

# MAKING A DIFFERENCE





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

## Chief Financial Officer

Mr. Mobeen Alam

## Company Secretary

Mr. Zubair Razzak Palwala

## Auditors

A. F. Ferguson & Co.

## Legal Advisors

Mohsin Tayebaly & Co.

## Bankers

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

## Registered Office

First Floor, N.I.C. 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 unconsolidated interim financial information of your Company for the nine months ended March 31, 2018. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting' and the provisions of the directives issued under the Companies Act, 2017 (repealed Companies Ordinance, 1984).

### OPERATING RESULTS

	March 31,	
	2018	2017
	(Rupees in thousand)	
Revenue	<b>9,475,321</b>	7,961,112
Cost of sales	<b>(6,161,311)</b>	(4,885,972)
Gross Profit	<b>3,314,010</b>	3,075,140
Operating expenses	<b>(2,905,689)</b>	(2,394,318)
Other operating expenses	<b>(142,409)</b>	(129,150)
Other income	<b>2,462,816</b>	1,735,995
Profit from operations	<b>2,728,728</b>	2,287,667
Finance cost	<b>(123,529)</b>	(109,946)
Profit before tax	<b>2,605,199</b>	2,177,721
Income tax expense	<b>(103,792)</b>	(171,965)
Profit after taxation	<b>2,501,407</b>	2,005,756

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 March 31, 2018, the company's financial performance scaled new heights and was yet again a commendable period for our shareholders.

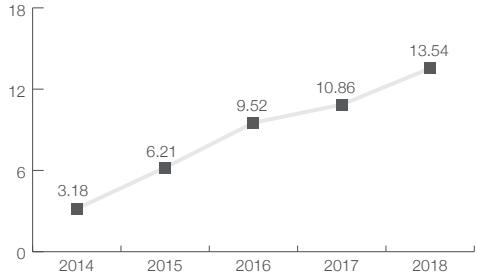
Financial highlights are summarized below:

- Net sales of the Company grew by 19.02% to Rs 9.48 billion.
- Gross profit margin was 34.98%.
- Operating profit margin was 28.8%
- Profit before and after taxation was 27.49% and 26.4% respectively.

## EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 13.54 (March 2017: Rs. 10.86).

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 March 31, 2018.



## 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 the art facility of Nextar Pharma (Private) Limited, 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.

In lieu with our policy of keeping pace with the technological advancement, we have successfully implemented the most robust enterprise resource planning system SAP.



## 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 Nadeem Ahmed  
Chief Executive Officer

Karachi  
April 26, 2018

نیکسٹ فارما پرائیویٹ لمیٹڈ کی جدید ترین فیسیلیٹی کے حصول کے ذریعے ہمیں توقع ہے کہ مجموعی منافع جات میں کثیر اضافہ ہوگا۔ مزید برآں ہمارا بائیو سائنسز وینچر 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 وینچر 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۔

ٹیکنولوجیکل جدت کو پیش نظر رکھنے کی ہماری پالیسی کے تحت ہم نے کامیابی سے مضبوط انٹرپرائز ریسورس پلاننگ سسٹم SAP لاگو کر لیا ہے۔

## اظہار تشکر

سرل گروپ میں ہم سب جذباتی طور پر ملحوظ و متحرک ہیں اور مستقل بنیاد پر پُر 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 المدتی ترقی فراہم کرے گی۔

بحکم بورڈ



سید ندیم احمد

چیف ایگزیکٹو آفیسر

کراچی

26 اپریل 2018

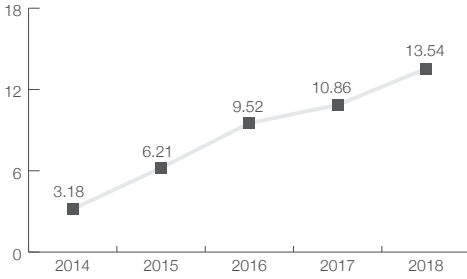




## مالیاتی جھلکیاں درج ذیل ہیں:

- کمپنی کی سیلز میں 19.02 فیصد کا اضافہ ہوا اور کمپنی کی سیلز 9.48 بلین رہیں
- مجموعی منافع کی شرح 34.98 فیصد رہی
- آپریٹنگ منافع جات کی شرح 28.8 فیصد رہی
- منافع قبل از ٹیکس اور بعد از ٹیکس کی شرح 27.49 اور 26.4 فیصد بالترتیب رہی۔

## آمدنی فی شیئر



بنیادی آمدنی فی شیئر بعد از ٹیکس 13.54 روپے تھی (10.86 روپے : مارچ 2017)۔

کمپنی کی بنیادی آمدنی فی حصص پر ڈائیلیوشن کا کوئی اثر نہیں پڑا کیونکہ کمپنی کے 31 مارچ 2018 کو کوئی کنورٹبل ڈائیلیٹیو پوٹینشل آرڈینری شیئرز باقی نہیں تھے۔

## مستقبل پر ایک نظر

طویل المدتی 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 لوجیکولر، 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 31 مارچ 2018 کو ختم ہونے والی نو ماہی مدت کے انفرادی مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 'Interim Financial Reporting' - (IAS-34) اور کمپنیز ایکٹ 2017 (مٹروک کمپنیز آرڈیننس 1984) کے تحت جاری کردہ ہدایات کے مطابق تیار کئے گئے ہیں۔

31 مارچ		آپریٹنگ نتائج
(روپے ہزاروں میں)		
2017	2018	
7,961,112	9,475,321	آمدنی
(4,885,972)	(6,161,311)	فروخت کے اخراجات
3,075,140	3,314,010	مجموعی آمدنی
(2,394,318)	(2,905,689)	آپریٹنگ اخراجات
(129,150)	(142,409)	دیگر آپریٹنگ اخراجات
1,735,995	2,462,816	دیگر آمدنی
2,287,667	2,728,728	آپریٹنگ سے آمدنی
(109,946)	(123,529)	فنانس کی لاگت
2,177,721	2,605,199	آمدنی قبل از ٹیکس
(171,965)	(103,792)	ٹیکسیشن
2,005,756	2,501,407	آمدنی بعد از ٹیکس

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 لئے 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۔

31 مارچ 2018 کو ختم ہونے والی نو ماہی مدت میں کمپنی کی مالیاتی کارکردگی نے نئی بلندیوں کو چھو لیا اور یہ نو ماہی مدت ہمارے حصص یافتگان کے لئے ایک دفعہ پھر سے قابل ستائش رہی۔



# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2018

		(Un-audited) March 31 2018	(Audited) June 30, 2017
		(Rupees in '000)	
<b>ASSETS</b>	Note		
<b>Non-current assets</b>			
Property, plant and equipment	5	1,463,550	1,235,640
Investment properties		2,456,792	2,460,614
Intangibles		188,118	207,732
Deferred taxation		-	443
Long-term investments - subsidiaries	6	1,686,186	1,486,186
Long-term loans		164	193
Long-term deposits		10,032	1,598
		<b>5,804,842</b>	<b>5,392,406</b>
<b>Current assets</b>			
Stores and spares		34,286	1,842
Stock-in-trade		1,891,514	1,050,790
Trade debts	7	2,896,054	2,977,613
Loans and advances	8	4,383,413	2,458,745
Trade deposits and short-term prepayments		82,651	71,147
Other receivables	9	426,444	525,159
Taxation - payments less provision		720,753	675,642
Cash and bank balances	10	7,961	92,153
		<b>10,443,076</b>	<b>7,853,091</b>
<b>Non-current asset classified as held for sale</b>		-	600,278
<b>Total assets</b>		<b>16,247,918</b>	<b>13,845,775</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	11	1,847,177	1,539,314
Reserves		9,348,211	8,385,533
		<b>11,195,388</b>	<b>9,924,847</b>
<b>Surplus on revaluation of property, plant and equipment</b>		442,675	443,511
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term financing		107,143	214,285
Deferred taxation		6,743	-
Retirement benefit obligations		49,665	47,032
		<b>163,551</b>	<b>261,317</b>
<b>Current liabilities</b>			
Trade and other payables	12	2,550,330	1,774,197
Accrued mark-up		40,751	16,467
Short term borrowings	13	1,640,205	1,208,828
Current portion of long term financing		214,286	214,286
Sales tax payable		732	2,322
		<b>4,446,304</b>	<b>3,216,100</b>
<b>Total liabilities</b>		<b>4,609,855</b>	<b>3,477,417</b>
<b>Contingencies and commitments</b>	14		
<b>Total equity and liabilities</b>		<b>16,247,918</b>	<b>13,845,775</b>

The annexed notes from 1 to 23 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 March 31, 2018 - UNAUDITED

	Note	March 31 2018	March 31 2017
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	18	958,479	1,639,218
Retirement benefit obligations paid		(1,418)	(510)
Finance cost paid		(99,245)	(92,731)
Income tax paid		(141,967)	(57,310)
Decrease in long-term loans		29	106
Payment of long-term deposits		(8,434)	-
Net cash generated from operating activities		707,444	1,488,773
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(318,073)	(180,617)
Sale proceeds on disposal of property, plant and equipment		9,351	13,072
Payments for investment properties		(33,974)	(7,450)
Purchase of intangibles		(8,668)	(123,966)
Proceeds from disposal of investment in subsidiary		600,278	-
Addition to long-term investments		(200,000)	(871,005)
Net cash from/(used in) investing activities		48,914	(1,169,966)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,164,785)	(581,269)
Export re finance received		11,000	-
Loan from subsidiary		200,000	-
Long-term finance paid		(107,142)	(107,142)
Net cash used in financing activities		(1,060,927)	(688,411)
<b>Net decrease in cash and cash equivalents</b>		<b>(304,569)</b>	<b>(369,604)</b>
Cash and cash equivalents at the beginning of the period		(1,052,675)	(387,689)
<b>Cash and cash equivalents at the end of the period</b>	19	<b>(1,357,244)</b>	<b>(757,293)</b>

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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended March 31, 2018 - UNAUDITED

	Issued, subscribed and paid up capital	Capital reserves		Revenue reserves		Total reserves	Total
		Share premium	Issue of bonus shares	General reserve	Unappropriated profits		
----- (Rupees in '000) -----							
Balance as at July 01, 2016	1,227,523	1,630,974	-	280,251	5,041,469	6,952,694	8,180,217
Total comprehensive income for the period	-	-	-	-	2,005,756	2,005,756	2,005,756
<b>Transactions with owners</b>							
Transfer to reserve for issue of bonus shares	-	-	171,853	-	(171,853)	-	-
Bonus shares issued during the period in the ratio of 14 shares for every 100 shares held	171,853	-	(171,853)	-	-	(171,853)	-
Final dividend for the year ended June 30, 2016 @ Rs. 5 per share	-	-	-	-	(613,761)	(613,761)	(613,761)
	171,853	-	-	-	(785,614)	(785,614)	(613,761)
Balance as at March 31, 2017	1,399,376	1,630,974	-	280,251	6,261,611	8,172,836	9,572,212
<b>Balance as at July 01, 2017</b>	<b>1,539,314</b>	<b>1,630,974</b>	<b>-</b>	<b>280,251</b>	<b>6,474,308</b>	<b>8,385,533</b>	<b>9,924,847</b>
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the period (net of tax)	-	-	-	-	585	585	585
Total comprehensive income for the period	-	-	-	-	2,501,407	2,501,407	2,501,407
<b>Transactions with owners</b>							
Transfer to reserve for issue of bonus shares	-	-	307,863	-	(307,863)	-	-
Bonus shares issued during the period in the ratio of 20 shares for every 100 shares held	307,863	-	(307,863)	-	-	(307,863)	-
Final dividend for the year ended June 30, 2017 @ Rs. 8 per share	-	-	-	-	(1,231,451)	(1,231,451)	(1,231,451)
	307,863	-	-	-	(1,539,314)	(1,539,314)	(1,231,451)
Balance as at March 31, 2018	1,847,177	1,630,974	-	280,251	7,436,986	9,348,211	11,195,388

The annexed notes from 1 to 23 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 STATEMENTS

For the period ended March 31, 2018 - 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 56.71% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		March 31 2018	June 30, 2017
<b>Listed Company</b>			
- IBL HealthCare Limited		74.19%	74.19%
<b>Unlisted Companies</b>			
- Searle Pharmaceuticals (Private) Limited	Pakistan	100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Identity (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	-
- Nextar Pharma (Private) Limited		-	70.34%

Subsequent to December 31, 2017 the Company in their Board meeting held on January 2, 2018 approved an equity investment upto 12% equity in proposed joint venture of IBL Group in Belgium. The total investment of IBL Group would be 50% in the proposed joint venture. The joint venture is with Belgian company, Belourthe for setting up a manufacturing unit in Belgium's Wallonia region for production of Nutraceuticals - a food that supplements diet and assists in disease prevention.

## 2. BASIS OF PREPARATION

This unconsolidated condensed interim financial information of the Company for the period ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of or directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This unconsolidated condensed interim financial information is being presented and submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and Listing Regulations of Pakistan Stock Exchange.

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.

# SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

## 2.1 Changes in accounting standards, interpretations and pronouncements

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

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, which continues to explore how financial statement disclosure can be improved.

### 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, 2017 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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Company.

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this 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.





# SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - 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.

(Unaudited)                      (Audited)  
**March 31,**                      June 30,  
**2018**                              2017  
(Rupees in '000)

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	<b>1,207,284</b>	1,033,870
Capital work in progress	<b>256,266</b>	201,770
	<b><u>1,463,550</u></b>	<u>1,235,640</u>

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

	Additions (at cost)		Disposals (at net book value)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- (Rupees in '000) -----			
Building on leasehold land	<b>71,506</b>	29,487	-	-
Plant and machinery	<b>154,903</b>	96,317	-	-
Furniture and fixtures	<b>5,719</b>	6,165	-	-
Vehicles	<b>16,560</b>	1,867	<b>(4,381)</b>	(993)
Office equipment	<b>14,889</b>	16,505	<b>(1)</b>	(39)
	<b><u>263,577</u></b>	<u>150,341</u>	<b><u>(4,382)</u></b>	<u>(1,032)</u>

(Unaudited)                      (Audited)  
**March 31,**                      June 30,  
**2018**                              2017

(Rupees in '000)

## 6. LONG-TERM INVESTMENTS

Subsidiary companies (at cost) - note - 6.1	<b><u>1,686,186</u></b>	<u>1,486,186</u>
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SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED  
INTERIM FINANCIAL INFORMATION  
For the period ended March 31, 2018 - UNAUDITED

6.1 Subsidiary companies

	Note	(Unaudited) March 31, 2018		(Audited) June 30, 2017	
		Equity % held (Rupees '000)	Investment at cost (Rupees '000)	Equity % held (Rupees '000)	Investment at cost (Rupees '000)
<b>Listed security</b>					
<i>IBL HealthCare Limited</i>					
40,126,241 (June 30, 2017: 36,478,401) Ordinary shares of Rs. 10 each					
	6.1.1	74.19%	1,300,911	74.19%	1,300,911
Market price as at March 31, 2018: Rs. 86.11 (June 30, 2017: Rs. 122) per share	& 6.1.2				
			1,300,911		1,300,911
<b>Unlisted securities</b>					
<i>Searle Pharmaceuticals (Private) Limited</i>					
40,000 (June 30, 2017: 40,000) Ordinary shares of Rs. 10 each Break up value as at March 31, 2018: Rs. 512.95 (June 30, 2017: Rs. 27.73) per share		100%	400	100%	400
<i>Searle Laboratories (Private) Limited</i>					
12,500,000 (June 30, 2017: 12,500,000) Ordinary shares of Rs. 10 each Break up value as at March 31, 2018: Rs. 4.08 (June 30, 2017: Rs. 5.61) per share		100%	125,000	100%	125,000
<i>Searle Biosciences (Private) Limited</i>					
1,000,000 (June 30, 2017: 1,000,000) Ordinary shares of Rs. 10 each Break up value as at March 31, 2018: Rs. 78.32 (June 30, 2017: Rs. 13.73) per share		100%	10,000	100%	10,000
<i>IBL Identity (Private) Limited</i>					
9,500,000 (June 30, 2017: 9,500,000) Ordinary shares of Rs. 10 each Break up value as at March 31, 2018: Rs. Nil (June 30, 2017: Rs. Nil) per share		100%	49,875	100%	49,875
<i>IBL Future Technologies (Private) Limited</i>					
20,000,000 (June 30, 2017: Nil) Ordinary shares of Rs. 10 each Break up value as at March 31, 2018: Rs. 10 (June 30, 2017: Rs. Nil) per share		100%	200,000	100%	-
			<u>1,686,186</u>		<u>1,486,186</u>



## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

- 6.1.1 During the current period, IBL HealthCare Limited announced issue of bonus shares in proportion of 10 share for every 100 share held (the Company was entitled to 3,647,840 shares).
- 6.1.2 Shares held as at March 31, 2018 include 1,117,379 shares (June 30, 2017: 853,869 shares) of IBL HealthCare Limited withheld at the time of bonus declaration. The Company has included these shares in its portfolio pending decisions of the Honourable High Court of Sindh on petitions filed by Company in respect of tax on bonus shares.

	(Unaudited) March 31, 2018	(Audited) June 30, 2017
<b>7. TRADE DEBTS</b>		
Considered good		
- Export debtors, secured	267,392	135,850
- Due from related parties, unsecured	1,909,159	2,356,033
- others - unsecured	719,503	485,730
	<b>2,628,662</b>	<b>2,841,763</b>
Considered doubtful	165,430	165,430
Less: Provision for doubtful debts	(165,430)	(165,430)
	-	-
	<b>2,896,054</b>	<b>2,977,613</b>

- 7.1 The receivable is stated net of amount payable to IBL Operations (Private) Limited and United Brands Limited - associated companies amounting to Rs. 82.35 million (2017: Rs. 29.47 million) and nil (2017: Rs. 3.07) respectively.

### 8. LOANS AND ADVANCES

- 8.1 This includes interest free loan provided to IBL Identity (Private) Limited - wholly owned subsidiary amounting to Rs. 2,730.63 million as at March 31, 2018 (June 30, 2017: Rs. 1,758.90 million).
- 8.2 This also includes advance to Searle Biosciences (Private) Limited - wholly owned subsidiary amounting to Rs 975.58 million as at March 31, 2018 (June 30, 2017: Rs. 265.30 million).

# SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

	(Unaudited) March 31, 2018	(Audited) June 30, 2017
	(Rupees in '000)	
<b>9. OTHER RECEIVABLES</b>		
<b>Receivables from related parties</b>		
Due from subsidiary companies:		
- IBL HealthCare Limited	601	-
- Searle Pharmaceuticals (Private) Limited - note 9.1	-	263,000
- Searle Laboratories (Private) Limited	253	253
- Searle Biosciences (Private) Limited - note 9.1	243,151	53,409
- IBL Future Technologies (Private) Limited against expenses	1,949	-
	245,954	316,662
Due from associated companies:		
- IBL Operations (Private) Limited against: mark-up on over due balance	26,642	26,642
- International Brands Limited against expenses	11,147	89,789
- International Franchises Limited against rental income	3,365	3,422
	41,154	119,853
Due from other related party:		
- Habitt against rental income	73,082	28,023
Surplus arising under retirement benefit fund	5,250	5,250
<b>Receivables from other than related parties</b>		
Others, considered good	61,004	55,371
	426,444	525,159

9.1 This represent dividends receivable from wholly owned subsidiary companies.

	(Unaudited) March 31, 2018	(Audited) June 30, 2017
	(Rupees in '000)	
<b>10. CASH AND BANK BALANCES</b>		
Cash in hand	2,719	2,267
Cash at bank		
- current accounts	5,232	89,876
- savings accounts	10	10
	7,961	92,153



# SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

## 11. SHARE CAPITAL

### Authorised share capital

(Unaudited) March 31, 2018 (Number of shares)	(Audited) June 30, 2017 (Number of shares)		(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) June 30, 2017 (Rupees in '000)
<u>300,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10 each	<u>3,000,000</u>	<u>2,000,000</u>

### Issued, subscribed and paid up capital

(Unaudited) March 31, 2018 (Number of shares)	(Audited) June 30, 2017 (Number of shares)		(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) June 30, 2017 (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
172,140,531	141,354,264	Shares allotted as bonus shares	1,721,406	1,413,543
<u>184,717,605</u>	<u>153,931,338</u>		<u>1,847,177</u>	<u>1,539,314</u>

11.1 During the period, the company increased its authorised share capital for ordinary shares from Rs. 2 billion to Rs. 3 billion in its annual general meeting held on October 27, 2017.

## 11.2 Movement in issued, subscribed and paid-up capital

(Unaudited) March 31, 2018 (Number of shares)	(Audited) June 30, 2017 (Number of shares)		(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) June 30, 2017 (Rupees in '000)
153,931,338	122,752,264	Opening shares outstanding	1,539,314	1,227,523
30,786,267	31,179,074	Share allotted as bonus shares	307,863	311,791
<u>184,717,605</u>	<u>153,931,338</u>		<u>1,847,177</u>	<u>1,539,314</u>

# SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

	(Unaudited) December 31, 2017 (Rupees in '000)	(Audited) June 30, 2017
<b>12. TRADE AND OTHER PAYABLES</b>		
Creditors	527,703	529,284
Bills payable in foreign currency	410,474	217,156
Accrued liabilities	1,162,321	634,453
Advance from customers	88,085	73,462
Taxes deducted at source and payable to statutory authorities	32,316	36,094
Unclaimed dividend	120,014	53,348
Workers' Profit Participation Fund	140,142	160,139
Workers' Welfare Fund	13,532	25,082
Other liabilities	55,743	45,179
	<u>2,550,330</u>	<u>1,774,197</u>
<b>13. SHORT TERM BORROWINGS</b>		
- Running finance under mark-up arrangements - note 13.1	1,365,205	1,144,828
- Export re-finance	75,000	64,000
	<u>1,440,205</u>	<u>1,208,828</u>
Loan from related party: - Loan from subsidiary - note 13.2	200,000	-
	<u>1,640,205</u>	<u>1,208,828</u>

- 13.1 The facilities available from various banks amount to Rs. 1,825 million (June 30, 2017: Rs. 1,445 million). The mark-up on running finances ranges between 4% to 8.05% (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).

- 13.2 This represents interest free loan obtained from IBL Future Technologies (Private) Limited - wholly owned subsidiary.

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 Contingencies

- 14.1.1 There has been no significant change in the status of contingencies as reported in the note 24 and 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 INFORMATION

For the period ended March 31, 2018 - UNAUDITED

**14.1.2** 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. 29.397 million.

### 14.2 Commitments

**14.2.1** The facility for opening letters of credit and guarantees as at March 31, 2018 amounted to Rs. 1,430 million (June 30, 2017: Rs. 1,644 million) of which the amount remaining unutilised as at the period end amounted to Rs. 674.82 million (June 30, 2017: Rs. 1,152 million).

### 14.2.2 Future rentals payable against operating lease arrangements

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) March 31, 2018	(Audited) June 30, 2017
	(Rupees in '000)	
Not later than one year	16,368	15,072
Later than one year but not later than five years	88,061	86,506
Later than five years	120,122	133,953
	<u>224,551</u>	<u>235,531</u>
	March 31, 2018	March 31, 2017
	(Rupees in '000)	

### 15. REVENUE

Gross sales		
Local sales	9,480,328	7,647,448
Export sales	1,159,720	749,976
	<u>10,640,048</u>	8,397,424
Toll manufacturing	248,703	230,705
	<u>10,888,751</u>	8,628,129
Sales tax	(94,707)	(94,386)
	<u>10,794,044</u>	8,533,743
Less:		
Discounts, rebates and allowances	975,865	416,475
Sales return	342,858	156,156
	<u>1,318,723</u>	572,631
	<u>9,475,321</u>	<u>7,961,112</u>

# SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

- 15.1 In respect of pricing of pharmaceutical products, the Company has instituted legal proceedings against the Drug Regulatory Authority of Pakistan relating to the upward revision of the maximum retail prices of certain products. These legal proceedings are presently pending before the High Court of Sindh and the Court has issued orders that no adverse action shall be taken against the Company until disposal of the matters. Based upon legal advice rendered, the Company expect of a favourable outcome in these legal proceedings.

March 31,            March 31,  
2018                    2017  
(Rupees in '000)

## 16. OTHER INCOME

### Income from financial assets

#### Dividend income

- IBL HealthCare Limited	35,625	31,181
- Searle Pharmaceuticals (Private) Limited	2,098,173	1,343,300
- Searle Biosciences (Private) Limited	253,600	262,000
	2,387,398	1,636,481

### Income from non - financial assets

Gain on disposal of property, plant and equipment	4,969	871
Insurance claim recovery	-	18,874
Rental income from investment property	59,184	72,656
Others	11,265	7,113
	75,418	99,514
	2,462,816	1,735,995

## 17. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders	2,501,407	2,005,756
Weighted average number of ordinary shares in issue during the period (in thousand)	184,718	184,718
		(Re-stated)
Earnings per share - Basic and diluted (Rupees) - note 17.1	13.54	10.86

- 17.1 A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at March 31, 2018 and March 31, 2017 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 INFORMATION

For the period ended March 31, 2018 - UNAUDITED

	March 31, 2018	March 31, 2017
	(Rupees in '000)	
<b>18. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	2,605,199	2,177,721
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation	123,577	96,520
Gain on disposal of property, plant and equipment	(4,969)	(871)
Amortisation	28,282	14,087
Provision for retirement benefits obligation	4,050	3,649
Finance cost	123,529	109,946
Profit before working capital changes	<u>2,879,668</u>	<u>2,401,052</u>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores and spares	(32,444)	(9)
Stock-in-trade	(840,724)	196,822
Trade debts	81,559	(453,948)
Loans and advances	(1,924,668)	(379,526)
Trade deposits and short-term prepayments	(11,504)	(74,687)
Other receivables	98,715	(420,921)
	<u>(2,629,066)</u>	<u>(1,132,269)</u>
Increase / ( decrease ) in current liabilities		
Trade and other payables	709,467	364,386
Sales tax payables	(1,590)	6,049
	<u>707,877</u>	<u>370,435</u>
Cash generated from operations	<u><u>958,479</u></u>	<u><u>1,639,218</u></u>
<b>19. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	7,961	50,066
Short term borrowings	(1,365,205)	(807,359)
	<u>(1,357,244)</u>	<u>(757,293)</u>

# SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

## 20. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	Pharmaceutical		Consumer		Total	
	Mar' 31, 2018	Mar' 31, 2017	Mar' 31, 2018	Mar' 31, 2017	Mar' 31, 2018	Mar' 31, 2017
	(Rupees in '000)					
Segment revenue	<u>8,169,959</u>	<u>7,022,735</u>	<u>1,305,362</u>	<u>938,377</u>	<u>9,475,321</u>	<u>7,961,112</u>
Segment result	<u>247,932</u>	<u>419,861</u>	<u>160,389</u>	<u>260,961</u>	<u>408,321</u>	<u>680,822</u>
Unallocated income and expenses						
Other expenses					(142,409)	(129,150)
Other income					2,462,816	1,735,995
Finance cost					(123,529)	(109,946)
Profit before taxation					<u>2,605,199</u>	<u>2,177,721</u>
Income tax expense					<u>(103,792)</u>	<u>(171,965)</u>
Total comprehensive income					<u>2,501,407</u>	<u>2,005,756</u>

	Pharmaceutical		Consumer		Total	
	Mar' 31, 2018	Mar' 31, 2017	Mar' 31, 2018	Mar' 31, 2017	Mar' 31, 2018	Mar' 31, 2017
	(Rupees in '000)					
Segment assets and liabilities						
Segment assets	<u>392,830</u>	<u>294,889</u>	<u>3,126</u>	<u>3,126</u>	<u>395,956</u>	<u>298,015</u>
Unallocated assets					<u>15,851,962</u>	<u>13,547,760</u>
Total assets					<u>16,247,918</u>	<u>13,845,775</u>
Segment liabilities	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	<u>4,288,426</u>	<u>3,048,846</u>
Total liabilities					<u>4,288,426</u>	<u>3,048,846</u>



# SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

## 21. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	March 31,	March 31,
		2018	2017
		(Rupees in '000)	
Holding company	- Corporate service charges	126,000	54,000
Subsidiaries			
	- Revenue	212,717	274,582
	- Purchase of consumables	-	32,308
	- Outside processing charges	1,717,268	1,214,932
	- Dividend income	2,387,398	1,636,481
	- Short term loan given	971,726	871,004
	- Short term loan obtained	200,000	-
	- Advance given	710,276	189,186
Associated companies			
	- Revenue	7,744,323	6,858,170
	- Salaries and wages	3,462	3,655
	- Purchases	3,311	5,754
	- Carriage and duties	32,391	21,918
	- Discounts claimed	367,568	333,804
	- Rent expense	3,885	3,776
	- Rent income	38,854	41,897
	- Stock claims	140,259	149,490
	- Internet services	3,835	4,275
	- Architect fee	2,057	4,399
	- Payment under group tax relief	-	1,558
	- Income from Provision of Amenities	26,235	29,745
	- Royalty	-	7,119
	- Donations	15,000	10,000
	- Purchases of ERP Software	8,193	-
	- Incentive on Searle Focus Products	5,893	4,452
	- Others	8,730	5,633
Staff retirement benefits			
	- Contributions to Provident Fund	66,324	57,473
	- Benefits paid	26,986	28,342
Key management employees compensation			
	- Salaries and other employee benefits	275,419	253,092
	- Contributions to Provident Fund	24,601	14,745

# SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

Nature of relationship	Nature of transactions	March 31,	March 31,
		2018	2017
		(Rupees in '000)	
Key management employees compensation			
	- Directors' fees	29	16
	- Sale of goods	94	65
	- Sale of vehicles	-	1,592

21.1 The status of outstanding balances with related parties as at March 31, 2018 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

## CORRESPONDING FIGURES

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

## 23. 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 April 26, 2018.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED FINANCIAL STATEMENTS

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## DIRECTORS' REPORT TO THE MEMBERS

We are pleased to present the consolidated interim financial information of the holding company for the nine months ended March 31, 2018. 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

	March 31,	
	2018	2017
	(Rupees in thousand)	
Revenue	11,997,784	9,910,924
Cost of sales	(5,502,515)	(4,574,729)
Gross Profit	6,495,269	5,336,195
Operating expenses	(3,581,049)	(3,077,977)
Other operating expenses	(142,409)	(165,216)
Other income	90,793	170,554
Profit from operations	2,862,604	2,263,563
Finance cost	(127,238)	(112,530)
Profit before tax	2,735,366	2,151,006
Income tax expense	(379,861)	(366,080)
Profit after taxation	2,355,505	1,784,926

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.

Though our conventional business scaled new heights, the consolidated results were diluted after incorporating the financial results of the pre-mature portfolio of our textile business.

#### Financial highlights are summarized below:

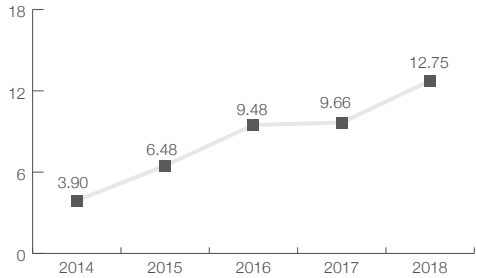
- Net sales of the holding Company grew by 21.06% to Rs11.99 billion.
- Gross profit margin was 54.14%.
- Operating profit margin was 23.86%
- Profit before and after taxation was 22.80% and 19.63% respectively.



## EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 12.75 (March 2017: Rs. 9.66).

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 March 31, 2018.



## 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 Pharma (Private) Limited, 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.

In lieu with our policy of keeping pace with the technological advancement, we have successfully implemented the most robust enterprise resource planning system SAP.

## 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 Nadeem Ahmed  
Chief Executive Officer

Karachi  
April 26, 2018





ایکنا بھنٹ موصول ہو گئی 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 بائیوسمیلر کمپنیوں کے ساتھ معاہدے کئے ہیں جو پاکستان میں ہمارے بائیوسائنسز وینچر کی پیش رفت کو مزید تیز کریں گے۔

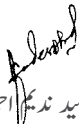
مستقل بعید کیلئے سرل ابھرتے ہوئے پورٹ فولیوز بشمول اسٹیم سیلز، بائیو انجینئرنگ، میڈیکل ڈیوائسز، نیوٹرا سیوٹیکلز اور جینوم سائنسز پر توجہ دے رہی ہے۔ حال ہی میں ہم نے ڈاکٹر عطاء الرحمن کی جانب سے پاکستان میں قائم شدہ واحد جینوم ریسرچ سینٹر، بنام جمیل الرحمن سینٹر برائے جینوم ریسرچ پارٹ آف انٹرنیشنل سینٹر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

ٹیکنولوجیکل جدت کو پیش نظر رکھنے کی ہماری پالیسی کے تحت ہم نے کامیابی سے مضبوط انٹرنیٹ ریٹورس پلاننگ سسٹم SAP لاگو کر لیا ہے۔

## اظہار تشکر

سرل گروپ میں ہم سب جذباتی طور پر ملحوظ و متحرک ہیں اور مستقل بنیاد پر پُر 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 المدتی ترقی فراہم کرے گی۔

بحکم بورڈ

  
سید ندیم احمد  
چیف ایگزیکٹو آفیسر

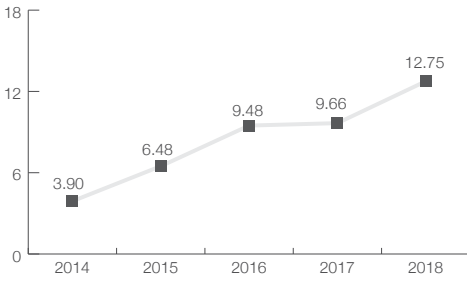
کراچی

26 اپریل 2018

## مالیاتی جھلکیاں درج ذیل ہیں:

- کمپنی کی سیلز میں 21.06 فیصد کا اضافہ ہوا اور کمپنی کی سیلز 11.99 بلین رہیں
- مجموعی منافع کی شرح 54.14 فیصد رہی
- آپریٹنگ منافع جات کی شرح 23.86 فیصد رہی
- منافع قبل از ٹیکس اور بعد از ٹیکس کی شرح 22.80 اور 19.63 فیصد بالترتیب رہی۔

## آمدنی فی شیئر



بنیادی آمدنی فی شیئر بعد از ٹیکس 12.75 روپے تھی (9.66 روپے: مارچ 2017)۔

کمپنی کی بنیادی آمدنی فی حصص پر ڈائیلیوشن کا کوئی اثر نہیں پڑا کیونکہ کمپنی کے 31 مارچ 2018 کو کوئی کنورٹبل ڈائیلیٹیو پوٹینشل آرڈینری شیئرز باقی نہیں تھے۔

## مستقبل پر ایک نظر

طویل المدتی 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، ذیابیطس، 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۔

نیکسٹ فارما پرائیوٹ لیمنڈ 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 بیوٹیکسٹ مستحکم نتائج دینے کے لئے تیار ہے۔ مزید برآں سرل نے یو ایف ڈی اے (USFDA) کو ڈرگ ماسٹر فائل (DMF) بھی جمع کرا دی ہے اور اس سلسلے میں



## ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ہم آپ کی کمپنی کی 31 مارچ 2018 کو ختم ہونے والی نو ماہی مدت کے مجموعی مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 'Interim Financial Reporting' - (IAS-34) اور کمپنیز ایکٹ 2017 (مٹروک کمپنیز آرڈیننس 1984) کے تحت جاری کردہ ہدایات کے مطابق تیار کئے گئے ہیں۔

31 مارچ		آپریٹنگ نتائج
2017	2018	
9,910,924	11,997,784	آمدنی
(4,574,729)	(5,502,515)	فروخت کے اخراجات
5,336,195	6,495,269	مجموع آمدنی
(3,077,977)	(3,581,049)	آپریٹنگ اخراجات
(165,216)	(142,409)	دیگر آپریٹنگ اخراجات
170,554	90,793	دیگر آمدنی
2,263,563	2,862,604	آپریٹنگ سے آمدنی
(112,530)	(127,238)	فنانس کی لاگت
2,151,006	2,735,366	آمدنی قبل از ٹیکس
(366,080)	(379,861)	ٹیکسیشن
1,784,926	2,355,505	آمدنی بعد از ٹیکس

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 لئے 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۔

31 مارچ 2018 کو ختم ہونے والی نو ماہی مدت میں کمپنی کی مالیاتی کارکردگی نے نئی بلندیوں کو چھو لیا اور یہ نو ماہی مدت ہمارے حصص یافتگان کے لئے ایک دفعہ پھر سے قابل ستائش رہی۔

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2018

		(Un-audited) March 31 2018	(Audited) June 30, 2017
		(Rupees in '000)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,488,086	2,254,788
Investment properties		2,580,380	2,584,202
Intangibles		379,581	397,709
Deferred taxation		-	1,894
Long-term loans and advances	6	1,506,361	1,015,379
Long-term deposits		13,946	5,026
		<b>6,968,354</b>	<b>6,258,998</b>
<b>Current assets</b>			
Stores and spares		34,286	1,842
Stock-in-trade		2,519,502	1,508,401
Trade debts	7	4,615,415	3,609,434
Loans and advances	8	1,253,135	705,694
Trade deposits and short-term prepayments		106,065	82,297
Interest accrued		11,242	6,743
Other receivables	9	378,192	378,595
Investments - at fair value through profit or loss	10	64,774	160,884
Tax refunds due from government - Sales tax		12,224	16,490
Taxation - payments less provision		606,835	679,131
Cash and bank balances	11	45,647	157,375
		<b>9,647,317</b>	<b>7,306,886</b>
<b>Total assets</b>		<b>16,615,671</b>	<b>13,565,884</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	12	1,847,177	1,539,314
Reserves		8,130,845	7,335,404
Attributable to owners of The Searle Company Limited - Holding Company		9,978,022	8,874,718
Non-controlling interests		424,724	416,935
		<b>10,402,746</b>	<b>9,291,653</b>
<b>Surplus on revaluation of fixed assets</b>		<b>498,426</b>	<b>499,011</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term financing		111,807	239,033
Deferred taxation		6,743	-
Retirement benefit obligations		49,665	47,032
		<b>168,215</b>	<b>286,065</b>
<b>Current liabilities</b>			
Trade and other payables	13	3,851,037	2,049,574
Accrued mark-up		40,751	16,467
Short term borrowings	14	1,440,210	1,208,828
Current portion of long term financing		214,286	214,286
		<b>5,546,284</b>	<b>3,489,155</b>
<b>Total liabilities</b>		<b>5,714,499</b>	<b>3,775,220</b>
Contingencies and commitments	15		
<b>Total equity and liabilities</b>		<b>16,615,671</b>	<b>13,565,884</b>

The annexed notes from 1 to 24 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 March 31, 2018 - UNAUDITED

	Note	Quarter ended		Nine months period ended	
		March 31 2018	March 31 2017	March 31 2018	March 31 2017
			(Rupees in '000)		
Revenue	16	4,114,433	3,311,584	11,997,784	9,910,924
Cost of sales		(2,034,840)	(1,581,204)	(5,502,515)	(4,574,729)
Gross profit		2,079,593	1,730,380	6,495,269	5,336,195
Distribution cost		(919,432)	(877,749)	(2,583,464)	(2,361,926)
Administrative expenses		(364,053)	(363,367)	(997,585)	(716,071)
Other operating expenses		(34,024)	(42,063)	(142,409)	(165,216)
Other income	17	19,605	77,785	90,793	170,554
Profit from operations		781,689	524,986	2,862,604	2,263,536
Finance cost		(43,957)	(28,342)	(127,238)	(112,530)
Profit before taxation		737,732	496,644	2,735,366	2,151,006
Taxation		(102,137)	(79,127)	(379,861)	(366,080)
Profit after taxation		635,595	417,517	2,355,505	1,784,926
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		635,595	417,517	2,355,505	1,784,926
<b>Total comprehensive income is attributable to:</b>					
Owners of the The Searle Company Limited - Holding Company		625,504	407,678	2,334,170	1,755,899
Non-controlling interests		10,091	9,839	21,335	29,027
		635,595	417,517	2,355,505	1,784,926
Basic and diluted earnings per share (Rupees)	18	3.44	2.26	12.75	9.66

The annexed notes from 1 to 24 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 March 31, 2018 - UNAUDITED

	Note	March 31 2018	March 31 2017
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	19	2,138,926	1,597,670
Retirement benefit obligations paid		(1,417)	(770)
Finance cost paid		(96,324)	(67,731)
Income tax paid		(298,928)	(200,737)
Interest income received		10,901	7,258
Increase in long-term deposits		(8,920)	-
Increase in long-term loans		(490,982)	(440,152)
Net cash generated from operating activities		1,253,256	895,538
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(349,459)	(394,498)
Sale proceeds on disposal of property, plant and equipment		9,349	13,072
Payments for investment properties		(33,974)	(7,450)
Purchase of intangibles		(9,720)	(124,033)
Additions to investments - at fair value through profit or loss		(158,582)	(191,500)
Proceeds from redemption of investments - at fair value through profit or loss		256,301	167,629
Dividend income received		6	-
Net cash generated from / (used in) investing activities		(286,079)	(536,780)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,183,061)	(624,026)
Long-term finance paid		(127,226)	(107,142)
Loan from related party		5	-
Proceeds from export refinance		11,000	-
Net cash used in financing activities		(1,299,282)	(731,168)
<b>Net decrease in cash and cash equivalents</b>		<b>(332,105)</b>	<b>(372,410)</b>
Cash and cash equivalents at beginning of the period		(987,453)	(339,576)
<b>Cash and cash equivalents at end of the period</b>	20	<b>(1,319,558)</b>	<b>(711,986)</b>

The annexed notes from 1 to 24 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 March 31, 2018 - UNAUDITED

	Share capital	Capital reserves		Revenue reserves		Sub-Total reserves	Non-Controlling interest	Total
		Share premium account	Issue of bonus shares	General reserve	Unappropriated profits			
(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	-	-	-	-	1,755,899	1,755,899	29,027	1,784,926
<b>Transactions with owners</b>								
Transfer to reserve for issue of bonus shares	-	-	311,791	-	(311,791)	-	-	-
Bonus shares issued during the period in the ratio of 14 shares for every 100 shares held	171,853	-	(171,853)	-	-	(171,853)	-	-
Bonus shares issued during the period in the ratio of 10 shares for every 100 shares held	139,938	-	(139,938)	-	-	(139,938)	-	-
Interim dividend for the half year ended December 31, 2016 @ Rs. 2 per share	-	-	-	-	(279,875)	(279,875)	-	(279,875)
Final dividend for the year ended June 30, 2016 @ Rs. 5 per share	-	-	-	-	(613,761)	(613,761)	-	(613,761)
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(11,576)	(11,576)
	311,791	-	-	-	(1,205,427)	(1,205,427)	(11,576)	(905,212)
Balance as at March 31, 2017	<u>1,539,314</u>	<u>1,630,974</u>	<u>-</u>	<u>280,251</u>	<u>4,793,764</u>	<u>6,704,989</u>	<u>412,654</u>	<u>8,656,957</u>
<b>Balance as at July 01, 2017</b>	<b>1,539,314</b>	<b>1,630,974</b>	<b>-</b>	<b>280,251</b>	<b>5,424,179</b>	<b>7,335,404</b>	<b>416,935</b>	<b>9,291,653</b>
Total comprehensive income for the period	-	-	-	-	2,334,170	2,334,170	21,335	2,355,505
<b>Transactions with owners</b>								
Transfer to reserve for issue of bonus shares	-	-	307,863	-	(307,863)	-	-	-
Bonus shares issued during the period in the ratio of 20 shares for every 100 shares held	307,863	-	(307,863)	-	-	(307,863)	-	-
Final dividend for the year ended June 30, 2017 @ Rs. 8 per share	-	-	-	-	(1,231,451)	(1,231,451)	-	(1,231,451)
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(13,546)	(13,546)
	307,863	-	-	-	(1,539,314)	(1,539,314)	(13,546)	(1,244,997)
Transferred from surplus on revaluation of fixed assets - net of deferred taxation: - incremental depreciation for the period	-	-	-	-	585	585	-	585
Balance as at December 31, 2017	<u>1,847,177</u>	<u>1,630,974</u>	<u>-</u>	<u>280,251</u>	<u>6,219,620</u>	<u>8,130,845</u>	<u>424,724</u>	<u>10,402,746</u>

The annexed notes from 1 to 24 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 INFORMATION

For the period ended March 31, 2018 - 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 56.71% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		March 31, 2018	June 30, 2017
<b>Listed Company</b>			
- IBL HealthCare Limited		74.19%	74.19%
<b>Unlisted Companies</b>			
- Searle Pharmaceuticals (Private) Limited	} Pakistan	100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Identity (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	-
- Nextar Pharma (Private) Limited		-	70.34%

Subsequent to December 31, 2017 the Company in their Board meeting held on January 2, 2018 approved an equity investment of Euro 240,000 i.e., 12% equity in proposed joint venture of IBL Group in Belgium. The total investment of IBL Group would be 50% in the proposed joint venture. The joint venture is with Belgian company, Belourthe for setting up a manufacturing unit in Belgium's Wallonia region for production of Nutraceuticals - a food that supplements diet and assists in disease prevention.

## 2. BASIS OF PREPARATION

This consolidated condensed interim financial information of the Company for the period ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of or directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This consolidated condensed interim financial information is being presented and submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and Listing Regulations of Pakistan Stock Exchange.

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.





# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

## 2.1 Changes in accounting standards, interpretations and pronouncements

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

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, which continues to explore how financial statement disclosure can be improved.

### 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, 2017 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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Company.

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

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

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

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

## 3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual audited consolidated financial statements for the year ended June 30, 2017.

# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

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

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

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the annual audited consolidated 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 annual audited consolidated financial statements as at and for the year ended June 30, 2017.

<b>(Unaudited)</b>	(Audited)
<b>March 31,</b>	June 30,
<b>2018</b>	2017
(Rupees in '000)	

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	<b>1,644,800</b>	1,433,281
Capital work-in-progress - at cost	<b>843,286</b>	821,507
	<b><u>2,488,086</u></b>	<u>2,254,788</u>

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

	Additions (at cost)		Disposals (at net book value)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in '000)			
Leasehold land	<b>108,646</b>	70,000	-	-
Leasehold improvements	-	75,963	-	-
Building on leasehold land	<b>36,548</b>	6,887	-	-
Plant and machinery	<b>154,903</b>	86,032	-	(55)
Furniture & fittings	<b>5,719</b>	3,800	-	-
Vehicles	<b>16,560</b>	1,903	<b>(4,376)</b>	(5,385)
Office equipment	<b>27,083</b>	25,919	<b>(4)</b>	(294)
	<b><u>349,459</u></b>	<u>270,504</u>	<b><u>(4,380)</u></b>	<u>(5,734)</u>



## SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

(Unaudited) (Audited)  
March 31 June 30,  
2018 2017  
(Rupees in '000)

### 6. LONG TERM LOANS AND ADVANCES - unsecured

Loans - considered good

- Ultimate Parent Company - note 6.1  
Less: current portion of long term loan

62,750	75,076
(25,879)	(22,972)
<b>36,871</b>	<b>52,104</b>

- Other Related parties - note 6.2

<b>1,469,274</b>	<b>963,000</b>
------------------	----------------

- Employees - note

Less: current portion employee loan

<b>1,792</b>	<b>2,103</b>
<b>(1,576)</b>	<b>(1,828)</b>

<b>216</b>	<b>275</b>
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<b>1,506,361</b>	<b>1,015,379</b>
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6.1 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.

6.2 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.

This also includes advance provided to IBL Frontier Markets (Private) Limited - an associate undertaking of the group.

(Unaudited) (Audited)  
March 31 June 30,  
2018 2017  
(Rupees in '000)

### 7. TRADE DEBTS

Considered good

- Export debtors, secured  
- Due from related parties, unsecured - note 7.1  
- Others, unsecured

267,392	135,850
2,889,095	2,356,033
1,458,928	485,730
<b>4,615,415</b>	<b>2,977,613</b>

Considered doubtful - others

Less: Provision for doubtful debts

<b>165,430</b>	<b>165,430</b>
<b>(165,430)</b>	<b>(165,430)</b>

<b>-</b>	<b>-</b>
<b>4,615,415</b>	<b>2,977,613</b>

7.1 The receivable is stated net of amount payable to IBL Operations (Private) Limited and United Brands Limited - associated companies amounting to Rs. 82.35 million (2017: Rs. 29.47 million) and nil (2017: Rs. 3.07) respectively.

# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

	(Unaudited) March 31 2018	(Audited) June 30, 2017
(Rupees in '000)		
<b>8. LOANS AND ADVANCES</b>		
Loans to International Brands Limited		
- Current portion of long term loan - note 6.1	25,879	22,972
- Short term loan - note 8.1	200,000	200,000
	225,879	222,972
- Current portion of employee loan	1,576	1,828
Advances		
- To employees	131,143	77,204
- Against imports	130,431	93,429
- Suppliers	764,106	310,261
	1,025,680	480,894
	1,253,135	705,694

- 8.1 This loan is repayable within 1 year and carries mark-up at the rate of 12 months KIBOR + 2% per annum. The said loan was approved in the extra ordinary general meeting of IBLHC, held on May 18, 2016 as per the requirements of section 208 of the Companies Ordinance, 1984. The loan has been further extended for a period of one year effective July 01, 2017.

	(Unaudited) March 31 2018	(Audited) June 30, 2017
(Rupees in '000)		
<b>9. OTHER RECEIVABLES</b>		
<b>Receivables from related parties</b>		
Due from associated companies:		
- IBL Operations (Private) Limited	26,642	26,642
- International Franchises (Private) Limited	3,365	3,422
- International Brands Limited	11,147	89,789
	41,154	119,853
Due from other related party:		
- Habitt	73,082	28,023
Surplus arising under retirement benefit fund	5,250	5,250
<b>Receivables from other than related parties</b>		
Others, considered good	258,706	55,371
	378,192	208,497



# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

## 10. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

(Unaudited) March 31 2018	(Audited) June 30, 2017		(Unaudited) March 31 2018	(Audited) June 30, 2017
Number of units			Rupees '000	
-	291,942	Meezan Islamic Income Fund	-	15,003
-	345,910	Meezan Sovereign Fund	-	17,780
-	13,469,704	NAFA Islamic Aggressive Income Fund	-	128,101
<b>1,245,709</b>	-	Meezan Cash Fund	<b>64,774</b>	-
<b>1,245,709</b>	<b>14,107,556</b>		<b>64,774</b>	<b>160,884</b>

(Unaudited) (Audited)  
March 31 June 30,  
2018 2017  
(Rupees in '000)

## 11. CASH AND BANK BALANCES

Cash at Bank	-	1,358
Cash in hand	<b>3,314</b>	<b>3,472</b>
	<b>3,314</b>	<b>4,830</b>
Balances with banks in:		
- savings account	<b>6,262</b>	1,992
- current accounts	<b>36,071</b>	<b>150,553</b>
	<b>45,647</b>	<b>157,375</b>

## 12. SHARE CAPITAL

Authorised share capital

(Unaudited) March 31 2018	(Audited) June 30, 2017		(Unaudited) March 31 2018	(Audited) June 30, 2017
(Number of shares)			(Rupees in '000)	
<b>300,000,000</b>	<b>200,000,000</b>	Ordinary shares of Rs. 10 each	<b>3,000,000</b>	<b>2,000,000</b>

### Issued, subscribed and paid up capital

(Unaudited) March 31, 2018	(Audited) June 30, 2017		(Unaudited) March 31, 2018	(Audited) June 30, 2017
(Number of shares)				
<b>12,553,074</b>	12,553,074	Shares allotted for consideration paid in cash	<b>125,531</b>	125,531
<b>24,000</b>	24,000	Shares allotted for consideration other than cash	<b>240</b>	240
<b>172,140,531</b>	141,354,264	Shares allotted as bonus shares	<b>1,721,406</b>	1,413,543
<b>184,717,605</b>	<b>153,931,338</b>		<b>1,847,177</b>	<b>1,539,314</b>

# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

12.1 During the period, the company increased its authorised share capital for ordinary shares from Rs. 2 billion to Rs. 3 billion in its annual general meeting held on October 27, 2017.

## 12.2 Movement in issued, subscribed and paid-up share capital

(Unaudited) March 31, 2018 (Number of shares)	(Audited) June 30, 2017		(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) June 30, 2017 (Rupees in '000)
153,931,338	122,752,264	Opening shares outstanding	1,539,314	1,227,523
30,786,267	31,179,074	Share allotted as bonus shares	307,863	311,791
<b>184,717,605</b>	<b>153,931,338</b>		<b>1,847,177</b>	<b>1,539,314</b>

(Unaudited) March 31, 2018 (Rupees in '000)	(Audited) June 30, 2017 (Rupees in '000)
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## 13. TRADE AND OTHER PAYABLES

Creditors	1,762,837	561,863
Bills payable in foreign currency	410,474	333,245
Accrued liabilities	1,184,654	699,695
Advance from customers	88,085	82,758
Taxes deducted at source and payable to statutory authorities	33,701	44,165
Unclaimed dividend	120,031	58,095
Workers' Profit Participation Fund	140,142	160,139
Workers' Welfare Fund	13,532	34,740
Other liabilities	97,581	74,874
	<b>3,851,037</b>	<b>2,049,574</b>

## 14. SHORT TERM BORROWINGS

Loans from banks, secured:		
- Running finance under mark-up arrangements - note 14.1"	1,365,205	1,144,828
- Export re-finance	75,000	64,000
	<b>1,440,205</b>	<b>1,208,828</b>
Loans from Related party, unsecured	5	-
	<b>1,440,210</b>	<b>1,208,828</b>

14.1 The facilities available from various banks amount to Rs. 2,190 million (June 30, 2017: Rs. 1,445 million). The mark-up on running finances ranges between 4% to 8.05% (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).



# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 Contingencies

15.1.1 There has been no significant change in the status of contingencies as reported in the note 24 and 32.3 of annual audited consolidated financial statements of the Company for the year ended June 30, 2017.

### 15.2 Commitments

15.2.1 The facility for opening letters of credit and guarantees as at March 31, 2018 amounted to Rs. 1,430 million (June 30, 2017: Rs. 1,644 million) of which the amount remaining unutilised as at the period end amounted to Rs. 674.82 million (June 30, 2017: Rs. 1,152 million).

### 15.2.2 Future rentals payable against operating lease arrangements

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

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

	(Unaudited) March 31, 2018	(Audited) June 30, 2017
	(Rupees in '000)	
Not later than one year	16,368	15,072
Later than one year but not later than five years	88,061	86,506
Later than five years	120,122	133,953
	<u>224,551</u>	<u>235,531</u>
	March 31, 2018	March 31, 2017
	(Rupees in '000)	
16. REVENUE		
Gross sales		
Local sales - note 16.1	12,405,421	10,013,085
Export sales	1,159,720	757,416
	<u>13,565,141</u>	<u>10,770,501</u>
Toll manufacturing	248,703	230,705
	<u>13,813,844</u>	<u>11,001,206</u>
Sales tax	(103,643)	(94,386)
	<u>13,710,201</u>	<u>10,906,820</u>
Less:		
Discounts, rebates and allowances	1,350,602	806,803
Sales returns	361,815	189,093
	<u>1,712,417</u>	<u>995,896</u>
	<u>11,997,784</u>	<u>9,910,924</u>

# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

- 16.1 In respect of pricing of pharmaceutical products, the Company has instituted legal proceedings against the Drug Regulatory Authority of Pakistan relating to the upward revision of the maximum retail prices of certain products. These legal proceedings are presently pending before the High Court of Sindh and the Court has issued orders that no adverse action shall be taken against the Company until disposal of the matters. Based upon legal advice rendered, the Company expect of a favourable outcome in these legal proceedings.

March 31,            March 31,  
2018                    2017  
(Rupees in '000)

## 17. OTHER INCOME

### Income from financial assets

Realised gain on investments - at fair value through profit or loss	825	1,693
Unrealised gain on investments - at fair value through profit or loss	785	2,747
Interest on loan to International Brands Limited	15,400	17,197
Dividend income	6	-
	<b>17,016</b>	21,637

### Income from non - financial assets

Gain on disposal of property, plant and equipment	4,969	874
Exchange (loss) / gain	(3,964)	1,159
Insurance claim recovery	1,052	18,874
Rental income from investment properties	59,184	80,146
Others	12,537	47,864
	<b>73,777</b>	148,917
	<b>90,793</b>	170,554

## 18. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	<b>2,355,505</b>	1,784,926
Weighted average number of outstanding shares at the end of the period (in thousand) - Restated	<b>184,718</b>	184,718
Basic and diluted earnings per share (Rupees) - Restated	<b>12.75</b>	9.66





## SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

	March 31, 2018	March 31, 2017
	(Rupees in '000)	
<b>19. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	2,735,366	2,151,006
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation	149,083	109,198
Gain on disposal of property, plant and equipment	(4,969)	(874)
Amortisation	27,848	18,742
Provision for retirement benefits obligation	4,050	3,649
Unrealised gain on investments - at fair value through profit or loss	(615)	(4,061)
Realised gain on investments - at fair value through profit or loss	(500)	(379)
Dividend income	(6)	-
Interest income	(15,400)	(17,197)
Finance cost	127,238	84,946
Profit before working capital changes	3,022,095	2,345,030
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores and spares	(32,444)	(9)
Stock-in-trade	(1,011,101)	186,929
Trade debts	(1,005,981)	(1,155,402)
Loans and advances	(547,441)	(743,800)
Trade deposits and short-term prepayments	(23,768)	(21,949)
Tax refunds due from government - Sales tax	4,266	-
Other receivables	403	132,168
	(2,616,066)	(1,602,063)
Increase / ( decrease ) in current liabilities		
Trade and other payables	1,732,897	854,703
	1,732,897	854,703
Cash generated from operations	2,138,926	1,597,670
<b>20. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances - note 11	45,647	102,340
Short term running finances - note 14	(1,365,205)	(814,326)
	(1,319,558)	(711,986)

# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

## 21. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	Pharmaceutical		Consumer		Total	
	Mar' 31, 2018	Mar' 31, 2017	Mar' 31, 2018	Mar' 31, 2017	Mar' 31, 2018	Mar' 31, 2017
	----- (Rupees in '000) -----					
Segment revenue	<u>9,113,378</u>	7,856,643	<u>2,884,406</u>	2,054,281	<u>11,997,784</u>	9,910,924
Segment result	<u>2,871,691</u>	2,150,374	<u>42,529</u>	107,824	<u>2,914,220</u>	2,258,198
Unallocated income and expenses						
Other expenses					(142,409)	(165,216)
Other income					90,793	170,554
Finance cost					(127,238)	(112,530)
<b>Profit before taxation</b>					<u>2,735,366</u>	2,151,006
Taxation					(379,861)	(366,080)
<b>Total comprehensive income</b>					<u>2,355,505</u>	1,784,926

	Pharmaceutical		Consumer		Total	
	Mar' 31, 2018	Mar' 31, 2017	Mar' 31, 2018	Mar' 31, 2017	Mar' 31, 2018	Mar' 31, 2017
	----- (Rupees in '000) -----					
<b>Segment assets and liabilities</b>						
Segment assets	392,830	294,899	42,937	41,208	435,767	336,107
Unallocated assets					16,179,904	13,229,777
<b>Total assets</b>					<u>16,615,671</u>	<u>13,565,884</u>
Unallocated liabilities	-	-	-	-	5,714,499	3,775,220
<b>Total liabilities</b>					<u>5,714,499</u>	<u>3,775,220</u>



## SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

### 22. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	March 31 2018	March 31 2017
		(Rupees in '000)	
Holding company	- Corporate service charges	126,000	54,000
Associated companies	- Revenue	7,744,323	6,858,170
	- Salaries and wages	3,462	3,655
	- Purchases	3,311	5,754
	- Carriage and duties	32,391	21,918
	- Discounts claimed	367,568	333,804
	- Rent expense	3,885	3,776
	- Rent income	38,854	41,897
	- Internet services	3,835	4,275
	- Architect fee	2,057	4,399
	- Payment under group tax relief	-	1,558
	- Income from Provision of Amenities	26,235	29,745
	- Royalty	-	7,119
	- Donations	15,000	10,000
	- Purchases of ERP Software	8,193	-
	- Incentive on Searle Focus Products	5,893	4,452
	- Others	8,730	5,633
Staff retirement benefits	- Contributions to Provident Fund	66,324	57,473
	- Benefits paid	26,986	28,342
Key management employees compensation	- Salaries and other employee benefits	275,419	253,092
	- Contributions to Provident Fund	24,601	14,745
	- Directors' fees	29	16
	- Sale of goods	94	65
	- Sale of vehicles	-	1,592

22.1 The status of outstanding balances with related parties as at March 31, 2018 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

# SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended March 31, 2018 - UNAUDITED

## 23. CORRESPONDING FIGURES

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

## 24. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on April 26, 2018.



Chief Executive Officer



Director



Chief Financial Officer







***SEARLE***

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