



**SEARLE**

Research in the service of mankind

# Winning Trust Through Quality

Quarterly Report  
Spetember 2019



## **CONTENTS**

Company Information	2
Directors' Report to the Members	3
Directors' Report to the Members (Urdu)	6
Unconsolidated Condensed Interim Statement of Financial Position	7
Unconsolidated Statement of Profit or Loss and Other Comprehensive Income	8
Unconsolidated Condensed Interim Statement of Changes In Equity	9
Unconsolidated Condensed Interim Statement of Cash Flows	10
Selected Notes to the Unconsolidated Condensed Interim Financial Statements	11
Consolidated Condensed Interim Financial Statements	25

**Board of Directors**

Mr. Adnan Asdar Ali (Chairman)  
Mr. Rashid Abdulla  
Mr. S. Nadeem Ahmed (Chief Executive Officer)  
Mr. Zubair Razzak Palwala  
Mr. Ayaz Abdulla  
Mr. Asad Abdulla  
Mrs. Shaista Khaliq Rehman

**Board of Audit Committee**

Mrs. Shaista Khaliq Rehman (Chairperson)  
Mr. Adnan Asdar Ali (Member)  
Mr. Asad Abdulla (Member)

**Board of HR & Remuneration Committee**

Mrs. Shaista Khaliq Rehman (Chairperson)  
Mr. Adnan Asdar Ali (Member)  
Mr. Ayaz Abdulla (Member)  
Mr. Asad Abdulla (Member)

**Chief Financial Officer**

Mr. Mobeen Alam

**Company Secretary**

Mr. Zubair Razzak Palwala

**Auditors**

A. F. Ferguson & Co.

**Legal Advisors**

Mohsin Tayebaly & Co.

**Bankers**

Albaraka Bank (Pakistan) Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Bank of Punjab  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Silk Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited

**Registered Office**

First Floor, N.I.C.L. Building, Abbasi Shaheed Road, Off: Shahrah-e-Faisal, Karachi.

**Share Registrar**

CDC Share Registrar Services Limited  
Head Office, CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shahrah-e-Faisal  
Karachi - 74400

## DIRECTORS' REPORT TO THE MEMBERS

We are pleased to present the unconsolidated interim financial information of your Company for the three months ended September 30, 2019. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting' and the provisions of the directives issued under the Companies Act, 2017.

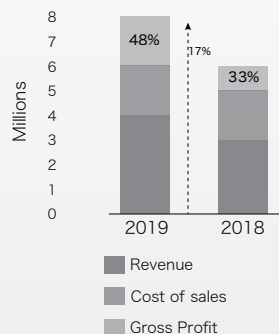
### MARKET OVERVIEW

Pharmaceutical sales in Pakistan grew at a (2013-19) CAGR of 12%, driven by new molecule introductions and supported by underlying demographic trends of increasing affordability, rising population, higher life expectancy and increased incidence of chronic diseases. However, the pharmaceutical industry is experiencing a constant downward trend, due to high reliance of imported APIs, low per capita expenditure and low prices in terms of global environment.

The recent economic conditions have raised challenges on the industry as a whole. It is well known fact that the chemical industry of Pakistan has capacity constraints to develop basic components required for manufacturing drugs. Therefore, the industry resorts to import of raw materials. Due to this significant dependability, fluctuation in exchange rates coupled with stiff price regulations directly affect the product margins and consequent commercial feasibility. Pakistani rupee has experienced double-digit depreciation which has put the pharma industry under immense pressure.

### OPERATING RESULTS

	<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>
	(Rupees in thousand)	
Revenue	<b>4,062,321</b>	3,476,142
Cost of sales	<b>(2,095,753)</b>	(2,314,234)
Gross Profit	<b>1,966,568</b>	1,161,908
Operating expenses	<b>(1,201,073)</b>	(982,431)
Other operating expenses	<b>(57,658)</b>	(46,478)
Other income	<b>151,784</b>	732,534
Profit from operations	<b>859,621</b>	865,533
Finance cost	<b>(135,260)</b>	(97,762)
Profit before tax	<b>724,361</b>	767,771
Income tax expense	<b>(177,044)</b>	(37,979)
Profit after taxation	<b>547,317</b>	729,792



Searle is a Company that has always focused on improving the lives of patients by offering quality healthcare solutions. We have built a firm growing position by putting the benefit of patients and stakeholders, our fundamental priority and are proud of the impact of our efforts.

During the period ended September 30, 2019, the company's financial performance was affected by the exchange rate fluctuations. However, despite the challenging economic conditions, Searle managed to continue its momentum.

Financial highlights are summarized below:

- Net sales of the Company grew by 17% to Rs 4.06 billion.
- Gross profit margin increased to 48%.
- Operating profit margin was 21%
- Profit before and after taxation was 18% and 13% respectively.

## EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 2.58 (2018: Rs. 3.44).

There is no dilution effect on the basic earnings per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as at September 30, 2019.

## FUTURE OUTLOOK

In the local market, the therapeutic areas which Searle has over the years strengthened include cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics. Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products. It is also pertinent to mention that Searle has an organic pipeline of over 200 products in different stages of the regulatory approval process.

Further, due to overly regulated drug pricing mechanism, volatility in retail prices is a concern of paramount importance for us. Delays in new product approvals also pose key threats for the industry as a whole. However, with the change in recent political scenario, we will have to wait to assess the future economic trends and modify our strategies accordingly. For the longer run, Searle is focusing on emerging portfolios including, bio-similars, medical devices, nutraceuticals and genome sciences.

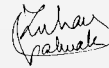
## ACKNOWLEDGEMENT

At Searle, we all are emotionally motivated and willing to contribute enthusiastically on continuous basis. Same is the case with our partners, suppliers and customers, for which we are thankful and expect the same zeal and zest for future contribution. We assure, Searle will continue to work hard to provide long term sustainable growth to everyone associated with us.

For and on behalf of the Board



**Syed Nadeem Ahmed**  
Chief Executive Officer



**Zubair Razzak Palwala**  
Director

Karachi : October 28, 2019

سرل ایک ایسی کمپنی ہے کہ جس نے ہمیشہ اعلیٰ معیار کی ہیاتھ کیئر خدمات پیش کرنے کے ذریعے مریضوں کی زندگی و حالت کو بہتر بنانے کی کوشش کی ہے۔ ہم نے مریضوں اور اسٹیک ہولڈرز کے لئے فوائد کو مد نظر رکھتے ہوئے ایک مستحکم ترقی کی پوزیشن حاصل کی ہے ہماری بنیادی ترجیح یہی ہے اور ہم اپنی کوششوں کے بار آور ہونے پر فخر کرتے ہیں۔

30 ستمبر 2019 کو ختم ہونے والی سہ ماہی کے دوران کمپنی کی مالیاتی کارکردگی زرمبادلہ کے نرخوں میں اتار چڑھاؤ کے باعث متاثر ہوئی تاہم کمپنن اور ڈیولپمنٹ اقتصادی صورتحال کے باوجود سرل نے اپنا کاروبار باہر پور طریقے پر جاری رکھا۔

### مالیاتی نکات مختصراً ذیل میں بیان کئے گئے ہیں

- کمپنی کی خالص سیلز 17 فیصد تک بڑھ کر 4.06 بلین روپے ہو گئی۔
- مجموعی منافع کی شرح 48 فیصد پر برقرار رہی۔
- آپریٹنگ منافع کی شرح 21 فیصد تھی۔
- منافع قبل ازا اور بعد از ٹیکسیشن بالترتیب 18 فیصد اور 13 فیصد رہا۔

### آمدنی فی شیئر

بنیادی آمدنی اس مدت کیلئے فی شیئر بعد از ٹیکس 2.58 روپے رہی (2018: 3.44 روپے)۔

کمپنی کی بنیادی آمدنی فی شیئر پر براہ راست کوئی اثرات ظاہر نہیں ہوئے کیونکہ کمپنی کے کسی ممکنہ منتقلی کی طاقت کی حامل نہ ہونے کے باعث عمومی شیئرز برطانیہ 30 ستمبر 2019 برقرار ہے۔

### مستقبل پر ایک نظر

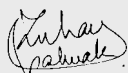
مقامی مارکیٹ میں ان چیدہ چیدہ شعبوں جہاں سرل نے چند سالوں میں استحکام حاصل کیا ہے بالخصوص کارڈیو ویسکولر، نزلہ اور کھانسی، ذیابیطس، شیرخوار فارمولہ، پرو۔ بانیک اور اینٹی بائیوٹکس میں اس کی پوزیشن بہت مستحکم ہے۔ آگے بڑھتے ہوئے ہم خصوصاً عمومی برانڈز کے پورٹ فولیو میں شیئرز بڑھانے اور مختلف النوع پروڈکٹس کو ٹارگٹ کر رہے ہیں۔ یہ واضح کرنا بھی ضروری ہے کہ سرل 200 سے زائد آرگینک مصنوعات اور کیولگری منظوری کے مختلف مراحل کے عمومی طریقہ کار سے گزر رہا ہے۔

مزید برآں ادویات کے نرخوں کے غیر منظم میکنزم کے باعث ریٹیل نرخوں میں اتار چڑھاؤ بھی ہمارے لئے تشویش کا ایک بڑا سبب ہے۔ نئی پروڈکٹ کی منظوری میں تاخیر سے بھی مجموعی طور پر صنعت کے لئے کلیدی خطرات سامنے آتے ہیں۔ تاہم حالیہ سیاسی صورتحال کی تبدیلی کے ساتھ ہم آنے والے معاشی رجحانات کا جائزہ لے رہے ہیں اور اس کے مطابق اپنی حکمت عملیوں میں تبدیلی لائیں گے۔ آنے والے سالوں میں سرل ابھرتے ہوئے پورٹ فولیو بشمول بانو۔ سمیلر، میڈیکل ڈیوائسز، ہیوٹراسیویٹیکلز اور جینیو سائنسز پر خصوصی توجہ دے رہی ہے۔

### اتھارٹسٹر

سرل میں ہم سب جذباتی طور پر ملوث و متحرک ہیں اور مستقل بنیادوں پر برعزم شراکت کے خواہشمند ہیں۔ اسی طرح ہمارے شراکت کار، سیلز اور صارفین، جس کیلئے ہم ان کے شکر گزار ہیں اور توجہ کرتے ہیں کہ اسی لگن کے ساتھ وہ مستقبل میں بھی شریک کار رہیں گے۔ ہم یقین دہانی کراتے ہیں کہ سرل اپنی انتہائی کوششیں جاری رکھے گی اور ہم سے منسلک تمام شراکت کاروں کے لئے طویل مدتی بنیادوں پر ترقی کی نئی منازل فراہم کی جائیں گی۔

برائے اور بورڈ کی جانب سے



زہیر رذاق پال والا  
ڈائریکٹر



سید نجم احمد  
چیف ایگزیکٹو آفیسر

کراچی:

۲۸ اکتوبر ۲۰۱۹ء

# ڈائریکٹرز کی رپورٹ

ہم 30 ستمبر 2019 کو ختم ہونے والی 3 ماہ کی مدت کیلئے کمپنی کے غیر مجموعی عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS) 34 - 'عبوری فنانس رپورٹنگ' کی شرائط و ضوابط اور کمپنیز ایکٹ 2017 کے تحت جاری کردہ ہدایات کی شکلوں کے مطابق تیار کئے گئے ہیں۔

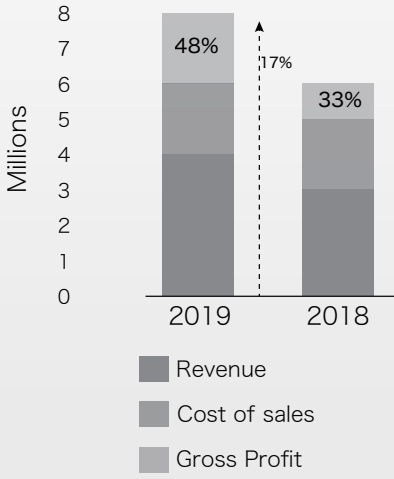
## مارکیٹ کا جائزہ

پاکستان میں فارماسیوٹیکلز کی فروخت (2013-19) میں 12 فیصد کے CAGR تک بڑھیں جس کی وجہ سے مالیکول کا تعارف اور استطاعت میں اضافے کے رجحانات، بڑھتی ہوئی آبادی، بلند تر زندگی کے امکانات اور مہلک و پیچیدہ امراض میں اضافہ تھا۔ اس کے باوجود فارماسیوٹیکلز کی صنعت مستقل طور پر نچلے رجحان سے گزر رہی ہے جس کی وجہ سے درآمد کردہ APIs پر زیادہ انحصار، فی کس اخراجات میں کمی اور عالمی ماحول کی سطح پر کم تر شرح ہیں۔

حالیہ اقتصادی صورتحال نے مجموعی طور پر صنعت کے لئے چیلنجز کھڑے کئے ہیں۔ جیسا کہ ہم جانتے ہیں کہ پاکستان کی کیمیکل انڈسٹری ادویات کی تیاری کے لئے درکار بنیادی اجزاء تیار کرنے کی گنجائش کی حامل نہیں ہے لہذا صنعت کو خام مال کی درآمد پر انحصار کرنا پڑتا ہے۔ اس انحصار کی وجہ سے زرمبادلہ کی نرخوں میں اتار چڑھاؤ کے ساتھ نرخوں کی سخت ریگولیشنز براہ راست پروڈکٹ کے شرح منافع اور بعد ازاں تجارتی افادیت کو متاثر کرتی ہیں۔ پاکستانی روپے کی قدر حالیہ دنوں میں دو ہندسوں میں کم ہوئی جس سے فارما انڈسٹری کو سخت دباؤ کا سامنا کرنا پڑا ہے۔

## آپریٹنگ نتائج

		30 ستمبر		
		2018	2019	
		(روپے ہزاروں میں)		
		3,476,142	4,062,321	آمدنی
		(2,314,234)	(2,095,753)	فروخت کے اخراجات
		<b>1,161,908</b>	<b>1,966,568</b>	مجموعی آمدنی
		(982,431)	(1,201,073)	آپریٹنگ اخراجات
		(46,478)	(57,658)	دیگر آپریٹنگ اخراجات
		732,534	151,784	دیگر آمدنی
		<b>865,533</b>	<b>859,621</b>	آپریٹنگ سے آمدنی
		(97,762)	(135,260)	مالیاتی اخراجات
		767,771	724,361	منافع قبل از ٹیکس
		(37,979)	(177,044)	آئٹم ٹیکس اخراجات
		<b>729,792</b>	<b>547,317</b>	منافع بعد از ٹیکس پیش





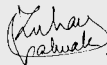
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF  
FINANCIAL POSITION**  
AS AT SEPTEMBER 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
<b>ASSETS</b>		(Rupees in '000)	
<b>Non-current assets</b>			
Property, plant and equipment	5	2,882,606	2,879,439
Investment properties - at cost		2,504,676	2,458,041
Intangible assets		153,866	164,913
Long-term investments - subsidiaries	6	1,686,186	1,686,186
Long-term loans		258	270
Long-term deposits		7,396	7,396
		<u>7,234,988</u>	<u>7,196,245</u>
<b>Current assets</b>			
Inventories		2,420,833	2,194,650
Trade receivables	7	5,638,620	4,866,132
Loans and advances	8	4,538,065	4,516,941
Trade deposits and short-term prepayments		94,831	81,882
Other receivables	9	2,269,130	3,077,649
Taxation - payments less provision		1,004,034	1,128,345
Tax refunds due from Government - Sales Tax		13,013	35,179
Cash and bank balances		7,366	204,547
		<u>15,985,892</u>	<u>16,105,325</u>
<b>Total assets</b>		<u><b>23,220,880</b></u>	<u><b>23,301,570</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	10	2,124,253	2,124,253
Unappropriated profit		9,981,065	9,431,627
General reserve		280,251	280,251
Share premium		1,630,974	1,630,974
Revaluation surplus on property, plant and equipment		1,048,679	1,050,800
		<u>15,065,222</u>	<u>14,517,905</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		93,239	93,240
Employee benefit obligations		57,164	55,820
		<u>150,403</u>	<u>149,060</u>
<b>Current liabilities</b>			
Trade and other payables	11	4,280,094	4,529,480
Borrowings	12	3,574,812	3,954,776
Unpaid dividend	13	112,062	112,062
Unclaimed dividend		38,287	38,287
		<u>8,005,255</u>	<u>8,634,605</u>
<b>Total liabilities</b>		<u><b>8,155,658</b></u>	<u><b>8,783,665</b></u>
<b>Contingencies and commitments</b>	14		
<b>Total equity and liabilities</b>		<u><b>23,220,880</b></u>	<u><b>23,301,570</b></u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

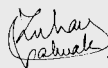
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the period ended September 30, 2019 - Unaudited

		<b>Quarter ended</b>	
		<b>September 2019</b>	September 2018
	Note	------(Rupees in '000)-----	
Revenue from contracts with customers	15	<b>4,062,321</b>	3,476,142
Cost of sales	16	<b>(2,095,753)</b>	(2,314,234)
Gross profit		<b>1,966,568</b>	1,161,908
Distribution costs		<b>(927,701)</b>	(769,942)
Administrative expenses		<b>(273,372)</b>	(212,489)
Other operating expenses		<b>(57,658)</b>	(46,478)
Other income	17	<b>151,784</b>	732,534
Profit from operations		<b>859,621</b>	865,533
		<b>(135,260)</b>	(97,762)
Profit before income tax		<b>724,361</b>	767,771
Income tax expense		<b>(177,044)</b>	(37,979)
Profit for the period		<b>547,317</b>	729,792
Other comprehensive income		-	-
Total comprehensive income		<b>547,317</b>	729,792
			(Re-stated)
Basic and diluted earnings per share (Rupees)	18	<b>2.58</b>	3.44

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

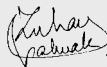
For the period ended September 30, 2019 - Unaudited

	Capital reserves				Revenue reserves		Total reserves	Total
	Share capital	Share premium	Issue of bonus shares	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profits		
	----- Rupees in '000 -----							
Balance as at July 01, 2018	1,847,177	1,630,974	-	574,331	280,251	7,981,789	10,467,345	12,314,522
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	-	(279)	-	279	-	-
Total comprehensive income for the period	-	-	-	-	-	729,792	729,792	729,792
Balance as at September 30, 2018	<u>1,847,177</u>	<u>1,630,974</u>	<u>-</u>	<u>574,052</u>	<u>280,251</u>	<u>8,711,860</u>	<u>11,197,137</u>	<u>13,044,314</u>
<b>Balance as at July 01, 2019</b>	<b>2,124,253</b>	<b>1,630,974</b>	<b>-</b>	<b>1,050,800</b>	<b>280,251</b>	<b>9,431,627</b>	<b>12,393,652</b>	<b>14,517,905</b>
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	-	(2,121)	-	2,121	-	-
Total comprehensive income for the period	-	-	-	-	-	547,317	547,317	547,317
<b>Balance as at September 30, 2019</b>	<b><u>2,124,253</u></b>	<b><u>1,630,974</u></b>	<b><u>-</u></b>	<b><u>1,048,679</u></b>	<b><u>280,251</u></b>	<b><u>9,981,065</u></b>	<b><u>12,940,969</u></b>	<b><u>15,065,222</u></b>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

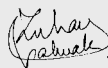
For the period ended September 30, 2019 - Unaudited

	Note	September 30, 2019	September 30, 2018
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	19	433,885	(22,044)
Finance cost paid		(91,843)	(75,751)
Income taxes paid		(52,734)	(86,382)
Decrease in long-term loans		12	28
Net cash generated from operating activities		289,320	(184,149)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(47,721)	(176,096)
Proceeds from disposal of property, plant and equipment		2,450	-
Purchase of investment properties		(61,266)	(2,520)
Purchase of intangibles		-	(12,441)
Net cash used in investing activities		(106,537)	(191,057)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(3)
Net cash used in financing activities		-	(3)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>182,783</b>	<b>(375,209)</b>
Cash and cash equivalents at the beginning of the period		(3,340,229)	(2,186,442)
<b>Cash and cash equivalents at the end of the period</b>	20	<b>(3,157,446)</b>	<b>(2,561,651)</b>
		<u>(3,157,446)</u>	<u>(2,561,651)</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

## 1. THE COMPANY AND ITS OPERATIONS

**1.1** The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company. Its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Company is situated at 1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

International Brands Limited is the holding company, which holds 56.60% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		September 30, 2019	June 30, 2019
<b>Listed Company</b>			
- IBL HealthCare Limited		<b>74.19%</b>	74.19%
<b>Unlisted Companies</b>			
- Searle Pharmaceuticals (Private) Limited	Pakistan	<b>100.00%</b>	100.00%
- Searle Laboratories (Private) Limited		<b>100.00%</b>	100.00%
- Searle Biosciences (Private) Limited		<b>100.00%</b>	100.00%
- IBL Identity (Private) Limited		<b>100.00%</b>	100.00%
- IBL Future Technologies (Pvt) Limited		<b>100.00%</b>	100.00%
- Nextar Pharma (Private) Limited		<b>87.20%</b>	87.20%

*The Company effectively holds 87.20% (June 30, 2019: 87.20%) shareholding in Nextar Pharma (Private) Limited through Searle Biosciences (Private) Limited.*

## 2. BASIS OF PREPARATION

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

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

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

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

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

## 2.1 Changes in accounting standards, interpretations and pronouncements

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

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

### b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

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

Further, IFRS 9 'Financial Instruments' (previously applicable from annual periods beginning on or after July 1, 2018). This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

## 3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2019.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

	<b>(Unaudited)</b> <b>September 30,</b> <b>2019</b>	(Audited) June 30, 2019
	(Rupees in '000)	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets - note 6.1	<b>2,783,791</b>	2,728,713
Capital work-in-progress - at cost	<b>98,815</b>	150,726
	<b><u>2,882,606</u></b>	<b><u>2,879,439</u></b>

- 5.1** Details of additions in operating assets including transfers from capital work-in-progress during the period are as follows:

	<b>Additions (at cost)</b>		<b>Disposals (at net book value)</b>	
	<b>September 30, 2019</b>	September 30, 2018	<b>September 30, 2019</b>	September 30, 2018
	----- (Rupees in '000) -----			
Building on leasehold land	<b>43,112</b>	26,451	-	-
Plant and machinery	<b>14,928</b>	128,682	-	-
Furniture & fittings	-	399	-	-
Vehicles	-	-	<b>(1,058)</b>	-
Office equipment	<b>41,592</b>	26,211	-	-
	<b><u>99,632</u></b>	<u>181,743</u>	<b><u>(1,058)</u></b>	<u>-</u>

	<b>(Unaudited)</b> <b>September 30,</b> <b>2019</b>	(Audited) June 30, 2019
	(Rupees in '000)	
<b>6. LONG-TERM INVESTMENTS</b>		
Subsidiary companies (at cost) - note - 6.1	<b><u>1,686,186</u></b>	<u>1,686,186</u>

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

## 6.1 Subsidiary companies

	(Unaudited) September 30, 2019		(Audited) June 30, 2019	
	Equity % held	Investment at cost (Rupees '000)	Equity % held	Investment at cost (Rupees '000)
<b>Listed security</b>				
<i>IBL HealthCare Limited</i>				
40,126,241 (June 30, 2019: 40,126,241)				
Ordinary shares of Rs. 10 each	<b>74.19%</b>	<b>1,300,911</b>	74.19%	1,300,911
Market price as at September 30, 2019: Rs. 24.19 (June 30, 2019: Rs. 33.50) per share				
		<b>1,300,911</b>		<b>1,300,911</b>
<b>Unlisted securities</b>				
<i>Searle Pharmaceuticals (Private) Limited</i>				
40,000 (June 30, 2019: 40,000)				
Ordinary shares of Rs. 10 each	<b>100%</b>	<b>400</b>	100%	400
Break up value as at September 30, 2019: Rs.48.52 (June 30, 2019: Rs. 48.52) per share				
<i>Searle Laboratories (Private) Limited</i>				
12,500,000 (June 30, 2019: 12,500,000)				
Ordinary shares of Rs. 10 each	<b>100%</b>	<b>125,000</b>	100%	125,000
Break up value as at September 30, 2019: Rs.0.94 (June 30, 2019: Rs. 0.94) per share				
<i>Searle Biosciences (Private) Limited</i>				
1,000,000 (June 30, 2019: 1,000,000)				
Ordinary shares of Rs. 10 each	<b>100%</b>	<b>10,000</b>	100%	10,000
Break up value as at September 30, 2019: Rs.19.70 (June 30, 2019: Rs. 12.02) per share				
<i>IBL Identity (Private) Limited</i>				
9,500,000 (June 30, 2019: 9,500,000)				
Ordinary shares of Rs. 10 each	<b>100%</b>	<b>49,875</b>	100%	49,875
Break up value as at September 30, 2019: Rs.Nil (June 30, 2019: Rs. Nil) per share				
<i>IBL Future Technologies (Private) Limited</i>				
20,000,000 (June 30, 2019: 20,000,000)				
Ordinary shares of Rs. 10 each	<b>100%</b>	<b>200,000</b>	100%	200,000
Break up value as at September 30, 2019: Rs.10 (June 30, 2019: Rs. 10) per share				
		<b>1,686,186</b>		<b>1,686,186</b>

Shares held as at September 30, 2019 include 1,117,379 shares (June 30, 2019: 1,117,379 shares) of IBL HealthCare Limited withheld at the time of bonus declaration. The Company has included these shares in its portfolio pending decisions of the Honourable High Court of Sindh on petitions filed by Company in respect of tax on bonus shares.



	<b>(Unaudited)</b> <b>September 30,</b> <b>2019</b>	(Audited) June 30, 2019
	(Rupees in '000)	
<b>7. TRADE RECEIVABLES</b>		
Considered good		
- Export receivables - secured	<b>439,894</b>	307,294
- Due from related parties, unsecured - note 7.1	<b>4,339,695</b>	3,839,765
- others - unsecured	<b>859,031</b>	719,073
	<b>5,638,620</b>	4,866,132
Considered doubtful	<b>152,003</b>	152,003
Less: Provision for doubtful debts	<b>(152,003)</b>	(152,003)
	<b>-</b>	-
	<b>5,638,620</b>	4,866,132

**7.1** These are stated net of amount payable to IBL Operations (Private) Limited, United Brands Limited and IBL Logistics (Private) Limited - associated companies amounting to Rs. 385.53 million (2019: Rs. 284.97 million), Rs. 15.54 million (2019: Rs. 15.36 million) and Rs. 1.01 million (2019: Rs. 1.01 million) respectively.

## **8. LOANS AND ADVANCES**

**8.1** This includes interest free loan provided to IBL Identity (Private) Limited - wholly owned subsidiary amounting to Rs. 3,081.63 million as at September 30, 2019 (June 30, 2019: Rs. 3,046.13 million).

**8.2** This represents advance to Searle Biosciences (Private) Limited and Searle Laboratories (Private) limited - wholly owned subsidiaries amounting to Rs. 972.2 million (June 30, 2019: Rs. 975.6 million), Rs. 11.9 million (June 30, 2019: Rs. 6.5 million) respectively. These advances are provided for the purpose of financial assistance and are settled in the ordinary course of business.

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

	<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019
	(Rupees in '000)	
<b>9. OTHER RECEIVABLES</b>		
<b>Receivables from related parties</b>		
Due from subsidiary companies:		
- IBL HealthCare Limited	<b>32,849</b>	24,777
- Searle Pharmaceuticals (Private) Limited against dividend income	<b>1,018,310</b>	1,982,566
- Searle Laboratories (Private) Limited	<b>425</b>	-
- Searle Biosciences (Private) Limited - note - 9.1	<b>547,646</b>	399,378
- Nextar Pharma (Pvt) Limited against expenses	<b>9,330</b>	5,414
- IBL Future Technologies (Private) Limited against financial assistance	<b>1,949</b>	1,949
	<b>1,610,509</b>	2,414,084
Due from associated companies:		
- IBL Operations (Private) Limited against: mark-up on over due balance & rental income	<b>31,142</b>	27,767
- International Brands Limited against expenses	<b>-</b>	7,472
rental income	<b>2,939</b>	25,538
- International Franchises (Private) Limited against rental income	<b>609</b>	1,093
	<b>34,690</b>	61,870
Due from other related party:		
- United Retail (SMC-Private) Limited (formerly The Home Makers (SMC-Private) Limited) against rental income	<b>227,195</b>	209,566
Surplus arising under retirement benefit fund	<b>5,250</b>	5,250
<b>Receivables from other than related parties</b>		
Others, considered good - note 9.2	<b>391,486</b>	386,879
	<b>2,269,130</b>	3,077,649

**9.1** This represent dividends receivable and against expenses from wholly owned subsidiary companies.

## 10. SHARE CAPITAL

Authorised share capital

<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019	Ordinary shares of Rs. 10 each	<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019
<b>300,000,000</b>	300,000,000		<b>3,000,000</b>	3,000,000

(Rupees in '000)

### Issued, subscribed and paid up capital

<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019		<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019
<b>12,553,074</b>	12,553,074	Shares allotted for consideration paid in cash	<b>125,531</b>	125,531
<b>24,000</b>	24,000	Shares allotted for consideration other than cash	<b>240</b>	240
<b>199,848,171</b>	199,848,171	Shares allotted as bonus shares	<b>1,998,482</b>	1,998,482
<b>212,425,245</b>	212,425,245		<b>2,124,253</b>	2,124,253

## 11. TRADE AND OTHER PAYABLES

Creditors - note 11.1	<b>1,457,045</b>	2,531,434
Bills payable in foreign currency	<b>1,035,152</b>	708,946
Royalty payable	<b>16,503</b>	23,966
Accrued liabilities	<b>1,218,510</b>	801,222
Payable to provident fund	<b>9,801</b>	8,619
Advance from customers - unsecured	<b>34,695</b>	22,415
Accrued mark-up	<b>152,890</b>	109,473
Taxes deducted at source and payable to statutory authorities	<b>75,428</b>	96,147
Workers' Profit Participation Fund	<b>188,514</b>	149,417
Workers' Welfare Fund	<b>28,798</b>	16,342
Other liabilities	<b>62,758</b>	61,499
	<b>4,280,094</b>	4,529,480

- 11.1** This includes amount payable to Searle Pharmaceutical (Private) Limited - wholly owned subsidiary amounting to Rs. 1,099.36 million (June 30, 2019: Rs. 2,192.65 million) on account of toll manufacturing services. This also includes payable to Searle Laboratories (Private) Limited - wholly owned subsidiary amounting to Rs. 9.13 million (June 30, 2019: Rs. 9.13 million).

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

	<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019
<b>12. BORROWINGS</b>		
	(Rupees in '000)	
<b>Secured</b>		
Running finances under mark-up arrangements - note - 12.1	<b>3,164,812</b>	3,544,776
Export re-finance	<b>210,000</b>	210,000
	<b>3,374,812</b>	3,754,776
<b>Unsecured</b>		
Borrowing from IBL Future Technologies (Private) Limited - note 12.2	<b>200,000</b>	200,000
	<b>3,574,812</b>	3,954,776

**12.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 4,175 million (June 30, 2019: Rs. 4,175 million) which include financing facilities obtained under Islamic mode amounting to Rs. 3,525 million (June 30, 2019: Rs. 3,525 million). The arrangements are secured jointly by registered mortgage of Rs. 589.44 million (June 30, 2019 : Rs. 589.44 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 4,071 million (June 30, 2019: Rs. 4,071 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

The rates of mark-up ranged between 13.34% to 13.96% (June 30, 2019: 6.9% to 12.7%) per annum.

**12.2** This represents interest free loan obtained from IBL Future Technologies (Private) Limited - wholly owned subsidiary and is repayable on demand.

### 13. UNPAID DIVIDEND

This includes dividend on bonus shares amounting to Rs. 96.69 million withheld pertaining to 125 shareholders, on which stay from the Honourable High Court of Sindh has been obtained. The amount further includes dividend withheld amounting to Rs. 15.37 million due to non-compliance of certain legal / regulatory requirements by the shareholders.

### 14. CONTINGENCIES AND COMMITMENTS

#### 14.1 Contingencies

**14.1.1** There has been no significant change in the status of contingencies as reported in the note 25 and 33.4 of annual audited financial statements of the Company for the year ended June 30, 2019.

## 14.2 Commitments

**14.2.1** The facility for opening letters of credit and guarantees as at September 30, 2019 amounted to Rs. 2,180 million (June 30, 2019: Rs. 2,111 million) of which the amount remaining unutilised as at period end amounted to Rs. 221 million (June 30, 2019: Rs. 318 million).

### 14.2.2 Future rentals payable against operating lease arrangement

The Company had entered into lease arrangements with Myplan Pharmaceuticals (Private) Limited and S. A. Pharma, a pharmaceutical concern, respectively, for a period of 20 years for land, building and plant and machinery located at Lahore.

The Company had entered into lease arrangement with First UDL Modaraba for a period of 5 years for land, building and plant and machinery located at Bin Qasim, Karachi.

The details of future rentals over the lease period are as follows:

	<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019
	(Rupees in '000)	
Not later than one year	<b>27,918</b>	28,868
Later than one year but not later than five years	<b>136,611</b>	137,571
Later than five years	<b>88,727</b>	93,959
	<b>253,256</b>	260,398

	<b>(Unaudited) September 30, 2019</b>	(Unaudited) September 30, 2018
	(Rupees in '000)	

## 15. REVENUE FROM CONTRACTS WITH CUSTOMERS

Gross sales		
Local sales	<b>3,701,258</b>	3,161,638
Export sales	<b>628,782</b>	488,185
	<b>4,330,040</b>	3,649,823
Toll manufacturing	<b>71,854</b>	87,836
	<b>4,401,894</b>	3,737,659
Sales tax	<b>(30,017)</b>	(26,471)
	<b>4,371,877</b>	3,711,188
Less:		
Discounts, rebates and allowances	<b>227,710</b>	183,007
Sales return	<b>81,846</b>	52,039
	<b>309,556</b>	235,046
	<b>4,062,321</b>	3,476,142

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

### 16. COST OF SALES

This includes inventory written-off during the period amounting to Rs. 6.46 million (September 30, 2018: Rs. 13.6 million)

**September 30, 2019**      September 30, 2018  
(Rupees in '000)

### 17. OTHER INCOME

#### Income from financial assets Dividend income

- Searle Pharmaceuticals (Private) Limited	-	607,906
- Searle Biosciences (Private) Limited	<b>120,000</b>	97,696
	<b>120,000</b>	705,602

#### Income from non - financial assets

Gain on disposal of property, plant and equipment	<b>1,392</b>	-
Rental income from investment property	<b>25,033</b>	24,232
Others	<b>5,359</b>	2,700
	<b>31,784</b>	26,932
	<b>151,784</b>	732,534

### 18. EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period	<b>547,317</b>	729,792
Weighted average number of ordinary shares in issue during the period (in thousand) - Restated	<b>212,425</b>	212,425
		(Re-stated)
Earnings per share - Basic and diluted (Rupees)	<b>2.58</b>	3.44

	<b>September 30, 2019</b>	September 30, 2018
	(Rupees in '000)	
<b>19. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	<b>724,361</b>	767,771
<b>Add adjustments for non-cash charges and other items</b>		
Depreciation	<b>58,127</b>	47,055
Gain on disposal of property, plant and equipment	<b>(1,392)</b>	-
Amortisation	<b>11,047</b>	10,579
Provision for retirement benefits obligation	<b>1,344</b>	900
Financial cost	<b>135,260</b>	97,762
Profit before working capital changes	<b>928,747</b>	924,067
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Inventories	<b>(226,183)</b>	85,644
Trade receivables	<b>(772,488)</b>	(791,629)
Loans and advances	<b>(21,124)</b>	(504,970)
Trade deposits and short-term prepayments	<b>(12,949)</b>	(23,241)
Other receivables	<b>808,519</b>	(27,979)
Sales tax	<b>22,166</b>	(12,721)
	<b>(202,059)</b>	(1,274,896)
Increase / ( decrease ) in current liabilities		
Trade and other payables	<b>(292,803)</b>	328,785
	<b>(292,803)</b>	328,785
Cash flows generated from operations	<b>433,885</b>	(22,044)
<b>20. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>7,366</b>	19,524
Short term borrowings	<b>(3,164,812)</b>	(2,581,175)
	<b>(3,157,446)</b>	(2,561,651)

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

## 21. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	Pharmaceutical		Consumer		Total	
	Sept' 30 2019	Sept' 30 2018	Sept' 30 2019	Sept' 30 2018	Sept' 30 2019	Sept' 30 2018
	----- (Rupees in '000) -----					
<b>Segment revenue</b>	<b>3,693,043</b>	3,073,470	<b>369,278</b>	402,672	<b>4,062,321</b>	3,476,142
<b>Segment result</b>	<b>724,874</b>	132,311	<b>40,621</b>	47,166	<b>765,495</b>	179,477
<b>Unallocated income and expenses</b>						
Other expenses					<b>(57,658)</b>	(46,478)
Other income					<b>151,784</b>	732,534
Finance cost					<b>(135,260)</b>	(97,762)
<b>Profit before taxation</b>					<b>724,361</b>	767,771
Income tax expense					<b>(177,044)</b>	(37,979)
<b>Total comprehensive income</b>					<b>547,317</b>	729,792
	Pharmaceutical		Consumer		Total	
	Sept' 30 2019	June 30, 2019	Sept' 30 2019	June 30, 2019	Sept' 30 2019	June 30, 2019
	----- (Rupees in '000) -----					
<b>Segment assets and liabilities</b>						
Segment assets	<b>821,768</b>	836,546	<b>25,594</b>	19,704	<b>847,362</b>	856,250
Unallocated assets					<b>22,373,518</b>	22,445,320
<b>Total assets</b>					<b>23,220,880</b>	23,301,570
Unallocated liabilities					<b>8,155,658</b>	8,783,665
<b>Total liabilities</b>					<b>8,155,658</b>	8,783,665



## 22. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the period :

Nature of relationship	Nature of transactions	September 30,	September 30,
		2019	2018
		(Rupees in '000)	
Holding company	- Corporate service charges	<b>60,000</b>	48,000
	- Rent income	<b>1,669</b>	2,276
	- Income from provision of amenities	<b>1,270</b>	1,905
Subsidiaries	- Revenue	<b>229,364</b>	45,617
	- Outside processing charges	-	873,838
	- Dividend income	<b>120,000</b>	705,602
	- Short term loan given	<b>35,500</b>	189,950
	- Advance(received back)/given	<b>(2,900)</b>	10,800
Associated companies	- Revenue	<b>3,091,743</b>	2,775,860
	- Salaries and wages	<b>70</b>	130
	- Purchases	<b>245</b>	843
	- Carriage and duties	<b>1,518</b>	10,512
	- Discounts claimed	<b>76,265</b>	80,818
	- Rent expense	<b>2,547</b>	1,066
	- Rent income	<b>16,504</b>	15,268
	- Stock claims	<b>18,778</b>	42,030
	- Internet services	<b>281</b>	1,109
	- Architect fee	<b>2,375</b>	-
	- Income from Provision of Amenities	<b>9,474</b>	1,906
	- Donations	<b>4,296</b>	5,300
	- Purchases of ERP Hardware	-	25,072
	- Incentive on Searle Focus Prooducts	<b>696</b>	1,616
	- Repair & maintenance	<b>859</b>	-
- Merchandise expense	<b>2,203</b>	18,653	
- Others	<b>3,400</b>	-	
Staff retirement benefits	- Contributions to Provident Fund	<b>29,213</b>	26,174
	- Benefits paid	<b>12,375</b>	37,429
Key management employees compensation	- Salaries and other employee benefits	<b>41,978</b>	42,090
	- Contributions to Provident Fund	<b>3,556</b>	4,212
	- Directors' fees	-	4
	- Sale of goods	<b>24</b>	-

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

**22.1** The status of outstanding balances with related parties as at September 30, 2019 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

## **23. CORRESPONDING FIGURES**

Corresponding figures have been rearranged for better presentation and comparison purpose, wherever considered necessary. However, there is no material reclassification.

## **24. DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on October 28, 2019.



Chief Executive Officer



Director



Chief Financial Officer

# Consolidated Condensed Interim **Financial** Statements

## **Contents**

Directors' Report to the Members	26
Directors' Report to the Members (Urdu)	29
Consolidated Condensed Interim Statement of Financial Position	30
Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	31
Consolidated Condensed Interim Statement of Changes in Equity	32
Consolidated Condensed Interim Statement of Cash Flows	33
Selected Notes to the Consolidated Condensed Interim Financial Statement - Unaudited	34

# DIRECTORS' REPORT TO THE MEMBERS

## DIRECTORS' REPORT

We are pleased to present the consolidated interim financial information of the holding company for the three months ended September 30, 2019. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting' and the provisions of the directives issued under the Companies Act, 2017.

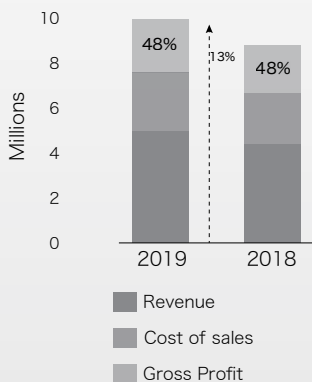
## MARKET OVERVIEW

Pharmaceutical sales in Pakistan grew at a (2013-19) CAGR of 12%, driven by new molecule introductions and supported by underlying demographic trends of increasing affordability, rising population, higher life expectancy and increased incidence of chronic diseases. However, the pharmaceutical industry is experiencing a constant downward trend, due to high reliance of imported APIs, low per capita expenditure and low prices in terms of global environment.

The recent economic conditions have raised challenges on the industry as a whole. It is well established fact that the chemical industry of Pakistan has capacity constraints to develop basic components required for manufacturing drugs. Therefore, the industry resorts to import of raw materials. Due to this significant dependability, fluctuation in exchange rates coupled with stiff price regulations directly affect the product margins and consequent commercial feasibility. Pakistani rupee has experienced double-digit depreciation which has put the pharma industry under immense pressure.

## OPERATING RESULTS

	September 30,	
	2019	2018
	(Rupees in thousand)	
Revenue	<b>4,962,130</b>	4,380,366
Cost of sales	<b>(2,589,484)</b>	(2,257,030)
Gross Profit	<b>2,372,646</b>	2,123,336
Operating expenses	<b>(1,400,997)</b>	(1,202,196)
Other operating expenses	<b>(58,800)</b>	(49,833)
Other income	<b>49,400</b>	39,287
Profit from operations	<b>962,249</b>	910,594
Finance cost	<b>(143,040)</b>	(99,442)
Profit before tax	<b>819,209</b>	811,152
Income tax expense	<b>(264,593)</b>	(130,378)
Profit after taxation	<b>554,616</b>	680,774



Searle group of companies have always focused on improving the lives of patients by offering quality healthcare solutions. We have built a firm growing position by putting the benefit of patients and stakeholders, our fundamental priority and are proud of the impact of our efforts.

During the period ended September 30, 2019, the holding company's financial performance was affected by the exchange rate fluctuations. However, despite the challenging economic conditions, Searle group of companies managed to continue its momentum.

Financial highlights are summarized below:

- Net sales of the Company grew by 13% to Rs 4.96 billion.
- Gross profit margin remained at 48%.
- Operating profit margin was 19%
- Profit before and after taxation was 17% and 11% respectively.

## **EARNINGS PER SHARE**

Basic earnings per share after taxation for the period was Rs. 2.57 (2018: Rs. 3.18).

There is no dilution effect on the basic earnings per share of the holding company, as the holding company has no convertible dilutive potential ordinary shares outstanding as at September 30, 2019.

## **FUTURE OUTLOOK**

Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products. It is also pertinent to mention that Searle has an organic pipeline of over 200 products in different stages of the regulatory approval process.

Further, due to overly regulated drug pricing mechanism, volatility in retail prices is a concern of paramount importance for us. Delays in new product approvals also pose key threats for the industry as a whole. However, with the change in recent political scenario, we will have to wait to assess the future economic trends and modify our strategies accordingly. For the longer run, Searle is focusing on emerging portfolios including, bio-similars, medical devices, nutraceuticals and genome sciences.

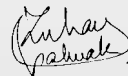
## **ACKNOWLEDGEMENT**

At Searle group of companies, we all are emotionally motivated and willing to contribute enthusiastically on continuous basis. Same is the case with our partners, suppliers and customers, for which we are thankful and expect the same zeal and zest for future contribution. We assure, Searle will continue to work hard to provide long term sustainable growth to everyone associated with us.

For and on behalf of the Board



**Syed Nadeem Ahmed**  
Chief Executive Officer



**Zubair Razzak Palwala**  
Director

Karachi : October 28, 2019

سرل گروپ ایک ایسا گروپ ہے جس نے ہمیشہ اعلیٰ معیار کی ہیلتھ کیئر خدمات پیش کرنے کے ذریعے مریضوں کی زندگی و حالات کو بہتر بنانے کی کوشش کی ہے۔ ہم نے مریضوں اور اسٹیک ہولڈرز کے لئے فوائد کو مد نظر رکھتے ہوئے ایک مستحکم ترقی کی پوزیشن حاصل کی ہے ہماری بنیادی ترجیح یہی ہے اور ہم اپنی کوششوں کے بار آور ہونے پر فخر کرتے ہیں۔

30 ستمبر 2019 کو ختم ہونے والی سہ ماہی کے دوران ہولڈنگ کمپنی کی مالیاتی کارکردگی زر مبادلہ کے نرخوں میں اتار چڑھاؤ کے باعث متاثر ہوئی تاہم کٹھن اور چیلینجنگ اقتصادی صورتحال کے باوجود سرل گروپ آف کینیڈا نے اپنا کاروبار بھر پور طریقے پر جاری رکھا۔

## مالیاتی نکات مختصراً ذیل میں بیان کیے گئے ہیں

- کمپنی کی خالص سیلز 13 فیصد تک بڑھ کر 4.96 بلین روپے ہو گئی۔
- مجموعی منافع کی شرح 48 فیصد پر برقرار رہی۔
- آپریٹنگ منافع کی شرح 19 فیصد تھی۔
- منافع قبل از اور بعد از ٹیکسیشن بالترتیب 16 فیصد اور 11 فیصد رہا۔

## آمدنی فی شیئر

بنیادی آمدنی اس مدت کیلئے فی شیئر بعد از ٹیکسیشن 2.57 روپے رہی (2018: 3.18 روپے)۔

ہولڈنگ کمپنی کی بنیادی آمدنی فی شیئر براہ راست کوئی اثرات ظاہر نہیں ہوئے کیونکہ ہولڈنگ کمپنی کے کسی ممکنہ منتقلی کی طاقت کی حامل نہ ہونے کے باعث عمومی شیئرز بمطابق 30 ستمبر 2019 برقرار رہے۔

## مستقبل پر ایک نظر

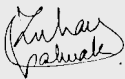
آگے بڑھتے ہوئے ہم خصوصاً عمومی برانڈز کے پورٹ فولیو میں شیئر بڑھانے اور مختلف النوع پروڈکٹس کو مارگٹ کر رہے ہیں۔ یہ واضح کرنا بھی ضروری ہے کہ سرل 200 سے زائد آرکیٹک مصنوعات کو ریگولیشن کی منظوری کے مختلف مراحل کے عمومی طریقہ کار سے گزر رہا ہے۔


مزید برآں ادویات کے نرخوں کے غیر منظم میکنزم کے باعث ریٹیل نرخوں میں اتار چڑھاؤ بھی ہمارے لئے تشویش کا ایک بڑا سبب ہے۔ نئی پروڈکٹ کی منظوری میں تاخیر سے بھی مجموعی طور پر صنعت کے لئے کلیدی خطرات سامنے آتے ہیں۔ تاہم حالیہ سیاسی صورتحال کی تبدیلی کے ساتھ ہم آنے والے معاشی رجحانات کا جائزہ لے رہے ہیں اور اس کے مطابق اپنی حکمت عملیوں میں تبدیلی لائیں گے۔ آنے والے سالوں میں سرل ابھرتے ہوئے پورٹ فولیو بشمول بیو-سمبلرز، میڈیکل ڈیوائسز، نیوٹراسیوٹیکلز اور جینیوم سائنسز پر خصوصی توجہ دے رہی ہے۔

## اظہار شکر

سرل گروپ آف کینیڈا میں ہم سب جذباتی طور پر توجہ و متحرک ہیں اور مستقل بنیادوں پر بڑے عزم شراکت کے خواہشمند ہیں۔ اسی طرح ہمارے شراکت کار، سپلائرز اور صارفین، جس کیلئے ہم ان کے شکر گزار ہیں اور توجہ کرتے ہیں کہ اسی لگن کے ساتھ وہ مستقبل میں بھی شریک کار رہیں گے۔ ہم یقین دہانی کراتے ہیں کہ سرل اپنی انتہائی کوششیں جاری رکھے گی اور ہم سے منسلک تمام شراکت کاروں کے لئے طویل مدتی بنیادوں پر ترقی کی نئی منازل فراہم کی جائیں گی۔

برائے اور بورڈ کی جانب سے

  
زیر ذاق پال والا  
ڈائریکٹر

  
سید محمد احمد  
چیف ایگزیکٹو آفیسر

کراچی:  
۲۸ اکتوبر ۲۰۱۹ء

# ڈائریکٹرز کی رپورٹ

ہم 30 ستمبر 2019 کو ختم ہونے والی 3 ماہ کی مدت کیلئے ہولڈنگ کمپنی کی مجموعی عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز (IAS) 34 - 'عبوری فنانشل رپورٹنگ' کی شرائط و ضوابط اور کنینیز ایکٹ 2017 کے تحت جاری کردہ ہدایات کی مشقوں کے مطابق تیار کئے گئے ہیں۔

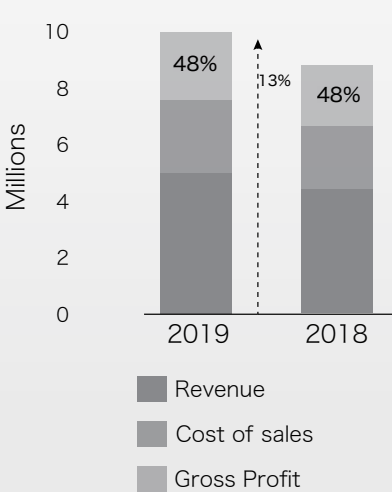
## مارکیٹ کا جائزہ

پاکستان میں فارماسیوٹیکلز کی فروخت (2013-19) میں 12 فیصد کے CAGR تک بڑھیں جس کی وجہ سے مالیکول کا تعارف اور استطاعت میں اضافے کے رجحانات، بڑھتی ہوئی آبادی، بلند تر زندگی کے امکانات اور مہلک و پیچیدہ امراض میں اضافہ تھا۔ اس کے باوجود فارماسیوٹیکل کی صنعت مستقل طور پر نچلے رجحان سے گزر رہی ہے جس کی وجہ درآمد کردہ APIs پر زیادہ انحصار، فی کس اخراجات میں کمی اور عالمی ماحول کی سطح پر کم تر خرچ ہیں۔

حالیہ اقتصادی صورتحال نے مجموعی طور پر صنعت کے لئے چیلنجز کھڑے کئے ہیں۔ یہ ایک جانی مانی حقیقت ہے کہ پاکستان کی کیمیکل انڈسٹری ادویات کی تیاری کے لئے درکار بنیادی اجزاء تیار کرنے کی گنجائش کی حامل نہیں ہے لہذا صنعت کو خام مال کی درآمد پر انحصار کرنا پڑتا ہے۔ اس انحصار کی وجہ سے زرمبادلہ کے نرخوں میں اتار چڑھاؤ کے ساتھ نرخوں کی سخت ریگولیشنز براہ راست پروڈکٹ کے شرح منافع اور بعد ازاں تجارتی افادیت کو متاثر کرتی ہیں۔ پاکستانی روپے کی قدر حالیہ دنوں میں دو ہندسوں میں کم ہوئی جس سے فارما انڈسٹری کو سخت دباؤ کا سامنا کرنا پڑا ہے۔

## آپریٹنگ نتائج

30 ستمبر



	2018	2019	
	(روپے ہزاروں میں)		
	4,380,366	4,962,130	آمدنی
	(2,257,030)	(2,589,484)	فروخت کے اخراجات
	<b>2,123,336</b>	<b>2,372,646</b>	مجموعی آمدنی
	(1,202,196)	(1,400,997)	آپریٹنگ اخراجات
	(49,833)	(58,800)	دیگر آپریٹنگ اخراجات
	39,287	49,400	دیگر آمدنی
	<b>910,594</b>	<b>962,249</b>	آپریٹنگ سے آمدنی
	(99,442)	(143,040)	مالیاتی اخراجات
	811,152	819,209	منافع قبل از ٹیکس
	(130,378)	(264,593)	آئٹم ٹیکس اخراجات
	<b>680,774</b>	<b>554,616</b>	منافع بعد از ٹیکس

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	3,830,163	3,786,177
Investment properties - at cost		2,771,202	2,724,116
Intangible assets		353,898	365,268
Long-term loans and advances		258	270
Long-term deposits		16,210	13,624
		<u>6,971,731</u>	<u>6,889,455</u>
<b>Current assets</b>			
Inventories		3,272,303	2,953,902
Trade receivables	6	7,283,006	6,209,817
Loans and advances	7	2,990,526	2,944,181
Trade deposits and short-term prepayments		117,948	91,074
Interest accrued		5,604	2,970
Other receivables	8	881,930	787,859
Taxation - payments less provision		902,220	1,000,760
Tax refunds due from government - Sales tax		39,350	59,527
Cash and bank balances	9	57,714	262,054
		<u>15,550,601</u>	<u>14,312,144</u>
<b>Asset classified as 'Held for Sale'</b>		<b>75,500</b>	<b>75,500</b>
<b>Total assets</b>		<u><b>22,597,832</b></u>	<u><b>21,277,099</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	10	2,124,253	2,124,253
Unappropriated profit		8,151,751	7,603,678
General reserve		280,251	280,251
Share premium		1,630,974	1,630,974
Revaluation surplus on property, plant and equipment		1,435,815	1,437,936
Attributable to owners of The Searle Company Limited - Holding Company		13,623,044	13,077,092
Non-controlling interests		450,801	442,137
		<u>14,073,845</u>	<u>13,519,229</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings		4,664	4,664
Deferred tax liabilities		96,581	96,581
Retirement benefit obligations		57,164	55,820
		<u>158,409</u>	<u>157,065</u>
<b>Current liabilities</b>			
Trade and other payables	11	4,642,116	3,520,230
Borrowings	12	3,565,202	3,922,277
Unpaid dividend		110,667	110,667
Unclaimed dividend		47,593	47,631
		<u>8,365,578</u>	<u>7,600,805</u>
<b>Total liabilities</b>		<u><b>8,523,987</b></u>	<u><b>7,757,870</b></u>
<b>Contingencies and commitments</b>			
<b>Total equity and liabilities</b>		<u><b>22,597,832</b></u>	<u><b>21,277,099</b></u>

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended September 30, 2019 - Unaudited

		<b>Quarter ended</b>	
		<b>September 30,</b>	September 30,
		<b>2019</b>	2018
	Note	------(Rupees in '000)-----	
Revenue from contracts with customers	14	<b>4,962,130</b>	4,380,366
Cost of sales		<b>(2,589,484)</b>	(2,257,030)
Gross profit		<b>2,372,646</b>	2,123,336
Distribution cost		<b>(1,096,777)</b>	(921,718)
Administrative expenses		<b>(304,220)</b>	(280,478)
Other operating expenses		<b>(58,800)</b>	(49,833)
Other income	15	<b>49,400</b>	39,287
Profit from operations		<b>962,249</b>	910,594
Finance cost		<b>(143,040)</b>	(99,442)
Profit before income tax		<b>819,209</b>	811,152
Income tax expense		<b>(264,593)</b>	(130,378)
Profit for the period		<b>554,616</b>	680,774
Other comprehensive income		-	-
Total comprehensive income		<b>554,616</b>	680,774
Total comprehensive income is attributable to:			
Owners of the The Searle Company Limited - Holding Company		<b>545,952</b>	675,910
Non-controlling interests		<b>8,664</b>	4,864
		<b>554,616</b>	680,774
			(Re-stated)
Basic and diluted earnings per share (Rupees)	16	<b>2.57</b>	3.18

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended September 30, 2019 - Unaudited

	Attributable to the owners of the Holding Company								Total
	Capital reserves				Revenue reserves			Non-Controlling interest	
	Share capital	Share premium	Issue of bonus shares	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profits	Sub-Total reserves		
	Rupees in '000								
Balance as at July 01, 2018	1,847,177	1,630,974	-	675,001	280,251	6,566,207	9,152,433	451,963	11,451,573
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the period (net of tax)	-	-	-	(279)	-	279	-	-	-
Total comprehensive income for the period	-	-	-	-	-	675,910	675,910	4,864	680,774
Balance as at September 30, 2018	<u>1,847,177</u>	<u>1,630,974</u>	<u>-</u>	<u>674,722</u>	<u>280,251</u>	<u>7,242,396</u>	<u>9,828,343</u>	<u>456,827</u>	<u>12,132,347</u>
<b>Balance as at July 01, 2019</b>	<b>2,124,253</b>	<b>1,630,974</b>	<b>-</b>	<b>1,437,936</b>	<b>280,251</b>	<b>7,603,678</b>	<b>10,952,839</b>	<b>442,137</b>	<b>13,519,229</b>
Total comprehensive income for the period	-	-	-	-	-	545,952	545,952	8,664	554,616
Transferred from surplus on revaluation of fixed assets - net of deferred taxation: - incremental depreciation for the period	-	-	-	(2,121)	-	2,121	-	-	-
<b>Balance as at September 30, 2019</b>	<b><u>2,124,253</u></b>	<b><u>1,630,974</u></b>	<b><u>-</u></b>	<b><u>1,435,815</u></b>	<b><u>280,251</u></b>	<b><u>8,151,751</u></b>	<b><u>11,498,791</u></b>	<b><u>450,801</u></b>	<b><u>14,073,845</u></b>

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended September 30, 2019 - Unaudited

		<b>September 30, 2019</b>	September 30, 2018
	Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17	<b>565,701</b>	43,299
Finance cost paid		<b>(99,623)</b>	(77,432)
Income tax paid		<b>(166,053)</b>	(113,378)
Increase in long-term deposits		<b>(2,586)</b>	-
Decrease/(increase) in long-term loans and advances		<b>12</b>	(110,472)
Net cash generated from / (used in) operating activities		<b>297,449</b>	(257,983)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(85,001)</b>	(204,433)
Sale proceeds on disposal of property, plant and equipment		<b>2,450</b>	-
Payments for investment properties		<b>(61,717)</b>	(2,520)
Purchase of intangible assets		<b>(408)</b>	(1,114)
Purchase of investments - at fair value through profit or loss		-	(16)
Proceeds from redemption of investments - at fair value through profit or loss		-	55,000
Sale proceeds on disposal of investment properties		-	3,426
Dividend income received		-	17
Net cash (used in) investing activities		<b>(144,676)</b>	(149,640)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		<b>(38)</b>	(62)
Loan repaid		-	(10,000)
Net cash used in financing activities		<b>(38)</b>	(10,062)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>152,735</b>	(417,685)
Cash and cash equivalents at beginning of the period		<b>(3,450,223)</b>	(2,118,818)
<b>Cash and cash equivalents at end of the period</b>	18	<b>(3,297,488)</b>	(2,536,503)

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

## 1. LEGAL STATUS AND OPERATIONS

The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company. Its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Company is situated at 1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

International Brands Limited is the holding company, which holds 56.60% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		September 30, 2019	June 30, 2019
<b>Listed Company</b>			
- IBL HealthCare Limited		74.19%	74.19%
<b>Unlisted Companies</b>			
- Searle Pharmaceuticals (Private) Limited	Pakistan	100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Identity (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Nextar Pharma (Private) Limited		87.20%	87.20%

## 2. BASIS OF PREPARATION

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

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

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

This consolidated condensed interim financial information does not include all information and disclosures required in the financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2019.

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

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

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - This standard is effective for periods beginning from or after January 1, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

Further, IFRS 9 'Financial Instruments' (previously applicable from annual periods beginning on or after July 1, 2018). This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

**3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES**

The accounting policies and method of computations adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2019.

**4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

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

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

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

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

	(Unaudited) September 30, 2019	(Audited) June 30, 2019
	(Rupees in '000)	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets - note 5.1	<b>3,134,624</b>	3,046,624
Capital work-in-progress - at cost	<b>695,539</b>	739,553
	<b><u>3,830,163</u></b>	<u>3,786,177</u>

**5.1** Details of additions in operating assets including transfers from capital work-in-progress during the period are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	------(Rupees in '000)-----			
Building on leasehold land	<b>43,112</b>	26,451	-	-
Plant and machinery	<b>14,928</b>	134,837	-	-
Furniture & fittings	-	399	-	-
Vehicles	-	-	<b>(1,058)</b>	-
Office equipment	<b>41,592</b>	29,263	-	-
	<b><u>99,632</u></b>	<u>190,949</u>	<b><u>(1,058)</u></b>	<u>-</u>

	(Unaudited) September 30, 2019	(Audited) June 30, 2019
	(Rupees in '000)	
<b>6. TRADE RECEIVABLES</b>		

Considered good

- Export receivables, secured	<b>439,894</b>	307,294
- Due from related parties, unsecured - note 6.1	<b>5,301,640</b>	4,628,362
- Others, unsecured	<b>1,541,472</b>	1,274,161
	<b><u>7,283,006</u></b>	<u>6,209,817</u>
Considered doubtful - others	<b>165,454</b>	165,454
Less: Provision for doubtful debts	<b>(165,454)</b>	(165,454)
	<b><u>7,283,006</u></b>	<u>6,209,817</u>

**6.1** These are stated net of amount payable to IBL Operations (Private) Limited, United Brands Limited and IBL Logistics (Private) Limited - associated companies amounting to Rs. 385.53 million (2019: Rs. 284.97 million), Rs. 15.54 million (2019: Rs. 15.36 million) and Rs. 1.01 million (2019: Rs. 1.01 million) respectively.

**7. LOANS AND ADVANCES**

– considered good

Advances to:

- employees for operating activities
- employees against salaries
- suppliers
- against purchase of land
- against imports

**(Unaudited)**  
**September 30,**  
**2019**

(Audited)  
June 30,  
2019

(Rupees in '000)

	<b>93,981</b>	107,140
	<b>8,567</b>	11,527
	<b>708,921</b>	572,062
	<b>67,500</b>	47,500
	<b>115,809</b>	208,640
	<b>994,778</b>	946,869
Loans to International Brands Limited:		
- Short term loan - note 7.1	<b>1,946,118</b>	1,946,118
- Current portion of long term loan	<b>49,630</b>	49,630
	<b>1,995,748</b>	1,995,748
Current portion long-term loans to employee	<b>-</b>	1,564
	<b>2,990,526</b>	2,944,181

- 7.1** This loan is repayable within 1 year and carries mark-up at the rate of 12 months KIBOR + 2% per annum. The said loan was approved in the extra ordinary general meeting of IBLHC, held on May 18, 2016 as per the requirements of section 208 of the repealed Companies Ordinance, 1984.

**8. OTHER RECEIVABLES**

Receivables from related parties

Due from group companies:

- IBL Operations (Private) Limited against mark-up on over due balance
- International Brands Limited against expenses
- International Franchises (Private) Limited against rental income
- United Retail (SMC-Private) Limited [formerly The Home Makers (SMC-Private) Limited]: against rental income and expenses
- Trax Online (Private) Limited against expenses
- IBL Frontier Market (Private) Limited against expenses

**(Unaudited)**  
**September 30,**  
**2019**

(Audited)  
June 30,  
2019

(Rupees in '000)

	<b>26,642</b>	26,642
	<b>6,500</b>	1,125
	<b>-</b>	7,472
	<b>2,939</b>	25,538
	<b>609</b>	1,094
	<b>227,195</b>	294,777
	<b>175</b>	175
	<b>25,882</b>	25,882
	<b>289,942</b>	382,705
Due from other related parties:		
Surplus arising under retirement benefit fund	<b>5,250</b>	5,250
	<b>295,192</b>	387,955
<b>Receivables from other than related parties</b>		
Others, considered good	<b>586,738</b>	399,904
	<b>881,930</b>	787,859

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

	<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019
	(Rupees in '000)	
<b>9. CASH AND BANK BALANCES</b>		
Cash in hand	<u>4,148</u>	<u>6,342</u>
	<b>4,148</b>	<b>6,342</b>
Balances with banks in:		
- current accounts	<u>53,555</u>	<u>252,889</u>
- saving accounts	<u>11</u>	<u>2,823</u>
	<b>53,566</b>	<b>255,712</b>
	<u><b>57,714</b></u>	<u><b>262,054</b></u>

## 10. SHARE CAPITAL

Authorised share capital

<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019		<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019
(Number of shares)			(Rupees in '000)	
		Ordinary shares of		
<u><b>300,000,000</b></u>	<u>300,000,000</u>	Rs. 10 each	<u><b>3,000,000</b></u>	<u>3,000,000</u>

### Issued, subscribed and paid up capital

<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019		<b>(Unaudited) September 30, 2019</b>	(Audited) June 30, 2019
(Number of shares)				
<b>12,553,074</b>	12,553,074	Shares allotted for consideration paid in cash	<b>125,531</b>	125,531
<b>24,000</b>	24,000	Shares allotted for consideration other than cash	<b>240</b>	240
<b>199,848,171</b>	199,848,171	Shares allotted as bonus shares	<b>1,998,482</b>	1,998,482
<u><b>212,425,245</b></u>	<u>212,425,245</u>		<u><b>2,124,253</b></u>	<u>2,124,253</u>



	<b>(Unaudited)</b> <b>September 30,</b> <b>2019</b>	(Audited) June 30, 2019
	(Rupees in '000)	
<b>11. TRADE AND OTHER PAYABLES</b>		
Creditors	<b>1,706,053</b>	1,259,513
Bills payable in foreign currency	<b>1,035,152</b>	716,426
Royalty payable	<b>16,503</b>	23,966
Accrued liabilities	<b>1,217,021</b>	866,018
Payable to provident fund	<b>9,801</b>	14,717
Advance from customers - unsecured	<b>63,038</b>	88,603
Accrued mark-up	<b>152,890</b>	109,473
Taxes deducted at source and payable to statutory authorities	<b>76,813</b>	104,163
Workers' Profit Participation Fund	<b>188,514</b>	149,417
Workers' Welfare Fund	<b>28,798</b>	26,000
Advance against sale of land	<b>73,500</b>	73,500
Other liabilities	<b>74,033</b>	88,434
	<b><u>4,642,116</u></b>	<u>3,520,230</u>

## 12. SHORT TERM BORROWINGS

- Running finance under mark-up arrangements - note 12.1	<b>3,355,202</b>	3,712,277
- Export re-finance	<b>210,000</b>	210,000
	<b><u>3,565,202</u></b>	<u>3,922,277</u>

**12.1** The holding Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 4,175 million (June 30, 2019: Rs. 4,175 million) which include financing facilities obtained under Islamic mode amounting to Rs. 3,525 million (June 30, 2019: Rs. 3,525 million). The arrangements are secured jointly by registered mortgage of Rs. 589.44 million (June 30, 2019 : Rs. 589.44 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 4,071 million (June 30, 2019: Rs. 4,071 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

The rates of mark-up ranged between 13.34% to 13.96% (June 30, 2019: 6.9% to 12.7%) per annum.

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies

**13.1.1** There has been no significant change in the status of contingencies as reported in the note 24 and 32.3 of annual audited consolidated financial statements of the Company for the year ended June 30, 2019.

### 13.2 Commitments

**13.2.1** The facility for opening letters of credit and guarantees as at September 30, 2019 amounted to Rs. 2,180 million (June 30, 2019: Rs. 2,111 million) of which the amount remaining unutilised as at period end amounted to Rs. 221 million (June 30, 2019: Rs. 318 million).

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

### 13.2.2 Future rentals payable against operating lease arrangements

Further, the Company has also entered into lease arrangements with Myplan Pharmaceuticals (Private) Limited and S. A. Pharma, a pharmaceutical concern, respectively, for a period of 20 years for land, building and plant and machinery located at Lahore.

The details of future rentals payable over the lease period are as follows:

	<b>(Unaudited)</b> <b>September 30,</b> <b>2019</b>	(Audited) June 30, 2019
	(Rupees in '000)	
Not later than one year	<b>27,918</b>	28,868
Later than one year but not later than five years	<b>136,611</b>	137,571
Later than five years	<b>88,727</b>	93,959
	<b>253,256</b>	260,398

### 14. REVENUE FROM CONTRACTS WITH CUSTOMERS

	<b>(Unaudited)</b> <b>September 30,</b> <b>2019</b>	(Unaudited) September 30, 2018
	(Rupees in '000)	
Gross sales		
Local sales	<b>4,743,080</b>	4,196,504
Export sales	<b>628,782</b>	488,185
	<b>5,371,862</b>	4,684,689
Toll manufacturing	<b>71,854</b>	87,836
	<b>5,443,716</b>	4,772,525
Sales tax	<b>(67,299)</b>	(28,847)
	<b>5,376,417</b>	4,743,678
Less:		
Discounts, rebates and allowances	<b>315,173</b>	307,781
Sales returns	<b>99,114</b>	55,531
	<b>414,287</b>	363,312
	<b>4,962,130</b>	4,380,366

**(Unaudited)**      (Unaudited)  
**September 30,**    September 30,  
**2019**                2018  
 (Rupees in '000)

**15. OTHER INCOME**

Income from financial assets

Realised gain on investments - at fair value through profit or loss	-		73
Unrealised gain on investments - at fair value through profit or loss	-		226
Interest on loan to International Brands Limited	<b>7,882</b>		5,416
Dividend income	-		17
	<b>7,882</b>		5,732

Income from non - financial assets

Gain on disposal of property, plant and equipment	<b>1,392</b>		-
Exchange (loss) / gain	<b>1,536</b>		97
Rental income from investment properties	<b>31,913</b>		30,263
Others	<b>6,677</b>		3,195
	<b>41,518</b>		33,555
	<b>49,400</b>		39,287

**16. BASIC AND DILUTED EARNINGS PER SHARE**

Profit for the year (Rupees in '000)	<b>537,952</b>		675,910
Weighted average number of outstanding shares at the end of the period (in thousand) - Restated	<b>212,425</b>		212,425
Basic and diluted earnings per share (Rupees) - Restated	<b>2.57</b>		3.18

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

	<b>September 30, 2019</b>	September 30, 2018
	(Rupees in '000)	
<b>17. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	<b>819,209</b>	811,152
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation	<b>54,588</b>	58,606
Gain on disposal of property, plant and equipment - net	<b>(1,392)</b>	-
Amortisation	<b>11,778</b>	11,093
Provision for retirement benefits obligation	<b>1,344</b>	899
Unrealised gain on investments - at fair value through profit or loss	-	(142)
Realised gain on investments - at fair value through profit or loss	-	(73)
Dividend income	-	(17)
Interest income-net	<b>(2,632)</b>	(5,416)
Finance cost	<b>143,040</b>	99,442
Profit before working capital changes	<b>1,025,935</b>	975,545
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Inventories	<b>(318,401)</b>	51,610
Trade receivables	<b>(1,073,189)</b>	(939,768)
Loans and advances	<b>(46,345)</b>	(429,998)
Trade deposits and short-term prepayments	<b>(26,874)</b>	(16,894)
Tax refunds due from government - Sales tax	<b>20,177</b>	(15,720)
Other receivables	<b>(94,071)</b>	(159,255)
	<b>(1,538,703)</b>	(1,510,025)
Increase in current liabilities		
Trade and other payables	<b>1,086,469</b>	577,779
	<b>1,086,469</b>	577,779
Cash generated from operations	<b>565,701</b>	43,299
<b>18. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances - note 9	<b>57,714</b>	72,908
Short term running finances - note 12	<b>(3,355,202)</b>	(2,609,411)
	<b>(3,297,488)</b>	(2,536,503)

## 19. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	Pharmaceutical		Consumer		Total	
	Sept' 30 2019	Sept' 30 2018	Sept' 30 2019	Sept' 30 2018	Sept' 30 2019	Sept' 30 2018
	----- (Rupees in '000) -----					
<b>Segment revenue</b>	<b>3,973,646</b>	2,501,820	<b>988,484</b>	1,878,546	<b>4,962,130</b>	4,380,366
<b>Segment result</b>	<b>922,242</b>	910,064	<b>49,407</b>	11,076	<b>971,649</b>	921,140
<b>Unallocated income and expenses</b>						
Other expenses					<b>(58,800)</b>	(49,833)
Other income					<b>49,400</b>	39,287
Finance cost					<b>(143,040)</b>	(99,442)
<b>Profit before taxation</b>					<b>819,209</b>	811,152
Income tax expense					<b>(264,593)</b>	(130,378)
<b>Total comprehensive income</b>					<b>554,616</b>	680,774

	Pharmaceutical		Consumer		Total	
	Sept' 30 2019	June 30, 2019	Sept' 30 2019	June 30, 2019	Sept' 30 2019	June 30, 2019
	----- (Rupees in '000) -----					
<b>Segment assets and liabilities</b>						
Segment assets	<b>821,768</b>	833,052	<b>63,916</b>	63,916	<b>885,684</b>	896,968
Unallocated assets					<b>21,712,148</b>	13,229,777
<b>Total assets</b>					<b>22,597,832</b>	14,126,745
Unallocated liabilities					<b>8,523,987</b>	5,779,119
<b>Total liabilities</b>					<b>8,523,987</b>	5,779,119

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended September 30, 2019 - Unaudited

## 20. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the period:

Nature of relationship	Nature of transactions	September 30,	September 30,
		2019	2018
		(Rupees in '000)	
Holding company	- Corporate service charges	60,000	48,000
	- Rent income	1,669	2,276
	- Income from provision of amenities	1,270	1,905
Associated companies	- Revenue	3,091,743	2,775,860
	- Salaries and wages	70	130
	- Purchases	245	843
	- Carriage and duties	1,518	10,512
	- Discounts claimed	76,265	80,818
	- Rent expense	2,547	1,066
	- Rent income	16,504	15,268
	- Stock claims	18,778	42,030
	- Internet services	281	1,109
	- Architect fee	2,375	-
	- Income from Provision of Amenities	9,474	1,906
	- Donations	4,296	5,300
	- Purchases of ERP Software/Hardware	-	25,072
	- Incentive on Searle Focus Prooducts	696	1,616
	- Repair & maintenance	859	-
	- Merchandising Services	2,203	18,653
- Others	3,400	-	
Staff retirement benefits	- Contributions to Provident Fund	29,213	26,174
	- Benefits paid	12,375	37,429
Key management employees compensation	- Salaries and other employee benefits	41,978	42,090
	- Contributions to Provident Fund	3,556	4,212
	- Directors' fees	-	4
	- Sale of goods	24	-

20.1 The status of outstanding balances with related parties as at September 30, 2019 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

## 21. CORRESPONDING FIGURES

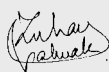
Corresponding figures have been rearranged for better presentation and comparison purpose, wherever considered necessary. However, there is no material reclassification.

## 22. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on October 28, 2019.



Chief Executive Officer



Director



Chief Financial Officer





**SEARLE**

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