

MAKING A DIFFERENCE



CONTENTS

Company Information	02
Directors' Report to the Members	03
Directors' Report to the Members (Urdu)	07
Unconsolidated Condensed Interim Balance Sheet	08
Unconsolidated Condensed Interim Profit And Loss Account	09
Unconsolidated Condensed Interim Cash Flow Statement	10
Unconsolidated Condensed Interim Statement Of Changes In Equity	11
Selected Notes to the Unconsolidated Condensed Interim Financial Information - Unaudited	12
Consolidated Condensed Interim Financial Information	24

Company Information

Board of Directors

Mr. Adnan Asdar Ali	Chairman
Mr. Rashid Abdulla	
Mr. Husain Lawai	
Mr. S. Nadeem Ahmed	Chief Executive Officer
Mr. Zubair Razzak Palwala	
Mr. Ayaz Abdulla	
Mr. Asad Abdulla	

Board of Audit Committee

Mr. Husain Lawai	Chairman
Mr. Adnan Asdar Ali	Member
Mr. Asad Abdulla	Member

Board of HR & Remuneration Committee

Mr. Rashid Abdulla	Chairman
Mr. Adnan Asdar Ali	Member
Mr. Ayaz Abdulla	Member

Chief Financial Officer

Mr. Mobeen Alam

Company Secretary

Mr. Zubair Razzak Palwala

Auditors

A. F. Ferguson & Co.

Legal Advisors

Mohsin Tayebaly & Co.

Bankers

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

Registered Office

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

Share Registrar

Central Depository Company of Pakistan 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 financial information of your Company for the three months ended September 30, 2017. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting' and the provisions of the directives issued under Companies Act 2017 (repealed Companies Ordinance, 1984).

OPERATING RESULTS

	September 30,	
	2017	2016
	(Rupees in thousand)	
Revenue	3,245,720	2,758,993
Cost of sales	(2,206,326)	(1,741,163)
Gross profit	1,039,394	1,017,830
Operating expenses	(855,511)	(696,342)
Other Operating expenses	(48,874)	(53,476)
Other Income	723,603	589,094
Operating profit	858,612	857,106
Finance cost	(36,089)	(28,471)
Profit before taxation	822,523	828,635
Taxation	(49,693)	(88,575)
Profit after taxation	772,830	740,060

We believe success is a product of relentless efforts and opportunities just don't arise randomly but are created through strong committed endeavors. In lieu of this philosophy we are continuously on the verge of optimizing the value of our portfolio and increasing our overall commitment to ensure long-term value creation for our shareholders.

We have built a firm growing position by putting the benefit of patients and stakeholders, our fundamental priority and we are proud of the impact our efforts are having.

During the period ended September 30, 2017, the company's financial performance scaled new heights and was yet again a commendable period.

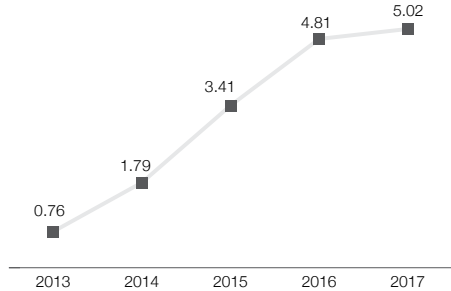
Financial highlights are summarized below:

- Net sales of the Company grew by 17.64% to Rs 3.25 billion.
- Gross profit margin was 32%.
- Operating profit margin was 26.45%
- Profit before and after taxation was 25.34% and 23.81% respectively.

EARNINGS PER SHARE

Basic earnings per share after taxation was Rs. 5.02 (2016: Rs. 4.81).

There is no dilution effect on the basic earnings per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as at September 30, 2017.



FUTURE OUTLOOK

In order to enhance long-term shareholder value and to drive future growth and profitability, Searle has embarked on multiple initiatives both locally & globally. We are strengthening with every passing day and are on our way to attain leadership position in key markets and business segments.

In Pakistan market, the therapeutic areas which Searle has over the years strengthened include cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics. Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products.

By acquisition of the state of art facility of Nextar, we anticipate overall profitability to improve substantially as our biosciences venture, is now at the verge of delivering strong results. Further, Searle has also submitted Drug Master File (DMF) to USFDA and received acknowledgment in this regard. This approval will open new avenues of success for domestic and global markets. To address therapeutic areas of Oncology, Virology and Blood related diseases; we have signed agreements with some of the leading Bio-Similar companies of the developed world, which will expedite the progress of our biosciences venture in Pakistan.

For the longer run, Searle is focusing on emerging portfolios including, stem cells, bio-engineering, medical devices, nutraceuticals and genome sciences. Recently, we have signed exclusive agreement with the only genome research center in Pakistan, established by Prof. Atta-ur-Rehman. This center, known as Jamil-ur-Rehman Center for Genome Research, is part of the International Center for Chemical and Biological Sciences, University of Karachi.

ACKNOWLEDGEMENT

We wish to thank the customers for their faith in our products, and their continuing patronage. We also take this opportunity to thank our suppliers, bankers and distributors for providing us with their valuable support throughout the period. Finally, we wish to thank our staff who remained committed to deliver towards the growth of the Company.

For and on behalf of the board

Syed Naveem Ahmed
Chief Executive Officer

Karachi
October 25, 2017




نیکسٹر کی جدید ترین فیسیلٹی کے حصول کے ذریعے ہمیں توقع ہے کہ مجموعی منافع جات میں کثیر اضافہ ہوگا۔ مزید برآں ہمارا بائیو سائنسز و نیچر مستحکم نتائج دینے کے لئے تیار ہے۔ مزید برآں سرل نے یو ایس ایف ڈی اے (USFDA) کو ڈرگ ماسٹر فائل (DMF) بھی جمع کرا دی ہے اور اس سلسلے میں ایکٹنا جمنٹ موصول ہوگئی ہے۔ یہ منظوری مقامی اور عالمی مارکیٹوں کیلئے کامیابی کے نئے دروازے کھول دے گی۔ آنکالوجی، وائرولوجی اور خون سے متعلق امراض کے علاج و معالجے کے شعبوں سے نمٹنے کیلئے ہم نے ترقی یافتہ دنیا کی چند معروف بائیو سیمیلر کمپنیوں کے ساتھ معاہدے کئے ہیں جو پاکستان میں ہمارے بائیو سائنسز و نیچر کی پیش رفت کو مزید تیز کریں گے۔

مستقل بعید کیلئے سرل ابھرتے ہوئے پورٹ فولیوز بشمول اسٹیم سیلز، بائیو انجینئرنگ، میڈیکل ڈیوائسز، نیوٹرا سیوٹیکلز اور جینوم سائنسز پر توجہ دے رہی ہے۔ حال ہی میں ہم نے ڈاکٹر عطاء الرحمن کی جانب سے پاکستان میں قائم شدہ واحد جینوم ریسرچ سینٹر، بنام جمیل الرحمن سینٹر برائے جینوم ریسرچ پارٹ آف انٹرنیشنل سینٹر برائے کیمیکل اینڈ بائیولوجیکل سائنسز، جامع کراچی کے ساتھ خصوصی معاہدے پر دستخط کئے ہیں۔

اظہارِ تشکر

سرل میں ہم سب جذباتی طور پر ملحوظ و متحرک ہیں اور مستقل بنیاد پر ہر عزم شراکت کر رہے ہیں۔ یہی شیوہ ہمارے شراکت کار، سپلائرز اور صارفین کا ہے، جس کیلئے ہم ان کے شکر گزار ہیں اور توقع کرتے ہیں کہ اسی لگن کے ساتھ وہ مستقبل میں بھی شریک کار رہیں گے۔ ہم یقین دہانی کراتے ہیں کہ سرل اپنی کوششیں جاری رکھے گی اور ہم سے منسلک تمام شراکت کاروں کے لئے طویل مدتی ترقی فراہم کرے گی۔

بحکم بورڈ


سید ندیم احمد
چیف ایگزیکٹو آفیسر

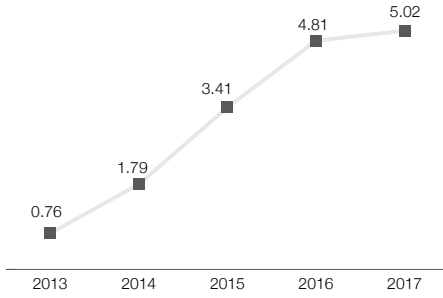
کراچی

25 اکتوبر 2017

مالیاتی جھلکیاں درج ذیل ہیں:

- کمپنی کی سیلز میں 17.64 فیصد کا اضافہ ہوا اور کمپنی کی سیلز 3.25 بلین رہیں
- مجموعی منافع کی شرح 32 فیصد رہی
- آپریٹنگ منافع جات کی شرح 26.45 فیصد رہی
- منافع قبل از ٹیکس اور بعد از ٹیکس کی شرح 25.34 اور 23.81 فیصد بالترتیب رہی۔

آمدنی فی شیئر



بنیادی آمدنی فی شیئر بعد از ٹیکس 5.02 روپے تھی (4.81 روپے: 2016)۔

کمپنی کی بنیادی آمدنی فی حصص پر ڈائلیوشن کا کوئی اثر نہیں پڑا کیونکہ کمپنی کے 30 ستمبر 2017 کو کوئی کنورٹبل ڈائیلیٹیو پوٹینشل آرڈینری شیئرز باقی نہیں تھے۔

مستقبل پر ایک نظر

طویل مدتی شیئر ہولڈر ویلیو میں اضافے اور مستقبل کی ترقی اور منافع جات کی غرض سے سرل مقامی اور عالمی دونوں سطح پر کثیر اقدامات انجام دے رہی ہے۔ ہم گزرتے ہوئے ہر دن کے ساتھ مضبوط ہو رہے ہیں اور اہم مارکیٹوں اور کاروباری شعبوں میں سرکردہ پوزیشن کے حصول کی طرف گامزن ہیں۔

پاکستانی مارکیٹ میں وہ بنیادی علاج معالجے کے شعبے، جن میں سرل گزشتہ سالوں کے دوران مستحکم ہوئی ہے، کارڈیو لیکولر، کولڈ وکف، ذیابیطیس، شیرخوار بچوں کا فارمولا، پرو بائیونک اور اینٹی بائیونک شامل ہیں۔ مستقبل میں ہم اسپیشلسٹی جنیرک برانڈڈ پورٹ فولیو میں اپنا حصہ بڑھانے اور منفرد مصنوعات کی طرف اپنی توجہ مرکوز کئے ہوئے ہیں۔



ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ہم آپ کی کمپنی کی 30 ستمبر 2017 کو ختم ہونے والی سہ ماہی مدت کے مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 'Interim Financial Reporting' - (IAS-34) اور کمپنیز ایکٹ 2017 (متروک کمپنیز آرڈیننس 1984) کے تحت جاری کردہ ہدایات کے مطابق تیار کئے گئے ہیں۔

آپریٹنگ نتائج

2016	2017	آمدنی
2,758,993	3,245,720	فروخت کے اخراجات
(1,741,163)	(2,206,326)	مجموعی آمدنی
1,017,830	1,039,394	آپریٹنگ اخراجات
(696,342)	(855,511)	دیگر آپریٹنگ اخراجات
(53,476)	(48,874)	دیگر آمدنی
589,094	723,603	آپریٹنگ سے آمدنی
857,106	858,612	فنانس کی لاگت
(28,471)	(36,089)	آمدنی قبل از ٹیکس
828,635	822,523	ٹیکسیشن
(88,575)	(49,693)	آمدنی بعد از ٹیکس
740,060	772,830	

ہم اس امر پر یقین رکھتے ہیں کہ کامیابی انتھک جدوجہد سے حاصل ہوتی ہے اور مواقع محض اچانک نمودار نہیں ہوتے بلکہ مستحکم عزم و ہمت اور کوششوں کے ذریعے حاصل ہوتے ہیں۔ اس فلسفے پر عمل کرتے ہوئے ہم مستقل طور پر اپنے پورٹ فولیو اور اپنی مجموعی ذمہ داریوں کو بڑھا رہے ہیں تاکہ اپنے شیئر ہولڈرز کے لیے طویل المدتی ترقی کو یقینی بنا سکیں۔

مریضوں اور شیئر ہولڈرز کے مفادات کو اپنی بنیادی ترجیح بناتے ہوئے ہم نے ایک مستحکم اور مستند پوزیشن حاصل کر لی ہے اور ہم اپنی کوششوں سے حاصل ہونے والے اثرات پر فخر کرتے ہیں۔

30 ستمبر 2017 کو ختم ہونے والی سہ ماہی مدت میں کمپنی کی مالیاتی کارکردگی نے نئی بلندیوں کو چھو لیا اور یہ سہ ماہی مدت ہمارے حصص یافتگان کے لئے ایک دفعہ پھر سے قابل ستائش رہی۔

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET

As at September 30, 2017

	Note	(Un-audited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017 (Rupees in '000)
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,269,013	1,235,640
Investment properties		2,451,134	2,460,614
Intangibles	7	198,405	207,732
Deferred taxation		307	443
Long-term investments - subsidiaries	8	1,486,186	1,486,186
Long-term loans		141	193
Long-term deposits		1,598	1,598
		<u>5,406,784</u>	<u>5,392,406</u>
Current assets			
Stores and spares		7,621	1,842
Stock-in-trade		843,466	1,050,790
Trade debts	9	3,261,020	2,977,613
Loans and advances		2,885,159	2,458,745
Trade deposits and short-term prepayments		74,768	71,147
Other receivables	10	366,143	525,159
Taxation - payments less provision		631,398	675,642
Cash and bank balances	11	13,214	92,153
		<u>8,082,789</u>	<u>7,853,091</u>
Non-current asset classified as held for sale	11	600,278	600,278
Total assets		<u>14,089,851</u>	<u>13,845,775</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	13	1,539,314	1,539,314
Reserves		9,158,681	8,385,533
		<u>10,697,995</u>	<u>9,924,847</u>
Surplus on revaluation of property, plant and equipment		443,057	443,511
LIABILITIES			
Non-current liabilities			
Long term financing		214,285	214,285
Retirement benefit obligations		46,965	47,032
		<u>261,250</u>	<u>261,317</u>
Current liabilities			
Trade and other payables	14	1,912,944	1,774,197
Accrued mark-up		28,424	16,467
Short term borrowings	15	509,731	1,208,828
Current portion of long term financing		214,286	214,286
Sales tax payable		22,164	2,322
		<u>2,687,549</u>	<u>3,216,100</u>
Total liabilities		<u>2,948,799</u>	<u>3,477,417</u>
Contingencies and commitments	16		
Total equity and liabilities		<u>14,089,851</u>	<u>13,845,775</u>

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


Chief Executive Officer


Director


Chief Financial Officer



UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the period ended September 30, 2017 - Unaudited

	Note	Quarter ended	
		September 30, 2017	September 30, 2016
		(Rupees in '000)	
Revenue	17	3,245,720	2,758,993
Cost of sales		(2,206,326)	(1,741,163)
Gross profit		1,039,394	1,017,830
Selling and distribution expenses		(689,755)	(582,754)
Administrative expenses		(165,756)	(113,588)
Other operating expenses		(48,874)	(53,476)
Other income	18	723,603	589,094
Operating profit		858,612	857,106
Finance cost		(36,089)	(28,471)
Profit before taxation		822,523	828,635
Income tax expense		(49,693)	(88,575)
Profit after taxation		772,830	740,060
Other comprehensive income		-	-
Total comprehensive income		772,830	740,060
		(Re-stated)	
Earnings per share - basic and diluted (Rupees)	19	5.02	4.81

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


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

For the period ended September 30, 2017 - Unaudited

	Note	September 30, 2017	September 30, 2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	714,579	421,553
Retirement benefit obligations paid		(1,417)	(511)
Finance cost paid		(24,132)	(5,619)
Income taxes paid		(5,449)	(30,574)
Decrease in long-term loans		52	34
Net cash generated from operating activities		683,633	384,883
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(60,475)	(58,404)
Sale proceeds on disposal of property, plant and equipment		-	6,307
Payments for investment properties		(3,000)	(1,534)
Purchase of intangibles		-	(55,397)
Additions to long-term investments		-	(201,282)
(Expenses claimed) / Mark-up received from associated company - net			(7,119)
Net cash used in investing activities		(63,475)	(317,429)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(22)
Net cash used in financing activities		-	(22)
Net decrease in cash and cash equivalents		620,158	67,432
Cash and cash equivalents at the beginning of the period		(1,052,675)	(387,689)
Cash and cash equivalents at the end of the period	21	(432,517)	(320,257)

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


Chief Executive Officer


Director


Chief Financial Officer

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

1. LEGAL STATUS AND OPERATIONS

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

International Brands Limited is the holding company, which holds 56.12% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	"Effective %age of holding"	
		September 30, 2017	June 30, 2017
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 Identity (Private) Limited		70.34%	70.34%
- Nextar Pharma (Private) Limited			

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the quarter ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. As per the requirements of circular No. 23 of 2017(CLD/CCD/PR(11)/2017) dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) and further clarification through the Institute of Chartered Accountant of Pakistan (ICAP) circular No. 17 of 2017 that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statement in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The unconsolidated condensed interim financial information of the Company for the period ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information is being presented and submitted to the shareholders as required by Listing Regulations of Pakistan Stock Exchange and under Section 245 of the Companies Ordinance, 1984.



SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

This unconsolidated 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, 2017.

2.1 Changes in accounting standards, interpretations and pronouncements

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

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendment provides clarification on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

IAS 7, 'Statement of cash flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2017 except for that as disclosed in note 5 of these condensed interim financial statements.

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

4. ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this unconsolidated 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 unconsolidated condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2017.

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, 2017.

5. CHANGE IN ACCOUNTING POLICY

During the period, the Company changed its policy of valuing the cost of raw and packing materials from standard cost to weighted average as per IAS 2 "Inventories". Since the effect of the change is indeterminable, no retrospective adjustments have been made to the amounts reported in these condensed interim financial statements.

	(Unaudited)	(Audited)
	September 30,	June 30,
	2017	2017
	(Rupees in '000)	

6. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 6.1
Capital work in progress

1,132,669	1,033,870
<u>136,344</u>	<u>201,770</u>
<u>1,269,013</u>	<u>1,235,640</u>

6.1 Details of additions and disposals to operating assets during the period were as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(Rupees in '000)			
Building on leasehold land	4,108	3,080	-	-
Plant and machinery	102,212	44,404	-	-
Furniture & fittings	-	85	-	-
Vehicles	16,560	-	-	(5,385)
Office equipment	3,021	10,835	-	(54)
	<u>125,901</u>	<u>58,404</u>	<u>-</u>	<u>(5,439)</u>



SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
7. INTANGIBLES		
Brand names	16,666	17,916
Product license	97,670	100,461
Software licenses	84,069	89,355
	<u>198,405</u>	<u>207,732</u>
	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
8. LONG-TERM INVESTMENTS		
Subsidiary companies (at cost) - note - 8.1	<u>1,486,186</u>	<u>1,486,186</u>
8.1 Subsidiary companies		
	(Unaudited) September 30, 2017 Equity Investment % held at cost (Rupees '000)	(Audited) June 30, 2017 Equity Investment % held at cost (Rupees '000)
Listed security		
IBL HealthCare Limited 36,478,401 (June 30, 2017: 36,478,401) Ordinary shares of Rs. 10 each Market price as at September 30, 2017: Rs. 122.38 (June 30, 2017: Rs. 122) per share	74.19% 1,300,911	74.19% 1,300,911
	<u>1,300,911</u>	<u>1,300,911</u>
Unlisted securities		
Searle Pharmaceuticals (Private) Limited 40,000 (June 30, 2017: 40,000) Ordinary shares of Rs. 10 each Break up value as at September 30, 2017: Rs. 31.74 (June 30, 2017: Rs. 27.73) per share	100% 400	100% 400
Searle Laboratories (Private) Limited 12,500,000 (June 30, 2017: 12,500,000) Ordinary shares of Rs. 10 each Break up value as at September 30, 2017: Rs. 5.48 (June 30, 2017: Rs. 5.61) per share	100% 125,000	100% 125,000
Searle Biosciences (Private) Limited 1,000,000 (June 30, 2017: 1,000,000) Ordinary shares of Rs. 10 each Break up value as at September 30, 2017: Rs. 10.58 (June 30, 2017: Rs. 13.73) per share	100% 10,000	100% 10,000
IBL Identity (Private) Limited 9,500,000 (June 30, 2017: 9,500,000) Ordinary shares of Rs. 10 each Break up value as at September 30, 2017: Rs. 170.23 (June 30, 2017: Rs. 145.35) per share	100% 49,875	100% 49,875
	<u>1,486,186</u>	<u>1,486,186</u>

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
9. TRADE DEBTS		
Considered good		
- Export debtors - secured	213,909	135,850
- Due from related parties, unsecured	2,528,053	2,356,033
- others - unsecured	519,058	485,730
	<u>3,047,111</u>	<u>2,841,763</u>
Considered doubtful	165,430	165,430
Less: Provision for doubtful debts	<u>(165,430)</u>	<u>(165,430)</u>
	<u>-</u>	<u>-</u>
	<u><u>3,261,020</u></u>	<u><u>2,977,613</u></u>

- 9.1 The receivable is stated net of amount payable to IBL Operations (Private) Limited and United Brands Limited - associated companies amounting to Rs. 227.59 million (2017: Rs. 29.47 million) and Rs. 0.32 million (2017: Rs. 3.07) respectively.

	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
10. OTHER RECEIVABLES		
Receivables from related parties		
Due from subsidiary companies:		
- Searle Pharmaceuticals (Private) Limited - note - 10.1	100,000	263,000
- Searle Laboratories (Private) Limited	253	253
- Searle Biosciences (Private) Limited - note - 10.1	121,409	53,409
	<u>221,662</u>	<u>316,662</u>
Due from associated companies:		
- IBL Operations (Private) Limited against: mark-up on over due balance	26,642	26,642
- International Brands Limited against expenses	7,472	89,789
- International Franchises Limited against rental income	5,418	3,422
	<u>39,532</u>	<u>119,853</u>
Due from other related party:		
- Habitt against rental income	37,000	28,023
Surplus arising under retirement benefit fund	5,250	5,250
Receivables from other than related parties		
Others, considered good	62,699	55,371
	<u>62,699</u>	<u>55,371</u>
	<u><u>366,143</u></u>	<u><u>525,159</u></u>



SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

10.1 This represents dividend receivable from the subsidiary companies.

	(Unaudited) September 30, 2017	(Audited) June 30, 2017
	(Rupees in '000)	
11. CASH AND BANK BALANCES		
Cash in hand	4,722	2,267
Cash at bank		
- current accounts	8,482	89,876
- savings accounts	10	10
	13,214	92,153

12. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

This represents 3,516,900 shares of Nextar Pharma (Private) Limited - subsidiary. The board of directors of the Company in their meeting held on April 24, 2017 decided to sell these shares to Searle Biosciences (Private) Limited - wholly owned subsidiary. The transaction was also approved by the general meeting of the Company held on July 31, 2017. Accordingly, the investment has been classified as non-current asset held for sale from long term investments.

13. SHARE CAPITAL

Authorised share capital			(Unaudited) September 30, 2017	(Audited) June 30, 2017
(Unaudited) September 30, 2017	(Audited) June 30, 2017		(Unaudited) September 30, 2017	(Audited) June 30, 2017
			(Rupees in '000)	
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	2,000,000	2,000,000
Issued, subscribed and paid up capital				
(Unaudited) September 30, 2017	(Audited) June 30, 2017			
			(Number of shares)	
12,553,074	12,553,074	Shares allotted for consideration paid in cash	125,531	125,531
24,000	24,000	Shares allotted for consideration other than cash	240	240
141,354,264	141,354,264	Shares allotted as bonus shares	1,413,543	1,413,543
153,931,338	153,931,338		1,539,314	1,539,314

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

	(Unaudited) September 30, 2017	(Audited) June 30, 2017
	(Rupees in '000)	
14. TRADE AND OTHER PAYABLES		
Creditors - note - 14.1	436,942	529,284
Bills payable in foreign currency	322,829	217,156
Accrued liabilities	694,895	634,453
Advance from customers	101,666	73,462
Taxes deducted at source and payable to statutory authorities	26,133	36,094
Unclaimed dividend	53,348	53,348
Workers' Profit Participation Fund	203,925	160,139
Workers' Welfare Fund	28,572	25,082
Other liabilities	44,634	45,179
	<u>1,912,944</u>	<u>1,774,197</u>

- 14.1 This includes amount payable to Searle Pharmaceutical (Private) Limited amounting to Rs. 164.83 million (June 30, 2017: Rs. 298.01 million) on account of contract manufacturing services.

	(Unaudited) September 30, 2017	(Audited) June 30, 2017
	(Rupees in '000)	
15. SHORT TERM BORROWINGS		
Running finances under mark-up arrangements - note - 15.1	445,731	1,144,828
Export re-finance	64,000	64,000
	<u>509,731</u>	<u>1,208,828</u>

- 15.1 The facilities available from various banks amount to Rs. 1,445 million (June 30, 2017: Rs. 1,445 million). The mark-up on running finances ranges between 4% to 8.1% (June 30, 2017: 4% to 8.1%) per annum.

The running finances under mark-up arrangements are secured jointly by registered mortgage of Rs. 325.9 million (June 30, 2017: Rs. 210.5 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 2,850 million (June 30, 2017: Rs. 1,859 million).

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- 16.1.1 There has been no significant changes in the status of contingencies as reported in the note 24 and 32.1 & 32.3 of annual audited financial statements of the Company for the year ended June 30, 2017.



SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

16.1.2 Exemption provided to the companies falling under Group Relief (section 59B of Income Tax Ordinance, 2001), from tax on intercorporate dividend as mentioned under Clause (103A) of Part I of the Second Schedule of the Income Tax Ordinance, 2001, is not applicable now on account of deletion of Section 59B from the said clause, through the Finance Act, 2016. The Company has filed petition against withholding tax on dividend received from the subsidiary companies in the High Court of Sindh and has obtained a stay order against the same. The total amount of withholding tax is Rs. 87 million.

16.2 Commitments

16.2.1 The facility for opening letters of credit and guarantees as at September 30, 2017 amounted to Rs. 1,644 million (June 30, 2017: Rs. 1,644 million) of which the amount remaining unutilised as at the period end amounted to Rs. 1,109 million (June 30, 2017: Rs. 1,152 million).

16.2.2 Future rentals payable against operating lease arrangement

The Company has entered into lease arrangements with Myplan Pharmaceuticals (Private) Limited and S. A. Pharma, a pharmaceutical concern, respectively, for a period of 20 years for land, building and plant and machinery located at Lahore. The details of future rentals over the lease period are as follows:

	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
Not later than one year	15,504	15,072
Later than one year but not later than five years	87,024	86,506
Later than five years	<u>129,342</u>	<u>133,953</u>
	<u>231,870</u>	<u>235,531</u>
17. REVENUE	September 30, 2017	September 30, 2017
	(Rupees in '000)	
Gross sales		
Local sales	2,898,029	2,584,282
Export sales	<u>399,843</u>	<u>260,332</u>
	<u>3,297,872</u>	<u>2,844,614</u>
Toll manufacturing	70,828	68,612
	<u>3,368,700</u>	<u>2,913,226</u>
Sales tax	<u>(29,039)</u>	<u>(27,694)</u>
	<u>3,339,661</u>	<u>2,885,532</u>
Less:		
Discounts, rebates and allowances	<u>57,897</u>	<u>80,368</u>
Sales return	<u>36,044</u>	<u>46,171</u>
	<u>93,941</u>	<u>126,539</u>
	<u>3,245,720</u>	<u>2,758,993</u>

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

18. OTHER INCOME	September 30, 2017	September 30, 2016
	(Rupees in '000)	
Income from financial assets		
Dividend income		
- Searle Pharmaceuticals (Private) Limited	628,000	488,700
- Searle Biosciences (Private) Limited	68,000	54,000
	<u>696,000</u>	<u>542,700</u>
Income from non - financial assets		
Gain on disposal of property, plant and equipment	-	868
Rental income from investment property	25,348	43,910
Others	2,255	1,616
	<u>27,603</u>	<u>46,394</u>
	<u>723,603</u>	<u>589,094</u>
19. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders	<u>772,830</u>	<u>740,060</u>
Weighted average number of ordinary shares in issue during the period (in thousand)	<u>153,931</u>	<u>153,931</u>
	(Re-stated)	
Earnings per share - Basic and diluted (Rupees) - note 18.1	<u>5.02</u>	<u>4.81</u>

- 19.1 A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at September 30, 2017 and September 30, 2016 which would have any effect on the earnings per share if the option to convert is exercised.



SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

	September 30, 2017	September 30, 2016
	(Rupees in '000)	
20. CASH GENERATED FROM OPERATIONS		
Profit before taxation	822,523	828,635
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	39,583	30,780
Gain on disposal of property, plant and equipment	-	(868)
Amortisation	9,326	1,781
Provision for retirement benefits obligation	1,350	950
Finance cost	36,089	25,594
Profit before working capital changes	908,871	886,872
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(5,779)	(9)
Stock-in-trade	207,324	(12,746)
Trade debts	(283,407)	(519,286)
Loans and advances	(426,414)	(342,486)
Trade deposits and short-term prepayments	(3,621)	(28,653)
Other receivables	159,016	(416,755)
Increase / (decrease) in current liabilities	(352,881)	(1,319,935)
Trade and other payables	138,747	855,971
Sales tax payables	19,842	(1,355)
	158,589	854,616
Cash flows generated from operations	<u>714,579</u>	<u>421,553</u>
	September 30, 2017	September 30, 2016
	(Rupees in '000)	
21. CASH AND CASH EQUIVALENTS		
Cash and bank balances	13,214	28,210
Short term borrowings	(445,731)	(348,467)
	<u>(432,517)</u>	<u>(320,257)</u>

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

22. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	Pharmaceutical		Consumer		Total	
	Sept' 30, 2017	Sept' 30, 2016	Sept' 30, 2017	Sept' 30, 2016	Sept' 30, 2017	Sept' 30, 2016
	(Rupees in '000)					
Segment revenue	2,813,233	2,413,003	432,488	345,990	3,245,720	2,758,993
Segment result	118,368	224,173	65,515	97,315	183,883	321,488
Unallocated income and expenses						
Other expenses					(48,874)	(53,476)
Other income					723,603	589,094
Finance cost					(36,089)	(28,471)
Profit before taxation					822,523	828,635
Income tax expense					(49,693)	(88,575)
Total comprehensive income					772,830	740,060
	(Rupees in '000)					
	Pharmaceutical		Consumer		Total	
	Sept' 30, 2017	June' 30, 2017	Sept' 30, 2017	June' 30, 2017	Sept' 30, 2017	June' 30, 2017
Segment assets and liabilities						
Segment assets	339,122	294,889	3,595	3,126	342,717	298,015
Unallocated assets					13,747,134	13,547,760
Total assets					14,089,851	13,845,775
Segment liabilities	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	2,520,228	3,048,846
Total liabilities					2,520,228	3,048,846



SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

23. 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,	
		2017	2016
(Rupees in '000)			
Holding company			
	- Corporate service charges	42,000	18,000
Subsidiaries			
	- Revenue	79,573	112,515
	- Outside processing charges	631,892	634,923
	- Dividend income	696,000	542,700
Associated companies			
	- Revenue	2,691,603	2,292,764
	- Salaries and wages	288	-
	- Purchases	51,330	-
	- Carriage and duties	13,463	2,615
	- Discounts claimed	33,134	32,138
	- Rent expense	452	551
	- Rent income	12,084	11,784
	- Stock claims	24,763	16,434
	- Internet services	1,008	1,212
	- Architect fee	1,544	1,795
	- Utilities	2,533	9,724
	- Royalty	-	7,119
	- Others	209	1,675
Staff retirement benefits			
	- Contributions to Provident Fund	21,189	18,189
	- Benefits paid	16,794	10,351
Key management employees compensation			
	- Salaries and other employee benefits	17,068	16,002
	- Contributions to Provident Fund	1,707	1,600
	- Directors' fees	8	7

24. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on October 25, 2017.


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Directors' Report to the Members	25
Directors' Report to the Members (Urdu)	29
Consolidated Condensed Interim Balance Sheet	30
Consolidated Condensed Interim Profit And Loss Account	31
Consolidated Condensed Interim Cash Flow Statement	32
Consolidated Condensed Interim Statement Of Changes In Equity	33
Selected Notes to the Consolidated Condensed Interim Financial Information - Unaudited	34



DIRECTORS' REPORT TO THE MEMBERS

We are pleased to present the financial information of the group for the three months ended September 30, 2017. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting' and the provisions of the directives issued under Companies Act 2017 (repealed Companies Ordinance, 1984).

OPERATING RESULTS

	September 30,	
	2017	2016
	(Rupees in thousand)	
Revenue	3,991,673	3,368,743
Cost of sales	(2,021,019)	(1,569,278)
Gross profit	1,970,654	1,799,465
Operating expenses	(988,808)	(843,513)
Other Operating expenses	(48,874)	(69,570)
Other Income	38,519	55,573
Operating profit	971,491	941,955
Finance cost	(37,215)	(26,368)
Profit before taxation	934,276	915,587
Taxation	(132,156)	(145,976)
Profit after taxation	802,120	769,611

We believe success is a product of relentless efforts and opportunities just don't arise randomly but are created through strong committed endeavors. In lieu of this philosophy we are continuously on the verge of optimizing the value of our portfolio and increasing our overall commitment to ensure long-term value creation for our shareholders.

We have built a firm growing position by putting the benefit of patients and stakeholders, our fundamental priority and we are proud of the impact our efforts are having.

During the period ended September 30, 2017, the holding company's financial performance scaled new heights and was yet again a commendable period for our stakeholders.

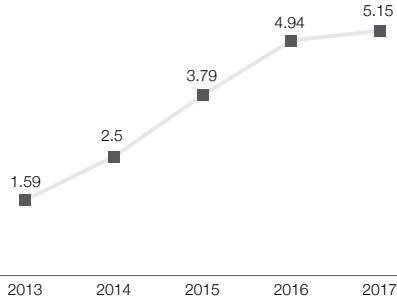
Financial highlights are summarized below:

- Net sales of the holding Company grew by 18.49% to Rs 3,992 million.
- Gross profit margin was 49%.
- Operating profit margin was 24.34%
- Profit before and after taxation was 23.41% and 20.09% respectively.

EARNINGS PER SHARE

Basic earnings per share after taxation was Rs. 5.15 (2016: Rs. 4.94).

There is no dilution effect on the basic earnings per share of the holding Company, as the holding Company has no convertible dilutive potential ordinary shares outstanding as at September 30, 2017.



FUTURE OUTLOOK

In order to enhance long-term shareholder value and to drive future growth and profitability, Searle group has embarked on multiple initiatives both locally & globally. We are strengthening with every passing day and are on our way to attain leadership position in key markets and business segments.

In Pakistan market, the therapeutic areas which Searle group has over the years strengthened include cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics. Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products.

By acquisition of the state of art facility of Nextar, we anticipate overall profitability to improve substantially as our biosciences venture, is now at the verge of delivering strong results. Further, Searle has also submitted Drug Master File (DMF) to USFDA and received acknowledgment in this regard. This approval will open new avenues of success for domestic and global markets. To address therapeutic areas of Oncology, Virology and Blood related diseases; we have signed agreements with some of the leading Bio-Similar companies of the developed world, which will expedite the progress of our biosciences venture in Pakistan.

For the longer run, Searle group is focusing on emerging portfolios including, stem cells, bio-engineering, medical devices, nutraceuticals and genome sciences. Recently, we have signed exclusive agreement with the only genome research center in Pakistan, established by Prof. Atta-ur-Rehman. This center, known as Jamil-ur-Rehman Center for Genome Research, is part of the International Center for Chemical and Biological Sciences, University of Karachi.

ACKNOWLEDGEMENT

We wish to thank the customers for their faith in our products, and their continuing patronage. We also take this opportunity to thank our suppliers, bankers and distributors for providing us with their valuable support throughout the period. Finally, we wish to thank our staff who remained committed to deliver towards the growth of the holding Company.

For and on behalf of the board


Syed Nazeem Ahmed
Chief Executive Officer

Karachi
October 25, 2017



نیکسٹر کی جدید ترین فیسیلٹی کے حصول کے ذریعے ہمیں توقع ہے کہ مجموعی منافع جات میں کثیر اضافہ ہوگا۔ مزید برآں ہمارا بائیو سائنسز و نیچر مستحکم نتائج دینے کے لئے تیار ہے۔ مزید برآں سرل نے یو ایس ایف ڈی اے (USFDA) کو ڈرگ ماسٹر فائل (DMF) بھی جمع کرا دی ہے اور اس سلسلے میں ایکنا جمنٹ موصول ہوگئی ہے۔ یہ منظوری مقامی اور عالمی مارکیٹوں کیلئے کامیابی کے نئے دروازے کھول دے گی۔ آنکالوجی، وائرولوجی اور خون سے متعلق امراض کے علاج و معالجے کے شعبوں سے نمٹنے کیلئے ہم نے ترقی یافتہ دنیا کی چند معروف بائیو سیمیلر کمپنیوں کے ساتھ معاہدے کئے ہیں جو پاکستان میں ہمارے بائیو سائنسز و نیچر کی پیش رفت کو مزید تیز کریں گے۔

مستقل بعید کیلئے سرل گروپ ابھرتے ہوئے پورٹ فولیوز بشمول اسٹیم سیلز، بائیو انجینئرنگ، میڈیکل ڈیوائسز، نیوٹرا سیوٹیکلز اور جینوم سائنسز پر توجہ دے رہی ہے۔ حال ہی میں ہم نے ڈاکٹر عطاء الرحمن کی جانب سے پاکستان میں قائم شدہ واحد جینوم ریسرچ سینٹر، بنام جمیل الرحمن سینٹر برائے جینوم ریسرچ پارٹ آف انٹرنیشنل سینٹر برائے کیمیکل اینڈ بائیولوجیکل سائنسز، جامع کراچی کے ساتھ خصوصی معاہدے پر دستخط کئے ہیں۔

اظہار تشکر

سرل گروپ میں ہم سب جذباتی طور پر ملحوظ و متحرک ہیں اور مستقل بنیاد پر ہر عزم شراکت کر رہے ہیں۔ یہی شیوہ ہمارے شراکت کار، سپلائرز اور صارفین کا ہے، جس کیلئے ہم ان کے شکر گزار ہیں اور توقع کرتے ہیں کہ اسی لگن کے ساتھ وہ مستقبل میں بھی شریک کار رہیں گے۔ ہم یقین دہانی کراتے ہیں کہ سرل اپنی کوششیں جاری رکھے گی اور ہم سے منسلک تمام شراکت کاروں کے لئے طویل مدتی ترقی فراہم کرے گی۔

بحکم بورڈ

سید ندیم احمد

چیف ایگزیکٹو آفیسر

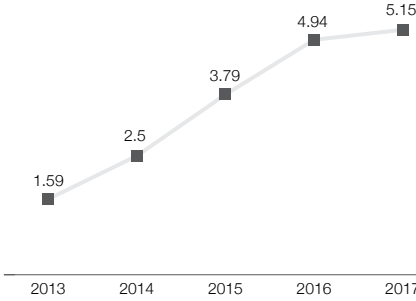
کراچی

25 اکتوبر 2017

مالیاتی جھلکیاں درج ذیل ہیں:

- ہولڈنگ کمپنی کی سیزل میں 18.49 فیصد کا اضافہ ہوا اور ہولڈنگ کمپنی کی سیزل 3.99 بلین رہیں۔
- مجموعی منافع کی شرح 49 فیصد رہی۔
- آپریٹنگ منافع جات کی شرح 24.34 فیصد رہی۔
- منافع قبل از عکس اور بعد از عکس کی شرح 23.41 اور 20.09 فیصد بالترتیب رہی۔

آمدنی فی شیئر



بنیادی آمدنی فی شیئر بعد از ٹیکس 5.15 روپے تھی (49.4 روپے: 2016)۔

ہولڈنگ کمپنی کی بنیادی آمدنی فی حصص پر ڈائلیوشن کا کوئی اثر نہیں پڑا کیونکہ کمپنی کے 30 ستمبر 2017 کو کوئی کنورٹبل ڈائیلیٹیو پوٹینشل آرڈینری شیئرز باقی نہیں تھے۔

مستقبل پر ایک نظر

طویل مدتی شیئر ہولڈرز ویلو میں اضافے اور مستقبل کی ترقی اور منافع جات کی غرض سے سرل گروپ مقامی اور عالمی دونوں سطح پر کثیر اقدامات انجام دے رہا ہے۔ ہم گزرتے ہوئے ہر دن کے ساتھ مضبوط ہو رہے ہیں اور اہم مارکیٹوں اور کاروباری شعبوں میں سرکردہ پوزیشن کے حصول کی طرف گامزن ہیں۔

پاکستانی مارکیٹ میں وہ بنیادی علاج معالجے کے شعبے، جن میں سرل گروپ گزشتہ سالوں کے دوران مستحکم ہوا ہے، کارڈیوویسکولر، کولڈوکف، ذیابیطیس، شیرخوار بچوں کا فارمولا، پرو بائیونک اور اینٹی بائیونک شامل ہیں۔ مستقبل میں ہم اسپیشلسٹی جنیرک برانڈڈ پورٹ فولیو میں اپنا حصہ بڑھانے اور منفرد مصنوعات کی طرف اپنی توجہ مرکوز کئے ہوئے ہیں۔



ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ہم آپ کے گروپ کے 30 ستمبر 2017 کو ختم ہونے والی سہ ماہی مدت کے مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 'Interim Financial Reporting' - (IAS-34) اور رکمپنیز ایکٹ 2017 (مٹروک کمپنیز آرڈیننس 1984) کے تحت جاری کردہ ہدایات کے مطابق تیار کئے گئے ہیں۔

آپریٹنگ نتائج

2016	2017	آمدنی
3,368,743	3,991,673	فروخت کے اخراجات
(1,569,278)	(2,021,019)	مجموع آمدنی
1,799,465	1,970,654	آپریٹنگ اخراجات
(843,513)	(988,808)	دیگر آپریٹنگ اخراجات
(69,570)	(48,874)	دیگر آمدنی
55,573	38,519	آپریٹنگ سے آمدنی
941,955	971,491	فنانس کی لاگت
(26,368)	(37,215)	آمدنی قبل از ٹیکس
915,587	934,276	ٹیکسیشن
(145,976)	(132,156)	آمدنی بعد از ٹیکس
769,611	802,120	

ہم اس امر پر یقین رکھتے ہیں کہ کامیابی انتھک جدوجہد سے حاصل ہوتی ہے اور مواقع محض اچانک نمودار نہیں ہوتے بلکہ مستحکم عزم و ہمت اور کوششوں کے ذریعے حاصل ہوتے ہیں۔ اس فلسفے پر عمل کرتے ہوئے ہم مستقل طور پر اپنے پورٹ فولیو اور اپنی مجموعی ذمہ داریوں کو بڑھا رہے ہیں تاکہ اپنے شیئر ہولڈرز کے لیے طویل المدتی ترقی کو یقینی بنا سکیں۔

مریضوں اور شیئر ہولڈرز کے مفادات کو اپنی بنیادی ترجیح بناتے ہوئے ہم نے ایک مستحکم اور مستند پوزیشن حاصل کر لی ہے اور ہم اپنی کوششوں سے حاصل ہونے والے اثرات پر فخر کرتے ہیں۔

30 ستمبر 2017 کو ختم ہونے والی سہ ماہی مدت میں کمپنی کی مالیاتی کارکردگی نے نئی بلندیوں کو چھو لیا اور یہ سہ ماہی مدت ہمارے حصص یافتگان کے لئے ایک دفعہ پھر سے قابل ستائش رہی۔

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

As at September 30, 2017

	Note	(Un-audited) September 30, 2017	(Audited) June 30, 2017
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,399,456	2,254,788
Investment properties		2,574,722	2,584,202
Intangible	7	388,315	397,709
Deferred taxation		1,758	1,894
Long-term loans and advances	8	1,093,045	1,015,379
Long-term deposits		20,713	5,026
		6,478,009	6,258,998
Current assets			
Stores and spares		7,621	1,842
Stock-in-trade		1,406,638	1,508,401
Trade debts	9	4,326,483	3,609,434
Loans and advances	10	1,526,962	705,694
Trade deposits and short-term prepayments		81,061	82,297
Interest accrued		12,111	6,743
Other receivables		380,487	378,595
Investments - at fair value through profit or loss	11	114,411	160,884
Tax refunds due from government - Sales tax		-	16,490
Taxation - payments less provision		563,799	679,131
Cash and bank balances	12	65,080	157,375
		8,484,653	7,306,886
Total assets		14,962,662	13,565,884
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	13	1,539,314	1,539,314
Reserves		8,129,136	7,335,404
Attributable to owners of The Searle Company Limited - Holding Company		9,668,450	8,874,718
Non-Controlling interest		425,641	416,935
		10,094,091	9,291,653
Surplus on revaluation of property, plant and equipment		498,557	499,011
LIABILITIES			
Non-current liabilities			
Long term financing		218,949	239,033
Retirement benefit obligations		46,965	47,032
		265,914	286,065
Current liabilities			
Trade and other payables	14	3,282,676	2,049,574
Accrued mark-up		28,424	16,467
Short term borrowings	15	575,267	1,208,828
Current portion of long term financing		214,286	214,286
Sales tax payable		3,447	-
		4,104,100	3,489,155
Total liabilities		4,370,014	3,775,220
Contingencies and commitments	16		
Total equity and liabilities		14,962,662	13,565,884

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer



CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the period ended September 30, 2017 - Unaudited

	Note	Quarter ended	
		September 30, 2017 (Rupees in '000)	September 30, 2016
Revenue	17	3,991,673	3,368,743
Cost of sales	18	(2,021,019)	(1,569,278)
Gross profit		1,970,654	1,799,465
Selling and distribution expenses		(757,280)	(691,236)
Administrative expenses		(231,528)	(152,277)
Other operating expenses		(48,874)	(69,570)
Other income		38,519	55,573
Operating profit		971,491	941,955
Finance cost		(37,215)	(26,368)
Profit before taxation		934,276	915,587
Income tax expense		(132,156)	(145,976)
Profit after taxation		802,120	769,611
Other comprehensive income		-	-
Total comprehensive income		802,120	769,611
Total comprehensive income is attributable to:			
Owners of the The Searle Company Limited - Holding Company		793,414	759,893
Non-controlling interests		8,706	9,718
		802,120	769,611
(Re-stated)			
Earnings per share - basic and diluted (Rupees)	19	5.15	4.94

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

For the period ended September 30, 2017 - Unaudited

		September 30, 2017	September 30, 2016
	Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	829,129	850,339
Retirement benefit obligations paid		(1,417)	(510)
Finance cost paid		(24,132)	-
Income taxes paid		(16,824)	(50,215)
Recovery of long-term loans		(77,666)	(128,018)
Increase in long term deposits		(15,687)	(432,384)
Net cash generated from / (used in) operating activities		693,403	239,212
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(175,982)	(71,132)
Sale proceeds on disposal of property, plant and equipment		-	6,307
Payments for investment properties		(3,000)	(1,534)
Purchase of intangibles		(71)	(55,426)
(Expenses claimed) / Mark-up received from associated company - net		-	(7,119)
Additions to investments - at fair value through profit or loss		(70,000)	(69,000)
Proceeds from redemption of investments - at fair value through profit or loss		117,000	63,082
Net cash used in investing activities		(132,053)	(134,822)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(22)
Long-term finance paid		(20,084)	(58,382)
Financial charges paid		-	(6,393)
Net cash used in financing activities		(20,084)	(64,797)
Net decrease in cash and cash equivalents		541,266	39,593
Cash and cash equivalents at the beginning of the period		(987,453)	(339,576)
Cash and cash equivalents at the end of the period	21	(446,187)	(299,983)
		(446,187)	(299,983)

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer



CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended September 30, 2017 - Unaudited

	Issued, subscribed and paid up capital	Capital reserve		Revenue reserves		Sub - Total reserves	Non-Controlling interest	Total
		Share premium	Issue of bonus shares	General reserve	Unappropriated profit			
(Rupees in '000)								
Balance as at July 01, 2016	1,227,523	1,630,974	-	280,251	4,243,292	6,154,517	395,203	7,777,243
Total comprehensive income for the period	-	-	-	-	759,893	759,893	9,718	769,611
Balance as at September 30, 2017	<u>1,227,523</u>	<u>1,630,974</u>	<u>-</u>	<u>280,251</u>	<u>5,003,185</u>	<u>6,914,410</u>	<u>404,921</u>	<u>8,546,854</u>
Balance as at July 01, 2017	1,539,314	1,630,974	-	280,251	5,424,179	7,335,404	416,935	9,291,653
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the period (net of tax)	-	-	-	-	318	318	-	318
Total comprehensive income for the period	-	-	-	-	793,414	793,414	8,706	802,120
Balance as at September 30, 2017	<u>1,539,314</u>	<u>1,630,974</u>	<u>-</u>	<u>280,251</u>	<u>6,217,911</u>	<u>8,129,136</u>	<u>425,641</u>	<u>10,094,091</u>

The annexed notes from 1 to 23 form an integral part of this consolidated condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

1. LEGAL STATUS AND OPERATIONS

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

International Brands Limited is the Ultimate Parent Company, which holds 56.12% shareholding in the Holding Company.

Following are the subsidiary companies:

	Principal place of business	"Effective %age of holding"	
		September 30, 2017	June 30, 2017
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 Identity (Private) Limited		70.34%	70.34%
- Nextar Pharma (Private) Limited			

2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the quarter ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting'. As per the requirements of circular No. 23 of 2017(CLD/CCD/PR(11)/2017) dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) and further clarification through the Institute of Chartered Accountants of Pakistan (ICAP) circular No. 17 of 2017 that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statement in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The consolidated condensed interim financial information of the Company for the period ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information is being presented and submitted to the shareholders as required by Listing Regulations of Pakistan Stock Exchange and under Section 245 of the Companies Ordinance, 1984.



SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

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, 2017.

2.1 Changes in accounting standards, interpretations and pronouncements

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

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendment provides clarification on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

IAS 7, 'Statement of cash flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2017 except for that as disclosed in note 5 of these condensed interim financial statements.

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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, 2017.

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, 2017.

5. CHANGE IN ACCOUNTING POLICY

During the period, the Holding Company changed its policy of valuing the cost of raw and packing materials from standard cost to weighted average as per IAS 2 "Inventories". Since the effect of the change is indeterminable, no retrospective adjustments have been made to the amounts reported in these condensed interim financial statements.

(Unaudited) (Audited)
September 30, June 30,
2017 2017
(Rupees in '000)

6. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1
Capital work in progress

	1,681,121	1,433,281
	718,335	821,507
	2,399,456	2,254,788

6.1 Details of additions and disposals in operating assets during the period were as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(Rupees in '000)			
Building on leasehold land	4,108	14,657	-	-
Plant and machinery	102,212	44,404	-	-
Furniture & fittings	-	85	-	-
Vehicles	16,560	-	-	(5,385)
Office equipment	3,021	11,019	-	(54)
	125,901	70,165	-	(5,439)



SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
7. INTANGIBLES		
Brand names	16,666	17,916
Product license	97,670	100,461
Computer software	90,901	92,134
Goodwill	175,616	175,616
Capital work in progress - at cost	7,462	11,582
	<u>388,315</u>	<u>397,709</u>

- 7.1 This represents license for the production of product "Tramal", amounting to Rs. 111.6 million from Grunenthal GMBH, Germany, for the period of 10 years.

	(Unaudited) September 30, 2017 Rupees '000	(Audited) June 30, 2017
8. LONG TERM LOANS AND ADVANCES - unsecured		

Loans - considered good		
- Ultimate Parent Company - note 7.1	50,990	75,076
Less: current portion of long term loan	(24,086)	(22,972)
	26,904	52,104
- Loan to Habitt - Related party - note 7.2	1,066,000	963,000
- Employees - note 7.3	1,671	2,103
Less: current portion employee loan	(1,530)	(1,828)
	141	275
	<u>1,093,045</u>	<u>1,015,379</u>

- 8.1 This represents loan to International Brands Limited. The tenure of this loan is 5 years with a grace period of 1 year payable in equal semi-annual installments. The rate of mark-up is 12 months KIBOR+1%. The said loan was approved in the extra ordinary general meeting of IBL HealthCare Limited held on January 14, 2015 as per the requirements of section 208 of the Companies Ordinance, 1984.
- 8.2 IBLIPL has provided financing to an associate Habitt (a sole proprietorship) for establishment of outlets at Dolmen Mall Clifton, Lucky One mall, Karachi and Packages mall, Lahore under musharika agreement. The repayment will start after 3 years from the date of disbursement. According to the terms of the agreement, 25% profitability of the arrangement will be shared with the Group.

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
9. TRADE DEBTS		
Considered good		
- Export debtors: secured	213,909	135,850
- Due from:		
- related parties - unsecured - note - 8.1	3,205,752	2,748,682
- others - unsecured	906,822	724,902
	<u>4,112,574</u>	<u>3,473,584</u>
Considered doubtful	165,430	165,430
Less: Provision for doubtful debts	(165,430)	(165,430)
	-	-
	<u>4,326,483</u>	<u>3,609,434</u>

- 9.1 The receivable is stated net of amount payable to IBL Operations (Private) Limited and United Brands Limited - associated companies amounting to Rs. 227.59 million (2017: Rs. 29.47 million) and Rs. 0.32 million (2017: Rs. 3.07) million respectively.

	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
10. LOANS AND ADVANCES		
Loans to International Brands Limited		
- Current portion of long term loan - note 7.1	24,086	22,972
- Short term loan - note 9.1	257,835	200,000
	<u>281,921</u>	<u>222,972</u>
- Current portion of employee loan		1,828
Advances		
- To Related party - International Brands Limited	-	-
- To employees	105,076	77,204
- Against imports	141,000	93,429
- Suppliers	998,965	310,261
	<u>1,245,041</u>	<u>480,894</u>
	<u>1,526,962</u>	<u>705,694</u>



SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

11. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

(Unaudited) September 30, 2017	(Audited) June 30, 2017		(Unaudited) September 30, 2017	(Audited) June 30, 2017
Number of units			Rupees '000	
291,942	291,942	Meezan Islamic Income Fund	15,000	15,003
345,910	345,910	Meezan Sovereign Fund	17,774	17,780
1,374,398	-	Meezan Cash Fund	70,000	-
1,200,410	13,469,704	NAFA Islamic Aggressive Income Fund	11,636	128,101
3,212,660	14,107,556		114,410	160,884

12. CASH AND BANK BALANCES

Cash at bank

- current accounts	60,254	150,553
- PLS saving accounts	10	1,992
Cheques in hand	-	1,358
Cash in hand	4,816	3,472
	65,080	157,375

13. SHARE CAPITAL

Authorised share capital

(Unaudited) September 30, 2017	(Audited) June 30, 2017		(Unaudited) September 30, 2017	(Audited) June 30, 2016
			(Rupees in '000)	
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	2,000,000	1,400,000

Issued, subscribed and paid up capital

(Unaudited) September 30, 2017	(Audited) June 30, 2017		(Unaudited) September 30, 2017	(Audited) June 30, 2017
(Number of shares)			(Rupees in '000)	
12,553,074	12,553,074	Shares allotted for consideration paid in cash	125,531	125,531
24,000	24,000	Shares allotted for consideration other than cash	240	240
141,354,264	141,354,264	Shares allotted as bonus shares	1,413,543	1,413,543
153,931,338	153,931,338		1,539,314	1,539,314

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
14. TRADE AND OTHER PAYABLES		
Creditors	919,125	561,863
Bills payable in foreign currency	322,829	333,245
Accrued liabilities	1,356,491	699,695
Advance from customers	101,666	82,758
Taxes deducted at source and payable to statutory authorities	28,363	44,165
Unclaimed dividend	40,348	58,095
Workers' Profit Participation Fund	203,925	160,139
Workers' Welfare Fund	28,572	34,740
Due to associated company	236,723	-
Others	44,634	74,874
	<u>3,282,676</u>	<u>2,049,574</u>
15. SHORT TERM BORROWINGS		
Running finances under mark-up arrangements - note - 14.1	511,267	1,144,828
Export re-finance	64,000	64,000
	<u>575,267</u>	<u>1,208,828</u>

- 15.1. The facilities available from various banks amount to Rs. 1,445 million (June 30, 2017: Rs. 1,445 million). The mark-up on running finances ranges between 4% to 8.1% (June 30, 2017: 4% to 8.1%) per annum.

The running finances under mark-up arrangements are secured jointly by registered mortgage of Rs. 325.9 million (June 30, 2017: Rs. 210.5 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 2,850 million (June 30, 2017: Rs. 1,859 million).

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- 16.1.1 There has been no significant changes in the status of contingencies as reported in the note 24 and 32.1 & 32.3 of annual audited financial statements of the Company for the year ended June 30, 2017.

- 16.1.2 Exemption provided to the companies falling under Group Relief (section 59B of Income Tax Ordinance, 2001), from tax on intercorporate dividend as mentioned under Clause (103A) of Part I of the Second Schedule of the Income Tax Ordinance, 2001, is not applicable now on account of deletion of Section 59B from the said clause, through the Finance Act, 2016. The Company has filed petition against withholding tax on dividend received from the subsidiary companies in the High Court of Sindh and has obtained a stay order against the same. The total amount of withholding tax is Rs. 87 million.



SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

16.2 Commitments

16.2.1 The facility for opening letters of credit and guarantees as at September 30, 2017 amounted to Rs. 1,644 million (June 30, 2017: Rs. 1,644 million) of which the amount remaining unutilised as at the period end amounted to Rs. 1,109 million (June 30, 2017: Rs. 1,152 million).

16.2.2 Future rentals payable against operating lease arrangement

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

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

	(Unaudited) September 30, 2017 (Rupees in '000)	(Audited) June 30, 2017
Not later than one year	15,504	15,072
Later than one year but not later than five years	87,024	86,506
Later than five years	129,342	133,953
	<u>231,870</u>	<u>235,531</u>
	September 30, 2017 (Rupees in '000)	September 30, 2016

17. REVENUE

Manufactured goods

Gross sales		
Local sales	3,643,982	3,194,032
Export sales	399,843	260,332
	<u>4,043,825</u>	<u>3,454,364</u>
Toll manufacturing	70,828	68,612
	<u>4,114,653</u>	<u>3,522,976</u>
Sales tax	(29,039)	(27,694)
Less:		
Discounts, rebates and allowances	57,897	80,368
Sales return	36,044	46,171
	<u>93,941</u>	<u>126,539</u>
	<u>3,991,673</u>	<u>3,368,743</u>

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

	September 30, 2017	September 30, 2016
	(Rupees in '000)	
19. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders	<u>793,414</u>	<u>759,893</u>
Weighted average number of ordinary shares in issue during the period (in thousand)	<u>153,931</u>	<u>153,931</u>
	(Re-stated)	
Earnings per share - Basic and diluted (Rupees) - note 18.1	<u>5.15</u>	<u>4.94</u>

19.2 A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at September 30, 2017 and September 30, 2016 which would have any effect on the earnings per share if the option to convert is exercised.

	September 30, 2017	September 30, 2016
	(Rupees in '000)	
20. CASH GENERATED FROM OPERATIONS		
Profit before taxation	934,276	915,587
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	43,794	32,355
Gain on disposal of property, plant and equipment - net	-	(868)
Amortisation	9,465	2,902
Provision for retirement benefits obligation	1,350	950
Unrealised gain on investments - at fair value through profit or loss	1,218	(500)
Realised gain on investments - at fair value through profit or loss	(1,745)	(461)
Interest income	(5,368)	-
Finance cost	36,089	26,368
Profit before working capital changes	<u>1,019,079</u>	<u>976,333</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(5,779)	(9)
Stock-in-trade	101,763	3,383
Trade debts	(717,049)	(775,050)
Loans and advances	(821,268)	-
Trade deposits and short term prepayments	1,236	21,751
Other receivables	14,598	(33,277)
	<u>(1,426,499)</u>	<u>(783,202)</u>



SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

	September 30, 2017	September 30, 2016
	(Rupees in '000)	
Increase / (decrease) in current liabilities		
Trade and other payables	1,233,102	658,563
Sales tax payable	3,447	(1,355)
	<u>1,236,549</u>	<u>657,208</u>
Cash flows generated from operations	<u>829,129</u>	<u>850,339</u>
21. CASH AND CASH EQUIVALENTS		
Cash and bank balances	65,080	49,170
Short term borrowings	(511,267)	(349,153)
	<u>(446,187)</u>	<u>(299,983)</u>

22. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	Pharmaceutical		Consumer		Total	
	Sept' 30, 2017	Sept' 30, 2016	Sept' 30, 2017	Sept' 30, 2016	Sept' 30, 2017	Sept' 30, 2016
	(Rupees in '000)					
Segment revenue	<u>3,116,365</u>	<u>2,654,420</u>	<u>875,308</u>	<u>714,323</u>	<u>3,991,673</u>	<u>3,368,743</u>
Segment result	<u>870,159</u>	<u>829,846</u>	<u>111,687</u>	<u>126,106</u>	<u>981,846</u>	<u>955,952</u>
Unallocated income and expenses						
Other expenses					(48,874)	(69,570)
Other income					38,519	55,573
Finance cost					(37,215)	(26,368)
Profit before taxation					<u>934,276</u>	<u>915,587</u>
Income tax expense					(132,156)	(145,976)
Total comprehensive income					<u>802,120</u>	<u>769,611</u>

	Pharmaceutical		Consumer		Total	
	Sept' 30, 2017	June' 30, 2016	Sept' 30, 2017	June' 30, 2016	Sept' 30, 2017	June' 30, 2016
	(Rupees in '000)					
Segment assets and liabilities						
Segment assets	339,122	294,899	41,208	41,208	380,330	336,107
Unallocated assets					14,582,332	13,229,777
Total assets					<u>14,962,662</u>	<u>13,565,884</u>
Segment liabilities	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	4,370,014	3,775,220
Total liabilities					<u>4,370,014</u>	<u>3,775,220</u>

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL

For the period ended September 30, 2017 - Unaudited

23. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	September 30, 2017	September 30, 2016
		(Rupees in '000)	
Holding company	- Corporate service charges	42,000	18,000
Associated companies	- Revenue	2,691,603	2,292,764
	- Salaries and wages	288	-
	- Purchases	51,330	-
	- Carriage and duties	13,463	2,615
	- Discounts claimed	33,134	32,138
	- Rent expense	452	551
	- Rent income	12,084	11,784
	- Stock claims	24,763	16,434
	- Internet services	1,008	1,212
	- Architect fee	1,544	1,795
	- Utilities	2,533	9,724
	- Royalty	-	7,119
	- Others	209	1,675
	- Interest income	5,368	5,562
Staff retirement benefits	- Contributions to Provident Fund	21,189	18,189
	- Benefits paid	16,794	10,351
Key management employees compensation	- Salaries and other employee benefits	17,068	16,002
	- Contributions to Provident Fund	1,707	1,600
	- Directors' fees	8	7

23. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue by the Board of Directors of the Company on October 25, 2017.


Chief Executive Officer


Director


Chief Financial Officer

SEARLE

THE SEARLE COMPANY LIMITED

1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi-75530
URL: www.searlecompany.com