

SEARLE

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Sustainably
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QUARTERLY REPORT
MARCH

2023



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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
Summit Bank Limited

Registered Office

One IBL Centre, 2nd Floor, Plot # 1
Block 7 & 8, D.M.C.H.S, Tipu Sultan Road
Off Shakra-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 unconsolidated interim financial information of the company for the nine months period ended March 31, 2023. 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 3.6 billion i.e. 28% over the same period last year. However, due to the adverse macroeconomic conditions and its impact on the company, the net profitability of the company reduced by 65% and was Rs 639 million as compared to Rs 1.81 billion in the corresponding period last year.

The major reason for decrease in profitability was the decrease in gross margins of the company from 51% last year to 46% 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 to 21%.

Following is the summary of financial results for the nine months period ended March 31, 2023:

| | March 31, | |
|-------------------------------|----------------------|------------------|
| | 2023 | 2022 |
| | (Rupees in thousand) | |
| Revenue | 16,988,562 | 13,305,351 |
| Cost of sales | (9,226,724) | (6,579,476) |
| Gross Profit | 7,761,838 | 6,725,875 |
| Operating expenses | (5,332,516) | (4,306,397) |
| Other operating expenses | (63,996) | (142,570) |
| Other income | 753,760 | 1,189,586 |
| Profit from operations | 3,119,086 | 3,466,494 |
| Finance cost | (2,340,660) | (1,345,070) |
| Profit before tax | 778,426 | 2,121,424 |
| Income tax expense | (139,005) | (311,486) |
| Profit after taxation | 639,421 | 1,809,938 |



EARNINGS PER SHARE

Basic earnings per share after taxation for the period is Rs. 1.64 (March 31, 2022: Rs. 4.64). 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 March 31, 2023.

FUTURE OUTLOOK

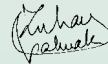
Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices, 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: April 28, 2023

فی شیئر آمدنی

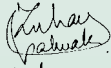
اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس 1.64 روپی (4.64: 2022 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کمی کے کوئی اثرات نہیں ہوئے، چونکہ 31 مارچ، 2023 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بقایا نہیں تھے۔

مستقبل پر ایک نظر

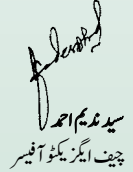
سرل موجودہ سماجی، اقتصادی، سیاسی اور ماحولیاتی چیلنجوں کے باوجود اپنے حریفوں کے درمیان اپنے مارکیٹ شیئر کو بڑھانے اور اپنی نامیاتی اور غیر نامیاتی ترقی کو برقرار رکھنے کے لیے پرعزم ہے۔ شرح مبادلہ میں جاری اتار چڑھاؤ، افراط زر، عالمی اجناس کی قیمتوں میں اضافہ، ایندھن/لا جسٹس لاگت میں اضافہ اور شرح سود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



زہیر رازا
ڈائریکٹر



سید عہس احمد
چیف ایگزیکٹو آفیسر

کراچی، 28 اپریل 2023

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہمیں 31 مارچ 2023 کو ختم ہونے والے نو مہینوں کے لیے کمپنی کی غیر متفقہ عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی ہو رہی ہے۔ یہ مالیاتی بہانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS) 34 - عبوری فنانشل رپورٹنگ کی ضروریات کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیوں (کارپوریٹ گورننس کے ضابطہ) کی ریگولیشنز 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

مالیاتی جھلکیاں

کمپنی کے ریویو میں 3.6 بلین روپے یعنی پچھلے سال کی اسی مدت کے مقابلے میں 28 فیصد اضافہ ہوا۔ تاہم، منفی معاشی حالات اور کمپنی پر اس کے اثرات کی وجہ سے، کمپنی کے خالص منافع میں 65% کی کمی واقع ہوئی اور یہ گزشتہ سال کی اسی مدت میں 1.2 بلین روپے کے مقابلے میں 639 بلین روپے رہی۔

منافع میں کمی کی بڑی وجہ کمپنی کے مجموعی مارجن میں گزشتہ سال کے 51 فیصد سے موجودہ مدت میں 46 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 کے بعد اب 21% تک جا پہنچا ہے۔

31 مارچ 2023 کو ختم ہونے والے چھ ماہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

| 2022 | 2023 | |
|----------------------------|------------------|----------------------|
| (پاکستانی روپے ہزاروں میں) | | |
| 13,305,351 | 16,988,562 | آمدنی |
| (6,579,476) | (9,226,724) | فروخت کے اخراجات |
| 6,725,875 | 7,761,838 | مجموعی آمدنی |
| (4,306,397) | (5,332,516) | آپریٹنگ اخراجات |
| (142,570) | (63,996) | دیگر آپریٹنگ اخراجات |
| 1,189,586 | 753,760 | دیگر آمدنی |
| 3,466,494 | 3,119,086 | آپریٹنگ سے آمدنی |
| (1,345,070) | (2,340,660) | مالیاتی اخراجات |
| 2,121,424 | 778,426 | منافع قبل از ٹیکس |
| (311,486) | (139,005) | انکم ٹیکس اخراجات |
| 1,809,938 | 639,421 | منافع بعد از ٹیکس |



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

| | | (Un-audited) March 31, 2023 | (Audited) June 30, 2022 |
|--|------|-----------------------------------|-------------------------------|
| ASSETS | Note | (Rupees in '000) | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 6,116,264 | 6,660,249 |
| Right-of-use asset | | 62,505 | 69,750 |
| Investment properties - at cost | | 2,857,448 | 2,753,904 |
| Intangible assets | | 44,600 | 58,965 |
| Long-term investments - subsidiaries | 6 | 18,816,311 | 18,816,311 |
| Long-term loans | | 146 | 241 |
| Long-term deposits | | 7,396 | 7,396 |
| | | <u>27,904,670</u> | <u>28,366,816</u> |
| Current assets | | | |
| Stock-in-trade | | 2,188,111 | 2,086,581 |
| Trade receivables | 7 | 13,141,524 | 9,318,228 |
| Loans and advances | | 1,069,289 | 860,099 |
| Trade deposits and short-term prepayments | | 180,818 | 116,414 |
| Other receivables | 8 | 4,917,373 | 5,334,392 |
| Short-term investment - at amortised cost | | 100,000 | 100,000 |
| Taxation - payments less provision | | 1,637,056 | 1,344,943 |
| Tax refunds due from Government - Sales Tax | | 190,133 | 220,669 |
| Cash and bank balances | | 80,663 | 82,875 |
| | | <u>23,504,967</u> | <u>19,464,201</u> |
| Total assets | | <u>51,409,637</u> | <u>47,831,017</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share Capital | | | |
| Issued, subscribed and paid-up capital | | 3,900,659 | 3,120,527 |
| Capital Reserves | | | |
| Share premium | | 6,049,419 | 6,049,419 |
| Revaluation surplus on property, plant and equipment | | 3,476,220 | 3,592,613 |
| Revenue reserves | | | |
| General reserve | | 280,251 | 280,251 |
| Unappropriated profit | | 13,970,330 | 13,994,648 |
| Total equity | | <u>27,676,879</u> | <u>27,037,458</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term borrowings | 10 | 6,434,926 | 9,049,521 |
| Deferred tax liabilities | | 188,924 | 288,902 |
| Employee benefit obligations | | 58,298 | 57,513 |
| Lease liability | | 87,017 | 87,017 |
| | | <u>6,769,165</u> | <u>9,482,953</u> |
| Current liabilities | | | |
| Trade and other payables | 11 | 6,136,971 | 2,328,345 |
| Short-term borrowings | 12 | 8,198,199 | 7,849,001 |
| Current portion of long-term borrowings | 10 | 1,914,275 | 639,094 |
| Unpaid dividend | | 183,788 | 185,078 |
| Unclaimed dividend | | 37,423 | 38,134 |
| Accrued mark-up | | 491,577 | 265,811 |
| Current portion of lease liability | | 1,360 | 5,143 |
| | | <u>16,963,593</u> | <u>11,310,606</u> |
| Total liabilities | | <u>23,732,758</u> | <u>20,793,559</u> |
| Contingencies and commitments | 13 | | |
| Total equity and liabilities | | <u>51,409,637</u> | <u>47,831,017</u> |

The annexed notes from 1 to 23 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 March 31, 2023 - Unaudited

| | Note | Quarter ended | | Nine months period ended | |
|--|------|------------------|------------------|--------------------------|------------------|
| | | March 31 2023 | March 31 2022 | March 31 2023 | March 31 2022 |
| ----- (Rupees in '000) ----- | | | | | |
| Revenue from contracts with customers | 14 | 6,135,976 | 4,672,882 | 16,988,562 | 13,305,351 |
| Cost of sales | | (3,316,731) | (2,340,430) | (9,226,724) | (6,579,476) |
| Gross profit | | 2,819,245 | 2,332,452 | 7,761,838 | 6,725,875 |
| Distribution costs | | (1,479,616) | (1,278,283) | (4,337,464) | (3,515,579) |
| Administrative expenses | | (357,029) | (248,507) | (995,052) | (790,818) |
| Other expenses | | (21,086) | (60,256) | (63,996) | (142,570) |
| Other income | 15 | 54,692 | 402,286 | 753,760 | 1,189,586 |
| Profit from operations | | 1,016,206 | 1,147,692 | 3,119,086 | 3,466,494 |
| Finance cost | | (852,741) | (523,239) | (2,340,660) | (1,345,070) |
| Profit before income tax | | 163,465 | 624,453 | 778,426 | 2,121,424 |
| Taxation | 16 | (66,429) | (85,511) | (139,005) | (311,486) |
| Profit for the period | | 97,036 | 538,942 | 639,421 | 1,809,938 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income | | 97,036 | 538,942 | 639,421 | 1,809,938 |
| ----- (Rupees) ----- | | | | | |
| | | (Re-stated) | | (Re-stated) | |
| Earnings per share - basic and diluted | 17 | 0.25 | 1.38 | 1.64 | 4.64 |

The annexed notes from 1 to 23 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 March 31, 2023 - Unaudited

| | Capital reserve | | | | Revenue reserves | | Total reserves | Total |
|---|-------------------------|-------------------------|-----------------------|--|-----------------------|--------------------------|--------------------------|--------------------------|
| | Share capital | Share premium | Issue of bonus shares | Revaluation surplus on Property, plant & equipment | General reserve | Unappropriated profits | | |
| -----Rupees '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) | - | - | - | (81,375) | - | 81,375 | - | - |
| Total comprehensive income for the period | - | - | - | - | - | 1,809,938 | 1,809,938 | 1,809,938 |
| Transactions with owners | | | | | | | | |
| Issue of bonus shares | 720,121 | (720,121) | - | - | - | - | (720,121) | - |
| Final dividend for the year ended June 30, 2021 @ Rs. 2 per share | - | - | - | - | - | (480,083) | (480,083) | (480,083) |
| | 720,121 | (720,121) | - | - | - | (480,083) | (1,200,204) | (480,083) |
| Balance as at March 31, 2022 | <u>3,120,526</u> | <u>5,329,298</u> | <u>-</u> | <u>2,669,841</u> | <u>280,251</u> | <u>14,417,593</u> | <u>22,696,983</u> | <u>25,817,509</u> |
| 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) | - | - | - | (116,393) | - | 116,393 | - | - |
| Total comprehensive income for the period | - | - | - | - | - | 639,421 | 639,421 | 639,421 |
| Transactions with owners | | | | | | | | |
| Bonus shares issued during the period in the ratio of 25 shares for every 100 shares held | 780,132 | - | - | - | - | (780,132) | (780,132) | - |
| | 780,132 | - | - | - | - | (780,132) | (780,132) | - |
| Balance as at March 31, 2023 | <u>3,900,659</u> | <u>6,049,419</u> | <u>-</u> | <u>3,476,220</u> | <u>280,251</u> | <u>13,970,330</u> | <u>23,776,220</u> | <u>27,676,879</u> |

The annexed notes from 1 to 23 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 March 31, 2023 - Unaudited

| | Note | March 31, 2023 | March 31, 2022 |
|---|------|--------------------|--------------------|
| | | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 18 | 4,058,045 | 2,726,489 |
| Retirement benefit obligations paid | | (3,314) | (7,458) |
| Finance cost paid | | (2,104,845) | (1,201,246) |
| Income taxes paid | | (531,096) | (466,030) |
| Decrease in long-term loans | | 95 | 186 |
| Net cash generated from operating activities | | 1,418,885 | 1,051,941 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (243,995) | (314,111) |
| Proceeds from disposal of property, plant and equipment | | 3,848 | 2,446 |
| Purchase of investment properties | | (162,268) | (263,164) |
| Investment / Acquisition in subsidiary | | - | (1,380,000) |
| Net cash used in investing activities | | (402,413) | (1,954,829) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (2,001) | (461,685) |
| Repayment of salary refinancing | | (133,875) | (200,814) |
| Musharaka facility repaid | | (1,218,175) | - |
| Repayment of demand finance | | - | (113,333) |
| Payment against lease liabilities | | (13,831) | (15,407) |
| Net cash from financing activities | | (1,367,882) | (791,239) |
| Net increase in cash and cash equivalents | | (351,410) | (1,694,127) |
| Cash and cash equivalents at the beginning of the period | | (7,566,126) | (5,346,410) |
| Cash and cash equivalents at the end of the period | 19 | (7,917,536) | (7,040,537) |

The annexed notes from 1 to 23 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 March 31, 2023 - Unaudited

1. THE COMPANY AND ITS OPERATIONS

1.1 The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Company is situated at One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 Dehli Mercantile Muslim Cooperative Housing Society, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.

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

1.2 Following are the subsidiary companies:

| | Principal place of business | Effective %age of holding | |
|---|-----------------------------|---------------------------|---------------|
| | | March 31 2023 | June 30, 2022 |
| Listed Company | | | |
| - IBL HealthCare Limited | | 74.19% | 74.19% |
| Unlisted Companies | | | |
| - Searle Pakistan Limited | Pakistan | 90.61% | 100.00% |
| - Searle Pharmaceuticals (Private) Limited | | 100.00% | 100.00% |
| - Searle Laboratories (Private) Limited | | 100.00% | 100.00% |
| - Searle Biosciences (Private) Limited | | 100.00% | 100.00% |
| - IBL Future Technologies (Private) Limited | | 100.00% | 100.00% |
| - Nextar Pharma (Private) Limited * | | 87.20% | 87.20% |

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

1.3 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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



Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

- 2.1.2** These unconsolidated condensed interim financial statements does not include all the information required for full financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and 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 and other 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 March 31, 2022.

2.2 Basis of measurement

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except as stated otherwise and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2022.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

- 3.1** The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the audited annual unconsolidated financial statements of the Company as at and 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 standards, 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 standards, 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, 2023. 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 March 31, 2023 - 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 audited 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 audited annual financial statements as at and for the year ended June 30, 2022.
- 4.4 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.

| | |
|---------------------|------------------|
| (Un-audited) | (Audited) |
| March 31, | June 30, |
| 2023 | 2022 |
| | (Rupees in '000) |

5. PROPERTY, PLANT AND EQUIPMENT

| | | |
|------------------------------------|------------------|-----------|
| Operating assets - note 5.1 | 5,884,347 | 6,509,268 |
| Capital work-in-progress - at cost | 231,917 | 150,981 |
| | 6,116,264 | 6,660,249 |

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

| | Additions (at cost) | | Disposals (at net book value) | |
|----------------------------|--------------------------------|---------------|--|---------------|
| | Mar. 31, 2023 | Mar. 31, 2022 | Mar. 31, 2023 | Mar. 31, 2022 |
| Leasehold Land | 2,937 | - | (452,937) | - |
| Building on leasehold land | 58,201 | 16,876 | - | - |
| Plant and machinery | 65,582 | 4,573 | - | - |
| Furniture & fittings | 1,265 | 910 | - | - |
| Vehicles | 7,426 | - | - | - |
| Office equipment | 31,739 | 29,249 | (403) | (58) |
| | 167,150 | 51,608 | (453,340) | (58) |

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

6. LONG-TERM INVESTMENTS

| | March 31, 2023 | | June 30, 2022 | |
|---|----------------|-----------------------------------|-------------------------------|----------------------------------|
| | Equity % held | Investment at cost (Rupees '000) | Equity % held | Investment at cost (Rupees '000) |
| Quoted security | | | | |
| <i>IBL HealthCare Limited</i> 48,151,489 (2021: 40,126,241) Ordinary shares of Rs. 10 each | 74.19% | 1,300,911 | 74.19% | 1,300,911 |
| Unquoted securities | | | | |
| <i>Searle Pakistan Limited</i> 1,047,029,979 (2022: 1,047,029,979) Ordinary shares of Rs. 10 each | 90.61% | 16,400,000 | 100% | 16,400,000 |
| <i>Searle Biosciences (Private) Limited</i> 11,000,000 (2022: 11,000,000) Ordinary shares of Rs. 10 each | 100% | 790,000 | 100% | 790,000 |
| <i>IBL Future Technologies (Private) Limited</i> 20,000,000 (2022: 20,000,000) Ordinary shares of Rs. 10 each | 100% | 200,000 | 100% | 200,000 |
| <i>Searle Laboratories (Private) Limited</i> 12,500,000 (2022: 12,500,000) Ordinary shares of Rs. 10 each | 100% | 125,000 | 100% | 125,000 |
| <i>Searle Pharmaceuticals (Private) Limited</i> 40,000 (2022: 40,000) Ordinary shares of Rs. 10 each | 100% | 400 | 100% | 400 |
| | | 17,515,400 | | 17,515,400 |
| | | 18,816,311 | | 18,816,311 |
| | | (Un-audited) March 31, 2023 | (Audited) June 30, 2022 | |
| | | (Rupees in '000) | | |

7. TRADE RECEIVABLES

Considered good

| | | |
|--|------------|-----------|
| - Export receivables - secured | 807,864 | 479,290 |
| - Due from related parties, unsecured - note 7.1 | 11,494,591 | 8,330,534 |
| - others - unsecured | 839,069 | 508,404 |
| | 13,141,524 | 9,318,228 |

Considered doubtful

| | | |
|------------------------------------|------------|-----------|
| | 150,323 | 150,323 |
| Less: Provision for doubtful debts | (150,323) | (150,323) |
| | - | - |
| | 13,141,524 | 9,318,228 |

7.1 These are stated net of payable to IBL Operations (Private) Limited and IBL Logistics (Private) Limited - associated companies amounting Rs. 144.92 (June 30, 2022: Rs. Nil), and Rs. 84.92 million (June 30, 2022: Rs. 75.2 million), respectively.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

| | (Unaudited) March 31 2023 | (Audited) June 30, 2022 |
|---|---------------------------------|-------------------------------|
| | (Rupees in '000) | |
| 8. OTHER RECEIVABLES | | |
| Receivables from related parties | | |
| Due from parent company & associated companies | | |
| International Brands (Private) Limited against: | | |
| Expenses | 39,558 | 29,427 |
| Rental income | 32,267 | 21,462 |
| Group relief | 116,648 | 116,648 |
| | 188,473 | 167,537 |
| Due from subsidiary companies: | | |
| IBL Healthcare Limited against: | | |
| Expenses | 3,264 | 560 |
| Royalty | 23,514 | 23,628 |
| Rental income | 3,360 | 565 |
| Searle Pakistan Limited against: | | |
| Dividend income | 463,909 | 649,406 |
| Expenses | - | 18,952 |
| Rental income | 1,420 | 2,904 |
| Searle Biosciences (Private) Limited against: | | |
| Dividend income | 30,000 | 138,000 |
| Facility Management Fee | 40,000 | - |
| Expenses | 25,651 | 37,567 |
| Nextar Pharma (Private) Limited against expenses | 7,120 | 9,785 |
| | 598,238 | 881,367 |
| Due from associated companies | | |
| IBL Operations (Private) Limited against: | | |
| Claims | - | 545,022 |
| Expenses | 849 | 27,411 |
| Rental income | 1,718 | 17 |
| IBL Unisys (Private) Limited against: | | |
| Rental income | 195 | - |
| Expenses | 515 | 493 |
| IBL Frontier Markets (Private) Limited against expenses | 56,461 | 41,942 |
| Universal Ventures (Private) Limited against: | | |
| Sale of subsidiary | 3,326,859 | 3,326,859 |
| Sale of land | 510,000 | - |
| IBL Logistics (Private) Limited against rental income | 1,692 | 1,692 |
| Due from other related parties: | | |
| United Retail (SMC-Private) Limited against expenses | 1,384 | 2,168 |
| Universal Retail (Private) Limited against: | | |
| Rental income | 15,714 | 31,230 |
| Expenses | 37,872 | 66,922 |
| | 3,953,259 | 4,043,756 |
| Surplus arising under retirement benefit fund | 5,250 | 5,250 |
| Receivables from other than related parties | | |
| Others, considered good | 172,153 | 236,482 |
| | 4,917,373 | 5,334,392 |



Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

9. SHARE CAPITAL

Authorised share capital

| (Unaudited) March 31 2023 | (Audited) June 30, 2022 | (Unaudited) March 31 2023 | (Audited) June 30, 2022 |
|--|-------------------------------|--|-------------------------------|
| | | (Rupees in '000) | |
| 600,000,000 | 400,000,000 | 6,000,000 | 4,000,000 |

Issued, subscribed and paid up capital

| (Unaudited) March 31 2023 | (Audited) June 30, 2022 | | (Unaudited) March 31, 2023 | (Audited) June 30, 2022 |
|--|-------------------------------|---|---|-------------------------------|
| | | (Number of shares) | | |
| 40,168,355 | 40,168,355 | Shares allotted for consideration paid in cash | 401,683 | 401,683 |
| 24,000 | 24,000 | Shares allotted for consideration other than cash | 240 | 240 |
| 349,873,498 | 271,860,328 | Shares allotted as bonus shares | 3,498,736 | 2,718,604 |
| 390,065,853 | 312,052,683 | | 3,900,659 | 3,120,527 |

9.1 The Company increased its authorised share capital for ordinary shares from Rs. 4 billion divided into 400 million ordinary shares to Rs. 6 billion divided into 600 million ordinary shares of Rs 10 each in its annual general meeting held on October 28, 2022.

9.2 The Board of Directors in its meeting held on October 3, 2022, approved the issue of 25 bonus shares for every 100 shares held for the year ended June 30, 2022. The said bonus was approved by members in its Annual General Meeting held on October 28, 2022. The total size of issue is Rs. 780.13 million (78.01 million shares)

| (Unaudited) March 31, 2023 | (Audited) June 30, 2022 | |
|---|-------------------------------|--|
| | (Rupees in '000) | |

10. LONG-TERM BORROWINGS

Financing under:

| | | |
|---|------------------|-----------|
| Musharaka Facility - notes 10.1 | 8,349,201 | 9,554,740 |
| Salary refinancing | - | 133,875 |
| | 8,349,201 | 9,688,615 |
| Less: current portion of long-term borrowings | 1,914,275 | 639,094 |
| | 6,434,926 | 9,049,521 |

10.1. The Company obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However on February 24, 2021, the Company repaid loan amounting to Rs. 800 million to its Musharaka Agent. This facility carries a mark-up of three months KIBOR plus 1.35%.



Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

| | (Unaudited) March 31 2023 | (Audited) June 30, 2022 |
|--|--|-------------------------------|
| | (Rupees in '000) | |
| 11. TRADE AND OTHER PAYABLES | | |
| Creditors | 804,899 | 301,008 |
| Bills payable in foreign currency | 2,032,692 | 190,212 |
| Royalty payable | 11,034 | 14,171 |
| Accrued liabilities | 2,672,279 | 1,339,747 |
| Payable to provident fund | 15,070 | 12,944 |
| Advance from customers - unsecured | 31,382 | 27,394 |
| Payable to related parties | 368,504 | 118,438 |
| Taxes deducted at source and payable to statutory authorities | 64,367 | 88,354 |
| Deferred income | - | 8,571 |
| Workers' Profit Participation Fund | 46,284 | 123,438 |
| Workers' Welfare Fund | 22,464 | 35,597 |
| Other liabilities | 67,996 | 68,471 |
| | 6,136,971 | 2,328,345 |
| 12. SHORT-TERM BORROWINGS | | |
| | (Unaudited) March 31 2023 | (Audited) June 30, 2022 |
| | (Rupees in '000) | |
| Secured borrowings | | |
| Conventional | | |
| Running finance facility - note -12.1 | 1,843,102 | 1,796,582 |
| Islamic | | |
| Running Musharaka | 6,155,097 | 5,852,419 |
| | 7,998,199 | 7,649,001 |
| Unsecured | | |
| Borrowing from IBL Future Technologies (Private) Limited - note 12.2 | 200,000 | 200,000 |
| | 8,198,199 | 7,849,001 |

- 12.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,050 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. 12,140 million (June 30, 2022: Rs. 11,940 million).



Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

12.1.1 The rates of mark-up ranged between 3% to 19.5% (June 30, 2022: 3% to 13%) per annum.

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

13. CONTINGENCIES AND COMMITMENTS

13.1 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.

13.2 Commitments

The facility for opening letters of credit and guarantees as at March 31, 2023 amounted to Rs. 3,265 million (June 30, 2022: Rs. 3,165 million) of which the amount remaining unutilised as at period ended March 31, 2023 amounted to Rs. 2,104 million (June 30, 2022: Rs. 2,025 million).

| | (Unaudited) March 31, 2023 | (Unaudited) March 31, 2022 |
|--|---|----------------------------------|
| 14. REVENUE FROM CONTRACTS WITH CUSTOMERS | | |
| | (Rupees in '000) | |
| Gross sales | | |
| Local sale of goods | 17,119,734 | 13,144,577 |
| Export sales | 1,849,513 | 1,489,817 |
| | <u>18,969,247</u> | <u>14,634,394</u> |
| Toll manufacturing | 70,285 | 212,234 |
| | <u>19,039,532</u> | <u>14,846,628</u> |
| Sales tax | (146,967) | (51,795) |
| | <u>18,892,565</u> | <u>14,794,833</u> |
| Less: | | |
| Trade discount | (1,105,317) | (639,914) |
| Sales return | (798,686) | (849,568) |
| | <u>(1,904,003)</u> | <u>(1,489,482)</u> |
| | <u>16,988,562</u> | <u>13,305,351</u> |
| 15. OTHER INCOME | | |
| Income from financial assets - related parties | | |
| Dividend income - subsidiary companies: | | |
| - IBL HealthCare Limited | 46,811 | 39,009 |
| - Searle Biosciences (Private) Limited | 107,000 | 339,000 |
| - Searle Pakistan Limited | 409,502 | 709,406 |
| | <u>563,313</u> | <u>1,087,415</u> |
| Income from financial assets - others | | |
| Return on Term Finance Certificate | 8,562 | 4,618 |
| Income from non - financial assets | | |
| Rental income from investment property | 57,874 | 58,044 |
| Gain on disposal of property, plant and equipment | 60,622 | 2,419 |
| Government grant | 8,571 | 25,713 |
| Facility Management Fee - Searle Biosciences (Private) Limited | | |
| Scrap sales | 14,818 | 11,377 |
| | <u>181,885</u> | <u>97,553</u> |
| | <u>753,760</u> | <u>1,189,586</u> |



Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

| | (Unaudited) March 31, 2023 | (Unaudited) March 31, 2022 |
|---|---|----------------------------------|
| 16. TAXATION | | |
| Current | | |
| - For the year | 238,983 | 353,230 |
| Deferred tax | (99,978) | (41,744) |
| | 139,005 | 311,486 |
| | March 31, 2023 | March 31, 2022 |
| 17. BASIC AND DILUTED EARNINGS PER SHARE | | |
| Profit for the period (Rupees in thousands) | 639,421 | 1,809,938 |
| Weighted average number of outstanding shares at the end of period (in thousand) - Restated | 390,066 | 390,066 |
| | | (Re-stated) |
| Basic and diluted earnings per share (Rupees) | 1.64 | 4.64 |
| | March 31, 2023 | March 31, 2022 |
| 18. CASH GENERATED FROM OPERATIONS | | |
| Profit before income tax | 778,426 | 2,121,424 |
| Add adjustments for non-cash charges and other items | | |
| Depreciation | 400,608 | 334,750 |
| Gain on disposal of property, plant and equipment | (60,508) | (2,388) |
| Amortisation of intangible assets | 14,363 | 30,042 |
| Amortisation of transaction cost | 12,636 | 12,636 |
| Provision for retirement benefits obligation | 4,100 | 4,050 |
| Finance cost | 2,330,611 | 1,333,843 |
| Interest on lease liability | 10,048 | 11,227 |
| Government grant recognised in income | (8,571) | (25,713) |
| Profit before working capital changes | 3,481,713 | 3,819,871 |



Notes to the Unconsolidated Condensed Interim Financial Statements
For the period ended March 31, 2023 - Unaudited

Effect on cash flow due to working capital changes

(Increase) / decrease in current assets

| | | |
|--|--------------------|-------------|
| Inventories | (101,530) | 214,718 |
| Trade receivables | (3,823,296) | (942,319) |
| Loans and advances | (209,190) | 162,812 |
| Trade deposits and short-term prepayments | (64,404) | (43,363) |
| Other receivables | 927,019 | (540,532) |
| Refund due from Government - sales tax - net | 30,536 | (28,544) |
| | (3,240,865) | (1,177,228) |

Increase / (decrease) in current liabilities

| | | |
|--------------------------------------|------------------|-----------|
| Trade and other payables | 3,817,197 | 83,846 |
| Cash flows generated from operations | 4,058,045 | 2,726,489 |

19. CASH AND CASH EQUIVALENTS

| | | |
|---|--------------------|-------------|
| Cash and bank balances | 80,663 | 116,801 |
| Running finance under markup arrangements - note 12.1 | (7,998,199) | (7,157,338) |
| | (7,917,536) | (7,040,537) |

20. SEGMENT INFORMATION

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

21. TRANSACTIONS WITH RELATED PARTIES

Disclosure of transactions between the Company and related parties:

The related parties include associated companies, staff retirement funds, directors, key management personnel and close family members of directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

transactions with related parties are as follows:

| Nature of relationship | Nature of transactions | March 31, 2023 | March 31, 2022 |
|---------------------------------------|--|-------------------|-------------------|
| | | (Rupees in '000) | |
| Parent company | - Corporate service charges | 99,000 | 180,000 |
| | - Rent income | 12,089 | 11,010 |
| | - Income from provision of amenities | 8,846 | 10,160 |
| | - Reimbursement of expenses | 3,329 | 290 |
| Subsidiaries | - Revenue | 619,331 | 506,769 |
| | - Purchase of consumables | 310,128 | 107,808 |
| | - Investment in shares | - | 780,000 |
| | - Acquisition of subsidiary | - | 600,000 |
| | - Dividend income | 563,313 | 1,087,415 |
| | - Royalty | - | 16,191 |
| | - Advance against financial assistance | - | 87,820 |
| | - Advances recovered | - | (1,726) |
| | - Reimbursement of expenses | 134,293 | - |
| | - Rent income | 9,982 | 8,283 |
| | - Income from Provision of Amenities | 2,720 | 4,399 |
| | - Others | 13,218 | 8,754 |
| Associated companies | - Revenue | 12,374,898 | 10,993,614 |
| | - Salaries and wages | 9,050 | 4,283 |
| | - Purchases | 11,575 | 2,254 |
| | - Carriage and duties | 199,314 | 126,716 |
| | - Discounts claimed | 271,821 | 191,341 |
| | - Rent expense | 55,950 | 86,998 |
| | - Rent income | 40,753 | 39,121 |
| | - Income from Provision of Amenities | 37,468 | 48,181 |
| | - Stock claims | 421,524 | 439,475 |
| | - Advance against stock claims | - | 726,855 |
| | - Internet services | 7,072 | 12,535 |
| | - Canteen Facilities | 4,727 | - |
| | - Donations | 42,833 | 5,940 |
| | - Incentives to field force staff | 14,567 | 10,622 |
| | - Repair & maintenance | 4,803 | 556 |
| | - Merchandise expense | 24,776 | 22,737 |
| | - Sale of land | 510,000 | - |
| - Others | 342 | 7,582 | |
| Staff retirement benefits | - Contributions to Provident Fund | 134,380 | 113,520 |
| | - Benefits paid | 76,427 | 68,559 |
| Key management employees compensation | - Salaries and other employee benefits | 212,596 | 195,350 |
| | - Contributions to Provident Fund | 19,424 | 17,285 |

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

21.1 The status of outstanding balances with related parties as at March 31, 2023 is included in the respective notes to the financial statements.

22. CORRESPONDING FIGURES

Corresponding figures have been reclassified and re-arranged in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

23. 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 April 28, 2023.



Chief Executive



Director



Chief Financial Officer

Consolidated Financial Statements



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

Directors' Report to the Members

We are pleased to present the consolidated interim financial information of the company for the nine months period ended March 31, 2023. 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 4.22 billion i.e. 19% 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 45% last year to 41% 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 is around 21%.

Following is the summary of financial results for the nine months period ended March 31, 2023:

| | March 31, | |
|-------------------------------|----------------------|------------------|
| | 2023 | 2022 |
| | (Rupees in thousand) | |
| Revenue | 26,425,153 | 22,196,131 |
| Cost of sales | (15,579,415) | (12,276,515) |
| Gross Profit | 10,845,738 | 9,919,616 |
| Operating expenses | (6,717,060) | (5,398,936) |
| Other operating expenses | (127,826) | (242,046) |
| Other income | 254,648 | 286,465 |
| Profit from operations | 4,255,500 | 4,565,099 |
| Finance cost | (2,717,112) | (1,474,581) |
| Profit before tax | 1,538,388 | 3,090,518 |
| Income tax expense | (596,911) | (1,002,018) |
| Profit after taxation | 941,477 | 2,088,500 |



EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 2.14 (March 31, 2022: Rs. 5.21). 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 March 31, 2023.

FUTURE OUTLOOK

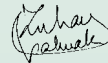
Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices, 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: April 28, 2023



فی شیئر آمدنی

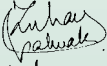
اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس 2.14 روپی (5.21: 2022 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کمی کے کوئی اثرات نہیں ہوئے، چونکہ 31 مارچ، 2023 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بقایا نہیں تھے۔


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/لا جسٹس 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


زہیر رازا والا
ڈائریکٹر


سید نعیم احمد
چیف ایگزیکٹو آفیسر

کراچی، 28 اپریل 2023

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہمیں 31 مارچ 2023 کو ختم ہونے والے نو مہینوں کے لیے ہولڈنگ کمپنی کی ایشیائی 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 کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیوں (کارپوریٹ گورننس کے ضابطہ) کی ریگولیشنز پر 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

مالیاتی جھلکیاں

ہولڈنگ کمپنی کی مجموعی آمدنی میں 4.2 بلین روپے یعنی پچھلے سال کی اسی مدت کے مقابلے میں 19 فیصد اضافہ ہوا۔ تاہم، منفی معاشی حالات یعنی روپے کی قدر میں نمایاں کمی، شرح سود میں اضافہ، لیندھن 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 45 فیصد سے موجودہ مدت میں 41 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 کے بعد اب 21% تک جا پہنچا ہے۔

31 مارچ 2023 کو ختم ہونے والے چھ ماہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

| 2022 | 2023 | |
|----------------------------|-------------------|----------------------|
| (پاکستانی روپے ہزاروں میں) | | |
| 22,196,131 | 26,425,153 | آمدنی |
| (12,276,515) | (15,579,415) | فروخت کے اخراجات |
| 9,919,616 | 10,845,738 | مجموعی آمدنی |
| (5,398,936) | (6,717,060) | آپریٹنگ اخراجات |
| (242,046) | (127,826) | دیگر آپریٹنگ اخراجات |
| 286,465 | 254,648 | دیگر آمدنی |
| 4,565,099 | 4,255,500 | آپریٹنگ سے آمدنی |
| (1,474,581) | (2,717,112) | مالیاتی اخراجات |
| 3,090,518 | 1,538,388 | منافع قبل از ٹیکس |
| (1,002,018) | (596,911) | اکم ٹیکس اخراجات |
| 2,088,500 | 941,477 | منافع بعد از ٹیکس |

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

| | | (Un-audited) March 31, 2023 | (Audited) June 30, 2022 |
|--|----|-----------------------------------|-------------------------------|
| | | (Rupees in '000) | |
| ASSETS | | | |
| Non-current assets | | | |
| | 5 | 9,472,202 | 10,026,144 |
| Property, plant and equipment | | 54,845 | 69,750 |
| Right-of-use asset | | 3,319,842 | 3,237,634 |
| Investment properties | | 16,159,662 | 16,179,879 |
| Intangibles | | 146 | 241 |
| Long-term loans and advances | | 30,700 | 27,686 |
| Long-term deposits | | <u>29,037,397</u> | <u>29,541,334</u> |
| Current assets | | | |
| | | 5,441,212 | 5,773,882 |
| Inventories | | 17,899,680 | 11,978,760 |
| Trade receivables | 6 | 1,637,746 | 1,043,740 |
| Loans and advances | 7 | 228,775 | 158,573 |
| Trade deposits and short-term prepayments | | - | 1,431 |
| Accrued markup | | 5,267,174 | 4,887,151 |
| Other receivables | 8 | 115,772 | 115,772 |
| Short-term investment at amortised cost | | 2,204,413 | 1,715,123 |
| Taxation - payments less provision | | 259,295 | 285,748 |
| Tax refunds due from government - Sales tax | | 294,203 | 230,212 |
| Cash and bank balances | | <u>33,348,270</u> | <u>26,190,392</u> |
| Total assets | | <u>62,385,667</u> | <u>55,731,726</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| | | 3,900,659 | 3,120,527 |
| Share capital | | 6,049,419 | 6,049,419 |
| Share premium | | 14,618,769 | 14,040,214 |
| Unappropriated profit | | 280,251 | 280,251 |
| General reserve | | 5,007,293 | 5,173,186 |
| Revaluation surplus on property, plant and equipment | | | |
| Attributable to owners of | | | |
| The Searle Company Limited - Holding Company | | 29,856,391 | 28,663,597 |
| Non-controlling interests | | 1,719,995 | 2,027,714 |
| | | <u>31,576,386</u> | <u>30,691,311</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| | 10 | 6,434,926 | 9,049,521 |
| Long-term borrowings | | 457,088 | 509,198 |
| Deferred tax liabilities | | 82,434 | 80,356 |
| Employee benefit obligations | | 87,017 | 87,017 |
| Long term lease liability | | <u>7,061,465</u> | <u>9,726,092</u> |
| Current liabilities | | | |
| | 11 | 10,369,783 | 5,097,713 |
| Trade and other payables | | 12,676,623 | 9,969,728 |
| Short-term borrowings | 12 | 685,519 | 196,496 |
| Unpaid dividend | | 14,531 | 45,243 |
| Unclaimed dividend | | 1,360 | 5,143 |
| Current portion of long-term lease liability | | <u>23,747,816</u> | <u>15,314,323</u> |
| Total liabilities | | <u>30,809,281</u> | <u>25,040,415</u> |
| Contingencies and commitments | | | |
| Total equity and liabilities | | <u>62,385,667</u> | <u>55,731,726</u> |

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


Chief Executive


Director


Chief Financial Officer

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

For the period ended March 31, 2023 - Unaudited

| | Note | Quarter ended | | Nine months period ended | |
|--|------|----------------|-----------------|--------------------------|-----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| (Rupees in '000) | | | | | |
| Revenue from contract with customers | 14 | 9,569,239 | 7,628,935 | 26,425,153 | 22,196,131 |
| Cost of sales | | (5,824,711) | (4,194,795) | (15,579,415) | (12,276,515) |
| Gross profit | | 3,744,528 | 3,434,140 | 10,845,738 | 9,919,616 |
| Distribution costs | | (2,020,419) | (1,640,937) | (5,594,058) | (4,419,647) |
| Administrative expenses | | (399,836) | (302,660) | (1,123,002) | (979,289) |
| Other operating expenses | | (29,438) | (92,685) | (127,826) | (242,046) |
| Other income | 15 | 128,904 | 154,269 | 254,648 | 286,465 |
| Profit from operations | | 1,423,739 | 1,552,127 | 4,255,500 | 4,565,099 |
| Finance cost | | (1,042,861) | (555,400) | (2,717,112) | (1,474,581) |
| Profit before income tax | | 380,878 | 996,727 | 1,538,388 | 3,090,518 |
| Income tax expense | | (145,553) | (365,835) | (596,911) | (1,002,018) |
| Profit for the year | | 235,325 | 630,892 | 941,477 | 2,088,500 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the period | | 235,325 | 630,892 | 941,477 | 2,088,500 |
| Profit is attributable to: | | | | | |
| Owners of the The Searle Company Limited - Holding Company | | 207,729 | 614,822 | 836,310 | 2,030,737 |
| Non-controlling interests | | 27,596 | 16,070 | 105,167 | 57,763 |
| | | 235,325 | 630,892 | 941,477 | 2,088,500 |
| Basic and diluted earnings per share (Rupees) | 16 | 0.53 | (Restated) 1.58 | 2.14 | (Restated) 5.21 |

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


Chief Executive


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended March 31, 2023 - Unaudited

| | Share capital | Advance received against issue of share capital | Capital reserves | | Revenue reserves | | Sub-Total reserves | Non-Controlling interest | Total |
|--|------------------|---|-----------------------|--|------------------|------------------------|--------------------|--------------------------|-------------------|
| | | | Share premium account | Revaluation surplus on Property, plant & equipment | General reserve | Unappropriated profits | | | |
| (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 |
| Total comprehensive income for the period | - | - | - | - | - | 2,030,737 | 2,030,737 | 57,763 | 2,088,500 |
| Transactions with owners | | | | | | | | | |
| Final dividend for the year ended June 30, 2020 @ Rs. 2.5 per share | - | - | - | - | - | (480,083) | (480,083) | - | (480,083) |
| Dividend pertaining to non-controlling interests | 720,121 | - | (720,121) | - | - | - | (720,121) | (15,078) | (15,078) |
| | 720,121 | - | (720,121) | - | - | (480,083) | (1,200,204) | (15,078) | (495,161) |
| Transfer of incremental depreciation - net of deferred tax | - | - | - | (81,375) | - | 81,375 | - | - | - |
| Transaction with non-controlling interests | - | - | - | - | - | (600,000) | (600,000) | - | (600,000) |
| Balance as at March 31, 2022 | <u>3,120,526</u> | <u>-</u> | <u>5,329,298</u> | <u>3,985,538</u> | <u>280,251</u> | <u>13,808,052</u> | <u>23,403,139</u> | <u>555,866</u> | <u>27,079,531</u> |
| 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 | 30,891,311 |
| Total comprehensive income for the period | - | - | - | - | - | 830,527 | 830,527 | 110,950 | 941,477 |
| Transaction with NCI | - | - | - | - | - | 362,267 | 362,267 | (362,267) | - |
| Transactions with owners | | | | | | | | | |
| Final dividend for the year ended June 30, 2022 @ Rs. 2 per share | - | - | - | - | - | - | - | - | - |
| Issue of bonus shares | 780,132 | - | - | - | - | (780,132) | (780,132) | - | - |
| Dividend pertaining to non-controlling interests | - | - | - | - | - | - | - | (56,402) | (56,402) |
| | 780,132 | - | - | - | - | (780,132) | (780,132) | (56,402) | (56,402) |
| Transfer of incremental depreciation - net of deferred tax | - | - | - | (116,393) | - | 116,393 | - | - | - |
| Transfer of revaluation surplus on disposal of land held at revaluation model to retained earnings | - | - | - | (49,500) | - | 49,500 | - | - | - |
| Balance as at March 31, 2023 | <u>3,900,659</u> | <u>-</u> | <u>6,049,419</u> | <u>5,007,293</u> | <u>280,251</u> | <u>14,618,769</u> | <u>25,955,732</u> | <u>1,719,995</u> | <u>31,576,386</u> |

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

Chief Executive

Director

Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended March 31, 2023 - Unaudited

| | Note | March 31 2023 | March 31 2022 |
|--|------|---------------------|------------------|
| (Rupees in '000) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 17 | 3,119,567 | 1,395,470 |
| Employee benefit obligations paid | | (5,177) | (11,275) |
| Finance cost paid | | (2,397,726) | (1,346,989) |
| Income tax paid | | (1,138,311) | (846,751) |
| Interest income received | | 2,234 | 1,304 |
| (Increase) / decrease in long-term deposits | | (3,014) | 7,967 |
| Lease rentals paid | | (14,575) | (16,213) |
| Decrease / (increase) in long-term loans and advances | | 95 | 186 |
| Net cash generated from operating activities | | (436,907) | (816,301) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (356,359) | (512,116) |
| Consideration for acquisition of wholly owned subsidiary - net | | - | (600,000) |
| Sale proceeds on disposal of property, plant and equipment | | 516,616 | 2,496 |
| Additions to investment properties | | (140,932) | (266,664) |
| Short-term investments | | - | 948 |
| Net cash used in investing activities | | 19,325 | (1,375,336) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | 401,909 | (472,918) |
| (Repayment) / Proceeds of borrowings | | (1,172,588) | (227,942) |
| Repayment of demand finance facility | | - | (113,333) |
| Repayment of salary refinancing | | (133,875) | - |
| Advance against equity | | - | 1,465,396 |
| Net cash generated from / (used in) financing activities | | (904,554) | 651,203 |
| Net increase in cash and cash equivalents | | (1,322,136) | (1,540,434) |
| Cash and cash equivalents at beginning of the period | | (9,063,156) | (7,162,617) |
| Cash and cash equivalents at end of the period | 18 | (10,385,292) | (8,703,051) |

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


Chief Executive


Director


Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - 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 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Company is situated at One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 Dehli Mercantile Muslim Cooperative Housing Society, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.

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

Following are the subsidiary companies:

| | Principal place of business | Effective %age of holding | |
|---|-----------------------------|---------------------------|-------------------------|
| | | March 31 2023 (Unaudited) | June 30, 2022 (Audited) |
| Listed Company | | | |
| - IBL HealthCare Limited | | 74.19% | 74.19% |
| Unlisted Companies | | | |
| - Searle Pharmaceuticals (Private) Limited | Pakistan | 100.00% | 100.00% |
| - Searle Laboratories (Private) Limited | | 100.00% | 100.00% |
| - Searle Biosciences (Private) Limited | | 100.00% | 100.00% |
| - IBL Future Technologies (Private) Limited | | 100.00% | 100.00% |
| - Searle Pakistan Limited (formerly OBS (Pakistan) Private Limited) | | 90.61% | 100.00% |
| - Nextar Pharma (Private) Limited * | | 87.20% | 87.20% |

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

2. BASIS OF PREPARATION

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

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

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - 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.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2022.

2.1 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2022.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the annual audited consolidated financial statements as at and for the year ended June 30, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended June 30, 2022.



Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

| | (Unaudited) March 31, 2023 | (Audited) June 30, 2022 |
|---|---|-------------------------------|
| 7. LOANS AND ADVANCES - considered good | | |
| (Rupees in '000) | | |
| Advances to: | | |
| Secured | | |
| - employees for operating activities | 144,232 | 66,278 |
| - employees against salaries | 80,011 | 33,208 |
| Unsecured | | |
| - advance to Universal Ventures (Private) Limited | 1,400 | 1,400 |
| - suppliers | 1,060,437 | 777,876 |
| - against imports | 316,241 | 153,184 |
| - against LC margin | 28,865 | 5,013 |
| Other advances | 6,296 | 6,444 |
| | 1,637,482 | 1,043,403 |
| Current portion of long-term loans to employee | 264 | 337 |
| | 1,637,746 | 1,043,740 |

8. OTHER RECEIVABLES

Receivables from related parties

Due from ultimate parent company and associated companies:

| | | |
|---|------------------|-----------|
| - International Brands Limited | 188,473 | 167,537 |
| - IBL Operations (Private) Limited | 5,758 | 879,354 |
| - Universal Ventures (Private) Limited | 3,836,859 | 3,326,859 |
| - IBL Frontier Market (Private) Limited | 56,461 | 42,576 |
| - IBL Logistics (Private) Limited | 1,384 | 1,692 |
| - IBL Unisys (Private) Limited | 710 | 493 |
| | 4,089,645 | 4,418,511 |

Due from other related party:

| | | |
|---|---------------|---------|
| - United Retail (SMC- Private) Limited | 1,384 | 2,602 |
| - Universal Retail (SMC- Private) Limited | 53,586 | 98,152 |
| | 54,970 | 100,754 |

Surplus arising under retirement benefit fund

| | | |
|--|--------------|-------|
| | 5,250 | 5,250 |
|--|--------------|-------|

Receivables from other than related parties

| | | |
|------------------------------------|------------------|-----------|
| Others, considered good - note 8.1 | 1,117,309 | 362,636 |
| | 5,267,174 | 4,887,151 |

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

9. SHARE CAPITAL

Authorised share capital

(Unaudited) (Audited)
March 31, June 30,
2023 2022
 (Number of shares)

(Unaudited) (Audited)
March 31, June 30,
2023 2022
 (Rupees in '000)

600,000,000 **300,000,000** Ordinary shares of Rs. 10 each

6,000,000 **3,000,000**

Issued, subscribed and paid up capital

(Number of shares)

| | | | |
|--------------------|---|------------------|-----------|
| 40,168,355 | 40,168,355 Shares allotted for consideration paid in cash | 401,683 | 401,683 |
| 24,000 | 24,000 Shares allotted for consideration other than cash | 240 | 240 |
| 349,873,498 | 271,860,328 Shares allotted as bonus shares - note 9.2 | 3,498,736 | 2,718,604 |
| 390,065,853 | | 3,906,659 | 3,120,527 |

- 9.1 The Company increased its authorised share capital for ordinary shares from Rs. 4 billion divided into 400 million ordinary shares to Rs. 6 billion divided into 600 million ordinary shares of Rs 10 each in its annual general meeting held on October 28, 2022.
- 9.2. The Board of Directors in its meeting held on October 3, 2022, approved the issue of 25 bonus shares for every 100 shares held for the year ended June 30, 2022. The said bonus was approved by members in its Annual General Meeting held on October 28, 2022. The total size of issue is Rs. 780.13 million (78.01 million shares).

(Unaudited) (Audited)
March 31, June 30,
2023 2022
 (Rupees in '000)

10. LONG-TERM BORROWINGS

Long term loan from Habib Bank Limited - note 10.1

6,434,926 **9,049,521**

- 10.1 The Company obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However on February 24, 2021, the Company repaid loan amounting to Rs. 800 million to its Musharaka Agent. This facility carries a mark-up of three months KIBOR plus 1.35%.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

(Unaudited) (Audited)
March 31, June 30,
2023 2022
(Rupees in '000)

11. TRADE AND OTHER PAYABLES

| | | |
|---|--------------------------|------------------|
| Creditors | 1,906,774 | 908,458 |
| Payable under group relief | - | 20,912 |
| Salaries and benefits payable | - | 648 |
| Bills payable in foreign currency | 3,373,025 | 659,951 |
| Royalty payable | 11,034 | 14,171 |
| Accrued liabilities | 3,925,509 | 2,456,453 |
| Payable to provident fund | 20,752 | 22,808 |
| Current portion of deferred income - government grant | - | 9,791 |
| Advance from customers - unsecured | 122,490 | 144,687 |
| Payable for compensated absences | - | 11,373 |
| Provision for gas infrastructure | 9,485 | 9,485 |
| Accrued markup | 637,018 | 328,424 |
| Taxes deducted at source and payable to statutory authorities | 81,383 | 98,963 |
| Workers' Profit Participation Fund | 87,031 | 220,071 |
| Workers' Welfare Fund | 104,804 | 102,450 |
| Other liabilities | 90,478 | 89,068 |
| | <u>10,369,783</u> | <u>5,097,713</u> |

12. SHORT-TERM BORROWINGS

Secured borrowings

Conventional:

| | | |
|--|------------------|-----------|
| Running finance under mark-up arrangements - note 12.1 | 2,346,962 | 2,498,053 |
|--|------------------|-----------|

Islamic:

| | | |
|---|--------------------------|------------------|
| Running Musharaka | 8,332,533 | 6,795,315 |
| Current portion of long term borrowings | 1,997,128 | 676,360 |
| | <u>10,329,661</u> | <u>7,471,675</u> |
| | <u>12,676,623</u> | <u>9,969,728</u> |

- 12.1** 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. 12,140 million (June 30, 2022: Rs. 11,940 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

This represents facility obtained from Dubai Islamic Bank Pakistan Limited amounting to Rs. 1,550 million carrying markup rate at KIBOR plus 1.75% (June 2022: KIBOR plus 1.75%) per annum, repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of the Company amounting to Rs. 733.33 million (at 25% margin) for funded exposure and Rs. 50 million for non-funded exposure (at nil margin).



Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

This also includes facility obtained from Faysal Bank Limited amounting to Rs. 427.75 million carrying markup rate at KIBOR plus 0.75% (June 2022: KIBOR plus 0.75%) per annum repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of the Company amounting to Rs. 493.33 million and ranking a charge of Rs. 200 million (at nil margin) for non funded exposure and Rs. 133.33 million (at 25% margin) for funded exposure. The Company has obtained running finance facilities from various commercial banks which carry markup ranging from 15% to 21% (June 2022: 15% to 16.5%). The facilities are secured by way of joint pari passu hypothecation charge over current assets of the Company (at 25% margin).

- 12.2** The rates of mark-up ranged between 3% to 19.5% (June 30, 2022: 3% to 13%) per annum.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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.

13.2 Commitments

The facility for opening letters of credit and guarantees as at March 31, 2023 amounted to Rs. 5105 million (June 30, 2022: Rs. 3,165 million) of which the amount remaining unutilised as at period ended March 31, 2023 amounted to Rs. 2,444 million (June 30, 2022: Rs. 2,025 million).

| 14. REVENUE FROM CONTRACT WITH CUSTOMERS | March 31, 2023 | March 31, 2022 |
|---|---------------------------|-------------------|
| | (Rupees in '000) | |
| Gross sales | | |
| Local sales | 28,363,457 | 22,754,383 |
| Export sales | 1,949,040 | 1,612,635 |
| | 30,312,497 | 24,367,018 |
| Toll manufacturing | 70,285 | 212,234 |
| | 30,382,782 | 24,579,252 |
| Sales tax | (463,170) | (166,994) |
| | 29,919,612 | 24,412,258 |
| Less: | | |
| Discounts, rebates and allowances | 1,460,417 | 1,075,045 |
| Sales returns | 2,034,042 | 1,141,082 |
| | 3,494,459 | 2,216,127 |
| | 26,425,153 | 22,196,131 |



Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

March 31, March 31,
2023 2022
(Rupees in '000)

15. OTHER INCOME

Income from financial assets

| | | |
|---|---------------|---------|
| Exchange gain | 81,188 | 166,729 |
| Interest income on Term Finance Certificate | 8,566 | 4,816 |
| | 89,754 | 171,545 |

Income from non - financial assets

| | | |
|---|----------------|---------|
| Insurance claim recovery | | |
| Rental income from investment properties | 58,409 | 64,933 |
| Gain on disposal of property, plant and equipment | 63,049 | 2,469 |
| Scrap sales | 20,727 | 13,467 |
| Government grant | 9,728 | 32,060 |
| Others | 12,981 | 1,991 |
| | 164,894 | 114,920 |
| | 254,648 | 286,465 |

16. BASIC AND DILUTED EARNINGS PER SHARE

| | | |
|---|----------------|-------------|
| | | (Re-stated) |
| Profit for the period | 836,310 | 2,030,737 |
| Weighted average number of outstanding shares at the end of the period (in thousand) | 390,066 | 390,066 |
| Basic and diluted earnings per share (Rupees) | 2.14 | 5.21 |

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

| | March 31, 2023 | March 31, 2022 |
|---|---------------------------|-------------------|
| | (Rupees in '000) | |
| 17. CASH GENERATED FROM OPERATIONS | | |
| Profit before income tax | 1,538,388 | 3,090,518 |
| Add / (less): Adjustments for non-cash charges and other items | | |
| Depreciation on property, plant and equipment | 456,620 | 388,509 |
| Depreciation on investment property | 58,724 | 52,270 |
| Depreciation on right-of-use-asset | 14,905 | 15,075 |
| Gain on disposal of property, plant and equipment | (62,935) | (2,438) |
| Amortisation | 20,217 | 35,498 |
| Provision for retirement benefits obligation | 7,255 | 6,495 |
| Deferred Income - Government grant | (9,791) | (32,060) |
| Unwinding of discount on salary refinancing | - | 2,242 |
| Interest on WPPF | - | 18,256 |
| Interest income | (803) | (198) |
| Finance cost | 2,706,320 | 1,418,026 |
| Interest on lease liability | 10,792 | 12,032 |
| Amortisation of transaction cost | 12,636 | 12,636 |
| Profit before working capital changes | 4,752,328 | 5,016,860 |
| Effect on cash flow due to working capital changes | | |
| (Increase) / decrease in current assets | | |
| Inventories | 332,670 | (530,186) |
| Trade receivables | (5,920,920) | (2,122,609) |
| Loans and advances | (594,006) | (876,615) |
| Trade deposits and short-term prepayments | (70,202) | (57,429) |
| Tax refunds due from government - Sales tax | 26,453 | (45,455) |
| Other receivables | (380,023) | (866,213) |
| | (6,606,028) | (4,498,507) |
| Increase in current liabilities | | |
| Trade and other payables | 4,973,267 | 897,916 |
| Sales tax payable | - | (20,800) |
| Cash generated from operations | 3,119,567 | 1,395,470 |



Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

| | March 31, 2023 | March 31, 2022 |
|---------------------------------------|----------------------------|--------------------|
| | (Rupees in '000) | |
| 18. CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 294,203 | 284,326 |
| Short term running finances - note 12 | (10,679,495) | (8,987,377) |
| | <u>(10,385,292)</u> | <u>(8,703,051)</u> |

19. SEGMENT INFORMATION

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

20. TRANSACTIONS WITH RELATED PARTIES

Disclosure of transactions between the Company and related parties:

The related parties include associated companies, staff retirement funds, directors, key management personnel and close family members of directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant transactions with related parties are as follows:

| Nature of relationship | Nature of transactions | March 31, 2023 | March 31, 2022 |
|------------------------|--------------------------------------|-------------------|-------------------|
| | | (Rupees in '000) | |
| Holding company | - Corporate service charges | 99,000 | 180,000 |
| | - Rent income | 12,089 | 11,010 |
| | - Income from provision of amenities | 8,846 | 10,160 |
| | - Reimbursement of expenses | 3,329 | 290 |
| Associated companies | - Revenue | 12,374,898 | 10,993,614 |
| | - Salaries and wages | 9,050 | 4,283 |
| | - Purchases | 11,575 | 2,254 |
| | - Carriage and duties | 199,314 | 126,716 |
| | - Discounts claimed | 271,821 | 191,341 |
| | - Rent expense | 55,950 | 86,998 |
| | - Rent income | 40,753 | 39,121 |
| | - Stock claims | 421,524 | 439,475 |
| | - Advance against stock claims | - | 726,855 |
| | - Internet services | 7,072 | 12,535 |
| | - Income from provision of amenities | 37,468 | 48,181 |
| - Donations | 42,833 | 5,940 | |



Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2023 - Unaudited

| Nature of relationship | Nature of transactions | March 31, | March 31, |
|---------------------------------------|--|------------------|-----------|
| | | 2023 | 2022 |
| | | (Rupees in '000) | |
| | - Incentives to field force staff | 14,567 | 10,622 |
| | - Repair & maintenance | 4,803 | 556 |
| | - Merchandise expense | 24,776 | 22,737 |
| | - Others | 342 | 7,582 |
| | - Sale of Land | 510,000 | - |
| Staff retirement benefits | | | |
| | - Contributions to Provident Fund | 134,380 | 113,520 |
| | - Benefits paid | 76,427 | 68,559 |
| Key management employees compensation | | | |
| | - Salaries and other employee benefits | 212,596 | 195,350 |
| | - Contributions to Provident Fund | 19,424 | 17,285 |

20.1 The status of outstanding balances with related parties as at March 31, 2023, is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

21. CORRESPONDING FIGURES

Corresponding figures have been reclassified and re-arranged in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

22. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on April 28, 2023.


Chief Executive


Director


Chief Financial Officer



SEARLE

THE SEARLE COMPANY LIMITED

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