

SEARLE

Research in the service of mankind

MEDICAL SCIENCE OF TOMORROW

Quarterly Report
September 2018



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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
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank of Punjab
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
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 three months ended September 30, 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.

OVERVIEW

The size of the pharmaceutical industry in Pakistan is currently approximately US\$3.1 billion, with an annual growth rate of approximately 15%. There are more than 700 pharmaceutical manufacturing units in Pakistan, exporting products worth over US\$200 million to more than 60 countries. The outlook for the industry remains positive, which is encouraging for the Company's future aspirations & growth.

The therapeutic areas in which Searle exists includes cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics.

Strong dependability on import of raw materials is resulting in declining product margins due to frequent foreign exchange fluctuations and is considered the principal risk facing the company and the industry as a whole.

OPERATING RESULTS

	September 30,	
	2018	2017
	(Rupees in thousand)	
Revenue	3,476,142	3,245,720
Cost of sales	(2,314,234)	(2,206,326)
Gross Profit	1,161,908	1,039,394
Operating expenses	(982,431)	(855,511)
Other operating expenses	(46,478)	(48,874)
Other income	732,534	723,603
Profit from operations	865,533	858,612
Finance cost	(97,762)	(36,089)
Profit before tax	767,771	822,523
Income tax expense	(37,979)	(49,693)
Profit after taxation	729,792	772,830

Searle is a Company that has always focused on improving the lives of patients by offering quality healthcare solutions.

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

Despite challenging economic conditions where foreign currency fluctuation impacted the economy as a whole, Searle managed to perform impressively.

During the period ended September 30, 2018, the company's financial performance scaled new heights and was yet again a commendable period for our shareholders.

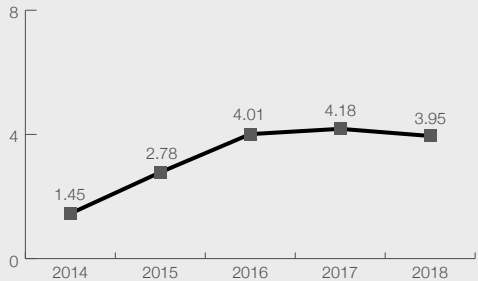
Financial highlights are summarized below:

- Net sales of the Company grew by 7.10% to Rs 3.48 billion.
- Gross profit margin was 33.43%.
- Operating profit margin was 24.90%
- Profit before and after taxation was 22.09% and 20.99% respectively.

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 3.95 (September 2017: Rs. 4.18).

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, 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 and globally. We are strengthening with every passing day and are on our way to attain leadership position in key markets and business segments.

In the local 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.

The recent economic conditions have raised challenges on the industry as a whole. It is a fact hidden from none that the chemical industry of Pakistan has capacity constraints to develop basic components required for manufacturing drugs. Therefore, the industry resorts to import of raw materials. Due to this significant dependability, fluctuation in exchange rates coupled with stiff price regulations directly affect the product margins and consequent commercial feasibility. Pakistani rupee has recently experienced double-digit depreciation which has put the pharma industry under immense pressure.

Further, due to overly regulated drug pricing mechanism, volatility in retail prices is a concern of paramount importance for us. Delays in new product approvals also pose key threats for the industry as a whole. However, with the change in recent political scenario, we will have to wait to assess the future economic trends and modify our strategies accordingly.

For the longer run, Searle is focusing on emerging portfolios including, bio-similars, medical devices, nutraceuticals and genome sciences

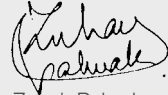
ACKNOWLEDGEMENT

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



Zubair Palwala
Director

Karachi
October 30, 2018

کارڈیو لیسکولر، کولڈ و کف، ذیابیطیس، شیرخوار بچوں کا فارمولا، پرو بائیونک اور 4ٹی بی بائیونک شامل ہیں۔ مستقبل میں ہم اسپیشلسٹی جنیرک برانڈ کے پورٹ فولیو میں اپنا حصہ بڑھانے اور منفرد مصنوعات کی طرف اپنی توجہ کو مرکوز کئے ہوئے ہیں۔

حالیہ اقتصادی صورتحال نے مجموعی طور پر صنعت کے لئے مزید چیلنجز کھڑے کر دیئے ہیں۔ یہ حقیقت کسی سے پوشیدہ نہیں ہے کہ پاکستان کی کیمیکل انڈسٹری ادویات کی تیاری کے لئے درکار بنیادی اجزاء کو تیار کرنے کے ضمن میں مقررہ گنجائش نہیں رکھتی، لہذا صنعت کو خام مال درآمد کرنا پڑتا ہے۔ غیر ملکی درآمد پر انحصار کے باعث اور زرمبادلہ کے نرخوں میں اتار چڑھاؤ سے قیمتیں برقرار رکھنے میں دشواری کے باعث پروڈکٹس کی شرح منافع اور کمرشل فیئر بلیٹی براہ راست متاثر ہوتی ہے۔ پاکستانی روپے کی گرتی قدر سے فارما انڈسٹری کو بے پناہ پریشور کا سامنا کرنا پڑا ہے۔

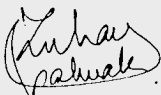
مزید برآں ادویات کے نرخوں کے غیر منظم میکسزم کے باعث ریٹیل نرخوں میں اتار چڑھاؤ بھی ہمارے لئے تشویش کا ایک بڑا موجب ہے۔ نئی پروڈکٹ کی منظوری میں تاخیر سے بھی مجموعی طور پر صنعت کے لئے کلیدی خطرات سامنے آتے ہیں۔ تاہم حالیہ سیاسی صورتحال کی تبدیلی کے ساتھ ہم آنے والے معاشی رجحانات کا جائزہ لے رہے ہیں اور اس کے مطابق اپنی حکمت عملیوں میں تبدیلی لائیں گے۔

آنے والے سالوں میں سرل ابھرتے ہوئے پورٹ فولیو بشمول بائیوسیمیلرز، میڈیکل ڈیوائسز، نیوٹراسیوٹیکلز اور جینیوم سائنسز پر خصوصی توجہ دے رہی ہے۔

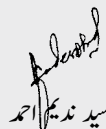
اظہارِ تشکر

ہم اپنی مصنوعات پر صارفین کے اعتماد اور مستقل تعاون پر ان کے شکر گزار ہیں۔ مزید برآں ہم اس موقع پر اپنے سپلائرز، مینکوز اور ڈسٹری بیوٹرز کے بے مثال تعاون پر ان کا بھی شکریہ ادا کرتے ہیں۔ آخر میں ہم اپنے تمام ملازمین کے مشکور ہیں جنہوں نے کمپنی کی ترقی کے ضمن میں شاندار خدمات انجام دیں۔

بحکم بورڈ



زیر پال والا
ڈائریکٹر



سید ندیم احمد
چیف ایگزیکٹو آفیسر

کراچی

30 اکتوبر 2018

سرل ایک ایسی کمپنی ہے کہ جس نے ہمیشہ اعلیٰ معیار کی ہیلتھ کیئر خدمات کے ذریعے مریضوں کی زندگی کو بہتر بنانے کی کوشش کی ہے۔

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۔

اقتصادی چیلنجنگ صورتحال کے باوجود، جہاں غیر ملکی کرنسی کے اتار چڑھاؤ نے مجموعی معاشی صورتحال پر مضر اثرات مرتب کیے، وہیں سرل نے اپنی شاندار کارکردگی کا سلسلہ بھی برقرار رکھا۔

30 ستمبر 2018 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۔

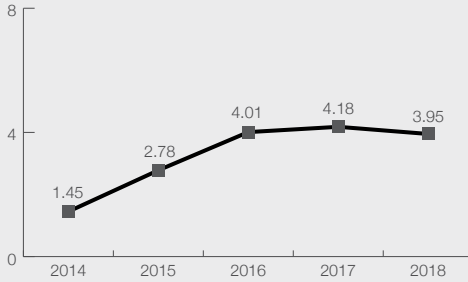
مالیاتی جھلکیاں درج ذیل ہیں:

- کمپنی کی سیلز میں 7.10 فیصد کا اضافہ ہوا اور کمپنی کی سیلز 3.48 بلین رہیں
- مجموعی منافع کی شرح 33.43 فیصد رہی
- آپریٹنگ منافع جات کی شرح 24.90 فیصد رہی
- منافع قبل از ٹیکس کی شرح 22.09 اور 20.99 فیصد بالترتیب رہی۔

آمدنی فی شیئر

بنیادی آمدنی فی شیئر بعد از ٹیکسیشن 3.95 روپے رہی (4.18 روپے: 2017)۔

کمپنی کی بنیادی آمدنی فی شیئر پر ڈائیلیوشن کا کوئی اثر نہیں پڑا کیونکہ کمپنی کے 30 ستمبر 2018 کو کوئی کنورٹبل ڈائیلیٹیو پوٹینشل آرڈینی 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،

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ہم آپ کی کمپنی کی 30 ستمبر 2018 کو ختم ہونے والی سہ 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 کے تحت جاری کردہ ہدایات کے مطابق تیار کئے گئے ہیں۔

جائزہ

پاکستان میں فارماسیوٹیکل کی صنعت کا حجم موجودہ طور پر لگ بھگ 3.1 بلین امریکی ڈالر اور سالانہ شرح نمو تقریباً 15 فیصد ہے۔ پاکستان میں 700 سے زائد فارماسیوٹیکل مینوفیکچرنگ یونٹس ہیں جو کہ 20 سے زائد ممالک میں 200 بلین امریکی ڈالر سے زائد مالیت کی مصنوعات درآمد کر رہے ہیں۔ انڈسٹری کا مستقبل خوش آئند ہے اور کمپنی کی مستقبل کی توقعات اور شرح نمو کے لئے حوصلہ افزا ہے۔

علاج کے وہ شعبے جہاں سرل کار فرما ہے ان میں کارڈیو ویکولر، کھانسی، نزلہ، ذیابیطیس، بچوں کے فارمولے، پرو بائیوٹک اور اینٹی بائیوٹک شامل ہیں۔

غیر ملکی کرنسی کے تبادلے میں مسلسل اتار چڑھاؤ اور خام مال کی درآمد پر انحصار، پروڈکٹ کے منافع کی شرح میں کمی کا باعث بن رہا ہے اور یہ خطرہ کمپنی اور صنعت کو لاحق خطرات کی بنیاد دی وجہ ہے۔

30 ستمبر
(روپے ہزاروں میں)

2017	2018
3,245,720	3,476,142
(2,206,326)	(2,314,234)
1,039,394	1,161,908
(855,511)	(982,431)
(48,874)	(46,478)
723,603	732,534
858,612	865,533
(36,089)	(97,762)
822,523	767,771
(49,693)	(37,979)
772,830	729,792

آپریٹنگ نتائج

آمدنی
فروخت کے اخراجات
مجموعی آمدنی
آپریٹنگ اخراجات
دیگر آپریٹنگ اخراجات
دیگر آمدنی
آپریٹنگ سے آمدنی
فنانس کی لاگت
آمدنی قبل از ٹیکس
ٹیکسیشن
آمدنی بعد از ٹیکس

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2018

		(Un-audited) September 30 2018	(Audited) June 30, 2018
		(Rupees in '000)	
ASSETS	Note		
Non-current assets			
Property, plant and equipment	5	1,856,565	1,714,141
Investment properties - at cost		2,445,701	2,456,565
Intangible assets		190,930	189,068
Long-term investments - subsidiaries	6	1,686,186	1,686,186
Long-term loans		124	152
Long-term deposits		7,396	7,396
		6,186,902	6,053,508
Current assets			
Inventories		2,208,662	2,294,306
Trade receivables	7	4,081,645	3,290,016
Loans and advances	8	4,832,259	4,327,289
Trade deposits and short-term prepayments		95,988	72,747
Other receivables	9	1,058,113	1,030,134
Taxation - payments less provision		922,572	874,169
Tax refunds due from Government - Sales Tax		27,157	14,436
Cash and bank balances	10	19,524	137,036
		13,245,920	12,040,133
Total assets		19,432,822	18,093,641
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	1,847,177	1,847,177
Unappropriated profit		8,711,860	7,981,789
General reserve		280,251	280,251
Share premium		1,630,974	1,630,974
Revaluation surplus on property, plant and equipment		574,052	574,331
		13,044,314	12,314,522
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		25,902	25,902
Employee benefit obligations		51,529	50,630
		77,431	76,532
Current liabilities			
Trade and other payables	12	3,212,478	2,861,682
Borrowings	13	2,995,460	2,737,763
Unpaid dividend		53,654	53,654
Unclaimed dividend		49,485	49,488
		6,311,077	5,702,587
Total liabilities		6,388,508	5,779,119
Contingencies and commitments	14		
Total equity and liabilities		19,432,822	18,093,641

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended September 30, 2018 - Unaudited

	Note	Quarter ended	
		September 30 2018 (Rupees in '000)	September 30 2017
Revenue	15	3,476,142	3,245,720
Cost of sales		<u>(2,314,234)</u>	<u>(2,206,326)</u>
Gross profit		1,161,908	1,039,394
Distribution costs		(769,942)	(689,755)
Administrative expenses		(212,489)	(165,756)
Other operating expenses		(46,478)	(48,874)
Other income	16	732,534	723,603
Profit from operations		<u>865,533</u>	<u>858,612</u>
Finance cost		(97,762)	(36,089)
Profit before income tax		<u>767,771</u>	<u>822,523</u>
Income tax expense		(37,979)	(49,693)
Profit for the period		<u>729,792</u>	<u>772,830</u>
Other comprehensive income		-	-
Total comprehensive income		<u>729,792</u>	<u>772,830</u>
Basic and diluted earnings per share (Rupees)	17	<u>3.95</u>	<u>4.18</u> (Restated)

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 CASH FLOWS

For the period ended September 30, 2018 - Unaudited

	Note	September 30 2018 (Rupees in '000)	September 30 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	(22,044)	714,579
Retirement benefit obligations paid		-	(1,417)
Finance cost paid		(75,751)	(24,132)
Income tax paid		(86,382)	(5,449)
Decrease in long-term loans		28	52
Net cash generated from operating activities		(184,149)	683,633
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(176,096)	(60,475)
Payments for investment properties		(2,520)	(3,000)
Purchase of intangibles		(12,441)	-
Net cash from/(used in) investing activities		(191,057)	(63,475)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3)	-
Net cash used in financing activities		(3)	-
Net decrease in cash and cash equivalents		(375,209)	620,158
Cash and cash equivalents at the beginning of the period		(2,186,442)	(1,052,675)
Cash and cash equivalents at the end of the period	19	(2,561,651)	(432,517)

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 September 30, 2018 - Unaudited

	Capital reserve				Revenue reserves			Total
	Share capital	Share premium	Issue of bonus shares	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profits	Total reserves	
	----- Rupees '000 -----							
Balance as at July 01, 2017	1,539,314	1,630,974	-	443,511	280,251	6,474,308	8,829,044	10,368,358
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the period (net of tax)	-	-	-	(318)	-	318	-	-
Total comprehensive income for the period	-	-	-	-	-	772,830	772,830	772,830
Balance as at September 30, 2017	1,539,314	1,630,974	-	443,193	280,251	7,247,456	9,601,874	11,141,188
Balance as at July 01, 2018	1,847,177	1,630,974	-	574,331	280,251	7,981,789	10,467,345	12,314,522
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the period (net of tax)	-	-	-	(279)	-	279	-	-
Total comprehensive income for the period	-	-	-	-	-	729,792	729,792	729,792
Balance as at September 30, 2018	1,847,177	1,630,974	-	574,052	280,251	8,711,860	11,197,137	13,044,314

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 INFORMATION

For the period ended September 30, 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	
		September 30 2018	June 30, 2018
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies	} Pakistan		
- Searle Pharmaceuticals (Private) Limited		100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Identity (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Pvt) Limited		100.00%	100.00%
- Nextar Pharma (Private) Limited		85.17%	85.17%

2. BASIS OF PREPARATION

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

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

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

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, 2018.

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 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

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.

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, 2018 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 16 'Leases' - This standard is effective for periods beginning from or after January 1, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

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, 2018.

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, 2018.

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, 2018.

	(Unaudited) September 30 2018	(Audited) June 30, 2018
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 6.1	1,560,093	1,412,022
Capital work in progress	296,472	302,119
	<u>1,856,565</u>	<u>1,714,141</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)	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in '000)			
Building on leasehold land	26,451	4,108	-	-
Plant and machinery	128,682	102,212	-	-
Furniture & fittings	399	-	-	-
Vehicles	-	16,560	-	-
Office equipment	26,211	3,021	-	-
	<u>181,743</u>	<u>125,901</u>	<u>-</u>	<u>-</u>

	(Unaudited) September 30 2018	(Audited) June 30, 2018
	(Rupees in '000)	
6. LONG-TERM INVESTMENTS		
Subsidiary companies (at cost) - note - 6.1	<u>1,686,186</u>	<u>1,686,186</u>

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 2018 - Unaudited

6.1 Subsidiary companies

	(Unaudited) September 30, 2018		(Audited) June 30, 2018	
	Equity % held	Investment at cost (Rupees '000)	Equity % held	Investment at cost (Rupees '000)
Listed security				
<i>IBL HealthCare Limited</i>				
40,126,241 (June 30, 2018: 40,126,241)				
Ordinary shares of Rs. 10 each				
Market price as at September 30, 2018: Rs.68.18 (June 30, 2018: Rs. 80.23) per share	74.19%	1,300,911	74.19%	1,300,911
		1,300,911		1,300,911
Unlisted securities				
<i>Searle Pharmaceuticals (Private) Limited</i>				
40,000 (June 30, 2018: 40,000)				
Ordinary shares of Rs. 10 each				
Break up value as at September 30, 2018: Rs. 113.16 (June 30, 2018: Rs. 10.77) 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 September 30, 2018: Rs. 3.25 (June 30, 2018: Rs. 3.81) 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 September 30, 2018: Rs. 14.82 (June 30, 2018: Rs. 13.11) 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 September 30, 2018: Rs. Nil (June 30, 2018: 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 September 30, 2018: Rs. 10 (June 30, 2018: Rs. 10) per share	100%	200,000	100%	200,000
		1,686,186		1,686,186

	(Unaudited) September 30 2018	(Audited) June 30, 2018
7. TRADE RECEIVABLES		
Considered good		
- Export receivables - secured	368,434	182,894
- Due from related parties, unsecured	2,965,085	2,392,015
- others - unsecured	748,126	715,107
	<u>3,713,211</u>	<u>3,107,122</u>
Considered doubtful	154,573	154,573
Less: Provision for doubtful debts	<u>(154,573)</u>	<u>(154,573)</u>
	<u>-</u>	<u>-</u>
	<u>4,081,645</u>	<u>3,290,016</u>

7.1 The receivable is stated net of amount payable to IBL Operations (Private) Limited and United Brands Limited - associated companies amounting to Rs. 180.58 million (June 30, 2018: Rs. 338.60 million) and 6.26 million (June 30, 2018: Rs. 5.88 million) respectively.

8. LOANS AND ADVANCES

8.1 This includes interest free loan provided to IBL Identity (Private) Limited - wholly owned subsidiary amounting to Rs. 3,119.68 million as at September 30, 2018 (June 30, 2018: Rs. 2,929.73 million).

8.2 This represents advance to Searle Biosciences (Private) Limited and Searle Laboratories (Private) limited - wholly owned subsidiaries and IBL Frontier Markets (Private) Limited - associated company amounting to Rs. 980.6 million (June 30, 2018: Rs. 975.5 million), Rs. 16.1 million (June 30, 2018: Rs. 10.25 million) and Rs. 1.95 million (June 30, 2018: 1.98) respectively. These advances are provided for the purpose of financial assistance and are settled in the ordinary course of business.

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 2018 - Unaudited

	(Unaudited) September 30 2018	(Audited) June 30, 2018
	(Rupees in '000)	
9. OTHER RECEIVABLES		
Receivables from related parties		
Due from subsidiary companies:		
- IBL HealthCare Limited	-	601
- Searle Pharmaceuticals (Private) Limited against dividend income	607,906	669,699
- Searle Laboratories (Private) Limited	425	425
- Searle Biosciences (Private) Limited - note - 9.1	222,016	149,944
- IBL Future Technologies (Private) Limited against financial assistance	1,949	1,200
	<u>832,296</u>	<u>821,869</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	13,316	11,412
rental income	6,827	4,551
- International Franchises Limited against rental income	3,670	4,313
	50,455	46,918
Due from other related party:		
- The Home Makers (SMC-Private) Limited (formerly Habitt) against rental income	109,932	98,376
Surplus arising under retirement benefit fund	5,250	5,250
Receivables from other than related parties		
Others, considered good	60,180	57,721
	<u>1,058,113</u>	<u>1,030,134</u>

9.1 This represent dividends receivable and against expenses from wholly owned subsidiary companies.

	(Unaudited) September 30 2018	(Audited) June 30, 2018
	(Rupees in '000)	
10. CASH AND BANK BALANCES		
Cash in hand	3,659	4,584
Cash at bank		
- current accounts	15,855	132,442
- savings accounts	10	10
	<u>19,524</u>	<u>137,036</u>

11. SHARE CAPITAL

Authorised share capital			(Unaudited)	(Audited)
(Unaudited)	(Audited)		September 30	June 30,
September 30	June 30,		2018	2018
(Number of shares)	(Number of shares)			(Rupees in '000)
<u>300,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	<u>3,000,000</u>	<u>3,000,000</u>

Issued, subscribed and paid up capital

(Unaudited)	(Audited)		(Unaudited)	(Audited)
September 30	June 30,		September 30	June 30,
2018	2018		2018	2018
(Number of shares)	(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
172,140,532	172,140,532	Shares allotted as bonus shares	1,721,406	1,721,406
<u>184,717,606</u>	<u>184,717,606</u>		<u>1,847,177</u>	<u>1,847,177</u>

12. TRADE AND OTHER PAYABLES

	(Unaudited)	(Audited)
	September 30	June 30,
	2018	2018
	(Rupees in '000)	
Creditors	961,323	983,557
Bills payable in foreign currency	640,550	677,604
Royalty payable	21,217	24,761
Accrued liabilities	1,159,994	778,521
Payable to provident fund	8,488	7,915
Advance from customers - unsecured	34,317	29,035
Accrued mark-up	57,470	35,459
Taxes deducted at source and payable to statutory authorities	37,705	69,440
Workers' Profit Participation Fund	218,262	174,379
Workers' Welfare Fund	16,285	14,469
Other liabilities	56,867	66,542
	<u>3,212,478</u>	<u>2,861,682</u>

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 2018 - Unaudited

	(Unaudited) September 30 2018	(Audited) June 30, 2018
13. BORROWINGS		(Rupees in '000)
Secured		
Running finances under mark-up arrangements - note - 13.1"	2,581,175	2,323,478
Current portion of long-term borrowing	214,285	214,285
	<u>2,795,460</u>	<u>2,537,763</u>
Unsecured		
Borrowing from IBL Future Technologies (Private) Limited - note 13.2	200,000	200,000
	<u>2,995,460</u>	<u>2,737,763</u>

- 13.1 The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 2,725 million (June 30, 2018: Rs. 2,875 million) which include financing facilities obtained under Islamic mode amounting to Rs. 2,025 million (June 30, 2018: Rs. 2,725 million). The arrangements are secured jointly by registered mortgage of Rs. 325.9 million (June 30, 2018: Rs. 325.9 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, 2018: Rs. 2,850 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

The amount utilised under the Islamic mode of financing amounted to Rs. 2,010 million (June 30, 2018: Rs. 2,014.5 million).

The rates of mark-up ranged between 7.42% to 7.92% (June 30, 2018: 6.2% to 9%) per annum.

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

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 25 and 32.4 of annual audited financial statements of the Company for the year ended June 30, 2018.

14.2 Commitments

14.2.1 The facility for opening letters of credit and guarantees as at September 30, 2018 amounted to Rs. 1,930 million (June 30, 2018: Rs. 1,905 million) of which the amount remaining unutilised as at the period end amounted to Rs. 803 million (June 30, 2018: Rs. 1,527 million).

14.2.2 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 2018	(Audited) June 30, 2018
	(Rupees in '000)	
Not later than one year	16,368	16,368
Later than one year but not later than five years	90,342	89,201
Later than five years	109,657	114,889
	<u>216,367</u>	<u>220,458</u>
	September 30 2018	September 30 2017
	(Rupees in '000)	

15. REVENUE

Gross sales		
Local sales	3,161,638	2,898,029
Export sales	488,185	399,843
	<u>3,649,823</u>	<u>3,297,872</u>
Toll manufacturing	87,836	70,828
	<u>3,737,659</u>	<u>3,368,700</u>
Sales tax	(26,471)	(29,039)
	<u>3,711,188</u>	<u>3,339,661</u>
Less:		
Discounts, rebates and allowances	183,007	57,897
Sales return	52,039	36,044
	<u>235,046</u>	<u>93,941</u>
	<u>3,476,142</u>	<u>3,245,720</u>

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 2018 - Unaudited

	September 30 2018	September 30 2017
	(Rupees in '000)	
16. OTHER INCOME		
Income from financial assets		
Dividend income		
- Searle Pharmaceuticals (Private) Limited	607,906	628,000
- Searle Biosciences (Private) Limited	<u>97,696</u>	<u>68,000</u>
	<u>705,602</u>	<u>696,000</u>
Income from non - financial assets		
Rental income from investment property	24,232	25,348
Others	<u>2,700</u>	<u>2,255</u>
	<u>26,932</u>	<u>27,603</u>
	<u>732,534</u>	<u>723,603</u>
17. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders	<u>729,792</u>	<u>772,830</u>
Weighted average number of ordinary shares in issue during the period (in thousand)	<u>184,718</u>	<u>184,718</u>
		(Re-stated)
Earnings per share - Basic and diluted (Rupees) - note 17.1	<u>3.95</u>	<u>4.18</u>

- 17.1 A diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at September 30, 2018 and September 30, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

	September 30 2018	September 30 2017
	(Rupees in '000)	
18. CASH GENERATED FROM OPERATIONS		
Profit before income tax	767,771	822,523
Add Adjustments for non-cash charges and other items		
Depreciation	47,055	39,583
Amortisation	10,579	9,326
Provision for retirement benefits obligation	900	1,350
Finance cost	97,762	36,089
Profit before working capital changes	<u>924,067</u>	<u>908,871</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	85,644	201,545
Trade receivables	(791,629)	(283,407)
Loans and advances	(504,970)	(426,414)
Trade deposits and short-term prepayments	(23,241)	(3,621)
Other receivables	(27,979)	159,016
Sales tax	(12,721)	19,842
	<u>(1,274,896)</u>	<u>(333,039)</u>
Increase in trade and other payables	328,785	138,747
Cash flows generated from operations	<u>(22,044)</u>	<u>714,579</u>
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	19,524	13,214
Short term borrowings	(2,581,175)	(445,731)
	<u>(2,561,651)</u>	<u>(432,517)</u>

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 2018 - Unaudited

20. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	Pharmaceutical		Consumer		Total	
	Sep' 30, 2018	Sep' 30, 2017	Sep' 30, 2018	Sep' 30, 2017	Sep' 30, 2018	Sep' 30, 2017
	----- (Rupees in '000) -----					
Segment revenue	<u>3,073,470</u>	<u>2,813,233</u>	<u>402,672</u>	432,488	<u>3,476,142</u>	<u>3,245,720</u>
Segment result	<u>132,311</u>	<u>118,368</u>	<u>47,166</u>	65,515	<u>179,477</u>	<u>183,883</u>
Unallocated income and expenses						
Other expenses					(46,478)	(48,874)
Other income					732,534	723,603
Finance cost					(97,762)	(36,089)
Profit before taxation					<u>767,771</u>	<u>822,523</u>
Income tax expense					<u>(37,979)</u>	<u>(49,693)</u>
Total comprehensive income					<u>729,792</u>	<u>772,830</u>

	Pharmaceutical		Consumer		Total	
	Sep' 30, 2018	June 30, 2018	Sep' 30, 2018	June 30, 2018	Sep' 30, 2018	June 30, 2018
	----- (Rupees in '000) -----					
Segment assets and liabilities						
Segment assets	<u>505,978</u>	395,746	<u>61,442</u>	63,868	<u>567,420</u>	459,614
Unallocated assets					<u>18,865,402</u>	<u>17,634,027</u>
Total assets					<u>19,432,822</u>	<u>18,093,641</u>
Unallocated liabilities	-	-	-	-	<u>6,388,508</u>	<u>5,779,119</u>
Total liabilities					<u>6,388,508</u>	<u>5,779,119</u>

21. 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
		2018	2017
		(Rupees in '000)	
Holding company	- Corporate service charges	48,000	42,000
	- Rent income	2,276	-
	- Income from provision of amenities	1,905	-
Subsidiaries	- Revenue	45,617	79,573
	- Outside processing charges	873,838	631,892
	- Dividend income	705,602	696,000
	- Short term loan given	189,950	191,074
	- Advance given	10,800	250,074
Associated companies	- Revenue	2,775,860	2,691,603
	- Salaries and wages	130	288
	- Purchases	843	3,190
	- Carriage and duties	10,512	13,463
	- Discounts claimed	80,818	33,134
	- Rent expense	1,066	452
	- Rent income	15,268	12,084
	- Stock claims	42,030	24,763
	- Internet services	1,109	1,008
	- Architect fee	-	1,544
	- Income from Provision of Amenities	1,906	2,533
	- Donations	5,300	-
	- Purchases of ERP Software/Hardware	25,072	47,588
	- Incentive on Searle Focus Products	1,616	209
- Merchandising Services	18,653	-	
Staff retirement benefits	- Contributions to Provident Fund	26,174	21,189
Key management employees compensation	- Benefits paid	37,429	16,794
	- Salaries and other employee benefits	42,090	17,068
	- Contributions to Provident Fund	4,212	1,707

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 2018 - Unaudited

Nature of relationship	Nature of transactions	September 30	September 30
		2018	2017
(Rupees in '000)			
Key management employees compensation	- Directors' fees	4	8

21.1 The status of outstanding balances with related parties as at September 30, 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 October 30, 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 your group for the three months ended September 30, 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.

OVERVIEW

The size of the pharmaceutical industry in Pakistan is currently approximately US\$3.1 billion, with an annual growth rate of approximately 15%. There are more than 700 pharmaceutical manufacturing units in Pakistan, exporting products worth over US\$200 million to more than 60 countries. The outlook for the industry remains positive, which is encouraging for the holding Company's future aspirations & growth.

The therapeutic areas in which Searle group exists includes cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics.

Strong dependability on import of raw materials is resulting in declining product margins due to frequent foreign exchange fluctuations and is considered the principal risk facing the holding company and the industry as a whole.

OPERATING RESULTS

	September 30,	
	2018	2017
	(Rupees in thousand)	
Revenue	4,380,366	3,991,673
Cost of sales	(2,257,030)	(2,021,019)
Gross Profit	2,123,336	1,970,654
Operating expenses	(1,202,196)	(988,808)
Other operating expenses	(49,833)	(48,874)
Other income	39,287	38,519
Profit from operations	910,594	971,491
Finance cost	(99,442)	(37,215)
Profit before tax	811,152	934,276
Income tax expense	(130,378)	(132,156)
Profit after taxation	680,774	802,120

Searle group has always focused on improving the lives of patients by offering quality healthcare solutions.

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

Despite challenging economic conditions where foreign currency fluctuation impacted the economy as a whole, Searle group managed to perform impressively.

During the period ended September 30, 2018, the holding company's financial performance scaled new heights and was yet again a commendable period for our shareholders.

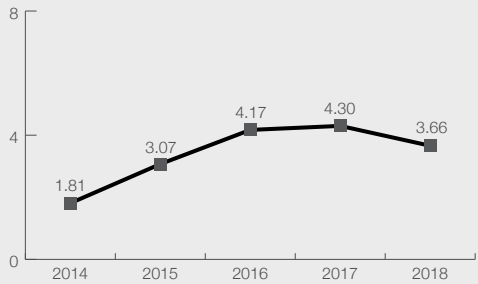
Financial highlights are summarized below:

- Net sales of the holding Company grew by 9.74% to Rs 4.38 billion.
- Gross profit margin was 48.47%.
- Operating profit margin was 20.79%
- Profit before and after taxation was 18.52% and 15.54% respectively.

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 3.66 (September 2017: Rs. 4.30).

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, 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 and globally. We are strengthening with every passing day and are on our way to attain leadership position in key markets and business segments.

In the local 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.

The recent economic conditions have raised challenges on the industry as a whole. It is a fact hidden from none that the chemical industry of Pakistan has capacity constraints to develop basic components required for manufacturing drugs. Therefore, the industry resorts to import of raw materials. Due to this significant dependability, fluctuation in exchange rates coupled with stiff price regulations directly affect the product margins and consequent commercial feasibility. Pakistani rupee has recently experienced double-digit depreciation which has put the pharma industry under immense pressure.

Further, due to overly regulated drug pricing mechanism, volatility in retail prices is a concern of paramount importance for us. Delays in new product approvals also pose key threats for the industry as a whole. However, with the change in recent political scenario, we will have to wait to assess the future economic trends and modify our strategies accordingly.

For the longer run, Searle is focusing on emerging portfolios including, bio-similar, medical devices, nutraceuticals and genome sciences

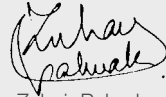
ACKNOWLEDGEMENT

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 Wadeem Ahmed
Chief Executive Officer



Zubair Palwala
Director

Karachi:
October 30, 2018

پاکستانی مارکیٹ میں وہ بنیادی علاج معالجے کے شعبے جن میں سرل گروپ گزشتہ سالوں کے دوران مستحکم ہوا ہے، کارڈیویکولر، کولڈ وکف، ذیابیطیس، شیرخوار بچوں کا فارمولا، پرو بائیونک اور 4ٹی بائیونک شامل ہیں۔ مستقبل میں ہم اسپیشلسٹی جنیرک برانڈ کے پورٹ فولیو میں اپنا حصہ بڑھانے اور منفرد مصنوعات کی طرف اپنی توجہ کو مرکوز کئے ہوئے ہیں۔

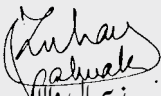
حالیہ اقتصادی صورتحال نے مجموعی طور پر صنعت کے لئے مزید چیلنجز کھڑے کر دیئے ہیں۔ یہ حقیقت کسی سے پوشیدہ نہیں ہے کہ پاکستان کی کیمیکل انڈسٹری ادویات کی تیاری کے لئے درکار بنیادی اجزاء کو تیار کرنے کے ضمن میں مقررہ گنجائش نہیں رکھتی، لہذا صنعت کو خام مال درآمد کرنا پڑتا ہے۔ غیر ملکی درآمدات پر انحصار کے باعث اور زرمبادلہ کے نرخوں میں اتار چڑھاؤ سے قیمتیں برقرار رکھنے میں دشواری کے باعث پروڈکٹس کی شرح منافع اور کمرشل فیئر بلیٹی براہ راست متاثر ہوتی ہے۔ پاکستانی روپے کی گرتی قدر سے فارما انڈسٹری کو بے پناہ پریشر کا سامنا کرنا پڑا ہے۔

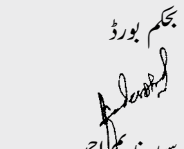
مزید برآں ادویات کے نرخوں کے غیر منظم میکنزم کے باعث ریٹیل نرخوں میں اتار چڑھاؤ بھی ہمارے لئے تشویش کا ایک بڑا موجب ہے۔ نئی پروڈکٹ کی منظوری میں تاخیر سے بھی مجموعی طور پر صنعت کے لئے کلیدی خطرات سامنے آتے ہیں۔ تاہم حالیہ سیاسی صورتحال کی تبدیلی کے ساتھ ہم آنے والے معاشی رجحانات کا جائزہ لے رہے ہیں اور اس کے مطابق اپنی حکمت عملیوں میں تبدیلی لائیں گے۔

آنے والے سالوں میں سرل گروپ ابھرتے ہوئے پورٹ فولیو بشمول بائیوسمیلرز، میڈیکل ڈیوائسز، نیوٹرا سیوٹیکلز اور جنیوم سائنسز پر خصوصی توجہ دے رہا ہے۔

اظہارِ تشکر

ہم اپنی مصنوعات پر صارفین کے اعتماد اور مستقل تعاون پر ان کے شکر گزار ہیں۔ مزید برآں ہم اس موقع پر اپنے سپلائرز، مینکزر اور ڈسٹری بیوٹرز کے بے مثال تعاون پر ان کا بھی شکریہ ادا کرتے ہیں۔ آخر میں ہم اپنے تمام ملازمین کے مشکور ہیں جنہوں نے گروپ کی ترقی کے ضمن میں شاندار خدمات انجام دیں۔


زہیر رازا
ڈائریکٹر


سید ندیم احمد
چیف ایگزیکٹو آفیسر

کراچی

30 اکتوبر 2018

سرل ایک ایسا گروپ ہے کہ جس نے ہمیشہ اعلیٰ معیار کی ہیلتھ کئیر خدمات کے ذریعے مریضوں کی زندگی کو بہتر بنانے کی کوشش کی ہے۔

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۔

اقتصادی چیلنجزنگ صورتحال کے باوجود، جہاں غیر ملکی کرنسی کے اتار چڑھاؤ نے مجموعی معاشی صورتحال پر مضر اثرات مرتب کیے، وہیں سرل گروپ نے اپنی شاندار کارکردگی کا سلسلہ بھی برقرار رکھا۔

30 ستمبر 2018 کو ختم ہونے والی سہ ماہی مدت میں ہولڈنگ کمپنی کی مالیاتی کارکردگی نے نئی بلندیوں کو چھویا اور یہ سہ ماہی مدت ہمارے حصص یافتگان کے لئے ایک دفعہ پھر سے قابل ستائش رہی۔

مالیاتی جھلکیاں درج ذیل ہیں:

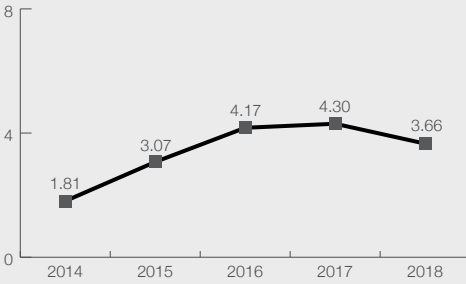
- ہولڈنگ کمپنی کی سیلز میں 9.74 فیصد کا اضافہ ہوا اور ہولڈنگ کمپنی کی سیلز 4.38 بلین روپے۔
- مجموعی منافع کی شرح 48.47 فیصد رہی۔
- آپریٹنگ منافع جات کی شرح 20.79 فیصد رہی۔
- منافع قبل از ٹیکس کی شرح 18.52 اور 15.54 فیصد بالترتیب رہی۔

آمدنی فی شیئر

بنیادی آمدنی فی شیئر بعد از ٹیکسیشن 3.66 روپے

رہی (4.30 روپے: 2017)۔

ہولڈنگ کمپنی کی بنیادی آمدنی فی شیئر پر ڈائلیوشن کا کوئی اثر نہیں پڑا کیونکہ ہولڈنگ کمپنی کے 30 ستمبر 2018 کو کوئی کنورٹبل ڈائیلیٹیو پوٹینشل آرڈری شیئرز باقی نہیں تھے۔



مستقبل پر ایک نظر

طویل المدتی شیئر ہولڈر 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۔

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ہم آپ کے گروپ کی 30 ستمبر 2018 کو ختم ہونے والی سہ 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 کے تحت جاری کردہ ہدایات کے مطابق تیار کئے گئے ہیں۔

جائزہ

پاکستان میں فارماسیوٹیکل کی صنعت کا حجم موجودہ طور پر لگ بھگ 3.1 بلین امریکی ڈالر اور سالانہ شرح نمو تقریباً 15 فیصد ہے۔ پاکستان میں 700 سے زائد فارماسیوٹیکل مینوفیکچرنگ یونٹس ہیں جو کہ 20 سے زائد ممالک میں 200 بلین امریکی ڈالر سے زائد مالیت کی مصنوعات درآمد کر رہے ہیں۔ انڈسٹری کا مستقبل خوش آئند ہے اور ہولڈنگ کمپنی کی مستقبل کی توقعات اور شرح نمو کے لئے حوصلہ افزا ہے۔

علاج کے وہ شعبے جہاں سرل گروپ کارفرما ہے ان میں کارڈیو ویکولر، کھانسی، نزلہ، ذیابیطیس، بچوں کے فارمولے، پرو بائیونک اور اینٹی بائیونک شامل ہیں۔

غیر ملکی کرنسی کے تبادلے میں مسلسل اتار چڑھاؤ اور خام مال کی درآمدات پر انحصار، پروڈکٹ کے منافع کی شرح میں کمی کا باعث بن رہا ہے اور یہ خطرہ ہولڈنگ کمپنی اور صنعت کو لاحق خطرات کی بنیاد دی وجہ ہے۔

30 ستمبر
(روپے ہزاروں میں)

2017	2018
3,991,673	4,380,366
(2,021,019)	(2,257,030)
1,970,654	2,123,336
(988,808)	(1,202,196)
(48,874)	(49,833)
38,519	39,287
971,491	910,594
(37,215)	(99,442)
934,276	811,152
(132,156)	(130,378)
802,120	680,774

آپریٹنگ نتائج

آمدنی
فروخت کے اخراجات
مجموعی آمدنی
آپریٹنگ اخراجات
دیگر آپریٹنگ اخراجات
دیگر آمدنی
آپریٹنگ سے آمدنی
فنانس کی لاگت
آمدنی قبل از ٹیکس
ٹیکسیشن
آمدنی بعد از ٹیکس

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2018

	Note	(Un-audited) September 30 2018 (Rupees in '000)	(Audited) June 30, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,851,735	2,692,524
Investment properties - at cost		2,857,528	2,871,818
Intangible assets		374,682	384,661
Long-term loans and advances	6	1,767,484	1,657,012
Long-term deposits		25,177	25,177
		<u>7,876,606</u>	<u>7,631,192</u>
Current assets			
Inventories		2,779,622	2,831,232
Trade receivables	7	5,299,626	4,359,858
Loans and advances	8	1,313,165	883,167
Trade deposits and short-term prepayments		97,303	80,409
Interest accrued		21,624	16,208
Other receivables	9	477,722	318,467
Investments - at fair value through profit or loss	10	1,012	55,782
Taxation - payments less provision		829,554	846,554
Tax refunds due from government - Sales tax		37,443	21,723
Cash and bank balances	11	72,908	204,660
		<u>10,929,979</u>	<u>9,618,060</u>
Total assets		<u>18,806,585</u>	<u>17,249,252</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	12	1,847,177	1,847,177
Unappropriated profit		7,242,396	6,566,207
General reserve		280,251	280,251
Share premium		1,630,974	1,630,974
Revaluation surplus on property, plant and equipment		674,722	675,001
Attributable to owners of The Searle Company Limited -			
Holding Company		11,675,520	10,999,610
Non-controlling interests		456,827	451,963
		<u>12,132,347</u>	<u>11,451,573</u>
LIABILITIES			
Non-current liabilities			
Long term borrowings		4,664	4,664
Deferred tax liabilities		22,028	22,028
Retirement benefit obligations		51,529	50,630
		<u>78,221</u>	<u>77,322</u>
Current liabilities			
Trade and other payables	13	3,673,448	3,073,659
Borrowings	14	2,813,696	2,537,763
Unpaid dividend		52,259	52,259
Unclaimed dividend		56,614	56,676
		<u>6,596,017</u>	<u>5,720,357</u>
Total liabilities		<u>6,674,238</u>	<u>5,797,679</u>
Contingencies and commitments	15		
Total equity and liabilities		<u>18,806,585</u>	<u>17,249,252</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

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

For the period ended September 30, 2018 - Unaudited

	Note	Quarter ended	
		September 30 2018 (Rupees in '000)	September 30 2017
Revenue	16	4,380,366	3,991,673
Cost of sales		<u>(2,257,030)</u>	<u>(2,021,019)</u>
Gross profit		2,123,336	1,970,654
Distribution cost		(921,718)	(757,280)
Administrative expenses		(280,478)	(231,528)
Other operating expenses		(49,833)	(48,874)
Other income	17	39,287	38,519
Profit from operations		<u>910,594</u>	<u>971,491</u>
Finance cost		(99,442)	(37,215)
Profit before income tax		<u>811,152</u>	<u>934,276</u>
Income tax expense		(130,378)	(132,156)
Profit for the period		<u>680,774</u>	<u>802,120</u>
Other comprehensive income		-	-
Total comprehensive income		<u>680,774</u>	<u>802,120</u>
Total comprehensive income is attributable to:			
Owners of the The Searle Company Limited - Holding Company		675,910	793,414
Non-controlling interests		4,864	8,706
		<u>680,774</u>	<u>802,120</u>
			(Restated)
Basic and diluted earnings per share (Rupees)	18	<u>3.66</u>	<u>4.30</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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended September 30, 2018 - Unaudited

	Note	September 30 2018	September 30 2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	43,299	829,129
Employee benefit obligations paid		-	(1,417)
Finance cost paid		(77,432)	(24,132)
Income tax paid		(113,378)	(16,824)
Increase in long-term deposits		-	(15,687)
Increase in long-term loans and advances		(110,472)	(77,666)
Net cash generated from operating activities		(257,983)	693,403
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(204,433)	(175,982)
Payments for investment properties		(2,520)	(3,000)
Purchase of intangible assets		(1,114)	(71)
Purchase of investments - at fair value through profit or loss		(16)	(70,000)
Proceeds from redemption of investments - at fair value through profit or loss		55,000	117,000
Sale proceeds on disposal of investment properties		3,426	-
Dividend income received		17	-
Net cash generated from / (used in) investing activities		(149,640)	(132,053)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(62)	-
Current portion of long-term loan repaid		-	(20,084)
Loan repaid		(10,000)	-
Net cash used in financing activities		(10,062)	(20,084)
Net decrease in cash and cash equivalents		(417,685)	541,266
Cash and cash equivalents at beginning of the period		(2,118,818)	(987,453)
Cash and cash equivalents at end of the period	20	(2,536,503)	(446,187)

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 September 30, 2018 - Unaudited

	Attributable to the owners of the Holding Company									
	Capital reserves				Revenue reserves				Non-Controlling interest	Total
	Share capital	Share premium	Issue of bonus shares	Revaluation surplus on property, plant and equipment	General reserve	Unappropriated profits	Sub-Total reserves			
	(Rupees in '000)									
Balance as at July 01, 2017	1,539,314	1,630,974	-	493,079	280,251	5,424,179	7,828,483	416,935	9,784,732	
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the period (net of tax)	-	-	-	(318)	-	318	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	793,414	793,414	8,706	802,120	
Balance as at September 30, 2017	1,539,314	1,630,974	-	492,761	280,251	6,217,911	8,621,897	425,641	10,586,852	
Balance as at July 01, 2018	1,847,177	1,630,974	-	675,001	280,251	6,566,207	9,152,433	451,963	11,451,573	
Total comprehensive income for the period	-	-	-	-	-	675,910	675,910	4,864	680,774	
Transferred from surplus on revaluation of fixed assets - net of deferred taxation: - incremental depreciation for the period	-	-	-	(279)	-	279	-	-	-	
Balance as at September 30, 2018	1,847,177	1,630,974	-	674,722	280,251	7,242,396	9,828,343	456,827	12,132,347	

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 September 30, 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.

	Principal place of business	Effective %age of holding	
		September 30, 2018	June 30, 2018
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		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Nextar Pharma (Private) Limited		85.17%	85.17%

2. BASIS OF PREPARATION

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

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

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

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, 2018.

2.1 Changes in accounting standards, interpretations and pronouncements

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

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.

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, 2018 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 16 'Leases' - This standard is effective for periods beginning from or after January 1, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

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 financial statements for the year ended June 30, 2018.

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 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 financial statements as at and for the year ended June 30, 2018.

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, 2018.

(Unaudited)	(Audited)
September 30,	June 30,
2018	2018
(Rupees in '000)	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1

Capital work-in-progress - at cost

2,236,851	1,792,837
614,884	899,687
<u>2,851,735</u>	<u>2,692,524</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)	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in '000)			
Leasehold land	-	104,378	-	-
Building on leasehold land	26,451	4,108	-	-
Plant and machinery	134,837	102,212	-	(55)
Furniture & fittings	399	-	-	-
Vehicles	-	16,560	-	(5,385)
Office equipment	29,263	3,021	-	(294)
	<u>190,949</u>	<u>230,279</u>	<u>-</u>	<u>(5,734)</u>

(Unaudited) September 30 2018	(Audited) June 30, 2018
-------------------------------------	-------------------------------

(Rupees in '000)

6. LONG TERM LOANS AND ADVANCES - unsecured

Loans - considered good

- To related parties - note 6.1
- To others

1,767,360	1,015,104
124	2,103
<u>1,767,484</u>	<u>1,017,207</u>

6.1 Related parties

Ultimate Holding Company - note 6.2

Loan provided under Musharika arrangements - notes 6.3

Less: Current portion of long-term loans

62,750	75,076
1,741,100	963,000
(36,490)	(22,972)
<u>1,767,360</u>	<u>1,015,104</u>

6.2 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.

6.3 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) September 30 2018	(Audited) June 30, 2018
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(Rupees in '000)

7. TRADE DEBTS

Considered good

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

368,434	182,894
3,679,510	3,157,294
1,251,682	1,019,670
<u>5,299,626</u>	<u>4,359,858</u>

Considered doubtful - others

Less: Provision for doubtful debts

155,173	155,173
(155,173)	(155,173)
<u>-</u>	<u>-</u>
<u>5,299,626</u>	<u>4,359,858</u>

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 2018 - Unaudited

- 7.1 The receivable is stated net of amount payable to IBL Operations (Private) Limited and United Brands Limited - associated companies amounting to Rs. 180.58 million (June 30, 2018: Rs. 338.60 million) and 6.26 million (June 30, 2018: Rs. 5.88 million) respectively.

	(Unaudited) September 30 2018	(Audited) June 30, 2018
(Rupees in '000)		
8. LOANS AND ADVANCES		
- considered good		
Advances to:		
- employees for operating activities	94,643	81,069
- employees against salaries	20,153	31,013
- suppliers	840,267	459,474
- against imports	119,632	71,546
- related party	1,980	1,980
	1,076,675	645,082
Loans to International Brands Limited:		
- Short term loan - note 8.1	200,000	200,000
- Current portion of long term loan	36,490	36,512
	236,490	236,512
Current portion long-term loans to employee	-	1,573
	1,313,165	883,167

- 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 repealed Companies Ordinance, 1984.

	(Unaudited) September 30 2018	(Audited) June 30, 2018
	(Rupees in '000)	
9. OTHER RECEIVABLES		
Receivables from related parties		
Due from group companies:		
- IBL Operations (Private) Limited	26,642	26,642
- International Brands Limited against expenses	13,316	11,412
rental income	6,827	4,551
- International Franchises (Private) Limited against rental income	3,670	4,313
- The Home Makers (SMC-Private) Limited (formerly Habitt) against:		
expenses	-	80,723
rental income	109,932	98,376
- United Franchises (SMC-Private) Limited against expenses - note 14.6	-	634
	160,387	226,651
<i>Due from other related parties:</i>		
Surplus arising under retirement benefit fund	5,250	5,250
	165,637	231,901
Receivables from other than related parties		
Others, considered good	312,085	86,566
	477,722	318,467

10. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

(Unaudited) September 30 2018	(Audited) June 30, 2018		(Unaudited) September 30 2018	(Audited) June 30, 2018
Number of units			Rupees '000	
23,784	5,505,230	NAFA Islamic Aggressive Income Fund	229	55,008
15,314	14,709	Meezan Cash Fund	783	774
39,098	5,519,939		1,012	55,782

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 2018 - Unaudited

	(Unaudited) September 30 2018	(Audited) June 30, 2018
	(Rupees in '000)	
11. CASH AND BANK BALANCES		
Cheques in hand	-	8,900
Cash in hand	3,759	13,918
	3,759	22,818
Balances with banks in:		
- current accounts	69,139	175,376
- savings account	10	6,466
	69,149	181,842
	72,908	204,660

12. SHARE CAPITAL

Authorised share capital

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

Issued, subscribed and paid up capital

(Unaudited) September 30 2018	(Audited) June 30, 2018		(Unaudited) September 30 2018	(Audited) June 30, 2018
(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
172,140,532	172,140,532	Shares allotted as bonus shares	1,721,406	1,721,406
<u>184,717,606</u>	<u>184,717,606</u>		<u>1,847,177</u>	<u>1,847,177</u>

	(Unaudited) September 30 2018	(Audited) June 30, 2018
	(Rupees in '000)	
13. TRADE AND OTHER PAYABLES		
Creditors	1,238,661	1,000,419
Bills payable in foreign currency	640,550	683,284
Royalty payable	21,217	24,761
Accrued liabilities	1,280,159	866,232
Payable to provident fund	35,461	33,850
Advance from customers - unsecured	48,228	40,217
Accrued mark-up	57,470	35,460
Taxes deducted at source and payable to statutory authorities	37,705	82,682
Workers' Profit Participation Fund	218,262	174,379
Workers' Welfare Fund	25,682	24,128
Other liabilities	70,053	108,247
	<u>3,673,448</u>	<u>3,073,659</u>
14. SHORT TERM BORROWINGS		
- Running finance under mark-up arrangements - note 14.1	2,609,411	2,323,478
Current portion of long term borrowing	204,285	214,285
	<u>2,813,696</u>	<u>2,537,763</u>

- 14.1** The holding Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 2,725 million (June 30, 2018: Rs. 2,875 million) which include financing facilities obtained under Islamic mode amounting to Rs. 2,025 million (June 30, 2018: Rs. 2,725 million). The arrangements are secured jointly by registered mortgage of Rs. 325.9 million (June 30, 2018: Rs. 325.9 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, 2018: Rs. 2,850 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

The amount utilised under the Islamic mode of financing amounted to Rs. 2,010 million (June 30, 2018: Rs. 2,014.5 million).

The rates of mark-up ranged between 7.42% to 7.92% (June 30, 2018: 6.2% to 9%) per annum.

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 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 33.4 of annual audited financial statements of the Company for the year ended June 30, 2018.

15.2 Commitments

15.2.1 The facility for opening letters of credit and guarantees as at September 30, 2018 amounted to Rs. 1,930 million (June 30, 2018: Rs. 1,905 million) of which the amount remaining unutilised as at the period end amounted to Rs. 803 million (June 30, 2018: Rs. 1,527 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) September 30 2018	(Audited) June 30, 2018
	(Rupees in '000)	
Not later than one year	16,368	15,072
Later than one year but not later than five years	90,342	86,506
Later than five years	109,657	133,953
	<u>216,367</u>	<u>235,531</u>
16. REVENUE		
Gross sales		
Local sales - note 16.1	4,196,504	3,643,982
Export sales	488,185	399,843
	<u>4,684,689</u>	<u>4,043,825</u>
Toll manufacturing	87,836	70,828
	<u>4,772,525</u>	<u>4,114,653</u>
Sales tax	(28,847)	(29,039)
	<u>4,743,678</u>	<u>4,085,614</u>
Less:		
Discounts, rebates and allowances	307,781	57,897
Sales returns	55,531	36,044
	<u>363,312</u>	<u>93,941</u>
	<u>4,380,366</u>	<u>3,991,673</u>

September 30 September 30
2018 2017
(Rupees in '000)

17. OTHER INCOME

Income from financial assets

Realised gain on investments - at fair value through profit or loss	73	500
Unrealised gain on investments - at fair value through profit or loss	226	615
Interest on loan to International Brands Limited	5,416	10,475
Dividend income	17	6
	5,732	11,596

Income from non - financial assets

Gain on disposal of property, plant and equipment	-	572
Exchange (loss) / gain	97	736
Insurance claim recovery	-	18,874
Rental income from investment properties	30,263	52,880
Others	3,195	33,025
	33,555	106,087
	39,287	117,683

18. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the year (Rupees '000)	675,910	793,414
Weighted average number of outstanding shares at the end of the period (in thousand) - Restated	184,718	184,718
Basic and diluted earnings per share (Rupees) - Restated	3.66	4.30

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 2018 - Unaudited

	September 30 2018	September 30 2017
	(Rupees in '000)	
19. CASH GENERATED FROM OPERATIONS		
Profit before income tax	811,152	934,276
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	58,606	43,794
Gain on disposal of property, plant and equipment - net	-	-
Amortisation	11,093	9,465
Provision for retirement benefits obligation	899	1,350
Unrealised gain on investments - at fair value through profit or loss	(142)	1,218
Realised gain on investments - at fair value through profit or loss	(73)	(1,745)
Dividend income	(17)	-
Interest income	(5,416)	(5,368)
Finance cost	99,442	36,089
Profit before working capital changes	975,545	1,019,079
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	51,610	95,984
Trade receivables	(939,768)	(717,049)
Loans and advances	(429,998)	(821,268)
Trade deposits and short-term prepayments	(16,894)	1,236
Tax refunds due from government - Sales tax	(15,720)	-
Other receivables	(159,255)	14,598
	(1,510,025)	(1,426,499)
Increase in current liabilities		
Trade and other payables	577,779	1,233,102
Sales tax payable	-	3,447
	577,779	1,236,549
Cash generated from operations	43,299	829,129

September 30 September 30
2018 2017
(Rupees in '000)

20. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 11	72,908	65,080
Short term running finances - note 14	(2,609,411)	(511,267)
	<u>(2,536,503)</u>	<u>(446,187)</u>

21. SEGMENT INFORMATION

The financial information regarding operating segments is as follows:

	Pharmaceutical		Consumer		Total	
	Sep' 30, 2018	Sep' 30, 2017	Sep' 30, 2018	Sep' 30, 2017	Sep' 30, 2018	Sep' 30, 2017
	----- (Rupees in '000) -----					
Segment revenue	<u>2,501,820</u>	<u>3,116,365</u>	<u>1,878,546</u>	<u>875,308</u>	<u>4,380,366</u>	<u>3,991,673</u>
Segment result	<u>910,064</u>	<u>870,159</u>	<u>11,076</u>	<u>111,687</u>	<u>921,140</u>	<u>981,846</u>
Unallocated income and expenses						
Other expenses					(49,833)	(48,874)
Other income					39,287	38,519
Finance cost					(99,442)	(37,215)
Profit before taxation					<u>811,152</u>	<u>934,276</u>
Income tax expense					<u>(130,378)</u>	<u>(132,156)</u>
Total comprehensive income					<u>680,774</u>	<u>802,120</u>

	Pharmaceutical		Consumer		Total	
	Sep' 30, 2018	June 30, 2018	Sep' 30, 2018	June 30, 2018	Sep' 30, 2018	June 30, 2018
	----- (Rupees in '000) -----					
Segment assets and liabilities						
Segment assets	505,978	395,746	61,442	63,868	567,420	459,614
Unallocated assets					18,239,165	13,229,777
Total assets					<u>18,806,585</u>	<u>13,689,391</u>
Unallocated liabilities	-	-	-	-	6,674,238	5,779,119
Total liabilities					<u>6,674,238</u>	<u>5,779,119</u>

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended September 30, 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	September 30	September 30
		2018	2017
		(Rupees in '000)	
Holding company	- Corporate service charges	48,000	42,000
	- Rent income	2,276	-
	- Income from provision of amenities	1,905	-
Associated companies	- Revenue	2,775,860	2,691,603
	- Salaries and wages	130	288
	- Purchases	843	3,190
	- Carriage and duties	10,512	13,463
	- Discounts claimed	80,818	33,134
	- Rent expense	1,066	452
	- Rent income	15,268	12,084
	- Stock claims	42,030	24,763
	- Internet services	1,109	1,008
	- Architect fee	-	1,544
	- Income from Provision of Amenities	1,906	2,533
	- Royalty	-	-
	- Donations	5,300	-
	- Purchases of ERP Software/Hardware	25,072	47,588
- Incentive on Searle Focus Products	1,616	209	
- Merchandising Services	18,653	-	
Staff retirement benefits	- Contributions to Provident Fund	26,174	21,189
Key management employees compensation	- Benefits paid	37,429	16,794
	- Salaries and other employee benefits	42,090	17,068
	- Contributions to Provident Fund	4,212	1,707
	- Directors' fees	4	8

22.1 The status of outstanding balances with related parties as at September 30, 2018 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

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 October 30, 2018.



Chief Executive Officer



Director



Chief Financial Officer



SEARLE

THE SEARLE COMPANY LIMITED

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