

**SEARLE**

Research in the service of mankind

Think  
**Sustainably**  
make a change

QUARTERLY REPORT  
SEPTEMBER

**2022**



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# Company Information

## Board of Directors

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

## 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  
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' Report to the Members

We are pleased to present the unaudited unconsolidated interim financial information of the Company for the three months ended September 30, 2022. 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

Revenue of the company increased by Rs 484 million i.e. 10% over the same period last year. However, due to the adverse macroeconomic conditions and its impact on the company, the net profit of the company reduced by 56% and was Rs 206.8 million as compared to Rs 467 million in the corresponding period last year.

The major reason for decrease in profitability was the decrease in gross margins of the company from 50% last year to 47% in the current period, mainly due to significant devaluation of Pakistani currency.

The other factor, which impacted the profitability of the company was the higher finance cost as the policy rate was increased multiple times during the year i.e. from 7% last year to prevailing 15%.

Following is the summary of financial results for the three months ended September 30, 2022:

|                               | 2022                 | 2021             |
|-------------------------------|----------------------|------------------|
|                               | (Rupees in thousand) |                  |
| Revenue                       | 5,146,276            | 4,662,307        |
| Cost of sales                 | (2,732,162)          | (2,307,896)      |
| <b>Gross Profit</b>           | <b>2,414,114</b>     | <b>2,354,411</b> |
| Operating expenses            | (1,609,810)          | (1,377,381)      |
| Other operating expenses      | (19,582)             | (51,238)         |
| Other income                  | 204,676              | 86,781           |
| <b>Profit from operations</b> | <b>989,398</b>       | <b>1,012,573</b> |
| Finance cost                  | (714,339)            | (378,314)        |
| <b>Profit before tax</b>      | <b>275,059</b>       | <b>634,259</b>   |
| Income tax expense            | (68,228)             | (167,190)        |
| <b>Profit after taxation</b>  | <b>206,831</b>       | <b>467,069</b>   |



## EARNINGS PER SHARE

Basic earnings per share after taxation for the period is Rs. 0.66 (2022: Rs. 1.50). 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 September 30, 2022.

## FUTURE OUTLOOK

Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices, increased fuel/logistics cost and interest rate nevertheless pose a risk to the company's future profitability.

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 Palwala**  
Director

Karachi: October 27, 2022



## فی شیئر آمدنی

اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس 0.66 روپی (1.50: 2022 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کی کے کوئی اثرات نہیں ہوئے، چونکہ 30 ستمبر، 2022 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بٹایا نہیں تھے۔

## مستقبل پر ایک نظر

سرل موجودہ سماجی، اقتصادی، سیاسی اور ماحولیاتی چیلنجوں کے باوجود اپنے حریفوں کے درمیان اپنے مارکیٹ شیئر کو بڑھانے اور اپنی نامیاتی اور غیر نامیاتی ترقی کو برقرار رکھنے کے لیے پرعزم ہے۔ شرح مبادلہ میں جاری اتار چڑھاؤ، افراط زر، عالمی اجناس کی قیمتوں میں اضافہ، ایندھن/لاجنسٹکس لاگت میں اضافہ اور شرح سود اس کے باوجود کمپنی کے مستقبل کے منافع کے لیے خطرہ ہے۔

سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنا حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شراکت دار، سپلائرز اور صارفین بھی اسی 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 گروپ 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

*(Signature)*  
Zahir Raza

زہیر راز  
ڈائریکٹر

*(Signature)*  
Siddique Ahmed

سید ندیم احمد  
چیف ایگزیکٹو آفیسر

کراچی: 27 اکتوبر 2022

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہمیں 30 ستمبر 2022 کو ختم ہونے والے تین مہینوں کے لیے کمپنی کی غیر متفقہ عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی ہو رہی ہے۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS) 34 - عبوری فنانشل رپورٹنگ کی ضروریات کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز رپورٹ کنٹینر 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

کمپنی کے ریونیو میں 484 ملین روپے یعنی پچھلے سال کی اسی مدت کے مقابلے میں 10 فیصد اضافہ ہوا۔ تاہم، منفی معاشی حالات اور کمپنی پر اس کے اثرات کی وجہ سے، کمپنی کے خالص منافع میں 56% کی کمی واقع ہوئی اور یہ گزشتہ سال کی اسی مدت میں 467 ملین روپے کے مقابلے میں 206.8 ملین روپے رہی۔

منافع میں کمی کی بڑی وجہ کمپنی کے مجموعی مارجن میں گزشتہ سال کے 50 فیصد سے موجودہ مدت میں 47 فیصد تک کمی تھی، جس کی بنیادی وجہ پاکستانی کرنسی کی قدر میں نمایاں کمی تھی۔

دوسرا عنصر، جس نے کمپنی کے منافع کو متاثر کیا وہ اعلیٰ مالیاتی لاگت تھا کیونکہ پالیسی کی شرح میں سال کے دوران متعدد بار اضافہ کیا گیا تھا، یعنی پچھلے سال 7% سے مروجہ 15% تک۔

30 ستمبر 2022 کو ختم ہونے والے تین ماہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

| 2021                       | 2022             |                      |
|----------------------------|------------------|----------------------|
| (پاکستانی روپے ہزاروں میں) |                  |                      |
| 4,662,307                  | 5,146,276        | آمدنی                |
| (2,307,896)                | (2,732,162)      | فروخت کے اخراجات     |
| <b>2,354,411</b>           | <b>2,414,114</b> | مجموعی آمدنی         |
| (1,377,381)                | (1,609,810)      | آپریٹنگ اخراجات      |
| (51,238)                   | (19,582)         | دیگر آپریٹنگ اخراجات |
| 86,781                     | 204,676          | دیگر آمدنی           |
| <b>1,012,573</b>           | <b>989,398</b>   | آپریٹنگ سے آمدنی     |
| (378,314)                  | (714,339)        | مالیاتی اخراجات      |
| <b>634,259</b>             | <b>275,059</b>   | منافع قبل از ٹیکس    |
| (167,190)                  | (68,228)         | اکم ٹیکس اخراجات     |
| <b>467,069</b>             | <b>206,831</b>   | منافع بعد از ٹیکس    |



# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

|  |    | (Un-audited)<br>September 30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|--|----|---------------------------------------|-------------------------------|
| ASSETS   |    | Note                                  | (Rupees in '000)              |
| Non-current assets                                   |    |                                       |                               |
| Property, plant and equipment                        | 5  | 6,661,638                             | 6,660,249                     |
| Right-of-use asset                                   | 6  | 67,335                                | 69,750                        |
| Investment properties - at cost                      |    | 2,791,445                             | 2,753,904                     |
| Intangible assets                                    |    | 53,800                                | 58,965                        |
| Long-term investments - subsidiaries                 |    | 18,816,311                            | 18,816,311                    |
| Long-term loans                                      |    | 210                                   | 241                           |
| Long-term deposits                                   |    | 7,396                                 | 7,396                         |
|  |    | 28,398,135                            | 28,366,816                    |
| Current assets                                       |    |                                       |                               |
| Inventories  |    | 1,667,520                             | 2,086,581                     |
| Trade receivables                                    | 7  | 10,530,283                            | 9,318,228                     |
| Loans and advances                                   |    | 940,113                               | 860,099                       |
| Trade deposits and short-term prepayments            |    | 142,213                               | 116,414                       |
| Other receivables                                    | 8  | 5,364,119                             | 5,334,392                     |
| Short-term investment - at amortised cost            |    | 100,000                               | 100,000                       |
| Taxation - payments less provision                   |    | 1,386,452                             | 1,344,943                     |
| Tax refunds due from Government - Sales Tax          |    | 221,074                               | 220,669                       |
| Cash and bank balances                               |    | 69,014                                | 82,875                        |
|  |    | 20,420,788                            | 19,464,201                    |
| Total assets   |    | 48,818,923                            | 47,831,017                    |
| EQUITY AND LIABILITIES                               |    |                                       |                               |
| EQUITY   |    |                                       |                               |
| Share Capital  |    |                                       |                               |
| Issued, subscribed and paid-up capital               |    | 3,120,527                             | 3,120,527                     |
| Capital Reserves                                     |    |                                       |                               |
| Share premium  |    | 6,049,419                             | 6,049,419                     |
| Revaluation surplus on property, plant and equipment |    | 3,558,277                             | 3,592,613                     |
| Revenue reserves                                     |    |                                       |                               |
| General reserve                                      |    | 280,251                               | 280,251                       |
| Unappropriated profit                                |    | 14,235,815                            | 13,994,648                    |
| Total equity   |    | 27,244,289                            | 27,037,458                    |
| LIABILITIES  |    |                                       |                               |
| Non-current liabilities                              |    |                                       |                               |
| Deferred tax liabilities                             |    | 260,763                               | 288,902                       |
| Employee benefit obligations                         |    | 58,863                                | 57,513                        |
| Long-term borrowings                                 |    | 8,879,708                             | 9,049,521                     |
| Lease liability                                      |    | 87,017                                | 87,017                        |
|  |    | 9,286,351                             | 9,482,953                     |
| Current liabilities                                  |    |                                       |                               |
| Trade and other payables                             | 9  | 3,561,016                             | 2,594,156                     |
| Short-term borrowings                                | 10 | 8,500,415                             | 8,488,095                     |
| Unpaid dividend                                      |    | 184,497                               | 185,078                       |
| Unclaimed dividend                                   |    | 38,426                                | 38,134                        |
| Current portion of lease liability                   |    | 3,929                                 | 5,143                         |
|  |    | 12,286,283                            | 11,310,606                    |
| Total liabilities                                    |    | 21,574,634                            | 20,793,559                    |
| Contingencies and commitments                        |    |                                       |                               |
| Total equity and liabilities                         | 11 | 48,818,923                            | 47,831,017                    |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer



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

For the period ended September 30, 2022 - Unaudited

|   |      | Quarter ended         |                       |
|---|------|-----------------------|-----------------------|
|   |      | September 30,<br>2022 | September 30,<br>2021 |
|   | Note | (Rupees in '000)      |                       |
| Revenue from contracts with customers         | 12   | 5,146,276             | 4,662,307             |
| Cost of sales                                 |      | (2,732,162)           | (2,307,896)           |
| Gross profit                                  |      | 2,414,114             | 2,354,411             |
| Distribution costs                            |      | (1,307,080)           | (1,106,033)           |
| Administrative expenses                       |      | (302,730)             | (271,348)             |
| Other expenses                                |      | (19,582)              | (51,238)              |
| Other income                                  | 13   | 204,676               | 86,781                |
| Profit from operations                        |      | 989,398               | 1,012,573             |
| Finance cost                                  |      | (714,339)             | (378,314)             |
| Profit before income tax                      |      | 275,059               | 634,259               |
| Income tax expense                            |      | (68,228)              | (167,190)             |
| Profit for the period                         |      | 206,831               | 467,069               |
| Other comprehensive income                    |      | -                     | -                     |
| Total comprehensive income                    |      | 206,831               | 467,069               |
| Basic and diluted earnings per share (Rupees) | 14   | 0.66                  | (Re-stated)<br>1.50   |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended September 30, 2022 - Unaudited

|   | Capital reserve  |               |                       |  | Revenue reserves |                        |                |            |
|---|------------------|---------------|-----------------------|--|------------------|------------------------|----------------|------------|
|   | Share capital    | Share premium | Issue of bonus shares | Revaluation surplus on Property, plant & equipment | General reserve  | Unappropriated profits | Total reserves | Total      |
|   | (Rupees in '000) |               |                       |  |                  |                        |                |            |
| 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 |
| Transfer of incremental depreciation for the period (net of deferred tax) | -                | -             | -                     | (11,687)   | -                | 11,687                 | -              | -          |
| Total comprehensive income for the period                                 | -                | -             | -                     | -  | -                | 467,069                | 467,069        | 467,069    |
| Balance as at September 30, 2021  | 2,400,405        | 6,049,419     | -                     | 2,739,529  | 280,251          | 13,485,119             | 22,554,318     | 24,954,723 |
| Balance as at July 01, 2022   | 3,120,527        | 6,049,419     | -                     | 3,592,613  | 280,251          | 13,994,648             | 23,916,931     | 27,037,458 |
| Transfer of incremental depreciation for the period (net of deferred tax) | -                | -             | -                     | (34,336)   | -                | 34,336                 | -              | -          |
| Total comprehensive income for the period                                 | -                | -             | -                     | -  | -                | 206,831                | 206,831        | 206,831    |
| Balance as at September 30, 2022  | 3,120,527        | 6,049,419     | -                     | 3,558,277  | 280,251          | 14,235,815             | 24,123,762     | 27,244,289 |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended September 30, 2022 - Unaudited

|   |      | September 30,<br>2022 | September 30,<br>2021 |
|---|------|-----------------------|-----------------------|
|   | Note | (Rupees in '000)      |                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |      |                       |                       |
| Cash generated from operations                            | 16   | 1,078,560             | 607,881               |
| Retirement benefit obligations paid                       |      | -                     | (2,225)               |
| Finance cost paid   |      | (628,389)             | (354,062)             |
| Income taxes paid   |      | (137,876)             | (135,006)             |
| Decrease in long-term loans                               |      | 31                    | 99                    |
| Net cash generated from operating activities              |      | 312,326               | 116,687               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |      |                       |                       |
| Purchase of property, plant and equipment                 |      | (107,839)             | (93,439)              |
| Proceeds from disposal of property, plant and equipment   |      | 3,819                 | 111                   |
| Purchase of investment properties                         |      | (55,564)              | (68,846)              |
| Long term investment in subsidiary                        |      | -                     | (153,277)             |
| Net cash used in investing activities                     |      | (159,582)             | (315,451)             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |      |                       |                       |
| Dividend paid   |      | (289)                 | (1,084)               |
| Repayment of salary refinancing                           |      | (66,938)              | (66,938)              |
| Repayment of demand finance                               |      | -                     | (90,667)              |
| Repayment of musharaka                                    |      | (174,025)             | -                     |
| Payment against lease liabilities                         |      | (4,611)               | (6,186)               |
| Net cash from financing activities                        |      | (245,863)             | (164,875)             |
| <b>Net increase in cash and cash equivalents</b>          |      | <b>(93,119)</b>       | <b>(363,639)</b>      |
| Cash and cash equivalents at the beginning of the period  |      | (7,566,126)           | (5,346,410)           |
| <b>Cash and cash equivalents at the end of the period</b> | 17   | <b>(7,659,245)</b>    | <b>(5,710,049)</b>    |

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - 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.

International Brands (Private) Limited is the Parent Company, which holds 56.32% (June 30, 2022: 56.32%) shareholding in the Company.

Following are the subsidiary companies:

|   | Principal place of business | Effective %age of holding |
|---|-----------------------------|---------------------------|
|   | September 30, 2022          | June 30, 2022             |
| <b>Listed Company</b>                       |                             |                           |
| - IBL HealthCare Limited                    | Pakistan                    | 74.19%                    |
| <b>Unlisted Companies</b>                   |                             |                           |
| - Searle Pakistan Limited                   |                             | 90.61%                    |
| - Searle Pharmaceuticals (Private) Limited  |                             | 100.00%                   |
| - Searle Laboratories (Private) Limited     |                             | 100.00%                   |
| - Searle Biosciences (Private) Limited      |                             | 100.00%                   |
| - IBL Future Technologies (Private) Limited |                             | 100.00%                   |
| - Nextar Pharma (Private) Limited *         |                             | 87.20%                    |

*The Company effectively holds 87.20% (June 30, 2022: 87.20%) shareholding in Nextar Pharma (Private) Limited through Searle Biosciences (Private) Limited.*

- 1.2** 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.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

- 2.1.1** 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:



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - 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 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, 2022.

**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, 2022, 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 September 30, 2021.

### 3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

**3.1** The accounting policies adopted in the preparation of these unconsolidated 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, 2022.

#### 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, 2022. 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 period ended September 30, 2022 - 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, 2022.
- 4.3** 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, 2022.

(Unaudited) (Audited)  
**September 30** June 30,  
**2022** 2022  
 (Rupees in '000)

### 5. PROPERTY, PLANT AND EQUIPMENT

|                                    |                  |           |
|------------------------------------|------------------|-----------|
| Operating assets - note 5.1        | <b>6,456,318</b> | 6,509,268 |
| Capital work-in-progress - at cost | <b>205,320</b>   | 150,981   |
|                                    | <b>6,661,638</b> | 6,660,249 |

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

|                            | <b>Additions<br/>(at cost)</b> |                   | <b>Disposals<br/>(at net book value)</b> |                   |
|----------------------------|--------------------------------|-------------------|--|-------------------|
|                            | <b>Sept. 30,<br/>2022</b>      | Sept. 30,<br>2021 | <b>Sept. 30,<br/>2022</b>                | Sept. 30,<br>2021 |
|                            |                                |                   |  | (Rupees in '000)  |
| Leasehold Land             | <b>2,937</b>                   | -                 | -  | -                 |
| Building on leasehold land | <b>6,672</b>                   | 1,015             | -  | -                 |
| Plant and machinery        | <b>15,157</b>                  | 2,436             | -  | -                 |
| Vehicles                   | <b>7,426</b>                   | -                 | -  | -                 |
| Office equipment           | <b>19,647</b>                  | 7,564             | <b>(289)</b>                             | (58)              |
|                            | <b>51,839</b>                  | 11,015            | <b>(289)</b>                             | (58)              |



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

|   | (Unaudited)<br>September 30<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|-------------------------------------|-------------------------------|
|   | (Rupees in '000)                    |                               |
| <b>6. RIGHT-OF-USE ASSET</b>                        |                                     |                               |
| Opening net book value                              | 69,750                              | 79,410                        |
| Depreciation for the period                         | (2,415)                             | (9,660)                       |
| Net book value as at                                | 67,335                              | 69,750                        |
| <b>7. TRADE RECEIVABLES</b>                         |                                     |                               |
| Considered good                                     |                                     |                               |
| - Export receivables - secured                      | 838,680                             | 479,290                       |
| - Due from related parties,<br>unsecured - note 7.1 | 8,873,248                           | 8,330,534                     |
| - others - unsecured                                | 818,355                             | 508,404                       |
|   | 10,530,283                          | 9,318,228                     |
| Considered doubtful                                 | 150,323                             | 150,323                       |
| Less: Provision for doubtful debts                  | (150,323)                           | (150,323)                     |
|   | -                                   | -                             |
|   | 10,530,283                          | 9,318,228                     |

- 7.1** These are stated net of payable to United Brands Limited and IBL Logistics (Private) Limited - associated companies amounting Rs. 0.07 (June 30, 2022: Rs. Nil) and Rs. 43.64 million (June 30, 2022: Rs. 75.2 million), respectively.

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

|  | (Unaudited)<br>September 30<br>2022 | (Audited)<br>June 30,<br>2022 |
|--|-------------------------------------|-------------------------------|
| (Rupees in '000)   |                                     |                               |
| <b>8. OTHER RECEIVABLES</b>                                      |                                     |                               |
| <b>Receivables from related parties</b>                          |                                     |                               |
| Due from subsidiary companies:                                   |                                     |                               |
| IBL Healthcare Limited against:                                  |                                     |                               |
| Expenses   | 1,244                               | 560                           |
| Royalty  | 23,628                              | 23,628                        |
| Rental income  | 1,496                               | 565                           |
| Searle Pakistan Limited against:                                 |                                     |                               |
| Dividend income  | 744,740                             | 649,406                       |
| Expenses   | 18,952                              | 18,952                        |
| Rental income  | 5,300                               | 2,904                         |
| Searle Biosciences (Private) Limited against:                    |                                     |                               |
| Dividend income  | 215,000                             | 138,000                       |
| Expenses   | 61,882                              | 37,567                        |
| Nextar Pharma (Private) Limited against expenses                 | 15,689                              | 9,785                         |
|  | <b>1,087,931</b>                    | <b>881,367</b>                |
| Due from parent company & associated companies                   |                                     |                               |
| International Brands (Private) Limited against:                  |                                     |                               |
| Expenses   | 32,146                              | 29,427                        |
| Rental income  | 25,175                              | 21,462                        |
| Group relief   | 116,648                             | 116,648                       |
| IBL Operations (Private) Limited against:                        |                                     |                               |
| Claims   | 337,572                             | 545,022                       |
| Expenses   | 28,449                              | 27,411                        |
| Rental income  | 1,735                               | 17                            |
| IBL Frontier Markets (Private) Limited against expenses          | 41,942                              | 41,942                        |
| IBL Unisys (Private) Limited against:                            |                                     |                               |
| Rental income  | 348                                 | -                             |
| Expenses   | 704                                 | 493                           |
| IBL Logistics (Private) Limited against rental income            | 796                                 | 1,692                         |
| Universal Ventures (Private) Limited against: Sale of subsidiary | 3,326,859                           | 3,326,859                     |
| Due from other related party:                                    |                                     |                               |
| United Retail (SMC-Private) Limited against: Expenses            | 2,168                               | 2,168                         |
| Universal Retail (Private) Limited against:                      |                                     |                               |
| Rental income  | 30,323                              | 31,230                        |
| Expenses   | 76,747                              | 66,922                        |
|  | <b>4,021,612</b>                    | <b>4,211,293</b>              |
| Surplus arising under retirement benefit fund                    | 5,250                               | 5,250                         |
| <b>Receivables from other than related parties</b>               |                                     |                               |
| Others, considered good  | 249,326                             | 236,482                       |
|  | <b>5,364,119</b>                    | <b>5,334,392</b>              |



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

|   | (Unaudited)<br>September 30<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|-------------------------------------|-------------------------------|
| (Rupees in '000)  |                                     |                               |
| <b>9. TRADE AND OTHER PAYABLES</b>                            |                                     |                               |
| Creditors   | 283,145                             | 301,008                       |
| Bills payable in foreign currency                             | 852,793                             | 190,212                       |
| Payable to related parties                                    | 56,305                              | 118,438                       |
| Royalty payable   | 14,171                              | 14,171                        |
| Accrued liabilities   | 1,634,681                           | 1,339,747                     |
| Payable to provident fund                                     | 15,533                              | 12,944                        |
| Deferred income   | -                                   | 8,571                         |
| Advance from customers - unsecured                            | 41,190                              | 27,394                        |
| Accrued mark-up   | 348,364                             | 265,811                       |
| Taxes deducted at source and payable to statutory authorities | 69,000                              | 88,354                        |
| Workers' Profit Participation Fund                            | 138,953                             | 123,438                       |
| Workers' Welfare Fund   | 38,326                              | 35,597                        |
| Other liabilities   | 68,555                              | 68,471                        |
|   | <b>3,561,016</b>                    | <b>2,594,156</b>              |

## 10. SHORT-TERM BORROWINGS

### Secured borrowings

#### Conventional

|                                       |           |           |
|---------------------------------------|-----------|-----------|
| Running finance facility - note -10.1 | 1,881,285 | 1,796,582 |
|---------------------------------------|-----------|-----------|

#### Islamic

|   |                  |                  |
|---|------------------|------------------|
| Running Musharaka                                       | 5,846,974        | 5,852,419        |
| Salary refinancing                                      | 66,937           | 133,875          |
| Current portion of Musharaka facility<br>- note -10.1.1 | 505,219          | 505,219          |
|   | <b>6,419,130</b> | <b>6,491,513</b> |
|   | <b>8,300,415</b> | <b>8,288,095</b> |

#### Unsecured

|   |                  |                  |
|---|------------------|------------------|
| Borrowing from IBL Future Technologies<br>(Private) Limited - note 10.2 | 200,000          | 200,000          |
|   | <b>8,500,415</b> | <b>8,488,095</b> |



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

**10.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,100 million (2022: Rs. 8,100 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (June 30, 2022: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 2,025 million (June 30, 2022: Rs. 2,025 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,940 million (June 30, 2022: Rs. 11,940 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

**10.1.1** The rates of mark-up ranged between 3% to 17.66% (June 30, 2022: 3% to 13%) per annum.

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

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

There has been no significant change in the status of contingencies as reported in the note 28 of annual audited financial statements of the Company for the year ended June 30, 2022.

### 11.2 Commitments

The facility for opening letters of credit and guarantees as at September 30, 2022 amounted to Rs. 3,165 million (June 30, 2022: Rs. 3,165 million) of which the amount remaining unutilised as at year end amounted to Rs. 2,116 million (June 30, 2022: Rs. 2,024.68 million).

**11.3** The Government has levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of Income Tax Ordinance 2001, among others, where income exceeds Rs. 300 million, super tax will be charge at the rate of 4% of income calculated under section 4C of the Ordinance. Further, enhanced super tax on specified sectors has been introduced for Tax Year 2022 which includes, among others, pharmaceutical sector, whom are liable to super tax at the rate of 10% for a single tax year, if income exceeds Rs. 300 million. The Company has filed a Constitutional Petition against the imposition of such Super Tax on High Earning Persons including specified sectors in the Honourable High Court of Sindh.



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

**September 30**    September 30  
**2022**                      2021  
(Rupees in '000)

### 12. REVENUE FROM CONTRACTS WITH CUSTOMERS

|                     |                    |                  |
|---------------------|--------------------|------------------|
| Gross sales         |                    |                  |
| Local sale of goods | 5,484,014          | 4,167,521        |
| Export sales        | 1,060,237          | 954,581          |
|                     | <b>6,544,251</b>   | <b>5,122,102</b> |
| Toll manufacturing  | 56,217             | 69,294           |
|                     | <b>6,600,468</b>   | <b>5,191,396</b> |
| Sales tax           | (46,496)           | (14,303)         |
|                     | <b>6,553,972</b>   | <b>5,177,093</b> |
| Less:               |                    |                  |
| Trade discount      | (373,968)          | (122,761)        |
| Sales return        | (1,033,728)        | (392,025)        |
|                     | <b>(1,407,696)</b> | <b>(514,786)</b> |
|                     | <b>5,146,276</b>   | <b>4,662,307</b> |

### 13. OTHER INCOME

#### Income from financial assets - related parties

#### Dividend income - subsidiary companies:

|  |                |               |
|--|----------------|---------------|
| - Searle Biosciences (Private) Limited | 77,000         | 57,000        |
| - Searle Pakistan Limited              | 95,334         | -             |
|  | <b>172,334</b> | <b>57,000</b> |

#### Income from financial assets - others

|                                    |       |   |
|------------------------------------|-------|---|
| Return on Term Finance Certificate | 4,154 | - |
|------------------------------------|-------|---|

#### Income from non - financial assets

|   |                |               |
|---|----------------|---------------|
| Rental income from investment property            | 16,087         | 18,342        |
| Government grant                                  | 8,571          | 8,571         |
| Gain on disposal of property, plant and equipment | 3,530          | 84            |
| Scrap sales                                       | -              | 2,784         |
|   | <b>28,188</b>  | <b>29,781</b> |
|   | <b>204,676</b> | <b>86,781</b> |

### 14. BASIC AND DILUTED EARNINGS PER SHARE

|   |                |                |
|---|----------------|----------------|
| Profit for the period (Rupees in thousands)   | <b>206,831</b> | <b>467,069</b> |
| Weighted average number of outstanding shares at the end of period (in thousand) - Restated | <b>312,053</b> | <b>312,053</b> |
|   |                | (Re-stated)    |
| Basic and diluted earnings per share (Rupees)   | <b>0.66</b>    | <b>1.50</b>    |



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

### 15. CASH GENERATED FROM OPERATIONS

|   |             |             |
|---|-------------|-------------|
| Profit before income tax                                    | 275,059     | 634,259     |
| <b>Add adjustments for non-cash charges and other items</b> |             |             |
| Depreciation  | 126,599     | 89,509      |
| Gain on disposal of property, plant and equipment           | (3,530)     | (53)        |
| Amortisation of intangible assets                           | 5,163       | 10,139      |
| Amortisation of transaction cost                            | 4,212       | 4,212       |
| Provision for retirement benefits obligation                | 1,350       | 1,350       |
| Finance cost  | 710,942     | 374,102     |
| Interest on lease liability                                 | 3,397       | 4,212       |
| Government grant recognised in income                       | (8,571)     | (8,571)     |
| Profit before working capital changes                       | 1,114,621   | 1,109,159   |
| <b>Effect on cash flow due to working capital changes</b>   |             |             |
| (Increase) / decrease in current assets                     |             |             |
| Inventories   | 419,061     | 634,512     |
| Trade receivables   | (1,212,055) | (1,001,300) |
| Loans and advances  | (80,014)    | 78,734      |
| Trade deposits and short-term prepayments                   | (25,799)    | (27,410)    |
| Other receivables   | (29,727)    | (99,364)    |
| Refund due from Government - sales tax - net                | (405)       | -           |
|   | (928,939)   | (414,828)   |
| Increase / (decrease) in current liabilities                |             |             |
| Trade and other payables                                    | 892,878     | (85,956)    |
| Sales tax payable   | -           | (494)       |
|   | 892,878     | (86,450)    |
| Cash flows generated from operations                        | 1,078,560   | 607,881     |



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

### 16. CASH AND CASH EQUIVALENTS

|  |                    |                    |
|--|--------------------|--------------------|
| Cash and bank balances                                   | 69,014             | 66,687             |
| Running finance under markup arrangements<br>- note 11.1 | (7,728,259)        | (5,776,736)        |
|  | <u>(7,659,245)</u> | <u>(5,710,049)</u> |

### 17. SEGMENT INFORMATION

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

### 18. 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 |
|------------------------|--------------------------------------|------------------|--------------|
|                        |                                      | 2022             | 2021         |
|                        |                                      | (Rupees in '000) |              |
| Parent company         | - Corporate service charges          | 33,000           | 60,000       |
|                        | - Rent income                        | 3,713            | 3,670        |
|                        | - Income from provision of amenities | 2,719            | 3,566        |
|                        | - Reimbursement of expenses          | 1,755            | -            |
| Subsidiaries           | - Revenue                            | 132,836          | 171,510      |
|                        | - Purchase of consumables            | 92,496           | 2,829        |
|                        | - Dividend income                    | 172,334          | 57,000       |
|                        | - Reimbursement of expenses          | -                | 28,507       |
|                        | - Rent income                        | 3,327            | 2,959        |
|                        | - Income from Provision of Amenities | 684              | 1,532        |
|                        | - Others                             | 8,754            | 109          |
| Associated companies   | - Revenue                            | 3,974,002        | 3,809,635    |
|                        | - Salaries and wages                 | 1,591            | 858          |
|                        | - Purchases                          | 10,289           | 1,888        |
|                        | - Carriage and duties                | 49,725           | 16,956       |
|                        | - Discounts claimed                  | 65,277           | 31,294       |
|                        | - Rent expense                       | 20,171           | 39,560       |
|                        | - Rent income                        | 3,490            | 5,800        |
|                        | - Income from Provision of Amenities | 11,202           | 14,911       |
|                        | - Stock claims                       | 114,257          | 118,393      |
|                        | - Internet services                  | 2,501            | 1,139        |
|                        | - Donations                          | 5,352            | 6,634        |
|                        | - Incentives to field force staff    | 2,417            | 1,284        |
|                        | - Repair & maintenance               | 399              | 337          |
|                        | - Merchandise expense                | 6,749            | 5,466        |
|                        | - Others                             | 876              | 1,803        |

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

| Nature of relationship    | Nature of transactions                           | September 30<br>2022 | September 30<br>2021 |
|---------------------------|--|----------------------|----------------------|
|                           |  | (Rupees in '000)     |                      |
| Staff retirement benefits | - Contributions to Provident Fund                | 44,566               | 37,414               |
|                           | - Benefits paid                                  | 23,011               | 20,710               |
| Key management employees  | - Salaries & other employee benefits             | 66,960               | 58,402               |
|                           | - Compensation - Contributions to Provident Fund | 6,400                | 5,212                |

- 18.1** The status of outstanding balances with related parties as at September 30, 2022 is included in the respective notes to the financial statements.

### 19. 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 27, 2022.

  
Chief Executive

  
Director

  
Chief Financial Officer

# Consolidated Financial Statements



- 23** Consolidated Directors' Report
- 26** Consolidated Directors' Report (Urdu)
- 27** Consolidated Statement of Financial Position
- 28** Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 29** Consolidated Statement of Changes in Equity
- 30** Consolidated Statement of Cash Flows
- 31** Notes to the Consolidated Financial Statements

# Directors' Report to the Members

We are pleased to present the unaudited consolidated interim financial information of the Company for the three months ended September 30, 2022. 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

Consolidated revenue of the company increased by Rs 535 million i.e. 7% over the same period last year. However, due to the adverse macroeconomic conditions i.e. significant devaluation of Rupee, increased interest rates, skyrocketing inflation with substantial increase in fuel & utilities prices, profitability of the company has shrunk.

The major reason for decrease in profitability was the decrease in gross margins of the company from 44% last year to 40% in the current period, mainly due to significant devaluation of Pakistani currency.

The other prominent factor, which impacted the profitability of the company was the higher finance cost as the policy rate was increased multiple times during the year i.e. from 7% last year to prevailing 15%.

Following is the summary of financial results for the nine months ended September 30, 2022:

|                               | 2022                 | 2021             |
|-------------------------------|----------------------|------------------|
|                               | (Rupees in thousand) |                  |
| Revenue                       | 8,213,147            | 7,677,961        |
| Cost of sales                 | (4,907,555)          | (4,272,631)      |
| <b>Gross Profit</b>           | <b>3,305,592</b>     | <b>3,405,330</b> |
| Operating expenses            | (2,042,665)          | (1,654,705)      |
| Other operating expenses      | (42,516)             | (92,536)         |
| Other income                  | 48,412               | 40,829           |
| <b>Profit from operations</b> | <b>1,268,824</b>     | <b>1,698,918</b> |
| Finance cost                  | (793,470)            | (422,603)        |
| <b>Profit before tax</b>      | <b>475,354</b>       | <b>1,276,315</b> |
| Income tax expense            | (183,345)            | (371,846)        |
| <b>Profit after taxation</b>  | <b>292,009</b>       | <b>904,469</b>   |





## EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 0.85 (2022: Rs. 2.93). 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 September 30, 2022.

## FUTURE OUTLOOK

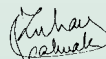
Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices, increased fuel/logistics cost and interest rate nevertheless pose a risk to the company's future profitability.

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 Palwala**  
Director

Karachi: October 27, 2022

## فی شیئر آمدنی

اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس 0.85 روپی (2.93:2022 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کی کے کوئی اثرات نہیں ہوئے، چونکہ 30 ستمبر، 2022 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بٹایا نہیں تھے۔

## مستقبل پر ایک نظر

سرل موجودہ سماجی، اقتصادی، سیاسی اور ماحولیاتی چیلنجوں کے باوجود اپنے حریفوں کے درمیان اپنے مارکیٹ شیئر کو بڑھانے اور اپنی نامیاتی اور غیر نامیاتی ترقی کو برقرار رکھنے کے لیے پرعزم ہے۔ شرح مبادلہ میں جاری اتار چڑھاؤ، افراط زر، عالمی اجناس کی قیمتوں میں اضافہ، ایندھن/لاجنسٹکس لاگت میں اضافہ اور شرح سود اس کے باوجود کمپنی کے مستقبل کے منافع کے لیے خطرہ ہے۔

سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنا حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شراکت دار، سپلائرز اور صارفین بھی اسی 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 گروپ 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

*(Signature)*  
Zahir Raza

زہیر رازا والا  
ڈائریکٹر

*(Signature)*  
Siddique Ahmed

سید ندیم احمد  
چیف ایگزیکٹو آفیسر

کراچی: 27 اکتوبر 2022

## ڈائریکٹر رپورٹ برائے حصص یافتگان

ہمیں 30 ستمبر 2022 کو ختم ہونے والے تین مہینوں کے لیے ہولڈنگ کمپنی کی اثتمالی عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی ہو رہی ہے۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز (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

ہولڈنگ کمپنی کی مجموعی آمدنی میں 535 ملین روپے یعنی پچھلے سال کی اسی مدت کے مقابلے میں 7 فیصد اضافہ ہوا۔ تاہم، منفی معاشی حالات یعنی روپے کی قدر میں نمایاں کمی، شرح سود میں اضافہ، ایندھن اور یوٹیلیٹیز کی قیمتوں میں خاطر خواہ اضافے کے ساتھ آسمان چھوئی افراط زر کی وجہ سے کمپنی کا منافع سکڑ گیا ہے۔

منافع میں کمی کی بڑی وجہ کمپنی کے مجموعی مارجن میں گزشتہ سال کے 44 فیصد سے موجودہ مدت میں 40 فیصد تک کمی تھی، جس کی بنیادی وجہ پاکستانی کرنسی کی قدر میں نمایاں کمی تھی۔

دوسرا نمایاں عنصر، جس نے کمپنی کے منافع کو متاثر کیا وہ اعلیٰ مالیاتی لاگت تھا کیونکہ پالیسی کی شرح میں سال کے دوران متعدد بار اضافہ کیا گیا، یعنی پچھلے سال 7% سے مروجہ 15% تک۔

30 ستمبر 2022 کو ختم ہونے والے تین ماہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

| 2021                       | 2022             |                      |
|----------------------------|------------------|----------------------|
| (پاکستانی روپے ہزاروں میں) |                  |                      |
| 7,677,961                  | 8,213,147        | آمدنی                |
| (4,272,631)                | (4,907,555)      | فروخت کے اخراجات     |
| <b>3,405,330</b>           | <b>3,305,592</b> | مجموعی آمدنی         |
| (1,654,705)                | (2,042,665)      | آپریٹنگ اخراجات      |
| (92,536)                   | (42,516)         | دیگر آپریٹنگ اخراجات |
| 40,829                     | 48,412           | دیگر آمدنی           |
| <b>1,698,918</b>           | <b>1,268,824</b> | آپریٹنگ سے آمدنی     |
| (422,603)                  | (793,470)        | مالیاتی اخراجات      |
| <b>1,276,315</b>           | <b>475,354</b>   | منافع قبل از ٹیکس    |
| (371,846)                  | (183,345)        | اکم ٹیکس اخراجات     |
| <b>904,469</b>             | <b>292,009</b>   | منافع بعد از ٹیکس    |

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

|  |      | (Un-audited)<br>September 30<br>2022 | (Audited)<br>June 30,<br>2022 |
|--|------|--------------------------------------|-------------------------------|
|  | Note | (Rupees in '000)                     |                               |
| <b>ASSETS</b>  |      |                                      |                               |
| <b>Non-current assets</b>  |      |                                      |                               |
| Property, plant and equipment  | 5    | 9,996,760                            | 10,026,144                    |
| Right-of-use asset   |      | 67,335                               | 69,750                        |
| Investment properties - at cost  |      | 3,275,175                            | 3,237,634                     |
| Intangible assets  | 6    | 16,172,896                           | 16,179,879                    |
| Long-term loans and advances   |      | 210                                  | 241                           |
| Long-term deposits   |      | 28,492                               | 27,686                        |
|  |      | <b>29,540,868</b>                    | <b>29,541,334</b>             |
| <b>Current assets</b>  |      |                                      |                               |
| Inventories  |      | 4,860,580                            | 5,773,882                     |
| Trade receivables  | 7    | 14,142,351                           | 11,978,760                    |
| Loans and advances   |      | 1,461,460                            | 1,043,740                     |
| Trade deposits and short-term prepayments                              |      | 159,755                              | 158,573                       |
| Accrued markup   |      | -                                    | 1,431                         |
| Other receivables  | 8    | 4,547,064                            | 4,887,151                     |
| Short-term investment  |      | 115,773                              | 115,772                       |
| Taxation - payments less provision                                     |      | 1,768,708                            | 1,715,123                     |
| Tax refunds due from government - Sales tax                            |      | 297,477                              | 285,748                       |
| Cash and bank balances   |      | 270,614                              | 230,212                       |
|  |      | <b>27,623,782</b>                    | <b>26,190,392</b>             |
| <b>Total assets</b>  |      | <b>57,164,650</b>                    | <b>55,731,726</b>             |
| <b>EQUITY AND LIABILITIES</b>  |      |                                      |                               |
| <b>Share capital and reserves</b>                                      |      |                                      |                               |
| Share capital  |      | 3,120,527                            | 3,120,527                     |
| Share premium  |      | 6,049,419                            | 6,049,419                     |
| Unappropriated profit  |      | 14,700,047                           | 14,040,214                    |
| General reserve  |      | 280,251                              | 280,251                       |
| Revaluation surplus on property, plant and equipment                   |      | 5,121,599                            | 5,173,186                     |
| Attributable to owners of The Searle Company Limited - Holding Company |      | 29,271,843                           | 28,663,597                    |
| Non-controlling interests  |      | 1,705,739                            | 2,027,714                     |
|  |      | <b>30,977,582</b>                    | <b>30,691,311</b>             |
| <b>LIABILITIES</b>   |      |                                      |                               |
| <b>Non-current liabilities</b>   |      |                                      |                               |
| Long term borrowings   |      | 8,879,708                            | 9,049,521                     |
| Deferred tax liabilities   |      | 526,049                              | 509,198                       |
| Employee benefit obligations   |      | 80,712                               | 80,356                        |
| Lease liability  |      | 87,017                               | 87,017                        |
|  |      | <b>9,573,486</b>                     | <b>9,726,092</b>              |
| <b>Current liabilities</b>   |      |                                      |                               |
| Trade and other payables   | 8    | 6,088,259                            | 5,097,713                     |
| Short term borrowings  | 9    | 10,059,423                           | 9,969,728                     |
| Unpaid dividend  |      | 416,728                              | 196,496                       |
| Unclaimed dividend   |      | 45,243                               | 45,243                        |
| Current portion of lease liability                                     |      | 3,929                                | 5,143                         |
|  |      | <b>16,613,582</b>                    | <b>15,314,323</b>             |
| <b>Total liabilities</b>   |      | <b>26,187,068</b>                    | <b>25,040,415</b>             |
| <b>Contingencies and commitments</b>                                   | 10   |                                      |                               |
| <b>Total equity and liabilities</b>                                    |      | <b>57,164,650</b>                    | <b>55,731,726</b>             |

The annexed notes from 1 to 19 form an integral part of this consolidated condensed interim financial information

  
Chief Executive

  
Director

  
Chief Financial Officer

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

For the period ended September 30, 2022 - Unaudited

|  |      | Quarter ended      |                    |
|--|------|--------------------|--------------------|
|  |      | September 30, 2022 | September 30, 2021 |
|  | Note | (Rupees in '000)   |                    |
| Revenue from contracts with customers                      | 11   | 8,213,147          | 7,677,961          |
| Cost of sales  |      | (4,907,555)        | (4,272,631)        |
| Gross profit   |      | 3,305,592          | 3,405,330          |
| Distribution cost  |      | (1,695,970)        | (1,310,738)        |
| Administrative expenses                                    |      | (346,695)          | (343,967)          |
| Other operating expenses                                   |      | (42,516)           | (92,536)           |
| Other income   | 12   | 48,412             | 40,829             |
| Profit from operations                                     |      | 1,268,823          | 1,698,918          |
| Finance cost   |      | (793,470)          | (422,603)          |
| Profit before income tax                                   |      | 475,353            | 1,276,315          |
| Income tax expense   |      | (183,345)          | (371,846)          |
| Profit for the period                                      |      | 292,008            | 904,469            |
| Other comprehensive income                                 |      | -                  | -                  |
| Total comprehensive income                                 |      | 292,008            | 904,469            |
| <b>Total comprehensive income is attributable to:</b>      |      |                    |                    |
| Owners of the The Searle Company Limited - Holding Company |      | 264,003            | 885,995            |
| Non-controlling interests                                  |      | 28,005             | 18,474             |
|  |      | 292,008            | 904,469            |
| Basic and diluted earnings per share (Rupees)              | 13   | 0.85               | 2.93               |

The annexed notes from 1 to 19 form an integral part of this consolidated condensed interim financial information

Chief Executive

Director

Chief Financial Officer



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended September 30, 2022 - Unaudited

|  | Attributable to the owners of the Holding Company |               |  |                  |                        |                    |                          |            |
|--|---|---------------|--|------------------|------------------------|--------------------|--------------------------|------------|
|  | Capital reserves                                  |               |  | Revenue reserves |                        |                    |                          |            |
|  | Share capital                                     | Share premium | Revaluation surplus on property, plant and equipment | General reserve  | Unappropriated profits | Sub-Total reserves | Non-Controlling interest | Total      |
|  | (Rupees in '000)                                  |               |  |                  |                        |                    |                          |            |
| 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 |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the period (net of tax) | -   | -             | (29,222)   | -                | 29,222                 | -                  | -                        | -          |
| Total comprehensive income for the period  | -   | -             | -  | -                | 885,995                | 885,995            | 18,474                   | 904,469    |
| Balance as at September 30, 2021   | 2,400,405   | 6,049,419     | 4,037,691  | 280,251          | 13,691,240             | 24,058,601         | 531,655                  | 26,990,661 |
| Balance as at July 01, 2022  | 3,120,527   | 6,049,419     | 5,173,186  | 280,251          | 14,040,214             | 25,543,070         | 2,027,714                | 30,691,311 |
| Total comprehensive income for the period  | -   | -             | -  | -                | 264,003                | 264,003            | 28,005                   | 292,008    |
| Transactions with owners   |   |               |  |                  |                        |                    |                          |            |
| Issue of shares of SPL   | -   | -             | -  | -                | 344,243                | 344,243            | (344,243)                | -          |
| Dividend pertaining to non-controlling interests   | -   | -             | -  | -                | -                      | -                  | (5,737)                  | (5,737)    |
| Transferred from surplus on revaluation of fixed assets - net of deferred taxation:  |   |               |  |                  |                        |                    |                          |            |
| - incremental depreciation for the period  | -   | -             | (51,587)   | -                | 51,587                 | -                  | -                        | -          |
| Balance as at September 30, 2022   | 3,120,527   | 6,049,419     | 5,121,599  | 280,251          | 14,700,047             | 25,807,073         | 1,705,739                | 30,977,582 |

The annexed notes from 1 to 19 form an integral part of this consolidated condensed interim financial information

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended September 30, 2022 - Unaudited

|  |      | September 30,<br>2022 | September 30,<br>2021 |
|--|------|-----------------------|-----------------------|
|  | Note | (Rupees in '000)      |                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |      |                       |                       |
| Cash generated from operations                             | 15   | 1,220,877             | 1,575,196             |
| Employee benefit obligations paid                          |      | (1,862)               | (2,225)               |
| Finance cost paid  |      | (701,386)             | (549,436)             |
| Income tax paid  |      | (220,079)             | (244,127)             |
| Interest income received                                   |      | 1,431                 | 1,106                 |
| Increase in long-term deposits                             |      | (806)                 | (1,572)               |
| Decrease in long-term loans                                |      | 31                    | 99                    |
| Net cash generated from operating activities               |      | 298,206               | 779,041               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |      |                       |                       |
| Purchase of property, plant and equipment                  |      | (117,599)             | (124,029)             |
| Sale proceeds on disposal of property, plant and equipment |      | 4,590                 | 159                   |
| Purchase of investment properties                          |      | (55,564)              | (68,846)              |
| Long term investment in subsidiary                         |      | -                     | (153,277)             |
| Net cash used in investing activities                      |      | (168,573)             | (345,993)             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |      |                       |                       |
| Dividend paid  |      | (290)                 | (282)                 |
| Repayment of long-term borrowings                          |      | (259,592)             | (53,266)              |
| Repayment of demand finance                                |      | -                     | (90,667)              |
| Repayment against lease liabilities                        |      | (4,611)               | (6,186)               |
| Net cash generated from / (used in) financing activities   |      | (264,493)             | (150,401)             |
| <b>Net increase in cash and cash equivalents</b>           |      | <b>(134,860)</b>      | <b>282,647</b>        |
| Cash and cash equivalents at beginning of the period       |      | (9,063,156)           | (7,162,617)           |
| <b>Cash and cash equivalents at end of the period</b>      | 16   | <b>(9,198,016)</b>    | <b>(6,879,970)</b>    |

The annexed notes from 1 to 19 form an integral part of this consolidated condensed interim financial information

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - 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.

Parent company

Following are the subsidiary companies:

|   | Principal place of business | Effective %age of holding |               |
|---|-----------------------------|---------------------------|---------------|
|   |                             | September 30, 2022        | June 30, 2022 |
| <b>Listed Company</b>                       |                             |                           |               |
| - IBL HealthCare Limited                    | Pakistan                    | 74.19%                    | 74.19%        |
| <b>Unlisted Companies</b>                   |                             |                           |               |
| - Searle Pakistan Limited                   |                             | 90.61%                    | 100%          |
| - Searle Pharmaceuticals (Private) Limited  | Pakistan                    | 100%                      | 100%          |
| - Searle Laboratories (Private) Limited     |                             | 100%                      | 100%          |
| - Searle Biosciences (Private) Limited      |                             | 100%                      | 100%          |
| - IBL Future Technologies (Private) Limited |                             | 100%                      | 100%          |
| - 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017





## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

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, 2022.

### 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, 2022, except as otherwise disclosed.

### 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, 2022.

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, 2022.

### 5. PROPERTY, PLANT AND EQUIPMENT

| (Unaudited)<br>September<br>30,<br>2022 | (Audited)<br>June 30,<br>2022 |
|---|-------------------------------|
|---|-------------------------------|

(Rupees in '000)

Operating assets - note 6.1 & 6.2  
Capital work-in-progress - at cost

|                  |                   |
|------------------|-------------------|
| 9,827,376        | 9,904,947         |
| 169,384          | 121,197           |
| <u>9,996,760</u> | <u>10,026,144</u> |

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

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

|                               | Additions<br>(at cost) |                       | Disposals<br>(at net book value) |                       |
|-------------------------------|------------------------|-----------------------|----------------------------------|-----------------------|
|                               | September<br>30, 2022  | September<br>30, 2021 | September<br>30, 2022            | September<br>30, 2021 |
|                               | (Rupees in '000)       |                       |                                  |                       |
| Leasehold improvements        | 2,937                  | -                     | -                                | -                     |
| Building on<br>leasehold land | 6,672                  | 1,015                 | -                                | -                     |
| Plant and machinery           | 27,989                 | 2,436                 | (8)                              | -                     |
| Furniture & fittings          | 7,426                  | -                     | -                                | -                     |
| Vehicles                      | -                      | -                     | (333)                            | -                     |
| Office equipment              | 24,388                 | 7,564                 | (289)                            | (58)                  |
|                               | <b>69,412</b>          | <b>11,015</b>         | <b>(630)</b>                     | <b>(58)</b>           |

(Unaudited)  
September  
30,  
2022

(Audited)  
June 30,  
2022

(Rupees in '000)

### 6. INTANGIBLES ASSETS

|   |                   |                   |
|---|-------------------|-------------------|
| Operating intangible assets   | 85,725            | 92,708            |
| Market authorisation rights   | 2,200,000         | 2,200,000         |
| Trademarks / brands   | 2,500,000         | 2,500,000         |
| Goodwill pertaining to Nextar Pharma (Private)<br>Limited and Searle Pakistan Limited | 11,387,171        | 11,387,171        |
|   | <b>16,172,896</b> | <b>16,179,879</b> |

### 7. TRADE RECEIVABLES

|                                       |                   |                   |
|---------------------------------------|-------------------|-------------------|
| Considered good                       |                   |                   |
| - Export receivables, secured         | 878,312           | 530,536           |
| - Due from related parties, unsecured | 11,628,350        | 10,500,742        |
| - Others, unsecured                   | 1,635,689         | 947,482           |
|                                       | <b>14,142,351</b> | <b>11,978,760</b> |
| Considered doubtful - others          | 172,243           | 172,243           |
| Less: Provision for doubtful debts    | (172,243)         | (172,243)         |
|                                       | <b>14,142,351</b> | <b>11,978,760</b> |



## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

### 8. OTHER RECEIVABLES

(Unaudited) (Audited)  
September 30, June 30,  
2022 2022  
(Rupees in '000)

#### Receivables from related parties

*Due from associated companies note -:*

|   |                  |                  |
|---|------------------|------------------|
| - International Brands (Private) Limited against: |                  |                  |
| Expenses  | 32,146           | 29,427           |
| Rental income                                     | 25,175           | 21,462           |
| Group relief                                      | 116,648          | 116,648          |
| - IBL Operations (Private) Limited against:       |                  |                  |
| Claims  | 337,572          | 851,926          |
| Expenses  | 28,449           | 27,411           |
| Rental income                                     | 1,735            | 17               |
| - IBL Frontier Markets (Private) Limited          |                  |                  |
| Expenses  | 41,942           | 42,576           |
| - IBL Unisys (Private) Limited against:           |                  |                  |
| Rental income                                     | 348              | -                |
| Expenses  | 704              | 493              |
| - IBL Logistics (Private) Limited against:        |                  |                  |
| Rental income                                     | 1,692            | 1,692            |
| - Universal Ventures (Private) Limited against:   |                  |                  |
| Sale of subsidiary                                | 3,326,859        | 3,326,859        |
|   | <b>3,913,270</b> | <b>4,418,511</b> |
| <i>Due from other related parties:</i>            |                  |                  |
| - United Retail (SMC-Private) Limited             |                  |                  |
| Rental income                                     | -                | 434              |
| Expenses  | 2,168            | 2,168            |
| - Universal Retail (Private) Limited against:     |                  |                  |
| Rental income                                     | 31,355           | 31,230           |
| Expenses  | 76,747           | 66,922           |
| Surplus arising under retirement benefit fund     | 5,250            | 5,250            |
| Others, considered good                           | 518,274          | 362,636          |
|   | <b>4,547,064</b> | <b>4,887,151</b> |

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

(Unaudited)  
September 30,  
2022  
(Audited)  
June 30,  
2022  
(Rupees in '000)

### 9. TRADE AND OTHER PAYABLES

|   |                  |                  |
|---|------------------|------------------|
| Creditors   | 1,053,651        | 908,458          |
| Payable under group relief                                    | -                | 20,912           |
| Salaries and benefits payable                                 | -                | 648              |
| Bills payable in foreign currency                             | 1,607,004        | 659,951          |
| Royalty payable   | 14,171           | 14,171           |
| Accrued liabilities   | 2,206,694        | 2,456,453        |
| Payable to provident fund                                     | 24,169           | 22,808           |
| Deferred income   | -                | 9,791            |
| Advance from customers - unsecured                            | 197,748          | 144,687          |
| Accrued mark-up   | 412,899          | 328,424          |
| Payable for compensated absences                              | -                | 11,373           |
| Provision for gas infrastructure                              | -                | 9,485            |
| Taxes deducted at source and payable to statutory authorities | 77,562           | 98,963           |
| Workers' Profit Participation Fund                            | 244,837          | 220,071          |
| Workers' Welfare Fund   | 99,320           | 102,450          |
| Other liabilities   | 150,204          | 89,068           |
|   | <b>6,088,259</b> | <b>5,097,713</b> |

### 10. SHORT TERM BORROWINGS

#### Secured borrowings:

|  |                   |                  |
|--|-------------------|------------------|
| - Running finance under mark-up arrangements | 2,463,994         | 2,498,053        |
| Islamic                                      |                   |                  |
| - Running Musharaka                          | 7,004,636         | 6,795,315        |
| - Current portion of long term borrowing     | 590,793           | 676,360          |
|  | <b>7,595,429</b>  | <b>7,471,675</b> |
|  | <b>10,059,423</b> | <b>9,969,728</b> |



## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

**10.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,100 million (June 30, 2022: Rs. 8,100 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (June 30, 2022: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 2,025 million (June 30, 2022 : Rs. 2,025 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,940 million (June 30, 2022: Rs. 11,940 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

**10.2** The rates of mark-up ranged between 3% to 17.66% (June 30, 2022: 1% to 16.89%) per annum.

## **11. CONTINGENCIES AND COMMITMENTS**

### **11.1 Contingencies**

**11.1.1** There has been no significant change in the status of contingencies as reported in the note 28 of annual audited consolidated financial statements of the Company for the year ended June 30, 2022.

**11.1.2** The Government has levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of Income Tax Ordinance 2001, among others, where income exceeds Rs. 300 million, super tax will be charge at the rate of 4% of income calculated under section 4C of the Ordinance. Further, enhanced super tax on specified sectors has been introduced for Tax Year 2022 which includes, among others, pharmaceutical sector, whom are liable to super tax at the rate of 10% for a single tax year, if income exceeds Rs. 300 million. The Parent, IBLHC, SPL and SBS Company has filed a Constitutional Petition against the imposition of such Super Tax on High Earning Persons including specified sectors in the Honourable High Court of Sindh.

### **11.2 Commitments**

**11.2.1** The facility for opening letters of credit and guarantees for the Company as at September 30, 2022 amounted to Rs. 3,165 million (June 30, 2022: Rs. 3,165 million) of which the amount remaining unutilised as at year end amounted to Rs. 2,116 million (June 30, 2022: Rs. 2,024.68 million).

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

|  | (Unaudited)<br>September 30,<br>2022 | (Unaudited)<br>September 30,<br>2021 |
|--|--------------------------------------|--------------------------------------|
| (Rupees in '000)   |                                      |                                      |
| <b>12. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>                                     |                                      |                                      |
| Gross sales  | 8,923,760                            | 4,167,521                            |
| Local sales  | 1,071,633                            | 954,581                              |
| Export sales   | 9,995,393                            | 5,122,102                            |
| <br>Toll manufacturing   | <br>56,217                           | <br>69,294                           |
|  | 10,051,610                           | 5,191,396                            |
| <br>Sales tax  | <br>(151,310)                        | <br>(14,303)                         |
|  | 9,900,300                            | 5,177,093                            |
| <br>Less:  |                                      |                                      |
| Discounts, rebates and allowances  | (591,691)                            | (122,761)                            |
| Sales returns  | (1,095,462)                          | (392,025)                            |
|  | (1,687,153)                          | (514,786)                            |
|  | 8,213,147                            | 4,662,307                            |
| <b>13. OTHER INCOME</b>  |                                      |                                      |
| <b>Income from financial assets</b>  |                                      |                                      |
| Return on Term Finance Certificate   | 4,154                                | -                                    |
| <b>Income from non - financial assets</b>  |                                      |                                      |
| Gain on disposal of property, plant and equipment                                    | 4,301                                | 84                                   |
| Exchange gain  | 15,078                               | -                                    |
| Government grant   | 9,728                                | 8,571                                |
| Rental income from investment properties   | 13,005                               | 18,342                               |
| Others   | 2,146                                | 2,784                                |
|  | 44,258                               | 29,781                               |
|  | 48,412                               | 29,781                               |
| <b>14. BASIC AND DILUTED EARNINGS PER SHARE</b>                                      |                                      |                                      |
| Profit for the year (Rupees '000)  | 264,003                              | 885,995                              |
| Weighted average number of outstanding shares at the end of the period (in thousand) | 312,053                              | 302,779                              |
| Basic and diluted earnings per share (Rupees)  | 0.85                                 | 2.93                                 |



## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

|  | (Unaudited)<br>September 30,<br>2022 | (Unaudited)<br>September 30,<br>2021 |
|--|--------------------------------------|--------------------------------------|
|  | (Rupees in '000)                     |                                      |

### 15. CASH GENERATED FROM OPERATIONS

|  |           |           |
|--|-----------|-----------|
| Profit before income tax                                       | 475,353   | 1,276,315 |
| Add / (less): Adjustments for non-cash charges and other items |           |           |
| Depreciation on property, plant and equipment                  | 148,768   | 89,509    |
| Depreciation on investment properties                          | 18,023    | -         |
| Gain on disposal of property, plant and equipment - net        | (4,301)   | (53)      |
| Deferred grant income  | (9,728)   | (8,571)   |
| Unwinding of discount on long term borrowing                   | -         | 13,894    |
| Amortisation of intangible assets                              | 6,983     | 10,139    |
| Provision for retirement benefits obligation                   | 2,218     | 1,350     |
| Interest on lease liability                                    | 3,397     | 4,212     |
| Amortisation of transaction cost                               | 4,212     | 4,212     |
| Finance cost   | 785,861   | 360,208   |
| Profit before working capital changes                          | 1,430,786 | 1,751,215 |

#### Effect on cash flow due to working capital changes

(Increase) / decrease in current assets

|   |             |             |
|---|-------------|-------------|
| Inventories                                 | 913,302     | 634,512     |
| Trade receivables                           | (2,163,591) | (1,001,300) |
| Loans and advances                          | (417,720)   | 78,734      |
| Trade deposits and short-term prepayments   | 249         | (27,410)    |
| Tax refunds due from government - Sales tax | (11,729)    | -           |
| Other receivables                           | 340,087     | (99,364)    |
|   | (1,339,402) | (414,828)   |

Increase / (decrease) in current liabilities

|                                |           |           |
|--------------------------------|-----------|-----------|
| Trade and other payables       | 909,551   | (85,956)  |
| Unpaid dividend                | 219,942   | -         |
| Contract liability             | -         | (494)     |
|                                | 1,129,493 | (86,450)  |
| Cash generated from operations | 1,220,877 | 1,249,937 |



## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

|                                       | (Unaudited)<br>September 30,<br>2022 | (Unaudited)<br>September 30,<br>2021 |
|---------------------------------------|--------------------------------------|--------------------------------------|
|                                       | (Rupees in '000)                     |                                      |
| <b>16. CASH AND CASH EQUIVALENTS</b>  |                                      |                                      |
| Cash and bank balances                | 270,614                              | 288,785                              |
| Short term running finances - note 10 | (9,468,630)                          | (7,168,755)                          |
|                                       | <u>(9,198,016)</u>                   | <u>(6,879,970)</u>                   |

## 17. SEGMENT INFORMATION

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

## 18. TRANSACTIONS WITH RELATED PARTIES

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

| Nature of relationship | Nature of transactions               | September 30,<br>2022 | September 30,<br>2021 |
|------------------------|--------------------------------------|-----------------------|-----------------------|
|                        |                                      | (Rupees in '000)      |                       |
| Parent company         | - Corporate service charges          | 38,250                | 60,000                |
|                        | - Rent income                        | 3,713                 | 3,670                 |
|                        | - Income from provision of amenities | 2,719                 | 3,566                 |
|                        | - Reimbursement of expenses          | 1,755                 | -                     |
| Associated companies   | - Revenue                            | 10,260,861            | 3,809,635             |
|                        | - Salaries and wages                 | 2,449                 | 858                   |
|                        | - Purchases                          | 12,177                | 1,888                 |
|                        | - Carriage and duties                | 66,681                | 16,956                |
|                        | - Discounts claimed                  | 164,691               | 31,294                |
|                        | - Rent expense                       | 59,731                | 39,560                |
|                        | - Rent income                        | 9,290                 | 5,800                 |
|                        | - Stock claims                       | 310,106               | 118,393               |
|                        | - Internet services                  | 3,640                 | 1,139                 |
|                        | - Income from Provision of Amenities | 26,113                | 14,911                |
|                        | - Donations                          | 11,986                | 6,634                 |
|                        | - Incentives to field force staff    | 3,701                 | 1,284                 |
|                        | - Repair & maintenance               | 736                   | 337                   |
|                        | - Merchandising Services             | 14,460                | 5,466                 |
|                        | - Others                             | 2,679                 | 1,803                 |





## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

| Nature of relationship                | Nature of transactions                 | September 30, 2022 | September 30, 2021 |
|---------------------------------------|--|--------------------|--------------------|
|                                       |  | (Rupees in '000)   |                    |
| Staff retirement benefits             | - Contribution to Provident Fund       | 44,566             | 37,414             |
|                                       | - Benefits paid                        | 23,011             | 20,710             |
| Key management employees compensation | - Salaries and other employee benefits | 66,960             | 58,402             |
|                                       | - Contributions to Provident Fund      | 6,400              | 5,212              |

**18.1** The status of outstanding balances with related parties as at September 30, 2022 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

### 19. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was approved and authorised for issue by the Board of Directors of the Parent Company on October 27, 2022.

  
Chief Executive

  
Director

  
Chief Financial Officer



**SEARLE**

THE SEARLE COMPANY LIMITED

2nd Floor, One IBL Centre, Plot# 1, Block 7 & 8,  
Dehli Mercantile Muslim Cooperative Housing Society  
(DMCHS) Tipu Sultan Road, Off. Shahrah-e-Faisal, Karachi  
URL: [www.searlecompany.com](http://www.searlecompany.com)