



INTRAVENOUS INFUSIONS PLC
Manufacturers of Pharmaceutical Products

Intravenous Infusions PLC
Unaudited Financial Statements for the
Six Months Ended 30 June 2018

KEY FINANCIAL HIGHLIGHTS

	JUNE 2018 UNAUDITED GH¢	JUNE 2017 UNAUDITED GH¢	CHANGE
Revenue	10,051,384	6,316,853	59%
Gross Profit	5,857,261	3,558,255	65%
Finance Costs	265,891	411,122	-35%
Operating Profit	2,517,221	1,522,056	65%
Net Profit/(Loss) before tax	2,251,330	1,110,934	103%
Net Shareholders' funds	11,754,758	8,097,504	45%
Cash and cash Equivalent	251,076	844,851	-70%
Trade and other receivables	10,849,194	7,826,250	39%

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	30 JUNE 2018 UNAUDITED GH¢	30 JUNE 2017 UNAUDITED GH¢	CHANGE
Revenue	10,051,384	6,316,853	59%
Cost of operations	(4,194,124)	(2,758,598)	52%
Gross profit	5,857,261	3,558,255	65%
Other income	7,108	14,368	
Operating and other expenses	(3,347,147)	(2,050,567)	63%
Profit before finance cost and tax	2,517,221	1,522,056	
Finance cost	(265,891)	(411,122)	-35%
Profit before tax	2,251,330	1,110,934	
Income tax expense	(422,124)	(208,300)	
Profit for the period	1,829,206	902,634	103%
Earnings per share	0.00807	0.00398	

UNAUDITED STATEMENT OF FINANCIAL POSITION

	30 JUNE 2018 UNAUDITED GH¢	30 JUNE 2017 UNAUDITED GH¢	CHANGE
ASSETS			
Non-current assets			
Property, plant and equipment	6,041,840	4,160,520	58%
Current assets			
Inventory	4,147,271	2,129,207	
Trade and other receivables	10,849,194	7,826,250	
Cash	251,076	822,851	
Total current assets	15,247,541	10,778,308	41%
Total assets	21,289,381	14,938,828	46%
Equity			
Stated capital	7,213,384	7,213,384	
Retained earnings	2,072,974	(1,584,280)	
Capital surplus	2,468,400	2,468,400	
Total equity	11,754,758	8,097,504	45%
Non-Current Liability			
Deferred tax liabilities	664,843	584,910	
Total non-Current Liability	664,843	584,910	
Current liabilities			
Borrowings	3,668,180	2,140,467	
Trade payables	3,795,670	2,877,317	
Current tax	375,649	157,815	
Employee Benefit obligation	1,030,281	1,080,815	
Total Current Liabilities	8,869,780	6,256,414	62%
Total Liabilities	9,534,623	6,841,324	47%
Total Liabilities and Equity	21,289,381	14,938,828	46%

UNAUDITED STATEMENT OF CHANGES IN EQUITY

	Stated capital GH¢	Income surplus GH¢	Capital surplus GH¢	Total GH¢
Balance at 1 st Jan 2018	7,213,384	243,768	2,468,400	9,925,552
Profit/(Loss) for the period		1,829,206		1,829,206
Balance as at 30 th June 2018	7,213,384	2,072,974	2,468,400	11,754,758

UNAUDITED STATEMENT OF CASH FLOWS

	30 JUNE 2018 UNAUDITED GH¢	30 JUNE 2017 UNAUDITED GH¢
Operating activities		
Profit before tax	2,251,330	1,110,934
Adjustments for non-cash income and expenses:		
Depreciation of property, plant and equipment	328,020	237,108
Cash flow included in operating activities	2,579,350	1,348,042
Changes in operating assets and liabilities		
Decrease/increase in trade and other receivables	(948,578)	(1,997,993)
Increase/decrease in trade payables	(1,181,042)	1,286,009
Increase/decrease in inventory	162,368	(26,973)
Cash flow from operating activities	612,098	609,085
Tax paid	(288,499)	(62,899)
Net cash from operating activities	323,599	546,186
Cash flows from investing activities		
Purchases of equipment	(290,291)	(253,858)
Net cash used in investing activities	(290,291)	(253,858)
Cash flows from financing activities		
Increase in borrowings	(10,514)	295,435
Net cash used in financing activities	(10,514)	295,435
Net (increase/decrease) in cash and cash equivalents	22,794	587,763
Cash and cash equivalents at beginning of year	228,282	235,088
Cash and cash equivalents at 30 June 2018	251,076	822,851

The financial statements do not contain untrue statements, misleading facts or omit material facts to the best of our knowledge.

Signed
Isaac Osei
 Board Chairman

Signed
David Klutse
 Managing Director

REVIEW OF FINANCIAL PERFORMANCE FOR THE FIRST HALF YEAR OF 2018

Intravenous Infusions Plc (trading as IIL) has continued its strong revenue path with the half-year of 2018 recording revenue growth of 59% (year-on-year). The increased revenue is largely due to an increase in sales and production units as well as a product sales mix of infusions and injectables. Profits before tax more than doubled resulting in increased shareholders equity by 45%. Total assets also grew by 46%. It is significant to note that while revenue grew by 59%, trade receivables increased by 39% (year-on-year). Collections during the period have been significantly invested in operating assets to achieve a growth of 41% (year-on-year). Management will continue to improve on the current collections strategy focused on the National Health Insurance Authority and related hospitals to shore up the current levels of cash reserves.

The cost of sales ratio improved marginally from 43.7% in 2017 to 41.7% in the period under review. Increase in production and sales units, products sales mix and the competitive sourcing of raw materials resulted in the reduction in the costs of sale ratio over the period.

Year on year, operating and other expenses to sales ratio increased marginally from 32% to 33%. The factors contributing to the increase in the operating cost include increased staff compensation and welfare costs, increased business promotion activities, exchange losses due to the relative decline in the value of the Cedi to the Dollar during the second quarter of the year, increased distribution costs resulting from an increase in the volume of sales and cost of training.

OUTLOOK FOR THE SECOND HALF OF 2018

The second half of the year has always been stronger in terms of growth in revenue. However, the outlook for the second half of 2018 will see revenues remaining flat as Government begins the implementation of its pricing policy that reduces National Health Insurance Authority (NHIA) reimbursable tariffs by 30%. The policy which, commenced on 1st July 2018 aims to reduce the medical bill on the NHIA fund and eliminate co-payment by patients when they visit the hospital. Although IV Fluids (Sterile Products) produced by IIL have not been affected by the 30% reduction in tariffs, our inability to get an increase in the NHIA tariffs for IV Fluids and increase margins to the distribution chain of the Ministry of Health institutions and facilities will result in a decrease in the overall average prices of our products by 15%. Management is embarking on a number of strategies to mitigate the effects of this Government policy to include: increasing the volume of production and sales to an optimal level, promoting the sale of products which offer relatively higher margins, and re-engineering operations with the view to reducing overhead costs.

At the macro-economic level, inflation is lowering towards a single digit, relative stability of the exchange rate and interest rates continue declining despite the challenges in the banking sector and the overall economic atmosphere points to a stable and sustainable economic growth for 2018.

We will continue to identify relevant strategies to deal with the emerging threats and leverage on our key competencies to take advantage of the current and emerging opportunities, as well as promote the IIL brand.