

vaccination for a covid free world

SEARLE

Research in the service of mankind



HALF YEARLY REPORT
DECEMBER 2021



Contents

SEARLE

Research in the service of mankind

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

Company Information

Board of Directors

Mr. Adnan Asdar Ali	Chairman
Mr. S. Nadeem Ahmed	Chief Executive Officer
Mr. Zubair Razzak Palwala	
Mr. Munis Abdullah	
Dr. Atta Ur Rahman	
Mrs. Shaista Khaliq Rehman	
Mr. Mufti Zia Ul Islam	

Committees of the Board

Audit Committee

Mrs. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Dr. Atta Ur Rahman	Member

Human Resource & Remuneration Committee

Mrs. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Dr. Atta Ur Rahman	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
Askari Bank 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
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited

Registered Office

One IBL Centre, 2nd Floor, Plot # 1
Block 7 & 8, D.M.C.H.S, Tipu Sultan Road
Off Shahra-e-Faisal, Karachi
Tel: +92 21 37170200 - 01

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' Review Report

We are pleased to present the unconsolidated interim financial information of the company for the half year ended December 31, 2021. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting'. The directors' report is prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019

Financial highlights

Sales for the half year increased by 6% over the same period last year. Gross profit margin of Company was maintained at 51% during the same period last year.

Due to pandemic last year, operating expenses during same period were as low as 30% of the sales however, this year operating expense are 32% of sales.

Following is the summary of financial results for the half year ended December 31, 2021:

	2021	2020
	(Rupees in thousand)	
Revenue	8,632,469	8,153,129
Cost of sales	(4,239,046)	(3,987,308)
Gross Profit	4,393,423	4,165,821
Operating expenses	(2,779,607)	(2,483,552)
Other operating expenses	(82,314)	(128,598)
Other income	787,300	799,469
Profit from operations	2,318,802	2,353,140
Finance cost	(821,831)	(577,309)
Profit before tax	1,496,971	1,775,831
Income tax expense	(225,975)	(330,073)
Profit after taxation	1,270,996	1,445,758

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 4.07 (2020: Rs. 4.63). There is no dilution effect on the basic earnings per share of the Company, as the Company had no convertible dilutive potential ordinary shares outstanding as at December 31, 2021.

FUTURE OUTLOOK

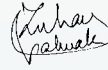
Searle has a firm commitment to grow and increase its market share among its competitors and maintain its organic and in-organic growth despite of challenges of a turbulent regulatory environment and volatile economic scenario due to the pandemic. This commitment of Searle is reflected in the acquisition of OBS Pharma (now Searle Pakistan Limited). Searle is also focusing on its product demand in international market due to increased healthcare spending trend after COVID-19 which is expected to translate into greater revenues for the industry.

At Searle, we are all highly motivated and willing to contribute enthusiastically for the progress of the Company. 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: February 28, 2022

ڈائریکٹر کی ممبران کیلئے رپورٹ

ہم 31 دسمبر 2021 کو ختم ہونے والے ششماہی مدت کے لیے کمپنی کی غیر اشتهالی عبوری مالیاتی معلومات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS) 34 - عبوری فنانشل رپورٹنگ کی ضروریات کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹر رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیوں (کارپوریٹ گورننس کے ضابطہ) کی ریگولیشنز 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

مالیاتی جھلکیاں

فروخت میں گزشتہ سال ششماہی کی اسی مدت کے مقابلے میں 6 فیصد اضافہ ہوا۔ آپ کی کمپنی کا مجموعی منافع کا مارجن گزشتہ سالہ اسی مدت کے دوران 51 فیصد پر برقرار رہا۔

پچھلے سال عالمی وباء کی وجہ سے، اسی عرصے کے دوران آپریٹنگ اخراجات فروخت کے بانسبت میں 30 فیصد تک کم تھے تاہم، اس سال آپریٹنگ اخراجات فروخت کا 32 فیصد ہیں۔

31 دسمبر 2021 کو ختم ہونے والے ششماہی کے مالی نتائج کا خلاصہ مندرجہ ذیل ہے:

2020	2021	
(پاکستانی روپے ہزاروں میں)		
8,153,129	8,632,469	آمدنی
(3,987,308)	(4,239,046)	فروخت کے اخراجات
4,165,821	4,393,423	مجموعی آمدنی
(2,483,552)	(2,779,607)	آپریٹنگ اخراجات
(128,598)	(82,314)	دیگر آپریٹنگ اخراجات
799,469	787,300	دیگر آمدنی
2,353,140	2,318,802	آپریٹنگ سے آمدنی
(577,309)	(821,831)	مالیاتی اخراجات
1,775,831	1,496,971	منافع قبل از ٹیکس
(330,073)	(225,975)	انکم ٹیکس اخراجات
1,445,758	1,270,996	منافع بعد از ٹیکس

فی شیئر آمدنی

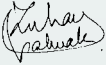
اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس روپے 4.07 رہی (2020: 4.63 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کسی کے کوئی اثرات نہیں ہوئے، چونکہ 31 دسمبر، 2021 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص ہٹایا نہیں تھے۔


مستقبل پر ایک نظر

سرل اپنے حریف اداروں کے درمیان اپنے مارکیٹ شیئرز کو بڑھانے اور زیادہ کرنے کے پُر عزم ہے اور نسبتاً پریشان کن ریگولیٹری ماحول اور عالمی وباء کی وجہ سے غیر مستحکم معاشی صورتحال کے چیلنجز کے باوجود اپنے نامیاتی اور غیر نامیاتی نشوونما کو برقرار رکھے ہوئے ہے۔ سرل کے اس عزم کی عکاسی او بی ایس فارما (موجودہ سرل پاکستان لمیٹڈ) کے حصول سے ہوتی ہے۔ تاہم، بین الاقوامی منڈی میں اپنی پروڈکٹ ڈیمانڈ پر توجہ مرکوز کرنے کے ساتھ، COVID-19 کے بعد بڑھتی ہوئی ہیلتھ کیئر اور بڑھتے ہوئے رجحان کی بدولت جس سے توقع ہے کہ انڈسٹری کی آمدنی میں بڑے پیمانے پر اضافہ ہوگا۔

سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنے حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شراکت دار، سپلائرز اور صارفین بھی سی جذبے کا اظہار کرتے ہیں، جس کے لئے ہم شکر گزار ہیں اور آئندہ کے تعاون کے لئے اسی جوش و جذبے کی توقع کرتے ہیں۔ ہم یقین دہانی کراتے ہیں کہ، سرل اپنے سے وابستہ ہر فرد کو طویل مدتی اور پائیدار ترقی کی فراہمی کے لئے سخت جدوجہد اور لگن سے کوشاں رہیں گے۔

برائے اور بورڈ کی جانب سے


زہیر رزاق پال والا
ڈائریکٹر


سید ندیم احمد
چیف ایگزیکٹو آفیسر

کراچی: فروری 28، 2022ء

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THE SEARLE COMPANY LIMITED

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of The Searle Company Limited as at December 31, 2021 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.



Chartered Accountants
Karachi

Date: February 28, 2022

UDIN: RR202110073wISTP1mNI

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December, 2021

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,621,095	5,577,984
Right-of-use asset	6	74,580	79,410
Investment properties - at cost		2,604,663	2,490,049
Intangible assets		73,937	94,214
Long-term investments - subsidiaries	7	18,036,311	17,436,311
Long-term loans		182	325
Long-term deposits		7,396	7,396
		26,418,164	25,685,689
Current assets			
Inventories		2,654,851	2,206,898
Trade receivables	8	9,782,497	8,754,968
Loans and advances	9	1,391,806	1,335,832
Trade deposits and short-term prepayments		127,717	105,351
Other receivables	10	5,822,320	4,762,598
Short-term investment - at amortised cost		100,000	100,000
Taxation - payments less provision		862,315	870,507
Cash and bank balances		132,593	103,680
		20,374,099	18,239,834
Total assets		47,292,263	43,925,523
EQUITY AND LIABILITIES			
EQUITY			
Issued, subscribed and paid-up capital	11	3,120,526	2,400,405
Share premium		5,329,298	6,049,419
General reserve		280,251	280,251
Unappropriated profit		13,852,297	13,006,363
Revaluation surplus on property, plant and equipment		2,696,195	2,751,216
		25,278,567	24,487,654
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		173,530	215,275
Employee benefit obligations		48,726	53,484
Long-term borrowings	12	9,041,097	9,650,485
Deferred income - Government grant		-	8,571
Lease liability		89,686	93,092
		9,353,039	10,020,907
Current liabilities			
Trade and other payables	13	4,070,272	3,213,872
Short-term borrowings	14	8,321,857	5,988,610
Unpaid dividend	15	220,438	163,596
Unclaimed dividend		41,756	42,269
Current portion of lease liability		4,766	4,416
Sales tax payable		1,568	4,199
		12,660,657	9,416,962
Total liabilities		22,013,696	19,437,869
Contingencies and commitments			
Total equity and liabilities	16	47,292,263	43,925,523

The annexed notes from 1 to 26 form an integral part of these unconsolidated 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 Half Year ended December 31, 2021 - Unaudited

		Quarter ended		Half year ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note		----- (Rupees in '000) -----			
Revenue from contracts with customers	17	3,970,162	4,084,269	8,632,469	8,153,129
Cost of sales	18	(1,931,150)	(1,929,897)	(4,239,046)	(3,987,308)
Gross profit		2,039,012	2,154,372	4,393,423	4,165,821
Distribution costs		(1,131,263)	(1,063,013)	(2,237,296)	(1,878,669)
Administrative expenses		(270,963)	(315,740)	(542,311)	(604,883)
Other expenses		(31,076)	(67,453)	(82,314)	(128,598)
Other income	20	700,519	615,902	787,300	799,469
Profit from operations		1,306,229	1,324,068	2,318,802	2,353,140
Finance cost		(443,517)	(324,920)	(821,831)	(577,309)
Profit before income tax		862,712	999,148	1,496,971	1,775,831
Income tax expense		(58,785)	(145,450)	(225,975)	(330,073)
Profit for the period		803,927	853,698	1,270,996	1,445,758
Other comprehensive income		-	-	-	-
Total comprehensive income		803,927	853,698	1,270,996	1,445,758
		(Restated)		(Restated)	
Basic and diluted earnings per share (Rupees)	21	2.58	2.74	4.07	4.63

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Half Year ended December 31, 2021 - Unaudited

	Issued, sub-scribed and paid up capital	Advance received against issue of share capital	Capital reserve		Revenue reserves		Total reserves	Total
			Share premium	Reval-uation surplus on Property, plant & equipment	General reserve	Unappro-riated profit		
	----- Rupees '000 -----							
Balance as at July 01, 2020	2,124,253	-	1,630,974	1,446,517	280,251	11,388,823	14,746,565	16,870,818
Total comprehensive income for the period	-	-	-	-	-	1,445,758	1,445,758	1,445,758
Transactions with owners								
Final dividend for the year ended June 30, 2020 @ Rs. 2.5 per share	-	-	-	-	-	(531,063)	(531,063)	(531,063)
Advance received against issue of share capital	-	4,364,474	-	-	-	-	-	4,364,474
Issuance cost against rights issue	-	-	-	-	-	(25,060)	-	(25,060)
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	-	(25,802)	-	25,802	-	-
Balance as at December 31, 2020	<u>2,124,253</u>	<u>4,364,474</u>	<u>1,630,974</u>	<u>1,420,715</u>	<u>280,251</u>	<u>12,304,260</u>	<u>15,661,260</u>	<u>22,124,927</u>
Balance as at July 01, 2021	2,400,405	-	6,049,419	2,751,216	280,251	13,006,363	22,087,249	24,487,654
Total comprehensive income for the period	-	-	-	-	-	1,270,996	1,270,996	1,270,996
Transactions with owners								
Final dividend for the year ended June 30, 2021 @ Rs. 2 per share	-	-	-	-	-	(480,083)	(480,083)	(480,083)
Issue of bonus shares	720,121	-	(720,121)	-	-	-	(720,121)	-
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	-	(55,021)	-	55,021	-	-
Balance as at December 31, 2021	<u>3,120,526</u>	<u>-</u>	<u>5,329,298</u>	<u>2,696,195</u>	<u>280,251</u>	<u>13,852,297</u>	<u>22,158,041</u>	<u>25,278,567</u>

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the Half Year ended December 31, 2021 - Unaudited

		December 31, 2021	December 31, 2020
	Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	22	806,207	2,597,753
Retirement benefit obligations paid		(7,458)	(2,119)
Finance cost paid		(792,021)	(504,220)
Income tax paid		(259,528)	(356,787)
Decrease in long-term loans		143	104
Net cash generated (used in) / from operating activities		(252,657)	1,734,731
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(228,025)	(365,258)
Proceeds from disposal of property, plant and equipment		2,446	-
Addition to investment properties		(149,462)	(22,298)
Investment / Acquisition in subsidiary		(600,000)	(15,800,000)
Net cash used in investing activities		(975,041)	(16,187,556)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(423,754)	(157,715)
Proceeds from export finance - net		-	216,500
(Decrease) / increase in long-term borrowings		(133,876)	10,969,619
Repayment of demand finance		(113,333)	-
Payment against lease liabilities		(10,796)	(13,108)
Advance received against issue of share capital net of issuance cost		-	4,339,414
Net cash generated (used in) / from financing activities		(681,759)	15,354,710
Net (decrease) / increase in cash and cash equivalents		(1,909,457)	901,885
Cash and cash equivalents at the beginning of the period		(5,346,410)	(4,341,147)
Cash and cash equivalents at the end of the period	23	(7,255,867)	(3,439,262)

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Half Year ended December 31, 2021 - 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 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Company is situated at One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 Dehli Mercantile Muslim Cooperative Housing Society, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.

International Brands (Private) Limited is the Parent Company, which holds 56.32% (June 30, 2021: 56.32%) shareholding in the Company.

1.2 Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- 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 Future Technologies (Private) Limited		100.00%	100.00%
- Searle Pakistan Limited (formerly OBS Pakistan (Private) Limited)		100.00%	100.00%
- Nextar Pharma (Private) Limited *		87.20%	87.20%

* Nextar Pharma (Private) Limited is the subsidiary of Searle Biosciences (Private) Limited being the indirect subsidiary of the Company.

1.3 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any. Details of the Company's investment in subsidiaries are stated in note 7 to these unconsolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These unconsolidated condensed interim financial statements of the Company 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 comprises of:

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

- 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.

2.1.2 These unconsolidated condensed interim financial statements does not include all the information required for full financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2021.

2.1.3 The comparative unconsolidated condensed interim statement of financial position presented in these unconsolidated condensed interim financial statements have been extracted from the audited annual unconsolidated financial statements of the Company for the year ended June 30, 2021, whereas the comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are extracted from the un-audited unconsolidated condensed interim financial statements for the period ended December 31, 2020.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual audited unconsolidated financial statements of the Company as at and for the year ended June 30, 2021.

3.2 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial reporting.

b) Standards and amendments to approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

4. ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1** The preparation of unconsolidated condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
- 4.2** The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual unconsolidated financial statements as at and for the year ended June 30, 2021.
- 4.3** The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2021.

(Unaudited) (Audited)
December 31, June 30,
2021 2021
(Rupees in '000)

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	5,187,642	5,325,199
Capital work-in-progress - at cost	433,453	252,785
	5,621,095	5,577,984

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

----- (Unaudited) -----			
Additions (at cost)		Disposals (at net book value)	
December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Rupees in '000)			
Leasehold Land	-	1,498	-
Building on leasehold land	16,876	18,130	-
Plant and machinery	4,573	41,290	-
Office equipment	10,068	12,403	(58)
Furniture & fittings	910	8,750	-
Vehicles - note 5.1.1	-	847	-
Air conditioning systems	19,181	18,820	-
	51,608	101,738	(58)

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

- 5.1.1** During the period, vehicles having net book value of Rs. Nil were also disposed off against which sales proceeds of Rs. 2.23 million were received.

(Unaudited)
December 31,
2021
(Rupees in '000)

(Audited)
June 30,
2021

6. RIGHT-OF-USE ASSET

Opening net book value	79,410	121,515
Derecognition of right of use asset	-	(27,322)
Depreciation for the period / year	(4,830)	(14,783)
Closing net book value	74,580	79,410

7. LONG-TERM INVESTMENTS

Subsidiary companies - at cost - note 7.1 & 7.2	18,036,311	17,436,311
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- 7.1** During the period, OBS Pakistan (Private) Limited - wholly owned subsidiary has changed its name to Searle Pakistan (Private) Limited (SPL), effective from July 12, 2021 after getting necessary approvals from Securities and Exchange Commission of Pakistan (SECP). Further, SPL applied for change in status from private limited company to public limited company, SECP has approved the said conversion into public limited company with effect from August 27, 2021.

On September 15, 2021, the Board of Directors of the Company resolved that the shares of SPL - wholly owned subsidiary, may be listed on the Pakistan Stock Exchange Limited (PSX) upto the maximum extent of 349,010,000 ordinary shares, as and by way of an initial public offering.

- 7.2** Subsequent to the period end, SPL made a right issue (1 share for every 3 shares held) which was declined by the Company. Out of total right issue of 349,010,000 shares, 181,485,200 shares are acquired by third parties. The remaining unsubscribed shares will be offered to the public in coming months.

(Unaudited)
December 31,
2021
(Rupees in '000)

(Audited)
June 30,
2021

8. TRADE RECEIVABLES

Considered good

- Export receivables, secured	707,241	426,619
- Due from related parties, unsecured - note 8.1	8,666,570	8,094,376
- Others - unsecured	408,686	233,973
	9,782,497	8,754,968

Considered doubtful

Less: Allowance for impairment of trade receivables

	150,323	150,323
	(150,323)	(150,323)
	-	-
	9,782,497	8,754,968

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

- 8.1** These are stated net of payable to IBL Operations (Private) Limited, United Brands Limited and IBL Logistics (Private) Limited - associated companies amounting to Rs. 33.05 million (June 30, 2021: Rs. 219.08 million), Rs. Nil (June 30, 2021: Rs. 8.37 million) and Rs. 26.53 million (June 30, 2021: Rs. 39.5 million), respectively.

9. LOANS AND ADVANCES

- 9.1** This includes advance to Searle Biosciences (Private) Limited and Searle Laboratories (Private) Limited - wholly owned subsidiary amounting to Rs. 779.18 million (June 30, 2021: Rs. 779.18 million) and Rs. 1.03 million (June 30, 2021: Rs. 1.25 million) respectively. These advances are provided for the purpose of financial assistance and are settled in the ordinary course of business.

10. OTHER RECEIVABLES

(Unaudited)
December 31,
2021
(Rupees in '000)

(Audited)
June 30,
2021

Receivables from related parties

Due from Parent Company:

- International Brands (Private) Limited
 - expenses
 - rental income
 - group relief

17,484	9,804
12,173	8,526
116,648	117,089
146,305	135,419

Due from subsidiary companies:

- IBL HealthCare Limited against:
 - expenses
 - rental income
 - royalty
- Searle Pakistan Limited against:
 - management fee
 - rental income
 - dividend income
 - expenses
 - financial assistance
- Searle Biosciences (Private) Limited against:
 - dividend income
- Nextar Pharma (Private) Limited against:
 - expenses
- IBL Future Technologies (Private) Limited against:
 - financial assistance
- Searle Pharmaceuticals (Private) Limited against:
 - dividend income

1,156	554
847	-
13,956	24,776
123,000	123,000
13,512	10,614
1,000,000	500,000
17,470	12,961
116,000	116,000
139,736	64,916
12,752	2,279
1,949	1,949
911	911
1,441,289	857,960

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

	(Unaudited) December 31, 2021	(Audited) June 30, 2021
	(Rupees in '000)	
Due from associated companies:		
- IBL Operations (Private) Limited against:		
expenses	20,931	20,867
rental income	7,117	3,516
advance against claims - note 10.1	491,355	-
- IBL Unisys (Private) Limited against:		
rental income	326	163
expenses	257	632
- IBL Frontier Markets (Private) Limited against:		
expenses	42,385	24,225
- Universal Ventures (Private) Limited against:		
sale of subsidiary - note 10.2	3,326,859	3,326,859
- IBL Logistics (Private) Limited against:		
rental income	1,692	1,692
	3,890,922	3,377,954
Due from other related parties:		
- United Retail (SMC-Private) Limited against:		
rental income	8,338	34,276
expenses	57,771	1,071
- Lunar Pharma (Private) Limited against:		
Surplus arising under retirement benefit fund	5,250	5,250
Receivables from other than related parties		
- International Franchises (Private) Limited* against:		
expenses	1,687	21,297
rental income	3,289	3,438
- Universal Distributors Pakistan Limited* against:		
rental income	922	922
expenses	141	141
Others, considered good - note 10.3	266,406	324,870
	5,822,320	4,762,598

**with effect from June 18, 2021 International Franchises (Private) Limited and United Distributors Pakistan Limited ceased to be a related party of the Company.*

10.1 The amount represents advance given against stock claims.

10.2 On June 28, 2021, the Company sold the 100% share holding in subsidiary - IBL Identity (Private) Limited, to Universal Ventures (Private) Limited - related party (UVPL) for a total consideration at a price equal to Rs. 3.53 billion which is equivalent to the cost of investment of the Company.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

Out of the total consideration of Rs. 3.53 billion, Rs. 200 million were received during the previous year by the Company being the initial consideration. The balance consideration was receivable in cash as per the agreement in remaining two tranches of Rs. 1 billion and Rs. 2.33 billion on July 15, 2021 and August 31, 2021 respectively. However, on September 21, 2021, the Company received a request for deferment, for a total sum of Rs 3.33 billion, from UVPL for a further period of 8 months from the date of the letter. On October 4, 2021, the said deferment was approved by the Board of Directors of the Company.

- 10.3** This includes Rs. 178.42 million (June 30, 2021: Rs. 235.02 million) claimed by the Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. Claims amounting to Rs. 56.60 (June 30, 2021: Rs. 44.1 million) million were settled during the period.

11. SHARE CAPITAL

Authorised share capital

(Unaudited) December 31, 2021 (Number of shares)	(Audited) June 30, 2021		(Unaudited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021
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<u>400,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	<u>4,000,000</u>	<u>3,000,000</u>
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Issued, subscribed and paid up capital

(Number of shares)

40,168,355	40,168,355	Shares allotted for consideration paid in cash	401,683	401,683
24,000	24,000	Shares allotted for consideration other than cash	240	240
271,860,328	199,848,171	Shares allotted as bonus shares - note 11.2	2,718,603	1,998,482
<u>312,052,683</u>	<u>240,040,526</u>		<u>3,120,526</u>	<u>2,400,405</u>

- 11.1** The Company increased its authorised share capital for ordinary shares from Rs. 3 billion divided into 300 million ordinary shares to Rs. 4 billion divided into 400 million ordinary shares of Rs 10 each in its annual general meeting held on October 28, 2021.
- 11.2** The Board of Directors in its meeting held on October 4, 2021, approved the issue of 30 bonus shares for every 100 shares held for the year ended June 30, 2021. The said bonus was approved by members in its Annual General Meeting held on October 28, 2021. The total size of issue is Rs. 720.12 million (72.01 million shares)

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

	(Unaudited) December 31, 2021	(Audited) June 30, 2021
	(Rupees in '000)	
12. LONG-TERM BORROWINGS		
Musharaka Facility - notes 12.1 & 12.2	9,041,097	9,537,892
Salary refinancing	-	112,593
	<u>9,041,097</u>	<u>9,650,485</u>

- 12.1** The Company has obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However, during the last year on February 24, 2021, the Company has repaid the loan amounting to Rs. 800 million to its Musharaka Agent. During the period, no repayment has been made. This facility carries a mark-up of three months KIBOR plus 1.35%.

	(Unaudited) December 31, 2021	(Audited) June 30, 2021
	(Rupees in '000)	
12.2 Long-term loan movement		
Opening Balance	9,537,892	-
Loan obtained	-	10,441,500
Transaction cost	-	(117,989)
Amortisation of transaction cost	8,424	14,381
Repayment	-	(800,000)
Classified in short term borrowings - note 14	(505,219)	-
	<u>9,041,097</u>	<u>9,537,892</u>

13. TRADE AND OTHER PAYABLES

Creditors	272,441	291,865
Bills payable in foreign currency	804,807	393,192
Royalty payable	24,510	35,638
Accrued liabilities	2,296,570	1,543,889
Payable to provident fund	12,839	25,377
Advance from customers - unsecured	24,836	50,293
Payable to related parties	233,379	96,116
Accrued mark-up	182,938	185,143
Taxes deducted at source and payable to statutory authorities	56,728	64,326
Deferred income	25,714	34,285
Deferred payable to Universal Ventures (Private) Limited - related party	-	260,712
Workers' Profit Participation Fund	53,964	147,552
Workers' Welfare Fund	38,895	59,738
Other liabilities	42,651	25,746
	<u>4,070,272</u>	<u>3,213,872</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

(Unaudited)
December 31,
2021
(Rupees in '000)

(Audited)
June 30,
2021

14. SHORT-TERM BORROWINGS

Secured Borrowings

Conventional

Running finance facility - note -14.1
Demand Finance

Islamic

Running Musharaka
Current portion of Salary refinancing
Current portion of Musharaka facility -
note 12.2

Unsecured Borrowings

Borrowing from IBL Future Technologies
(Private) Limited - note 14.2

1,413,581	1,548,476
-	113,333
1,413,581	1,661,809
5,974,879	3,901,614
228,178	225,187
505,219	-
6,708,276	4,126,801
8,121,857	5,788,610
200,000	200,000
8,321,857	5,988,610

- 14.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,000 million (June 30, 2021: Rs. 6,725 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,450 million (June 30, 2021: Rs. 5,175 million). The arrangements are secured jointly by registered mortgage of Rs. 1,681.25 million (June 30, 2021: Rs. 1,681.25 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 6,889.23 million (June 30, 2021: Rs. 6,889.23 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

- 14.1.1** The rates of mark-up ranged between 7.95% to 13% (June 30, 2021: 0.75% to 14.74%) per annum.

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

15. UNPAID DIVIDEND

- 15.1** This includes dividend on bonus shares withheld pertaining to 125 shareholders on which stay from the Honorable High Court of Sindh has been obtained.

- 15.2** This also includes dividend pertaining to the year ended June 30, 2021 amounting to Rs. 42.36 million, due to unavailability of IBAN numbers, out of which Rs. 31.41 million has been paid subsequent to the half year ended December 31, 2021.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

There has been no significant change in the status of contingencies as reported in the note 27 of annual audited financial statements of the Company for the year ended June 30, 2021.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

The facility for opening letters of credit and guarantees from bank as at December 31, 2021 amounted to Rs. 3,305 million (June 30, 2021: Rs. 2,755 million) of which the amount remaining unutilised as at December 31, 2021 amounted to Rs. 1,017 million (June 30, 2021: Rs. 1,489.63 million).

(Unaudited)	
December 31,	December 31,
2021	2020
(Rupees in '000)	

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

Gross sales		
Local sale of goods	8,324,210	7,411,797
Export sales	1,094,199	1,354,756
	9,418,409	8,766,553
Toll manufacturing	133,109	139,071
	9,551,518	8,905,624
Sales tax	(29,265)	(30,151)
	9,522,253	8,875,473
Less:		
Discounts, rebates and allowances	411,061	318,780
Sales return	478,723	403,564
	889,784	722,344
	8,632,469	8,153,129

- 17.1** Consequent to Order 4480/2018 dated August 3, 2018 issued by the Honourable Supreme Court of Pakistan, the Drug Regulatory Authority of Pakistan (DRAP) fixed maximum retail price of drugs vide notification S.R.O 1610/2018 dated December 31, 2018. Further, DRAP vide Notification S.R.O 34(1)/2019 dated January 10, 2019 increased the maximum retail prices of drugs by nine percent over and above the maximum retail prices as determined under hardship category during the year 2018 and fifteen percent over and above existing maximum retail prices determined under Drug Pricing Policy, 2018 for drugs other than those specified under hardship category.

The Honorable High Court of Sindh vide Order dated January 22, 2019 has disposed off all the legal cases of the Company against DRAP. As mandated under the orders dated August 3, 2018 and November 14, 2018 passed by the Honourable Supreme Court of Pakistan in Human Rights Case No. 2858 of 2006, the Company may file an appeal before the Appellate Board of DRAP as provided under Section 9 of the Drugs Act, 1976, if the Company is dissatisfied by the prices fixed by DRAP.

Consequent to the above, the Company challenged the prices for four of its products namely, Peditral, Gravinat, Metodine and Hydrylline set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June, 20 June and 25 June 2019 rejected the said application of the Company. The Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Company.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

During the previous year, the Company has received a notice from DRAP which directed the Company having generic brand name, named Co- Extor, to lower their prices by 15% than that of corresponding originator brands vide its letter dated May 05, 2021 regarding the sale of its product "Co-Extor" for selling at the prices higher than the approved prices of DRAP. The Company has challenged the said order and obtained a stay order dated May 20, 2021 from Honourable High Court of Sindh, restricting DRAP from taking any coercive action against the Company.

During June 30, 2021, the Company has received an annual price adjustment on all of its products at a rate of 7% on essential products and 10% on other products based on CPI 2020.

Exposure of the Company due to abovementioned litigations amounted to Rs. 1.99 billion (June 30, 2021: Rs. 1.76 billion).

18. COST OF SALES

This includes inventory written-off during the period amounting to Rs. 30.35 million (December 31, 2020: Rs. 13.19 million)

19. DONATIONS

During the period, the Company made donations amounting to Rs. 57.23 million (December 31, 2020: Rs 90.86 million). Donations to a single party exceeding 10% of the total donations pertains to Sabaq Learning foundation - a related party amounting to Rs. 10 million (December 31, 2020: Rs. 18.11 million).

20. OTHER INCOME

Income from financial assets - related parties

Dividend income - subsidiary companies:

	(Unaudited) December 31, 2021	December 31, 2020
	(Rupees in '000)	
- IBL HealthCare Limited	39,009	78,018
- Searle Pakistan Limited	500,000	500,000
- IBL Identity (Private) Limited*	-	24,000
- Searle Biosciences (Private) Limited	182,000	98,000
Income from financial assets - others		
Return on Term Finance Certificate	4,618	4,611
	725,627	704,629
Income from non - financial assets		
Rental income from investment properties	36,367	71,704
Gain on disposal of property, plant and equipment	2,419	-
Government grant	17,142	17,142
Scrap sales	5,745	5,994
	61,673	94,840
	787,300	799,469

* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

	December 31, 2021	December 31, 2020 (Re-stated)
21. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period (Rupees in thousands)	<u>1,270,996</u>	<u>1,445,758</u>
Weighted average number of outstanding shares at the end of the period (in thousand)	<u>312,053</u>	<u>312,053</u>
Basic and diluted earnings per share (Rupees)	<u>4.07</u>	<u>4.63</u>
	(Unaudited) December 31, 2021	(Unaudited) December 31, 2020
	(Rupees in '000)	
22. CASH GENERATED FROM OPERATIONS		
Profit before income tax	1,496,971	1,775,831
Add / (less): Adjustments for non-cash charges and other items		
Depreciation of property, plant and equipment	184,856	120,012
Depreciation of right-of-use assets	4,830	9,953
Depreciation of investment properties	34,847	38,853
Gain on disposal of property, plant and equipment	(2,388)	-
Amortisation of intangible assets	20,276	22,248
Amortisation of transaction cost	8,424	-
Provision for employee benefits obligation	2,700	2,700
Finance cost	814,092	548,982
Interest on lease liability	7,740	5,880
Government grant recognised in income	(17,142)	(17,142)
Profit before working capital changes	<u>2,555,206</u>	<u>2,507,317</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	(447,953)	40,150
Trade receivables	(1,027,529)	114,620
Loans and advances	(55,974)	68,331
Trade deposits and short-term prepayments	(22,366)	(14,747)
Other receivables	(1,059,722)	(829,622)
Refund due from Government - Sales tax	-	7,832
	<u>(2,613,544)</u>	<u>(613,436)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	867,176	700,480
Sales tax payable	(2,631)	3,392
	<u>864,545</u>	<u>703,872</u>
Cash flows generated from operations	<u>806,207</u>	<u>2,597,753</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

	(Unaudited) December 31, 2021	(Unaudited) December 31, 2020
	(Rupees in '000)	

23. CASH AND CASH EQUIVALENTS

Cash and bank balances	132,593	1,901,115
Short-term borrowings		
- Running finance under markup arrangement - note 14.1	(7,388,460)	(5,161,377)
- Loan obtained from employees provident fund	-	(161,000)
- Loan obtained from employees provident fund of OBS	-	(18,000)
	<u>(7,255,867)</u>	<u>(3,439,262)</u>

24. SEGMENT INFORMATION

Based on internal management reporting structure for the period, no reportable segments were identified that were of continuing significance for decision making.

25. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	(Unaudited) December 31, 2021	(Unaudited) December 31, 2020
		(Rupees in '000)	
Parent company	- Corporate service charges	120,000	120,000
	- Rent income	7,340	6,677
	- Income from provision of amenities	6,226	4,249
	- Reimbursement of expenses	290	-
Subsidiaries	- Revenue	309,183	446,740
	- Purchase of consumables	18,435	3,785
	- Royalty	13,737	-
	- Dividend income	721,009	700,018
	- Short term loan given	-	6,446
	- Advances recovered	1,250	2,060
	- Advance against financial assistance	10,473	175,499
	- Rent income	5,984	5,140
	- Income from provision of amenities	1,475	749
	- Others	3,547	3,275
Staff retirement benefits	- Contributions to Provident Fund	75,553	71,402
	- Finance cost on loan	-	13,535
	- Benefits paid	22,234	57,700

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

Nature of relationship	Nature of transactions	(Unaudited) December 31, 2021	(Unaudited) December 31, 2020
		(Rupees in '000)	
Associated companies	- Revenue	7,262,196	6,593,118
	- Salaries and wages	2,470	1,606
	- Purchases	219	265
	- Carriage and duties	71,083	64,433
	- Discounts claimed	97,068	87,698
	- Rent expense	52,204	10,121
	- Rent income	10,934	31,402
	- Acquisition of subsidiary	600,000	15,800,000
	- Advance against stock claims - note 10.1	491,355	-
	- Stock claims	294,631	208,738
	- Internet services	311	3,771
	- Income from Provision of amenities	26,396	12,890
	- Donations	13,225	7,072
	- Incentives to field force staff	4,389	11,118
	- Repair & maintenance	337	234
	- Merchandise expense	14,449	12,130
	- Long term loan	-	2,360
	- Others	28,042	47,596
Key management employees	- Salaries and other employee benefits	114,859	113,403
	- Compensation	11,446	8,622

25.1 The status of outstanding balances with related parties as at December 31, 2021 is included in the respective notes to the financial statements.

26. 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 February 28, 2022.


Chief Executive Officer


Director


Chief Financial Officer

Consolidated Condensed Interim Financial Statements

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

Directors' Report to the Members

We are pleased to present the consolidated interim financial information of the company for the half year ended December 31, 2021. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting'. The directors' report is prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Financial highlights

Sales for the half year increased by 18% over the same period last year. Company has managed to maintain its operating expense to sales ratio at 24%, in consolidated financial statements.

Following is the summary of financial results for the half year ended December 31, 2021:

	2021	2020
	(Rupees in thousand)	
Revenue	14,567,196	12,378,375
Cost of sales	(8,081,720)	(6,572,453)
Gross Profit	6,485,476	5,805,922
Operating expenses	(3,455,339)	(3,026,557)
Other operating expenses	(149,361)	(187,767)
Other income	132,196	236,926
Profit from operations	3,012,972	2,828,524
Finance cost	(919,181)	(648,779)
Profit before tax	2,093,791	2,179,745
Income tax expense	(636,183)	(657,517)
Profit after taxation	1,457,608	1,522,228

EARNINGS PER SHARE


Basic earnings per share after taxation for the period was Rs. 4.54 (2020: Rs. 4.78). There is no dilution effect on the basic earnings per share of the Company, as the Company had no convertible dilutive potential ordinary shares outstanding as at December 31, 2021.

FUTURE OUTLOOK

Searle has a firm commitment to grow and increase its market share among its competitors and maintain its organic and in-organic growth despite of challenges of a turbulent regulatory environment and volatile economic scenario due to the pandemic. This commitment of Searle is reflected in the acquisition of OBS Pharma (now Searle Pakistan Limited). Searle is also focusing on its product demand in international market due to increased healthcare spending trend after COVID-19 which is expected to translate into greater revenues for the industry.

At Searle, we are all highly motivated and willing to contribute enthusiastically for the progress of the Company. 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: February 28, 2022

ڈائریکٹرز کی رپورٹ برائے ممبران

ہم 31 دسمبر 2021 کو ختم ہونے والے ششماہی مدت کے لیے کمپنی کی اشتہالی عبوری مالیاتی معلومات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS) 34 - عبوری فنانشل رپورٹنگ کی ضروریات کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیوں (کارپوریٹ گورننس کے ضابطہ) کی ریگولیشنز 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

مالیاتی جھلکیاں

فروخت میں گزشتہ سال ششماہی کی اسی مدت کے مقابلے میں 18 فیصد اضافہ ہوا۔ کمپنی اشتہالی مالیاتی معلومات میں اپنے آپریٹنگ اخراجات اور فروخت کے تناسب کو 24 فیصد پر برقرار رکھنے میں کامیاب ہو گئی ہے۔

31 دسمبر 2021 کو ختم ہونے والے ششماہی کے مالی نتائج کا خلاصہ مندرجہ ذیل ہے:

2020	2021	
(پاکستانی روپے ہزاروں میں)		
12,378,375	14,567,196	آمدنی
(6,572,453)	(8,081,720)	فروخت کے اخراجات
5,805,922	6,485,476	مجموعی آمدنی
(3,026,557)	(3,455,339)	آپریٹنگ اخراجات
(187,767)	(149,361)	دیگر آپریٹنگ اخراجات
236,926	132,196	دیگر آمدنی
2,828,524	3,012,972	آپریٹنگ سے آمدنی
(648,779)	(919,181)	مالیاتی اخراجات
2,179,745	2,093,791	منافع قبل از ٹیکس
(657,517)	(636,183)	انکم ٹیکس اخراجات
1,522,228	1,457,608	منافع بعد از ٹیکس

فی شیئر آمدنی

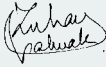
اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس روپے 4.54 رہی (2020: 4.78 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کی کے کوئی اثرات نہیں ہوئے، چونکہ 31 دسمبر، 2021 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بقایا نہیں تھے۔

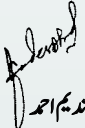
مستقبل پر ایک نظر

سرل اپنے حریف اداروں کے درمیان اپنے مارکیٹ شیئرز کو بڑھانے اور زیادہ کرنے کے پُر عزم ہے اور نسٹا پریشان کن ریگولیٹری ماحول اور عالمی وباء کی وجہ سے غیر مستحکم معاشی صورتحال کے چیلنجز کے باوجود اپنے نامیاتی اور غیر نامیاتی نشوونما کو برقرار رکھے ہوئے ہے۔ سرل کے اس عزم کی عکاسی او بی ایس فارما (موجودہ سرل پاکستان لمیٹڈ) کے حصول سے ہوتی ہے۔ تاہم، بین الاقوامی منڈی میں اپنی پروڈکٹ ڈیمانڈ پر توجہ مرکوز کرنے کے ساتھ، COVID-19 کے بعد بڑھتی ہوئی ہیلتھ کیئر اور بڑھتے ہوئے رجحان کی بدولت جس سے توقع ہے کہ انڈسٹری کی آمدنی میں بڑے پیمانے پر اضافہ ہوگا۔

سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنے حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شراکت دار، سپلائرز اور صارفین بھی سی جذبے کا اظہار کرتے ہیں، جس کے لئے ہم شکر گزار ہیں اور آئندہ کے تعاون کے لئے اسی جوش و جذبے کی توقع کرتے ہیں۔ ہم یقین دہانی کراتے ہیں کہ، سرل اپنے سے وابستہ ہر فرد کو طویل مدتی اور پائیدار ترقی کی فراہمی کے لئے سخت جدوجہد اور لگن سے کوشاں رہیں گے۔

برائے اور بورڈ کی جانب سے


زہیر رزاق پال والا
ڈائریکٹر


سید ندیم احمد
چیف ایگزیکٹو آفیسر

کراچی: فروری 28، 2022ء

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December, 2021

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,753,950	8,741,499
Right-of-use asset	6	74,580	79,410
Investment properties		3,084,893	2,970,279
Intangibles	7	15,602,852	15,622,504
Long-term loans and advances		182	325
Long-term deposits		25,252	24,137
		27,541,709	27,438,154
Current assets			
Inventories		5,490,026	4,886,018
Trade receivables	8	11,831,269	10,038,858
Loans and advances	9	1,004,677	1,035,531
Trade deposits and short-term prepayments		175,801	145,493
Accrued markup		-	1,106
Other receivables	10	4,583,561	4,016,938
Short-term investment at amortised cost		115,773	116,721
Taxation - payments less provision		1,170,353	1,243,726
Tax refunds due from government - Sales tax		54	-
Cash and bank balances		345,274	222,996
Deferred tax asset		149,234	-
		24,866,021	21,707,387
		52,407,730	49,145,541
Total assets			
EQUITY AND LIABILITIES			
EQUITY			
Share capital		3,120,526	2,400,405
Share premium		5,329,298	6,049,419
Unappropriated profit		13,166,876	12,776,023
General reserve		280,251	280,251
Revaluation surplus on property, plant and equipment		4,011,892	4,066,913
Attributable to owners of			
The Searle Company Limited - Holding Company		25,908,843	25,573,011
Non-controlling interests		539,796	513,181
		26,448,639	26,086,192
LIABILITIES			
Non-current liabilities			
Long-term borrowings	12	9,099,139	9,693,174
Deferred tax liabilities		173,530	59,174
Employee benefit obligations		65,434	76,669
Deferred income - Government grant		-	9,246
Long term lease liability		89,686	93,092
		9,427,789	9,931,355
Current liabilities			
Trade and other payables	13	6,177,841	5,088,191
Short-term borrowings	14	10,001,387	7,794,044
Unpaid dividend	15	231,876	171,176
Unclaimed dividend		113,864	49,367
Sales tax payable		1,568	20,800
Current portion of long-term lease liability		4,766	4,416
		16,531,302	13,127,994
		25,959,091	23,059,349
Total liabilities			
Contingencies and commitments			
Total equity and liabilities			
	16	52,407,730	49,145,541

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements

Chief Executive Officer

Director

Chief Financial Officer

DECEMBER 2021

SEARLE

31

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

For the Half Year ended December 31, 2021 - Unaudited

		Quarter ended		Half year ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note		(Rupees in '000)			
Revenue from contract with customers	17	6,889,335	6,815,891	14,567,196	12,378,375
Cost of sales	18	(3,809,089)	(3,570,067)	(8,081,720)	(6,572,453)
Gross profit		3,080,246	3,245,824	6,485,476	5,805,922
Distribution costs		(1,467,972)	(1,334,417)	(2,778,710)	(2,349,443)
Administrative expenses		(332,762)	(361,247)	(676,629)	(677,114)
Other operating expenses		(56,825)	(115,270)	(149,361)	(187,767)
Other income	19	91,367	194,040	132,196	236,926
Profit from operations		1,314,054	1,628,930	3,012,972	2,828,524
Finance cost		(496,578)	(376,300)	(919,181)	(648,779)
Profit before income tax		817,476	1,252,630	2,093,791	2,179,745
Income tax expense		(264,337)	(378,738)	(636,183)	(657,517)
Profit for the year		553,139	873,892	1,457,608	1,522,228
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		553,139	873,892	1,457,608	1,522,228
Total comprehensive income is attributable to:					
Owners of the The Searle Company Limited - Holding Company		529,920	855,243	1,415,915	1,490,842
Non-controlling interests		23,219	18,649	41,693	31,386
		553,139	873,892	1,457,608	1,522,228
(Restated)					
Basic and diluted earnings per share (Rupees)	20	1.70	4.03	4.54	4.78

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Half Year ended December 31, 2021 - Unaudited

		Capital reserves			Revenue reserves				
	Share capital	Advance received against issue of share capital	Share premium account	Revaluation surplus on Property, plant & equipment	General reserve	Unap-pro-priated profits	Sub-Total reserves	Non- Controlling interest	Total
					(Rupees in '000)				
Balance as at July 01, 2020	2,124,253	-	1,630,974	1,846,153	280,251	9,605,494	13,362,872	475,406	15,962,533
Total comprehensive income for the period	-	-	-	-	-	1,490,842	1,490,842	31,386	1,522,228
Transactions with owners									
Final dividend for the year ended June 30, 2020 @ Rs. 2.5 per share	-	-	-	-	-	(531,063)	(531,063)	-	(531,063)
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	-	(30,157)	(30,157)
Advance received against issue of share capital	-	4,364,474	-	-	-	-	-	-	4,364,474
Issuance cost against rights issue	-	-	-	-	-	(25,060)	(25,060)	-	(25,060)
	-	4,364,474	-	-	-	(556,123)	(556,123)	(30,157)	3,778,194
Transfer of incremental depreciation - net of deferred tax	-	-	-	(25,802)	-	25,802	-	-	-
Balance as at December 31, 2020	<u>2,124,253</u>	<u>4,364,474</u>	<u>1,630,974</u>	<u>1,820,351</u>	<u>280,251</u>	<u>10,566,015</u>	<u>14,297,591</u>	<u>476,635</u>	<u>21,262,955</u>
Balance as at July 01, 2021	2,400,405	-	6,049,419	4,066,913	280,251	12,776,023	23,172,606	513,181	26,086,192
Total comprehensive income for the period	-	-	-	-	-	1,415,915	1,415,915	41,693	1,457,608
Transactions with owners									
Final dividend for the year ended June 30, 2021 @ Rs. 2 per share	-	-	-	-	-	(480,083)	(480,083)	-	(480,083)
Issue of bonus shares	720,121	-	(720,121)	-	-	-	(720,121)	-	-
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	-	(15,078)	(15,078)
Transaction with non-controlling interests	-	-	-	-	-	(600,000)	(600,000)	-	(600,000)
	720,121	-	(720,121)	-	-	(1,080,083)	(1,800,204)	(15,078)	(1,095,161)
Transfer of incremental depreciation - net of deferred tax	-	-	-	(55,021)	-	55,021	-	-	-
Balance as at December 31, 2021	<u>3,120,526</u>	<u>-</u>	<u>5,329,298</u>	<u>4,011,892</u>	<u>280,251</u>	<u>13,166,876</u>	<u>22,788,317</u>	<u>539,796</u>	<u>26,448,639</u>

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the Half Year ended December 31, 2021 - Unaudited

		December 31, 2021	December 30, 2020
	Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	1,417,360	2,873,520
Employee benefit obligations paid		(16,215)	-
Finance cost paid		(943,308)	(589,680)
Income tax paid		(744,433)	(722,951)
Interest income received		1,768	-
(Increase) / decrease in long-term deposits		(1,115)	6,432
Lease rentals paid		(10,976)	(13,108)
Decrease / (increase) in long-term loans and advances		(143)	(183)
Net cash generated from operating activities		(297,063)	1,554,030
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(552,137)	(548,204)
Consideration for acquisition of wholly owned subsidiary - net		(600,000)	(10,269,400)
Sale proceeds on disposal of property, plant and equipment		3,350	802
Additions to investment properties		(149,461)	(222,421)
Short-term investments		948	-
Purchase of intangible assets		(4,262)	-
Net cash used in investing activities		(1,301,562)	(11,039,223)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(610,002)	93,965
(Payment to) / proceeds from export refinance		-	216,500
Proceeds from subordinated loan		-	300,000
(Repayment) / Proceeds of borrowings		(171,536)	7,993,821
Repayment of demand finance facility		(113,333)	-
Deferred consideration paid		-	(4,709,849)
Advance received against issue of share capital net of issuance cost		-	4,339,414
Net cash generated from / (used in) financing activities		(894,871)	8,233,851
Net increase in cash and cash equivalents		(2,493,496)	(1,251,342)
Cash and cash equivalents at beginning of the period		(7,162,617)	(4,484,264)
Cash and cash equivalents at end of the period	22	(9,656,113)	(5,735,606)

The annexed notes from 1 to 25 form an integral part of these consolidated 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 , 2021 - Unaudited

1. LEGAL STATUS AND 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 One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 D.M.C.H.S, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.

International Brands Limited is the holding company, which holds 56.32% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- 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 Future Technologies (Private) Limited		100.00%	100.00%
- Searle Pakistan Limited (formerly OBS (Pakistan) Private Limited)		100.00%	Nil
- Nextar Pharma (Private) Limited *		87.20%	87.20%

**Nextar Pharma (Private) Limited is the subsidiary of Searle Biosciences (Private) Limited being the indirect subsidiary of the Company.*

2. BASIS OF PREPARATION

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2021.

2.1 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2021.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these consolidated condensed interim financial statements in conformity with approved accounting and reporting 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 the annual audited consolidated financial statements as at and for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended June 30, 2021.

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

	(Unaudited) December 31, 2021	(Audited) June 30, 2021
(Rupees in '000)		
8. TRADE RECEIVABLES		
Considered good		
- Export receivables, secured	965,226	514,752
- Due from related parties, unsecured	9,627,438	8,784,916
- Others, unsecured	1,238,605	739,190
	11,831,269	10,038,858
Considered doubtful - others	165,194	163,593
Less: Provision for doubtful receivables	(165,194)	(163,593)
	11,831,269	10,038,858
	(Unaudited) December 31, 2021	(Audited) June 30, 2021
(Rupees in '000)		
9. LOANS AND ADVANCES - considered good		
Advances to:		
Secured		
- employees for operating activities	185,780	98,039
- employees against salaries	-	32,620
Unsecured		
- advance to Universal Ventures (Private) Limited	1,400	1,400
- suppliers	626,829	722,702
- against imports	184,090	157,480
- against LC margin	-	16,585
Other advances	6,296	6,475
	1,004,395	1,035,301
Current portion of long-term loans to employee	282	230
	1,004,677	1,035,531

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

	(Unaudited) December 31, 2021	(Audited) June 30, 2021
	(Rupees in '000)	

10. OTHER RECEIVABLES

Receivables from related parties

Due from ultimate parent company and associated companies:

- International Brands Limited	146,305	155,419
- IBL Operations (Private) Limited	519,403	24,383
- Universal Ventures (Private) Limited	3,326,859	3,326,859
- IBL Frontier Market (Private) Limited	42,385	24,859
- IBL Logistics (Private) Limited	1,692	1,692
- IBL Unisys (Private) Limited	583	795
	4,037,227	3,534,007

Due from other related party:

- IBL Identity (Private) Limited*	-	3,111
- United Retail (SMC- Private) Limited	66,109	35,347

Receivable from provident fund

-	2,267
66,109	40,725

Surplus arising under retirement benefit fund

5,250	5,250
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Receivables from other than related parties

International Franchises (Private) Limited**	4,976	24,735
United Distributors (Private) Limited**	1,063	1,063
Others, considered good - note 10.1	468,936	411,158
	4,583,561	4,016,938

* with effect from June 18, 2021, International Franchises (Private) Limited and United Distributors Pakistan Limited have ceased to be a related party of the Group.

** with effect from June 28, 2021, IBL Identity (Private) Limited ceased to be subsidiary of the Group.

- 10.1** This includes Rs. 178.42 million (June 30, 2021: Rs. 235.02 million) claimed by the Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. Claims amounting to Rs. 56.60 (June 30, 2021: Rs. 44.1 million) were settled during the period.

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

11. SHARE CAPITAL

Authorised share capital

(Unaudited) December 31, 2021 (Number of shares)	(Audited) June 30, 2021		(Unaudited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021
400,000,000	300,000,000	Ordinary shares of Rs. 10 each	4,000,000	3,000,000

Issued, subscribed and paid up capital

(Number of shares)				
40,168,355	40,168,355	Shares allotted for consideration paid in cash	401,683	401,683
24,000	24,000	Shares allotted for consideration other than cash	240	240
271,860,328	199,848,171	Shares allotted as bonus shares - note 11.2	2,718,603	1,998,482
312,052,683	240,040,526		3,120,526	2,400,405

- 11.1 The Company increased its authorised share capital for ordinary shares from Rs. 3 billion divided into 300 million ordinary shares to Rs. 4 billion divided into 400 million ordinary shares of Rs 10 each in its annual general meeting held on October 28, 2021.
- 11.2. The Board of Directors in its meeting held on October 4, 2021, approved the issue of 30 bonus shares for every 100 shares held for the year ended June 30, 2021. The said bonus was approved by members in its Annual General Meeting held on October 28, 2021. The total size of issue is Rs. 720.12 million (72.01 million shares)

(Unaudited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021
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12. LONG-TERM BORROWINGS

Long term loan from Habib Bank Limited - note 12.1	9,094,475	9,537,892
Salary refinancing	-	150,618
	9,094,475	9,688,510
Retention money	4,664	4,664
	9,099,139	9,693,174

- 12.1 The Company has obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However, during the last year on February 24, 2021, the Company has repaid the loan amounting to Rs. 800 million to its Musharaka Agent. During the period, no repayment has been made. This facility carries a mark-up of three months KIBOR plus 1.35%.

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

(Unaudited)
December 31,
2021
(Rupees in '000)

(Audited)
June 30,
2021

13. TRADE AND OTHER PAYABLES

Creditors	895,754	880,526
Payable under group relief	-	27,121
Salaries and benefits payable	-	5,555
Bills payable in foreign currency	1,228,023	393,192
Royalty payable	24,510	35,638
Accrued liabilities	3,125,407	2,462,761
Payable to provident fund	19,249	34,203
Current portion of deferred income - government grant	26,128	39,999
Advance from customers - unsecured	98,630	201,505
Payable for compensated absences	-	11,495
Provision for gas infrastructure	-	9,485
Deferred payable to UVPL - related party	-	260,712
Accrued markup	251,806	255,782
Taxes deducted at source and payable to statutory authorities	143,463	71,648
Workers' Profit Participation Fund	177,985	228,765
Workers' Welfare Fund	95,298	100,137
Other liabilities	91,588	69,667
	6,177,841	5,088,191

14. SHORT-TERM BORROWINGS

Secured borrowings

Conventional:

Running finance under mark-up arrangements - note 14.1

	2,283,722	2,587,074
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Demand finance facility	-	113,333
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Islamic:

Running Musharaka

Current portion of long term borrowings

	6,909,843	4,798,539
	807,822	295,098
	7,717,665	5,093,637
	10,001,387	7,794,044

- 14.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,000 million (June 30, 2021: Rs. 6,725 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,450 million (June 30, 2021: Rs. 5,175 million). The arrangements are secured jointly by registered mortgage of Rs. 1,681.25 million (June 30, 2021: Rs. 1,681.25 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 6,889.23 million (June 30, 2021: Rs. 6,889.23 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

This includes facility obtained by SPL from Dubai Islamic Bank amounting to Rs.550 million carrying markup rate at Kibor plus 2% per annum, repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of OBS amounting to Rs. 733.3 million including 25% margin.

Moreover, SPL have obtained running finance facilities from commercial banks amounting to Rs 1.15 billion, carry markup ranging from 7.0% to 9.9%. The facilities are secured by way of joint pari passu hypothecation charge over current assets of OBS including 25% margin.

- 14.2** The rates of mark-up ranged between 7.95% to 13% (June 30, 2021: 0.75% to 14.74%) per annum.

15. UNPAID DIVIDEND

- 15.1** This includes dividend on bonus shares withheld pertaining to 125 shareholders on which stay from the Honorable High Court of Sindh has been obtained.
- 15.2** This also includes dividend pertaining to the year ended June 30, 2020 by the Company amounting to Rs. 46.32 million, due to unavailability of IBAN numbers, out of which Rs. 31.41 million has been paid subsequent to the half year ended December 31, 2021.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

There has been no significant change in the status of contingencies as reported in the note 30 of consolidated audited financial statements of the Company for the year ended June 30, 2021.

16.2 Commitments

The facility for opening letters of credit and guarantees of the Company as at December 31, 2021 amounted to Rs. 3,305 million (June 30, 2021: Rs. 2,755 million) of which the amount remaining unutilised as at December 31, 2021 amounted to Rs. 1,017 million (June 30, 2021: Rs. 1,489.63 million).

	(Unaudited)	
	December 31, 2021	December 31, 2020
17. REVENUE FROM CONTRACT WITH CUSTOMERS	(Rupees in '000)	

Gross sales

Local sales - note 17.1

Export sales

14,574,230	12,151,433
1,209,906	1,459,028
15,784,136	13,610,461

Toll manufacturing

133,109	139,071
15,917,245	13,749,532

Sales tax

(106,478)	(106,238)
15,810,767	13,643,294

Less:

Discounts, rebates and allowances

Sales returns

656,681	599,270
586,890	665,650
1,243,571	1,264,920
14,567,196	12,378,374

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

- 17.1** Consequent to Order 4480/2018 dated August 3, 2018 issued by the Honourable Supreme Court of Pakistan, the Drug Regulatory Authority of Pakistan (DRAP) fixed maximum retail price of drugs vide notification S.R.O 1610/2018 dated December 31, 2018. Further, DRAP vide Notification S.R.O 34(1)/2019 dated January 10, 2019 increased the maximum retail prices of drugs by nine percent over and above the maximum retail prices as determined under hardship category during the year 2018 and fifteen percent over and above existing maximum retail prices determined under Drug Pricing Policy, 2018 for drugs other than those specified under hardship category.

The Honorable High Court of Sindh vide Order dated January 22, 2019 has disposed off all the legal cases of the Company against DRAP. As mandated under the orders dated August 3, 2018 and November 14, 2018 passed by the Honourable Supreme Court of Pakistan in Human Rights Case No. 2858 of 2006, the Company may file an appeal before the Appellate Board of DRAP as provided under Section 9 of the Drugs Act, 1976, if the Company is dissatisfied by the prices fixed by DRAP.

Consequent to the above, the Company challenged the prices for four of its products namely, Peditral, Gravinat, Metodine and Hydrylline set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June, 20 June and 25 June 2019 rejected the said application of the Company. The Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Company.

During the previous year, the Company has received a notice from DRAP which directed the Company having generic brand name, named Co- Extor, to lower their prices by 15% than that of corresponding originator brands vide its letter dated May 05, 2021 regarding the sale of its product "Co-Extor" for selling at the prices higher than the approved prices of DRAP. The Company has challenged the said order and obtained a stay order dated May 20, 2021 from Honourable High Court of Sindh, restricting DRAP from taking any coercive action against the Company.

During June 30, 2021, the Company has received an annual price adjustment on all of its products at a rate of 7% on essential products and 10% on other products based on CPI 2020.

Exposure of the Company due to abovementioned litigations amounted to Rs. 1.99 billion (June 30, 2021: Rs. 1.76 billion).

18. COST OF SALES

This includes inventory written-off by the Company during the period amounting to Rs. 39.64 million (December 31, 2020: Rs. 13.19 million)

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

December 31, 2021 December 31, 2020
(Rupees in '000)

19. OTHER INCOME

Income from financial assets

Interest on loan to International Brands (Private) Limited	-	10,471
Exchange gain	64,274	121,148
Interest income on Term Finance Certificate	4,618	4,611
	68,892	136,230

Income from non - financial assets

Rental income from investment properties	34,994	76,325
Gain on disposal of property, plant and equipment	2,469	-
Scrap sales	7,272	6,137
Government grant	17,697	17,142
Others	872	1,092
	63,304	100,696
	132,196	236,926

20. BASIC AND DILUTED EARNINGS PER SHARE

(Re-stated)

Profit for the period	1,415,915	1,490,842
Weighted average number of outstanding shares at the end of the period (in thousand)	312,053	312,053
Basic and diluted earnings per share (Rupees)	4.54	4.78

December 31, 2021 December 31, 2020
(Rupees in '000)

21. CASH GENERATED FROM OPERATIONS

Profit before income tax	2,093,791	2,179,745
Add / (less): Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	258,954	163,935
Depreciation on investment property	34,847	38,853
Depreciation on right-of-use-asset	9,879	12,558
Gain on disposal of property, plant and equipment	(2,438)	-
Amortisation	23,914	23,688
Provision for retirement benefits obligation	4,170	1,720
Deferred Income - Government grant	(17,993)	(17,142)
Unwinding of discount on salary refinancing	2,686	2,477
Interest income	(662)	(10,471)
Finance cost	818,644	634,442
Interest on lease liability	9,577	5,880
Amortisation of transaction cost	8,424	-
Profit before working capital changes	3,243,793	3,035,685

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

December 31, December 31,
2021 2020
(Rupees in '000)

Effect on cash flow due to working capital changes

(Increase) / decrease in current assets

Inventories	(604,008)	(439,134)
Trade receivables	(1,792,411)	(5,843)
Loans and advances	30,854	25,403
Trade deposits and short-term prepayments	30,308	(6,844)
Accrued markup	1,106	-
Tax refunds due from government - Sales tax	(54)	(10,471)
Other receivables	(566,623)	(46,657)
	(2,900,827)	(483,546)

Increase in current liabilities

Trade and other payables	1,093,627	321,380
Sales tax payable	(19,232)	-

Cash generated from operations

1,417,360	2,873,519
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22. CASH AND CASH EQUIVALENTS

Cash and bank balances	345,274	2,188,252
Short term running finances - note 14	(10,001,387)	(7,744,858)
Loan from provident fund - Holding Company	-	(161,000)
Loan from provident fund - OBS	-	(18,000)
	(9,656,113)	(5,735,606)

23. SEGMENT INFORMATION

Based on internal management reporting structure for the period, no reportable segments were identified that were of continuing significance for decision making.

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

24. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship		Nature of transactions	December 31, 2021	December 31, 2020
			(Rupees in '000)	
Holding company	-	Corporate service charges	120,000	120,000
	-	Rent income	7,340	6,677
	-	Income from provision of amenities	-	4,249
	-	Reimbursement of expenses	290	3,810
Associated companies	-	Revenue	11,362,714	6,593,118
	-	Salaries and wages	2,470	1,606
	-	Purchases	219	265
	-	Carriage and duties	71,083	64,433
	-	Discounts claimed	97,068	87,698
	-	Rent expense	52,204	10,121
	-	Rent income	11,063	31,402
	-	Stock claims	394,355	208,738
	-	Advance against stock claims	491,355	-
	-	Internet services	311	3,771
	-	Income from provision of amenities	26,396	12,890
	-	Donation	13,225	7,072
	-	Incentives to field force staff	4,389	11,118
	-	Repair and maintenance	337	234
	-	Merchandise expense	14,449	12,130
	-	Others	28,042	47,596
	-	Long term loan	-	2,360
Staff retirement benefits	-	Contributions to Provident Fund	79,857	71,402
	-	Finance cost on loan	-	13,535
	-	Benefits paid	35,631	57,700
Key management employees compensation	-	Salaries and other employee benefits	168,966	113,403
	-	Contributions to Provident Fund	11,446	8,622
	-	Directors' fees and conveyance	885	-
	-			

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2021 - Unaudited

- 24.1** The status of outstanding balances with related parties as at December 31, 2021 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

25. 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 February 28, 2022.


Chief Executive Officer


Director


Chief Financial Officer



SEARLE

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