176,099
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(i) On Balance Sheet

	June 30, 2012						
	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 in 000 -----						
Financial assets							
Long-term loans	-	-	-	512	502	1,014	1,014
Trade debts	-	-	-	118,884	-	118,884	118,884
Deposits and other receivables	-	-	-	18,809	-	18,809	18,809
Cash and bank balances	482	-	482	70,842	-	70,842	71,324
	482	-	482	209,047	502	209,549	210,031
Financial liabilities							
Liabilities against assets subject to finance lease	1,250	3,312	4,562	-	-	-	4,562
Staff retirement benefits	-	-	-	-	11,554	11,554	11,554
Trade and other payables	-	-	-	210,249	-	210,249	210,249
Short term Running Finance	57,673	-	57,673	-	-	-	57,673
	58,923	3,312	62,235	210,249	11,554	221,803	284,038

(ii) Off Balance Sheet

	90,000	90,000	90,000
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27.1 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. 174,756 million, the financial assets which are subject to credit risk amount to Rs. 85.043 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.

27.2 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, 2013.

27.3 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 (2012: Rs. Nil) are exposed to currency rate risk.

28. RELATED PARTY TRANSACTIONS

The Company is controlled by The Searle Company Limited, which owns 50% of the company's shares. The remaining 50% of the shares are widely held. IBL Operations (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	June 2013	June 2012
----(Rupees '000)----				
The Searle Company Limited	Holding	Share of employees costs and expenses charged by The Searle Pakistan Limited	4,709	14,191
		Current account balance- Payable	814	1,061
IBL Operations (Private) Limited	Associate	Sale of goods	609,390	479,540
		Share of employees costs and expenses charged by International Brands (Private) Limited	822	2,474
		Current account balance- Receivable	-	822
Habitt	Associate	Share of employees costs and expenses charged to Habitt	4,849	3,663
		Current account balance- Receivable	2,082	3,089
Dunkin Donuts	Associate	Share of employees costs and expenses charged to Dunkin Donut - net	3,365	116

Notes to the Financial Statements

For the year ended June 30, 2013

29. REMUNERATION OF EXECUTIVES

	2013 Executives	2012 Executives
----- Rupees in 000 -----		
Managerial remuneration	2,439	7,453
Annual bonus and leave encashment	469	1,086
Leave fare assistance	144	340
Retirement benefits:		
- Provident Fund	244	497
- Gratuity Fund	203	324
Perquisites:		
- House Rent	1,045	1,951
- Utility	244	491
	4,788	12,142
Number of persons	3	8

29.1 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.

30. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 9, 2013 by the Board of Directors of the company.

30.1 The Board of Directors of the Company has approved cash dividend of Rs. 1.5 (2012: Rs. 2.5) per share and 15% stock dividend (2012: Nil) in their meeting held on September 9, 2013.

31. GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

Figures have been reclassified and re-arranged where necessary.



Mufti Zia ul Islam
Chief Executive Officer



Syed Nadeem Ahmed
CEO/Managing Director

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