



Facing Challenges & Delivering in Tough Times

SEARLE

Research in the service of mankind

Quarterly Report
March 2021

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Corporate Information

Board of Directors

Mr. Adnan Asdar Ali (Chairman)
Mr. S. Nadeem Ahmed (Chief Executive Officer)
Mr. Zubair Razzak Palwala
Mrs. Shaista Khaliq Rehman
Dr. Atta-ur-Rehman
Mr. Munis Abdullah

Board of Audit Committee

Mrs. Shaista Khaliq Rehman (Chairperson)
Mr. Adnan Asdar Ali (Member)
Dr. Atta-ur-Rehman (Member)

Board of HR & Remuneration Committee

Mrs. Shaista Khaliq Rehman (Chairperson)
Mr. Adnan Asdar Ali (Member)
Dr. Atta-ur-Rehman (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

One IBL Centre, 2nd Floor, Plot # 1
Block 7 & 8, D.M.C.H.S, Tipu Sultan Road
Off Shahra-e-Faisal, Karachi

Share Registrar

CDC Share Registrar Services Limited
Head Office, CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrah-e-Faisal
Karachi - 74400

Directors' Review Report

We are pleased to present the unconsolidated interim financial information of the company for the nine months' period ended March 31, 2021. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting'. The directors report is prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

MARKET OVERVIEW

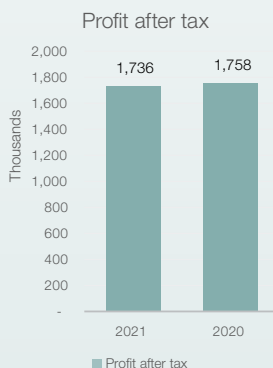
COVID-19 pandemic has triggered one of the most severe recession in nearly a century and is causing enormous damage to people's health, jobs, and well-being. The spread of the novel corona virus across countries has prompted many governments to introduce unprecedented measures to contain the pandemic. This has led to many businesses being shut down temporarily and widespread restrictions on travel and mobility.

However, COVID-19 has harnessed the integration of the pharmaceutical sector to the sustenance of the society at large and the industry is set to reap the benefits from changing consumer perspectives. The industry and especially the rightly placed institutions are taking advantage of branding and extra revenue streams. The temporary suspension of outdoor medical facilities including private clinics was a challenge, though. With global health care spending expected to rise at an accelerated growth rate, it will likely present many opportunities for the sector. While there will be uncertainties, stakeholders can navigate them by factoring in historic and current drivers of change when strategizing for 2020 and beyond.

There are more than 750 companies operating in the sector, driven by new molecule introductions and supported by underlying demographic trends of increasing affordability, rising population, infrastructure investment, technological advancements, evolving care models, higher life expectancy and increased incidence of chronic diseases and as well as new healthcare risks introduced during the pandemic.

OPERATING RESULTS

	March 31, 2021	2020
	(Rupees in thousand)	
Revenue	12,066,929	12,229,466
Cost of sales	(5,900,824)	(6,129,599)
Gross Profit	6,166,105	6,099,867
Operating expenses	(3,840,115)	(3,745,861)
Other operating expenses	(154,672)	(186,282)
Other income	913,750	634,523
Profit from operations	3,085,068	2,802,247
Finance cost	(956,487)	(478,578)
Profit before tax	2,128,581	2,323,669
Income tax expense	(392,612)	(565,949)
Profit after taxation	1,735,969	1,757,720



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. The Company was able to maintain its prominence in many therapeutic areas through its quality products and the dedication of its exceptional people.

During the nine (9) months period ended March 31, 2021, the Company faced a new facet of challenges including challenging economic environment and unprecedented crisis of COVID-19. However, despite this Searle performed remarkably and was able to sustain its last year's performance in terms of profit after taxation per cent age of 14%.

Financial highlights are summarized below:

- Net sales of the Company are PKR 12.06 billion.
- Gross profit margins increased to 51% from 49%.
- Profit from operations % increased to 26% from 23%.
- Profit after taxation % was maintained at 14%.

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 7.23 (2020: Rs. 7.32). 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 of March 31, 2021.

FUTURE OUTLOOK

Searle is poised to grow and increase its market share among its competitors and maintain its organic and in-organic growth, in a relatively turbulent regulatory environment. While also focusing on its product demand in international market, coupled with increased healthcare spending trend after COVID-19, which will translate into greater revenues for the industry.

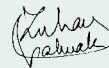
Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products. It is also pertinent to mention that Searle has an organic pipeline of over 200 products in different stages of the regulatory approval process and has a diversified drug portfolio and strong gross profit margins. The company, in the local market, has over the years strengthened in cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics therapeutic areas.

At Searle, we all are highly motivated and willing to contribute enthusiastically on continuous basis. Same is the case with our partners, suppliers and customers, for which we are thankful and expect the same zeal and zest for future contribution. We assure, Searle will continue to work hard to provide long term sustainable growth to everyone associated with us.

For and on behalf of the Board



Syed Nadeem Ahmed
Chief Executive Officer



Zubair Razzak Palwala
Director

Karachi : April 27, 2021

آمدنی فی شیئر

اس مدت کے لئے بنیادی آمدنی فی شیئر بعد از ٹیکس 7.23 روپے رہی (2020:7.32 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کمی کے کوئی اثرات نہیں ہوئے، چونکہ 31 مارچ، 2021 تک کمپنی کے تبدیل پذیر غیر متوقع مگنڈ شیئرز بقایا نہیں تھے۔

مستقبل پر ایک نظر

سرل اپنے حریفوں کے درمیان ایک نسبتاً مایوس کن ریگولیٹری ماحول میں اپنے مارکیٹ شیئر میں اضافہ اور اس کی نامیاتی اور غیر نامیاتی نمو کو برقرار رکھنے کیلئے تیار ہے۔ بین الاقوامی مارکیٹ میں اس کی مصنوعات کی طلب پر بھی توجہ دیتے ہوئے، اور COVID-19 کے بعد صحت کی دیکھ بھال کے اخراجات میں اضافے کے رجحان کے ساتھ مل کر، جو اس انڈسٹری کے لئے زیادہ سے زیادہ منافع کا باعث بنے گا۔


مزید آگے پیش رفت کرتے ہوئے، ہم خصوصاً عمومی برانڈز کے پورٹ فولیو میں حصہ بڑھانے اور مختلف النوع پروڈکٹس پر توجہ مرکوز کر رہے ہیں۔ یہاں یہ بات بھی قابل ذکر ہے کہ سرل 200 سے زائد آرگینک مصنوعات کے ریگولیٹری منظوری کے عمل کے مختلف مراحل سے گزر رہی ہے اور متنوع ادویات کے پورٹ فولیو کے ساتھ مضبوط منافع کا مارجن ہے۔ مقامی مارکیٹ میں کمپنی نے گذشتہ برسوں میں امراض قلب، نزلہ اور کھانسی، ڈیپریس، نوزائیدہ فارمولہ، حیاتیاتی اور اینٹی بائیوٹک کے علاج معاملے میں مستحکم جگہ بنالی ہے۔

اظہار تشکر

سرل میں، ہم سب بے حد متحرک ہیں اور مستقل بنیادوں پر جوش و خروش سے خدمت کے خواہشمند ہیں۔ یہی صورت حال ہمارے شراکت داروں، سپلائرز اور صارفین کے ساتھ ہے، جس کے لئے ہم ان کے مشکور ہیں اور آئندہ کی شراکت کے لئے اسی جوش و جذبے کی توقع کرتے ہیں۔ ہم یقین دہانی کراتے ہیں کہ سرل اپنے سے وابستہ ہر فریق کو طویل المیعاد پائیدار ترقی کی فراہمی کے لئے کوشاں رہے گی۔

برائے اور بورڈ کی جانب سے


ذہیر رزاق پال والا
ڈائریکٹر

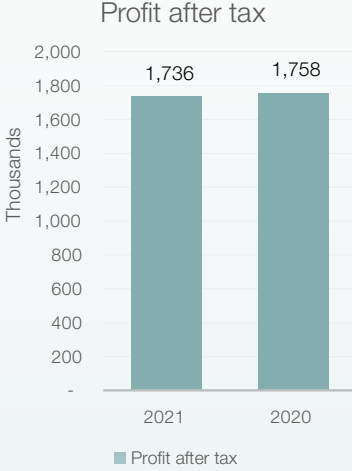

سید ندیم احمد
چیف ایگزیکٹو آفیسر

کراچی: 27 اپریل 2021ء

31 مارچ

2020 2021

(روپے ہزاروں میں)



	2020	2021	
آمدنی	12,229,466	12,066,929	
فروخت کے اخراجات	(6,129,599)	(5,900,824)	
مجموعی آمدنی	6,099,867	6,166,105	
آپریٹنگ اخراجات	(3,745,861)	(3,840,115)	
دیگر آپریٹنگ اخراجات	(186,282)	(154,672)	
دیگر آمدنی	634,523	913,750	
آپریٹنگ سے آمدنی	2,802,247	3,085,068	
مالیاتی اخراجات	(478,578)	(956,487)	
منافع قبل از ٹیکس	2,323,669	2,128,581	
انکم ٹیکس اخراجات	(565,949)	(392,612)	
منافع بعد از ٹیکس	1,757,720	1,735,969	

سرل ایک ایسی کمپنی ہے جس نے ہمیشہ اعلیٰ معیار کی ہیلتھ کیئر خدمات کی پیشکش سے مریضوں کی زندگی کو بہتر بنانے پر توجہ مرکوز کی ہے۔ ہم نے مریضوں اور اسٹیک ہولڈرز کے فوائد کو اپنی بنیادی ترجیح بنا کر مستحکم ترقی کی پوزیشن استوار کی ہے اور ہمیں اپنی کوششوں کے اثرات پر فخر ہے۔ کمپنی اپنی معیاری مصنوعات اور اپنے لوگوں کی غیر معمولی لگن کے ذریعے علاج کے مختلف شعبوں میں اپنی اہمیت برقرار رکھنے میں کامیاب رہی۔

31 مارچ، 2021 کو ختم ہونے والی نو ماہ مدت کے دوران، کمپنی کو چیلنجز کے نئے پہلوؤں کا سامنا کرنا پڑا جن میں مشکل معاشی صورتحال اور COVID-19 کا غیر معمولی بحران شامل ہیں۔ تاہم، اس کے باوجود اس سرل نے نمایاں کارکردگی کا مظاہرہ کیا اور 14 فیصد سالانہ بعد از ٹیکس منافع کے مناسبت سے سابقہ سال کی کارکردگی کو برقرار رکھنے میں کامیاب رہی۔

مالیاتی جھلکیاں مختصر آڈیل میں بیان کی گئیں ہیں:

- کمپنی کی خالص سیلز 12.06 بلین روپے ہے۔
- مجموعی منافع کی شرح 49 فیصد سے بڑھ کر 51 فیصد ہو گئی۔
- آپریٹنگ منافع کی شرح 23 فیصد سے بڑھ کر 26 فیصد ہو گئی۔
- بعد از ٹیکس منافع کی شرح 14 فیصد پر برقرار رہی۔

ڈائریکٹرز کی جائزہ رپورٹ

ہم 31 مارچ 2021 کو ختم ہونے والی نو ماہ مدت کے لئے کمپنی کے غیر اشتهائی عبوری مالیاتی معلومات پیش کرنے میں خوشی محسوس کرتے ہیں۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS) 34-، عبوری فنانشل رپورٹنگ کی ضروریات کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 227 اور لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

مارکیٹ کا جائزہ

کورونا وائرس کی عالمی وبائی بیماری اس سال کی ایک انتہائی شدید کساد بازاری کا محرک بنی اور جس نے لوگوں کی صحت، ملازمتوں اور فلاح و بہبود کو بے حد نقصان پہنچایا ہے۔ کورونا وائرس کے پھیلاؤ نے بہت سارے ممالک کی حکومتوں کو وبائی مرض پر قابو پانے کے لئے خلاف معمول اقدامات متعارف کرانے پر آمادہ کیا۔ اس کے نتیجے میں بہت سارے کاروبار عارضی طور پر بند ہو چکے ہیں اور سفر اور نقل و حرکت پر وسیع پیمانے پر پابندیاں عائد ہیں۔

تاہم، COVID-19 نے معاشرے کی بقاء کے لئے فارماسیوٹیکل سیکٹر کے بڑے پیمانے پر انضمام کی اہمیت وضع کی ہے اور یہ انڈسٹری صارفین کے تغیراتی نقطہ نظر کے تحت فوائد حاصل کرنے کے لئے تیار ہے۔ یہ انڈسٹری اور خاص طور پر صحیح مقام رکھنے والے ادارے برانڈنگ اور اضافی آمدنی کے دھارے سے مستفید ہو رہے ہیں۔ اگرچہ نجی کلینک سمیت بیرونی طبی سہولیات کی عارضی معطلی ایک چیلنج تھا۔ عالمی طور پر صحت کے اخراجات میں تیزی سے نمو کی شرح میں اضافہ متوقع ہے، جو ممکنہ طور پر اس شعبے کے لئے بہت سے مواقع پیش کرے گا۔ اگرچہ غیر یقینی صورتحال ہوگی، لیکن اسٹیک ہولڈرز 2020 اور اس سے آگے کی حکمت عملی بناتے وقت سابقہ اور حالیہ تبدیلی کے محرکات کو تقسیم کر سکتے ہیں۔

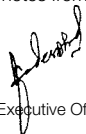
اس شعبے میں 700 سے زائد کمپنیاں مصروف عمل ہیں، جس میں نئے مالکیوں کے تعارف جیسے عوامل اور اس کی معاونت کرتے بڑھتی ہوئی استطاعت کے آبادیاتی رجحانات، آبادی میں اضافہ، بنیادی ڈھانچے کی سرمایہ کاری، تکنیکی پیش رفت، تدریجی کیئر ماڈل، زائد متوقع عمر اور دائمی بیماریوں کے واقعات میں اضافہ اور اس کے ساتھ ہی وبائی امراض کے دوران صحت کو لاحق نئے تحفظات کارفرما ہیں۔

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,010,792	3,707,635
Right-of-use asset		106,586	121,515
Investment properties - at cost		2,258,485	2,203,890
Intangible assets		98,897	131,438
Long-term investments - subsidiaries	6	17,486,186	1,686,186
Long-term loans		218	358
Long-term deposits		7,396	7,396
		<u>23,968,560</u>	<u>7,858,418</u>
Current assets			
Inventories		2,011,425	2,632,887
Trade receivables	7	8,014,219	7,801,828
Loans and advances	8	4,605,746	4,712,052
Trade deposits and short-term prepayments		117,221	95,287
Other receivables	9	1,999,612	1,063,601
Short-term investment		100,000	100,000
Taxation - payments less provision		758,565	809,636
Tax refunds due from Government - Sales Tax		-	7,832
Cash and bank balances		97,127	299,624
		<u>17,703,915</u>	<u>17,522,747</u>
Total assets		<u><u>41,672,475</u></u>	<u><u>25,381,165</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		2,400,406	2,124,253
Unappropriated profit		12,605,504	11,388,823
General reserve		280,251	280,251
Share premium		6,049,419	1,630,974
Revaluation surplus on property, plant and equipment		1,409,682	1,446,517
		<u>22,745,262</u>	<u>16,870,818</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	11	10,440,587	316,000
Deferred tax liabilities		57,034	50,143
Employee benefit obligations		56,924	54,994
Deferred income - Government grant		59,999	77,141
Long-term lease liability		112,213	121,545
		<u>10,726,757</u>	<u>619,823</u>
Current liabilities			
Trade and other payables	12	3,069,950	2,719,812
Borrowings	13	4,869,178	4,974,646
Sales tax payable		6,166	-
Current portion of lease liability		10,830	11,420
Unpaid dividend		164,276	141,102
Unclaimed dividend		80,056	43,544
		<u>8,200,456</u>	<u>7,890,524</u>
Total liabilities		<u>18,927,213</u>	<u>8,510,347</u>
Contingencies and commitments			
	14		
Total equity and liabilities		<u><u>41,672,475</u></u>	<u><u>25,381,165</u></u>

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


Chief Executive Officer


Director


Chief Financial Officer

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

For The Period Ended March 31, 2021 - Unaudited

		Quarter ended		Nine months period ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Note -----(Rupees in '000)-----					
Revenue from contracts with customers	15	3,913,800	4,158,151	12,066,929	12,229,466
Cost of sales		(1,913,516)	(2,138,599)	(5,900,824)	(6,129,599)
Gross profit		2,000,284	2,019,552	6,166,105	6,099,867
Distribution costs		(1,070,187)	(935,380)	(2,948,856)	(2,958,894)
Administrative expenses		(286,376)	(251,504)	(891,259)	(786,967)
Other operating expenses		(26,074)	(65,805)	(154,672)	(186,282)
Other income	16	114,281	199,690	913,750	634,523
Profit from operations		731,928	966,553	3,085,068	2,802,247
Finance cost		(379,178)	(155,687)	(956,487)	(478,578)
Profit before income tax		352,750	810,866	2,128,581	2,323,669
Income tax expense		(62,539)	(208,276)	(392,612)	(565,949)
Profit after tax		290,211	602,590	1,735,969	1,757,720
Other comprehensive income		-	-	-	-
Total comprehensive income		290,211	602,590	1,735,969	1,757,720
		(Re-stated)		(Re-stated)	
Basic and diluted earnings per share (Rupees)	17	1.21	2.51	7.23	7.32

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


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For The Period Ended March 31, 2021 - Unaudited

	Capital reserve			Revenue reserves		Total reserves	Total
	Share capital	Share premium	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profits		
	----- Rupees '000 -----						
Balance as at July 01, 2019	2,124,253	1,630,974	1,050,800	280,251	9,431,627	12,393,652	14,517,905
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	(25,986)	-	25,986	-	-
Total comprehensive income for the period	-	-	-	-	1,757,720	1,757,720	1,757,720
Transactions with owners							
Final dividend for the year ended June 30, 2019 @ Rs. 2.5 per share	-	-	-	-	(531,063)	(531,063)	(531,063)
	-	-	-	-	(531,063)	(531,063)	(531,063)
Balance as at March 31, 2020	<u>2,124,253</u>	<u>1,630,974</u>	<u>1,024,814</u>	<u>280,251</u>	<u>10,684,270</u>	<u>13,620,309</u>	<u>15,744,562</u>
Balance as at July 01, 2020	2,124,253	1,630,974	1,446,517	280,251	11,388,823	14,746,565	16,870,818
Right shares issued during the period in the ratio of 13 shares for every 100 shares held	276,153	4,418,445	-	-	-	4,418,445	4,694,598
Issuance cost against rights issue	-	-	-	-	(25,060)	(25,060)	(25,060)
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	(36,835)	-	36,835	-	-
Total comprehensive income for the period	-	-	-	-	1,735,969	1,735,969	1,735,969
Transactions with owners							
Final dividend for the year ended June 30, 2020 @ Rs. 2.5 per share	-	-	-	-	(531,063)	(531,063)	(531,063)
	-	-	-	-	(531,063)	(531,063)	(531,063)
Balance as at March 31, 2021	<u>2,400,406</u>	<u>6,049,419</u>	<u>1,409,682</u>	<u>280,251</u>	<u>12,605,504</u>	<u>20,344,856</u>	<u>22,745,262</u>

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


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For The Period Ended March 31, 2021 - Unaudited

		March 31 2021	March 31 2020
	Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	3,225,430	871,825
Retirement benefit obligations paid		(2,120)	-
Finance cost paid		(898,931)	(344,791)
Income taxes paid		(341,541)	(279,079)
Lease rentals paid		(20,508)	(21,668)
Decrease/(increase) in long-term loans		140	(100)
Net cash generated from operating activities		1,962,470	226,187
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(482,548)	(135,637)
Proceeds from disposal of property, plant and equipment		7,025	2,450
Purchase of investment properties		(106,724)	(139,853)
Long term investment in subsidiary		(15,800,000)	-
Purchase of intangibles		-	(3,162)
Additions to short-term investments		-	(100,000)
Net cash used in investing activities		(16,382,247)	(376,202)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds against issue of right shares - net		4,669,538	
Dividend paid		(471,377)	(495,098)
Proceeds from (Repayment of) export finance		216,500	(110,000)
Increase in long term borrowings		10,124,587	-
Net cash from financing activities		14,539,248	(605,098)
Net increase in cash and cash equivalents		119,471	(755,113)
Cash and cash equivalents at the beginning of the period		(4,341,147)	(3,340,229)
Cash and cash equivalents at the end of the period	19	(4,221,676)	(4,095,342)

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


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended March 31, 2021 - Unaudited

1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company. Its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Company is situated at One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 D.M.C.H.S, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.

International Brands Limited is the holding company, which holds 56.60% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		March 31, 2021	June 30, 2020
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 (Pvt) Limited		100.00%	100.00%
- OBS Pakistan (Pvt) Limited		100.00%	-
- Nextar Pharma (Private) Limited		87.20%	87.20%

The Company effectively holds 87.20% (June 30, 2020: 87.20%) shareholding in Nextar Pharma (Private) Limited through Searle Biosciences (Private) Limited.

- 1.2 On July 1, 2020, the Company has executed a Memorandum of Understanding (MoU) with IBL Identity (Private) Limited (IBLID) - a wholly owned subsidiary of the Company, whereby the Company has agreed to transfer marketing and distribution rights of its certain Nutrition related products to IBLID. The Company has made product related sales of formula milk for infants in the current period to IBLID amounting to Rs. 387.57 million.

2. BASIS OF PREPARATION

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

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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

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

These unconsolidated condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2020.

2.1 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2021. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2020.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2020.

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, 2020.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

(Unaudited)
March 31,
2021
(Rupees in '000)

(Audited)
June 30,
2020

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	3,576,295	3,616,514
Capital work-in-progress - at cost	434,497	91,121
	<u>4,010,792</u>	<u>3,707,635</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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in '000)			
Leasehold Land	1,498	14,010	-	-
Building on leasehold land	25,162	90,176	-	-
Plant and machinery	45,572	38,788	-	-
Furniture & fittings	10,590	3,201	-	-
Vehicles	847	-	-	(1,058)
Office equipment	55,503	49,731	(56)	-
	<u>139,172</u>	<u>195,906</u>	<u>(56)</u>	<u>(1,058)</u>

(Unaudited)
March 31,
2021
(Rupees in '000)

(Audited)
June 30,
2020

6. LONG-TERM INVESTMENTS

Subsidiary companies (at cost)	<u>17,486,186</u>	<u>1,686,186</u>
--------------------------------	-------------------	------------------

(Unaudited)

March 31, 2021

(Audited)

June 30, 2020

Equity % held	Investment at cost (Rupees '000)	Equity % held	Investment at cost (Rupees '000)
------------------	--	------------------	--

Listed security

IBL HealthCare Limited

40,126,241 (June 30, 2020: 40,126,241)

Ordinary shares of Rs. 10 each

74.19% 1,300,911 74.19% 1,300,911

Market price as at March 31, 2021: Rs. 91.06

(June 30, 2020: Rs. 77.45) per share

1,300,911 1,300,911

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

	(Unaudited) March 31, 2021		(Audited) June 30, 2020	
	Equity % held	Investment at cost (Rupees '000)	Equity % held	Investment at cost (Rupees '000)
Unlisted securities				
Searle Pharmaceuticals (Private) Limited				
40,000 (June 30, 2020: 40,000)				
Ordinary shares of Rs. 10 each	100%	400	100%	400
Break up value as at March 31, 2021: nil (June 30, 2020: nil)				
Searle Laboratories (Private) Limited				
12,500,000 (June 30, 2020: 12,500,000)				
Ordinary shares of Rs. 10 each	100%	125,000	100%	125,000
Break up value as at March 31, 2021: 0.27 (June 30, 2020: Rs. 0.60) per share				
Searle Biosciences (Private) Limited				
1,000,000 (June 30, 2020: 1,000,000)				
Ordinary shares of Rs. 10 each	100%	10,000	100%	10,000
Break up value as at March 31, 2021: 107.23 (June 30, 2020: Rs. 62.82) per share				
IBL Identity (Private) Limited				
9,500,000 (June 30, 2020: 9,500,000)				
Ordinary shares of Rs. 10 each	100%	49,875	100%	49,875
Break up value as at March 31, 2021: nil (June 30, 2020: nil)				
IBL Future Technologies (Private) Limited				
20,000,000 (June 30, 2020: 20,000,000)				
Ordinary shares of Rs. 10 each	100%	200,000	100%	200,000
Break up value as at March 31, 2021: 9.96 (June 30, 2020: Rs. 9.96) per share				
OBS Pakistan (Private) Limited				
325,010,000 Ordinary shares of Rs. 10 each	100%	15,800,000	-	-
Break up value as at March 31, 2021: 28.02 per share				
		17,486,186		1,686,186

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
	(Rupees in '000)	
7. TRADE RECEIVABLES		
Considered good		
- Export receivables - secured	377,807	448,334
- Due from related parties, unsecured - note 7.1	7,267,622	6,706,017
- others - unsecured	368,790	647,477
	<u>8,014,219</u>	<u>7,801,828</u>
Considered doubtful	150,323	151,915
Less: Provision for doubtful debts	(150,323)	(151,915)
	-	-
	<u>8,014,219</u>	<u>7,801,828</u>

7.1 These are stated net of amount payable to IBL Operations (Private) Limited, United Brands Limited and IBL Logistics (Private) Limited - associated companies amounting to Rs. 176.29 million (June 30, 2020: Rs. 111.82 million), Rs. 8.37 million (June 30, 2020: Rs. 0.63 million) and Rs. 16.58 million (June 30, 2020: Rs. 4.03 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. 3.16 billion as at March 31, 2021 (June 30, 2020: Rs. 3.18 billion).

8.2 This includes advance to Searle Biosciences (Private) Limited - wholly owned subsidiary amounting to Rs. 779.18 million (June 30, 2020: Rs. 972.2 million). These advances are provided for the purpose of financial assistance and are settled in the ordinary course of business.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
	(Rupees in '000)	
9. OTHER RECEIVABLES		
Receivables from related parties		
Due from subsidiary companies:		
IBL Healthcare Limited against:		
Expenses	414	816
Rental income	407	-
Royalty	-	12,456
OBS Pakistan (Pvt) Ltd against:		
Management fee	368,000	252,000
Rental income	8,214	895
Dividend income	500,000	-
Expenses	1,992	-
Searle Biosciences (Private) Limited against:		
Expenses	33,600	-
Dividend income	91,000	50,000
IBL Future Technologies (Private) Limited against:		
Financial assistance	1,949	1,949
IBL Identity (Private) Limited against:		
Dividend income	32,000	-
Nextar Pharma (Pvt) Limited against expenses	12,753	-
	1,050,329	318,116
Due from group companies		
IBL Operations (Private) Limited against:		
Rental income and expenses	25,875	14,738
International Brands Limited against:		
Rental income	14,924	20,795
Group relief	117,089	54,894
IBL Unisys (Private) Limited against:		
Rental income	235	1,033
IBL Logistics (Private) Limited against:		
Rental income	1,592	697
	159,715	92,157
Due from other related party:		
United Retail (SMC-Private) Limited against:		
Rental income	326,889	274,140
The IBL Company (Pvt) Limited against:		
Expenses	50,036	2,440
Lunar Pharma (Pvt) Ltd against:		
Expenses	2,882	2,882
Surplus arising under retirement benefit fund	5,250	5,250
Receivables from other than related parties		
Others, considered good	404,511	368,616
	1,999,612	1,063,601

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

10. SHARE CAPITAL

Authorised share capital

(Unaudited) March 31, 2021 (Number of shares)	(Audited) June 30, 2020		(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) June 30, 2020
300,000,000	300,000,000	Ordinary shares of Rs. 10 each	3,000,000	3,000,000

Issued, subscribed and paid up capital

(Unaudited) March 31, 2021 (Number of shares)	(Audited) June 30, 2020		(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) June 30, 2020
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
199,848,171	199,848,171	Shares allotted as bonus shares	1,998,482	1,998,482
27,615,281	-	Shares allotted as fully paid right shares	276,153	-
<u>240,040,526</u>	<u>212,425,245</u>		<u>2,400,406</u>	<u>2,124,253</u>

10.1 Movement in number of shares

(Unaudited) March 31, 2021 (Number of shares)	(Audited) June 30, 2020		(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) June 30, 2020
212,425,245	212,425,245	Opening share outstanding	2,124,253	2,124,253
27,615,281	-	Share issued as right shares	276,153	-
<u>240,040,526</u>	<u>212,425,245</u>		<u>2,400,406</u>	<u>2,124,253</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
(Rupees in '000)		
11. LONG-TERM BORROWINGS		
Long term loan from Habib Bank Limited	9,529,468	-
Deferred payment to Universal Ventures Private Limited	587,086	-
Salary refinancing	324,033	316,000
	<u>10,440,587</u>	<u>316,000</u>

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
(Rupees in '000)		
12. TRADE AND OTHER PAYABLES		
Creditors - note 12.1	367,773	399,804
Bills payable in foreign currency	641,744	481,130
Royalty payable	10,862	21,935
Accrued liabilities	1,528,287	1,154,741
Payable to provident fund	11,648	10,946
Advance from customers - unsecured	19,591	14,029
Payable under group relief	8,044	1,618
Accrued mark-up	233,170	208,096
Taxes deducted at source and payable to statutory authorities	52,045	61,678
Workers' Profit Participation Fund	114,268	178,920
Workers' Welfare Fund	47,478	72,560
Other liabilities	35,040	114,355
	<u>3,069,950</u>	<u>2,719,812</u>

12.1 This includes amount payable to Searle Pharmaceutical (Private) Limited - wholly owned subsidiary amounting to Rs. Nil (June 30, 2020: Rs. 4.29 million) on account of toll manufacturing services. This also includes payable to Searle Laboratories (Private) Limited - wholly owned subsidiary amounting to Rs. 4.74 million (June 30, 2020: Rs. 6.80 million).

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
(Rupees in '000)		
13. BORROWINGS		
Secured		
Running finances under mark-up arrangements - note -13.1	4,318,803	4,461,771
Current portion of long-term borrowings	133,875	133,875
Export re-finance	216,500	-
	<u>4,669,178</u>	<u>4,595,646</u>
Unsecured		
Borrowing from IBL Future Technologies (Private) Limited - note 13.2	200,000	200,000
Employees provident fund	-	161,000
OBS Pakistan (Private) Limited - subsidiary	-	18,000
	<u>4,869,178</u>	<u>4,974,646</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

13.1 The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 5,925 million (June 30, 2020: Rs. 4,925 million) which include financing facilities obtained under Islamic mode amounting to Rs. 5,125 million (June 30, 2020: Rs. 5,075 million). The arrangements are secured jointly by registered mortgage of Rs. 1,126.94 million (June 30, 2020: Rs. 1,126.94 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs.6,889.23 million (June 30, 2020: Rs. 6,889.23 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

13.1.1 The rates of mark-up ranged between 2.75% to 9.55% (June 30, 2020: 2.75% to 15.6%) 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

There has been no significant change in the status of contingencies as reported in the note 29 of annual audited financial statements of the Company for the year ended June 30, 2020.

14.2 Commitments

The facility for opening letters of credit and guarantees as at March 31, 2021 amounted to Rs. 2,280 million (June 30, 2020: Rs. 2,105 million) of which the amount remaining unutilised as at March 31, 2021 amounted to Rs. 914.35 million (June 30, 2020: Rs. 1,494 million).

March 31, **March 31,**
2021 **2020**
(Rupees in '000)

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

Gross sales		
Local sale of goods	11,023,092	12,184,830
Export sales	1,893,012	1,850,925
	12,916,104	14,035,755
Toll manufacturing	213,013	229,965
	13,129,117	14,265,720
Sales tax	(41,703)	(50,301)
	13,087,414	14,215,419
Less:		
Discounts, rebates and allowances	503,141	1,294,800
Sales return	517,344	691,153
	1,020,485	1,985,953
	12,066,929	12,229,466

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

	March 31, 2021	March 31, 2020
	(Rupees in '000)	
16. OTHER INCOME		
Income from financial assets - related parties		
Dividend income - subsidiary companies:		
- IBL HealthCare Limited	78,018	39,009
- Searle Biosciences (Private) Limited	183,000	282,000
- OBS Pakistan (Private) Limited	500,000	-
- IBL Identity (Private) Limited	32,000	-
	<u>793,018</u>	<u>321,009</u>
Income from financial assets - others		
Return on Term Finance Certificate	6,806	7,522
Income from non - financial assets		
Gain on disposal of property, plant and equipment	7,081	1,392
Government grant	17,142	-
Rental income from investment property	83,308	73,653
Facility management fee OBS	-	215,000
Others	6,395	15,947
	<u>113,926</u>	<u>305,992</u>
	<u>913,750</u>	<u>634,523</u>
	March 31, 2021	March 31, 2020
17. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the period (Rupees in thousands)	<u>1,735,969</u>	<u>1,757,720</u>
Weighted average number of ordinary shares issue during the period (in thousand) - Restated	<u>240,041</u>	<u>240,041</u>
		(Re-stated)
Earnings per share - Basic and diluted (Rupees)	<u>7.23</u>	<u>7.32</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

	March 31, 2021	March 31, 2020
	(Rupees in '000)	
18. CASH GENERATED FROM OPERATIONS		
Profit before income tax	2,128,581	2,323,669
Add adjustments for non-cash charges and other items		
Depreciation	253,397	218,152
Gain on disposal of property, plant and equipment	(7,081)	(1,392)
Amortisation	32,540	33,034
Provision for retirement benefits obligation	4,050	4,044
Government grant recognised in income	(17,142)	-
Interest on lease liability	10,586	15,497
Finance cost	924,005	463,082
Profit before working capital changes	3,328,936	3,056,086
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	621,462	(403,107)
Trade receivables	(212,391)	(1,562,595)
Loans and advances	106,306	(185,290)
Trade deposits and short-term prepayments	(21,934)	(7,562)
Other receivables	(936,011)	1,038,854
Refund due from Government - sales tax	7,832	31,061
	(434,736)	(1,088,639)
Increase / (decrease) in current liabilities		
Trade and other payables	325,064	(1,095,622)
Sales tax payable	6,166	-
	331,230	(1,095,622)
Cash flows generated from operations	<u>3,225,430</u>	<u>871,825</u>
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	97,127	184,891
Short term running finance - note 13.1	(4,318,803)	(4,280,233)
	<u>(4,221,676)</u>	<u>(4,095,342)</u>
20. SEGMENT INFORMATION		
Based on internal management reporting structure for the period, no reportable segments were identified that were of continuing significance for decision making.		

Notes to the Unconsolidated Condensed Interim Financial Statements
For the period ended March 31, 2021 - Unaudited

21. TRANSACTIONS WITH RELATED PARTIES

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

		March 31 2021	March 31 2020
		(Rupees in '000)	
Nature of relationship	Nature of transactions		
Holding company	- Corporate service charges	180,000	180,000
	- Rent income	10,288	7,759
	- Income from provision of amenities	6,194	5,715
Subsidiaries	- Revenue	684,084	395,558
	- Purchase of consumables	3,598	-
	- Dividend income	793,018	321,009
	- Short term loan (recovered)/given	(7,451)	73,000
	- Advances recovered	(2,060)	(12,100)
	- Advance against financial assistance	220,899	105,546
	- Rent income	7,761	-
	- Income from Provision of Amenities	1,124	-
Associated companies	- Revenue	9,876,506	10,016,655
	- Salaries and wages	3,569	2,604
	- Purchases	16,276	30,864
	- Carriage and duties	112,137	22,830
	- Discounts claimed	144,871	350,732
	- Rent expense	15,181	10,176
	- Rent income	47,132	50,583
	- Income from Provision of Amenities	19,663	24,793
	- Stock claims	344,660	247,282
	- Internet services	7,365	3,124
	- Architect fee	-	7,604
	- Donations	37,530	8,566
	- Incentives to field force staff	15,910	9,889
	- Repair & maintenance	-	1,007
- Merchandise expense	20,540	19,119	
- Facility management fee	-	215,000	
Staff retirement benefits	- Contributions to Provident Fund	106,504	91,165
	- Benefits paid	113,240	47,000
Key management employees compensation	- Salaries and other employee benefits	200,503	136,785
	- Contributions to Provident Fund	13,357	11,729

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

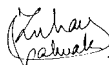
21.1 The status of outstanding balances with related parties as at March 31, 2021 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

22. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on April 27, 2021.



Chief Executive Officer



Director



Chief Financial Officer

Consolidated Condensed Interim Financial Statements

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Directors' Review Report

We are pleased to present the consolidated interim financial information of the company for the nine months' period ended March 31, 2021. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – 'Interim Financial Reporting'. The directors report is prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XII of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

MARKET OVERVIEW

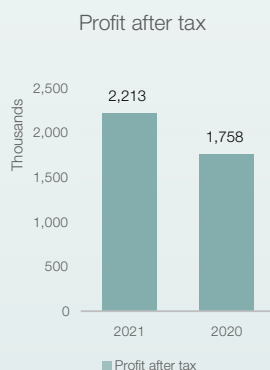
COVID-19 pandemic has triggered one of the most severe recession in nearly a century and is causing enormous damage to people's health, jobs, and well-being. The spread of the novel corona virus across countries has prompted many governments to introduce unprecedented measures to contain the pandemic. This has led to many businesses being shut down temporarily and widespread restrictions on travel and mobility.

However, COVID-19 has harnessed the integration of the pharmaceutical sector to the sustenance of the society at large and the industry is set to reap the benefits from changing consumer perspectives. The industry and especially the rightly placed institutions are taking advantage of branding and extra revenue streams. The temporary suspension of outdoor medical facilities including private clinics was a challenge, though. With global health care spending expected to rise at an accelerated growth rate, it will likely present many opportunities for the sector. While there will be uncertainties, stakeholders can navigate them by factoring in historic and current drivers of change when strategizing for 2020 and beyond.

There are more than 750 companies operating in the sector, driven by new molecule introductions and supported by underlying demographic trends of increasing affordability, rising population, infrastructure investment, technological advancements, evolving care models, higher life expectancy and increased incidence of chronic diseases and as well as new healthcare risks introduced during the pandemic.

OPERATING RESULTS

	March 31,	
	2021	2020
	(Rupees in thousand)	
Revenue	19,994,186	15,102,987
Cost of sales	(10,770,550)	(7,864,456)
Gross Profit	9,223,636	7,238,531
Operating expenses	(4,879,958)	(4,385,839)
Other operating expenses	(250,118)	(193,992)
Other income	305,562	371,861
Profit from operations	4,399,122	3,030,561
Finance cost	(1,267,642)	(503,661)
Profit before tax	3,131,480	2,526,900
Income tax expense	(918,776)	(768,893)
Profit after taxation	2,212,704	1,758,007



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. The Company was able to maintain its prominence in many therapeutic areas through its quality products and the dedication of its exceptional people.

During the nine (9) months period ended March 31, 2021, the Searle Group faced a new facet of challenges including challenging economic environment and unprecedented crisis of COVID-19. However, despite this Searle Group performed remarkably and was able to increase its profit after tax by PKR 455 million i.e. an increase of 26%.

Financial highlights are summarized below:

- Net sales of the Searle Group are PKR 19.99 billion.
- Profit from operations % increased to 22% from 20%.
- Profit after tax increased to PKR 2.2 bn from PKR 1.7 bn.

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 8.98 (2020: Rs. 7.18). 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 of March 31, 2021.

FUTURE OUTLOOK

Searle Group is poised to grow and increase its market share among its competitors and maintain its organic and in-organic growth, in a relatively turbulent regulatory environment. While also focusing on its product demand in international market, coupled with increased healthcare spending trend after COVID-19, which will translate into greater revenues for the industry.

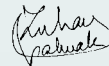
Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products. It is also pertinent to mention that Searle Group has an organic pipeline of over 200 products in different stages of the regulatory approval process and has a diversified drug portfolio and strong gross profit margins. The holding company, in the local market, has over the years strengthened in cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics therapeutic areas.

At Searle Group, we all are highly motivated and willing to contribute enthusiastically on continuous basis. Same is the case with our partners, suppliers and customers, for which we are thankful and expect the same zeal and zest for future contribution. We assure, Searle Group will continue to work hard to provide long term sustainable growth to everyone associated with us.

For and on behalf of the Board



Syed Nadeem Ahmed
Chief Executive Officer



Zubair Razzak Palwala
Director

Karachi : April 27, 2021

آمدنی فی شیئر

اس مدت کے لئے بنیادی آمدنی فی شیئر بعد از ٹیکس 8.98 روپے ربی (2020:7.18 روپے)۔ ہولڈنگ کمپنی کی بنیادی آمدنی فی شیئر پر کمی کے کوئی اثرات نہیں ہوئے، چونکہ 31 مارچ، 2021 تک کمپنی کے تبدیل پذیر غیر متوقع مکملہ شیئرز بقایا نہیں تھے۔

مستقبل پر ایک نظر


سرل گروپ اپنے حریفوں کے درمیان ایک نسبتاً مایوس کن ریگولیری ماحول میں اپنے مارکیٹ شیئر میں اضافہ اور اس کی نامیاتی اور غیر نامیاتی نمو کو برقرار رکھنے کیلئے تیار ہے۔ بین الاقوامی مارکیٹ میں اس کی مصنوعات کی طلب پر بھی توجہ دیتے ہوئے، اور COVID-19 کے بعد صحت کی دیکھ بھال کے اخراجات میں اضافے کے رجحان کے ساتھ مل کر، جو اس انڈسٹری کے لئے زیادہ سے زیادہ منافع کا باعث بنے گا۔


مزید آگے پیش رفت کرتے ہوئے، ہم خصوصاً عمومی برانڈز کے پورٹ فولیو میں حصہ بڑھانے اور مختلف النوع پروڈکٹس پر توجہ مرکوز کر رہے ہیں۔ یہاں یہ بات بھی قابل ذکر ہے کہ سرل گروپ 200 سے زائد آرگینک مصنوعات کے ریگولیری منظوری کے عمل کے مختلف مراحل سے گزر رہی ہے اور متنوع ادویات کے پورٹ فولیو کے ساتھ مضبوط منافع کا مارجن ہے۔ مقامی مارکیٹ میں ہولڈنگ کمپنی نے گزشتہ برسوں میں امراض قلب، نزلہ اور کھانسی، ذیابیطس، نوزائیدہ فارمولہ، حیاتیاتی اور اینٹی بائیوٹک کے علاج معالجے میں مستحکم جگہ بنالی ہے۔

اظہار تشکر

سرل گروپ میں، ہم سب بے حد متحرک ہیں اور مستقل بنیادوں پر جوش و خروش سے خدمت کے خواہشمند ہیں۔ یہی صورت حال ہمارے شراکت داروں، سپلائرز اور صارفین کے ساتھ ہے، جس کے لئے ہم ان کے مشکور ہیں اور آئندہ کی شراکت کے لئے اسی جوش و جذبے کی توقع کرتے ہیں۔ ہم یقین دہانی کراتے ہیں کہ سرل گروپ اپنے سے وابستہ ہر فریق کو طویل المیعاد پائیدار ترقی کی فراہمی کے لئے کوشاں رہے گی۔

برائے اور بورڈ کی جانب سے


ذہیر رزاق پال والا
ڈائریکٹر


سید ندیم احمد
چیف ایگزیکٹو آفیسر

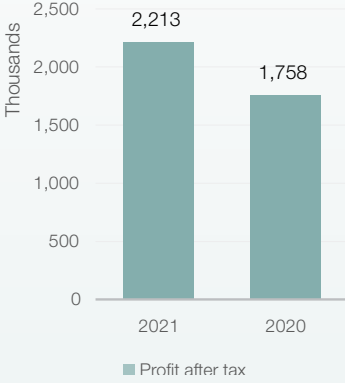
کراچی: 27 اپریل 2021ء

31 مارچ

2020 2021

(روپے ہزاروں میں)

Profit after tax



15,102,987	19,994,186	آمدنی
(7,864,456)	(10,770,550)	فروخت کے اخراجات
7,238,531	9,223,636	مجموعی آمدنی
(4,385,839)	(4,879,958)	آپریٹنگ اخراجات
(193,992)	(250,118)	دیگر آپریٹنگ اخراجات
371,861	305,562	دیگر آمدنی
3,030,561	4,399,122	آپریٹنگ سے آمدنی
(503,661)	(1,267,642)	مالیاتی اخراجات
2,526,900	3,131,480	منافع قبل از ٹیکس
(768,893)	(918,776)	انکم ٹیکس اخراجات
1,758,007	2,212,704	منافع بعد از ٹیکس

سرل گروپ نے ہمیشہ اعلیٰ معیار کی ہیلتھ کیئر خدمات کی پیشکش سے مریضوں کی زندگی کو بہتر بنانے پر توجہ مرکوز کی ہے۔ ہم نے مریضوں اور اسٹیک ہولڈرز کے فوائد کو اپنی بنیادی ترجیح بنا کر مستحکم ترقی کی پوزیشن استوار کی ہے اور ہمیں اپنی کوششوں کے اثرات پر فخر ہے۔ کمپنی اپنی معیاری مصنوعات اور اپنے لوگوں کی غیر معمولی لگن کے ذریعے علاج کے مختلف شعبوں میں اپنی اہمیت برقرار رکھنے میں کامیاب رہی۔

31 مارچ، 2021 کو ختم ہونے والی نو ماہ کی مدت کے دوران، سرل گروپ کو چیلنجز کے نئے پہلوؤں کا سامنا کرنا پڑا جن میں مشکل معاشی صورتحال اور COVID-19 کا غیر معمولی بحران شامل ہیں۔ تاہم، اس کے باوجود سرل گروپ نے نمایاں کارکردگی کا مظاہرہ کیا اور بعد از ٹیکس منافع 455 بلین روپے یعنی 26 فیصد کا اضافہ کرنے میں کامیاب رہا۔

مالیاتی جھلکیاں مختصر آڈیل میں بیان کی گئیں ہیں:

- سرل گروپ کی خالص سیلز 19.99 بلین روپے ہے۔
- آپریٹنگ سے منافع کی شرح 20 فیصد سے بڑھ کر 22 فیصد ہو گئی۔
- بعد از ٹیکس منافع 1.7 بلین روپے سے 2.2 بلین روپے تک بڑھ گیا۔

ڈائریکٹرز کی جائزہ رپورٹ

ہم 31 مارچ 2021 کو ختم ہونے والی نو ماہ کی مدت کے لئے کمپنی کے ایشیائی عبوری مالیاتی معلومات پیش کرنے میں خوشی محسوس کرتے ہیں۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS) 34-، عبوری فنانس رپورٹنگ کی ضروریات کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 227 اور لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

مارکیٹ کا جائزہ

کورونا وائرس کی عالمی وبائی بیماری اس سال کی ایک انتہائی شدید کساد بازاری کا محرک بنی جس نے لوگوں کی صحت، ملازمتوں اور فلاح و بہبود کو بے حد نقصان پہنچایا ہے۔ کورونا وائرس کے پھیلاؤ نے بہت سارے ممالک کی حکومتوں کو وبائی مرض پر قابو پانے کے لئے خلاف معمول اقدامات متعارف کرانے پر آمادہ کیا۔ اس کے نتیجے میں بہت سارے کاروبار عارضی طور پر بند ہو چکے ہیں اور سفر اور نقل و حرکت پر وسیع پیمانے پر پابندیاں عائد ہیں۔

تاہم، COVID-19 نے معاشرے کی بقاء کے لئے فارماسیوٹیکل سیکٹر کے بڑے پیمانے پر انضمام کی اہمیت وضع کی ہے اور یہ انڈسٹری صارفین کے تغیراتی نقطہ نظر کے تحت فوائد حاصل کرنے کے لئے تیار ہے۔ یہ انڈسٹری اور خاص طور پر صحیح مقام رکھنے والے ادارے برانڈنگ اور اضافی آمدنی کے دھارے سے مستفید ہو رہے ہیں۔ اگرچہ نجی کلینک سمیت بیرونی طبی سہولیات کی عارضی معطلی ایک چیلنج تھا۔ عالمی طور پر صحت کے اخراجات میں تیزی سے نمو کی شرح میں اضافہ متوقع ہے، جو ممکنہ طور پر اس شعبے کے لئے بہت سے مواقع پیش کرے گا۔ اگرچہ غیر یقینی صورتحال ہوگی، لیکن اسٹیک ہولڈرز 2020 اور اس سے آگے کی حکمت عملی بناتے وقت سابقہ اور حالیہ تبدیلی کے محرکات کو تقسیم کر سکتے ہیں۔

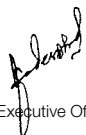
اس شعبے میں 700 سے زائد کمپنیاں مصروف عمل ہیں، جس میں نئے مالکیوں کے تعارف جیسے عوامل اور اس کی معاونت کرتے بڑھتی ہوئی استطاعت کے آبادیاتی رجحانات، آبادی میں اضافہ، بنیادی ڈھانچے کی سرمایہ کاری، تکنیکی پیش رفت، تدریجی کیئر ماڈل، زائد متوقع عمر اور دائمی بیماریوں کے واقعات میں اضافہ اور اس کے ساتھ ہی وبائی امراض کے دوران صحت کو لاحق نئے تحفظات کارفرما ہیں۔

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
ASSETS			
	Note	(Rupees in '000)	
Non-current assets			
Property, plant and equipment	5	6,009,340	4,415,663
Right-of-use asset		146,531	121,515
Investment properties		2,827,294	2,571,674
Intangibles	6	15,644,256	328,533
Long-term loans and advances	7	328	358
Long-term deposits		4,393	10,824
		<u>24,632,142</u>	<u>7,448,567</u>
Current assets			
Inventories		4,993,445	3,428,519
Trade receivables	8	10,074,023	8,633,836
Loans and advances	9	2,971,647	2,950,401
Trade deposits and short-term prepayments		134,488	113,181
Interest accrued		10,471	-
Other receivables	10	1,272,328	1,187,736
Short-term investment - Term Finance Certificate		116,721	100,000
Tax refunds due from government - Sales tax		32,579	23,757
Taxation - payments less provision		855,300	793,352
Cash and bank balances		234,556	335,189
Deferred tax asset		308,137	-
		<u>21,003,695</u>	<u>17,565,971</u>
Assets classified as held for sale		88,064	88,064
Total assets		<u>45,723,901</u>	<u>25,102,602</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	2,400,406	2,124,253
Share premium		6,049,419	1,630,974
Unappropriated profit		11,240,853	9,605,494
General reserve		280,251	280,251
Revaluation surplus on property, plant and equipment		1,809,318	1,846,153
Attributable to owners of			
The Searle Company Limited - Holding Company		21,780,247	15,487,125
Non-controlling interests		503,308	475,408
		<u>22,283,555</u>	<u>15,962,533</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	12	10,540,685	320,664
Deferred tax liabilities		-	55,052
Employee benefit obligations		98,504	54,994
Deferred income - Government grant		67,367	77,141
Long term lease liability		160,634	121,545
		<u>10,867,190</u>	<u>629,396</u>
Current liabilities			
Trade and other payables	13	5,243,096	3,143,237
Borrowings	14	6,712,634	4,953,328
Current portion of long-term lease liability		10,830	11,420
Accrued markup		303,429	208,096
Unpaid dividend		216,015	139,707
Unclaimed dividend		87,152	54,885
		<u>12,573,156</u>	<u>8,510,673</u>
Total liabilities		<u>23,440,346</u>	<u>9,140,069</u>
Contingencies and commitments	15		
Total equity and liabilities		<u>45,723,901</u>	<u>25,102,602</u>

The annexed notes from 1 to 23 form an integral part of these consolidated condensed interim financial statements


Chief Executive Officer


Director


Chief Financial Officer

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

For The Period Ended March 31, 2021 - Unaudited

	Note	Quarter ended		Nine months period ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
------(Rupees in '000)-----					
Revenue from contract with customers	16	7,615,811	5,214,468	19,994,186	15,102,987
Cost of sales		(4,198,097)	(2,790,137)	(10,770,550)	(7,864,456)
Gross profit		3,417,714	2,424,331	9,223,636	7,238,531
Distribution costs		(1,495,806)	(1,109,291)	(3,845,249)	(3,497,023)
Administrative expenses		(357,595)	(308,315)	(1,034,709)	(888,816)
Other operating expenses		(62,351)	(70,891)	(250,118)	(193,992)
Other income	17	68,636	134,507	305,562	371,861
Profit from operations		1,570,598	1,070,341	4,399,122	3,030,561
Finance cost		(618,863)	(165,499)	(1,267,642)	(503,661)
Profit before income tax		951,735	904,842	3,131,480	2,526,900
Income tax expense		(261,259)	(279,981)	(918,776)	(768,893)
Profit for the year		690,476	624,861	2,212,704	1,758,007
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		690,476	624,861	2,212,704	1,758,007
Total comprehensive income is attributable to:					
Owners of the The Searle Company Limited - Holding Company		663,805	609,612	2,154,647	1,722,972
Non-controlling interests		26,671	15,249	58,057	35,035
		690,476	624,861	2,212,704	1,758,007
Basic and diluted earnings per share (Rupees)	18	2.77	2.54	8.98	7.18

The annexed notes from 1 to 23 form an integral part of these consolidated condensed interim financial statements


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For The Period Ended March 31, 2021 - Unaudited

	Capital reserves			Revenue reserves		Sub-Total reserves	Non-Controlling interest	Total
	Share capital	Share premium account	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profits			
	----- (Rupees in '000) -----							
Balance as at July 01, 2019	2,124,253	1,630,974	1,437,936	280,251	7,603,678	10,952,839	442,137	13,519,229
Total comprehensive income for the period	-	-	-	-	1,722,972	1,722,972	35,035	1,758,007
Transactions with owners								
Final dividend for the year ended June 30, 2019 @ Rs. 2.5 per share	-	-	-	-	(531,063)	(531,063)	-	(531,063)
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(15,079)	(15,079)
	-	-	-	-	(531,063)	(531,063)	(15,079)	(546,142)
Transfer of incremental depreciation - net of deferred tax	-	-	(25,986)	-	25,986	-	-	-
Balance as at March 31, 2020	<u>2,124,253</u>	<u>1,630,974</u>	<u>1,411,950</u>	<u>280,251</u>	<u>8,821,573</u>	<u>12,144,748</u>	<u>462,093</u>	<u>14,731,094</u>
Balance as at July 01, 2020	2,124,253	1,630,974	1,846,153	280,251	9,605,494	13,362,872	475,408	15,962,533
Total comprehensive income for the period	-	-	-	-	2,154,647	2,154,647	58,057	2,212,704
Transactions with owners								
Final dividend for the year ended June 30, 2020 @ Rs. 2.5 per share	-	-	-	-	(531,063)	(531,063)	-	(531,063)
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(30,157)	(30,157)
Right shares issued during the period in the ratio of 13 shares for every 100 shares held	276,153	4,418,445	-	-	-	-	-	4,694,598
Issuance cost against rights issue	-	-	-	-	(25,060)	(25,060)	-	(25,060)
Transaction with non-controlling interests	-	-	-	-	-	-	-	-
	276,153	4,418,445	-	-	(556,123)	3,862,322	(30,157)	4,108,318
Transfer of incremental depreciation - net of deferred tax	-	-	(36,835)	-	36,835	-	-	-
Balance as at March 31, 2021	<u>2,400,406</u>	<u>6,049,419</u>	<u>1,809,318</u>	<u>280,251</u>	<u>11,240,853</u>	<u>19,379,841</u>	<u>503,308</u>	<u>22,283,555</u>

The annexed notes from 1 to 23 form an integral part of these consolidated condensed interim financial statements


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For The Period Ended March 31, 2021 - Unaudited

	Note	March 31 2021	March 31 2020
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	4,451,331	1,446,182
Retirement benefit obligations paid		-	1,350
Finance cost paid		(1,139,673)	(369,873)
Income tax paid		(1,067,076)	(607,447)
Lease rentals paid		(20,508)	(21,668)
Interest income received		-	5,250
Decrease in long-term deposits		6,431	-
Increase in long-term loans and advances		(262)	-
Increase in long-term borrowings		-	(200,100)
Net cash generated from operating activities		2,230,243	253,694
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(496,062)	(168,793)
Consideration for acquisition of wholly owned subsidiary - net		(10,269,400)	-
Sale proceeds on disposal of property, plant and equipment		7,025	4,886
Sale proceeds on disposal of assets held for sale		-	75,500
Additions to investment properties		(255,620)	(238,328)
Purchase of intangibles		-	(935)
Disposal of intangibles		-	5,723
Purchase of Term Finance Certificate		(16,721)	(100,000)
Net cash used in investing activities		(11,030,778)	(421,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(392,331)	(475,023)
Proceeds from / (Payment to) export refinance		216,500	(110,000)
Proceeds from borrowings - net		7,292,427	-
Deferred consideration paid		(4,762,914)	-
Proceeds against issue of right shares - net		4,669,538	-
Net cash generated from / (used in) financing activities		7,023,220	(585,023)
Net decrease in cash and cash equivalents		(1,777,314)	(753,276)
Cash and cash equivalents at beginning of the period		(4,484,264)	(3,450,223)
Cash and cash equivalents at end of the period	20	(6,261,578)	(4,203,499)

The annexed notes from 1 to 23 form an integral part of these consolidated condensed interim financial statements


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the period ended March 31, 2021 - Unaudited

1. LEGAL STATUS AND OPERATIONS

- 1.1 The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company. Its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Company is situated at One IBL Centre 2nd Floor, Plot No. 1, Block 7 & 8 D.M.C.H.S, Tipu Sultan Road Off Shahrah-e-Faisal, Karachi.

International Brands Limited is the holding company, which holds 56.60% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		March 31, 2021	June 30, 2020
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%
- OBS Pakistan (Private) Limited		100.00%	Nil
- Nextar Pharma (Private) Limited *		87.20%	87.20%

- 1.2 On July 1, 2020, the Company has executed a Memorandum of Understanding (MoU) with IBL Identity (Private) Limited (IBLID) - a wholly owned subsidiary of the Company, whereby the Company has agreed to transfer marketing and distribution rights of its certain Nutrition related products to IBLID. The Company has made product related sales of formula milk for infants in the current period to IBLID amounting to Rs. 387.57 million.

2. BASIS OF PREPARATION

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2020.

2.1 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after April 1, 2021. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2020.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to the annual audited consolidated financial statements as at and for the year ended June 30, 2020.

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, 2020.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 5.1	5,378,115	4,197,208
Capital work-in-progress - at cost	631,225	218,455
	<u>6,009,340</u>	<u>4,415,663</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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in '000)			
Leasehold land	1,498	14,510	-	-
Building on leasehold land	-	90,176	-	-
Plant and machinery	56,008	49,910	-	(520)
Office equipment	61,240	10,423	(2,435)	-
Furniture & fittings	11,514	3,201	-	-
Vehicles	847	-	(1,058)	(1,085)
Air conditioning systems	11,333	42,062	-	-
	<u>174,519</u>	<u>210,281</u>	<u>(3,493)</u>	<u>(1,605)</u>

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
6. INTANGIBLES		
Operating intangible assets	118,304	152,917
Intangible assets arising on acquisition of OBS	6,342,513	-
Intangibles assets acquired as part of net assets of OBS	9,007,823	-
Goodwill pertaining to Nextar Pharma (Private) Limited and IBL Identity (Private) Limited	175,616	175,616
	<u>15,644,256</u>	<u>328,533</u>

7. LONG TERM LOANS AND ADVANCES

- Employees - note 7.1	328	1,046
Less: current portion employee loan	-	(688)
	<u>328</u>	<u>358</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

- 7.1 This represents interest-free loans for automobiles to employees other than executives. These are secured against provident fund balances of respective employees.

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
(Rupees in '000)		
8. TRADE RECEIVABLES		
Considered good		
- Export receivables, secured	508,837	448,334
- Due from related parties, unsecured	8,231,822	7,327,278
- Others, unsecured	1,333,364	858,224
	10,074,023	8,633,836
Considered doubtful - others	155,678	154,099
Less: Provision for doubtful receivables	(155,678)	(154,099)
	-	-
	10,074,023	8,633,836

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
(Rupees in '000)		
9. LOANS AND ADVANCES		
Loans to International Brands Limited		
- Short term loan - note 9.1	1,791,747	1,975,132
- Current portion of employee loan - note 7	-	688
Advances		
- To employees	180,277	101,174
- Against imports	299,321	100,539
- Suppliers	659,475	764,992
- Others	40,827	7,876
	1,179,900	974,581
	2,971,647	2,950,401

- 9.1 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.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
10. OTHER RECEIVABLES		
	(Rupees in '000)	

Receivables from related parties

Due from associated companies:

- IBL Operations (Private) Limited	25,875	15,170
- International Brands Limited	182,049	78,129
- International Franchises (Private) Limited	-	17,856
- United Retail (SMC- Private) Limited	326,889	410,772
- Trax Online (Private) Limited	-	385
- Lunar Pharma (Private) Limited	2,882	2,882
- IBL Frontier Market (Private) Limited	-	35,882
- IBL Logistics (Private) Limited	796	697
- International Knitwear Limited	-	562
- IBL Unisys (Private) Limited	235	1,033
	638,845	563,368

Due from other related party:

Surplus arising under retirement benefit fund	5,250	5,250
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Receivables from other than related parties

Others, considered good	628,233	619,118
	1,272,328	1,187,736

11. SHARE CAPITAL

Authorised share capital

(Unaudited) March 31, 2021 (Number of shares)	(Audited) June 30, 2020		(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) June 30, 2020 (Rupees in '000)
300,000,000	300,000,000	Ordinary shares of Rs. 10 each	3,000,000	3,000,000

Issued, subscribed and paid up capital

(Unaudited) March 31, 2021 (Number of shares)	(Audited) June 30, 2020 (Number of shares)		(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) June 30, 2020 (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
199,848,171	199,848,171	Shares allotted as bonus shares	1,998,482	1,998,482
27,615,281	-	Share allotted as right shares	276,153	-
240,040,526	212,425,245		2,400,406	2,124,253

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

11.1 Movement in issued, subscribed and paid-up share capital

(Unaudited) March 31, 2021 (Number of shares)	(Audited) June 30, 2020		(Unaudited) March 31, 2021 (Rupees in '000)	(Audited) June 30, 2020
212,425,245	212,425,245	Opening shares outstanding	2,124,253	2,124,253
27,615,281	-	Share allotted as right shares	276,153	-
<u>240,040,526</u>	<u>212,425,245</u>		<u>2,400,406</u>	<u>2,124,253</u>

(Unaudited)
March 31,
2021
(Rupees in '000)

12. LONG-TERM BORROWINGS

Long term loan from Habib Bank Limited	9,529,468	-
Deferred payment to Universal Ventures Private Limited	587,086	-
Salary refinancing	419,467	316,000
	<u>10,536,021</u>	<u>316,000</u>
Retention money	4,664	4,664
	<u>10,540,685</u>	<u>320,664</u>

13. TRADE AND OTHER PAYABLES

Creditors	946,045	901,336
Payable under group relief	1,618	1,618
Salaries and benefits payable	-	4,738
Bills payable in foreign currency	1,300,139	481,130
Royalty payable	29,137	21,935
Accrued liabilities	2,445,154	1,301,159
Payable to provident fund	14,318	15,215
Advance from customers	131,591	38,634
Taxes deducted at source and payable to statutory authorities	63,387	75,959
Workers' Profit Participation Fund	175,526	178,920
Workers' Welfare Fund	80,031	82,218
Other liabilities	56,149	40,375
	<u>5,243,096</u>	<u>3,143,237</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

	(Unaudited) March 31, 2021	(Audited) June 30, 2020
	(Rupees in '000)	
14. BORROWINGS		
Secured borrowings:		
Loans from banks, secured:		
- Running finance under mark-up arrangements - note 14.1	6,334,326	4,640,453
- Export re-finance - note 14.2	216,500	-
- Current portion of long term borrowing	161,808	133,875
	<u>6,712,634</u>	<u>4,774,328</u>
Loan from related party:		
- Loan from subsidiary - note 14.4	200,000	-
	<u>6,912,634</u>	<u>4,774,328</u>
Unsecured borrowings:		
Employees provident fund		
- Holding Company - note 14.3	-	161,000
- OBS Pakistan (Private) Limited - note 14.3	-	18,000
	<u>6,712,634</u>	<u>4,953,328</u>

- 14.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 5,925 million (June 30, 2020: Rs. 4,925 million) which include financing facilities obtained under Islamic mode amounting to Rs. 5,125 million (June 30, 2020: Rs. 5,075 million). The arrangements are secured jointly by registered mortgage of Rs. 1,126.94 million (June 30, 2020: Rs. 1,126.94 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs.6,889.23 million (June 30, 2020: Rs. 6,889.23 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

This includes facility obtained by OBS from Dubai Islamic Bank amounting to Rs.550 million carrying markup rate at Kibor plus 2% per annum, repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of OBS amounting to Rs. 783.33 million including 25% margin.

Moreover, OBS have obtained running finance facilities from commercial banks amounting to Rs 1.15 billion, carry markup ranging from 7.0% to 9.9%. The facilities are secured by way of joint pari passu hypothecation charge over current assets of OBS including 25% margin.

- 14.2** The rates of mark-up ranged between 2.75% to 9.55% (June 30, 2020: 2.75% to 15.6%) per annum.
- 14.3** The loan obtained from employees provident fund has been repaid.
- 14.4** This represents interest free loan obtained from IBL Future Technologies (Private) Limited - wholly owned subsidiary.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

There has been no significant change in the status of contingencies as reported in the note 29 of consolidated audited financial statements of the Company for the year ended June 30, 2020.

15.2 Commitments

The facility for opening letters of credit and guarantees as at March 31, 2021 amounted to Rs. 2,280 million (June 30, 2020: Rs. 2,105 million) of which the amount remaining unutilised as at March 31, 2021 amounted to Rs. 914.35 million (June 30, 2020: Rs. 1,494 million).

	March 31, 2021	March 31, 2020
16. REVENUE FROM CONTRACT WITH CUSTOMERS	(Rupees in '000)	
Gross sales		
Local sales	19,575,728	15,532,809
Export sales	2,131,917	1,850,925
	<u>21,707,645</u>	<u>17,383,734</u>
Toll manufacturing	213,013	229,965
	<u>21,920,658</u>	<u>17,613,699</u>
Sales tax	(41,703)	(176,591)
	<u>21,878,955</u>	<u>17,437,108</u>
Less:		
Discounts, rebates and allowances	961,444	1,596,108
Sales returns	923,324	738,013
	<u>1,884,769</u>	<u>2,334,121</u>
	<u>19,994,186</u>	<u>15,102,987</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

March 31,
2021
(Rupees in '000)

March 31,
2020

17. OTHER INCOME

Income from financial assets

Interest on loan to International Brands Limited	10,471	23,168
Exchange gain	167,852	11,336
Interest income on Term Finance Certificate	6,806	7,522
	185,129	42,026

Income from non - financial assets

Rental income from investment properties	87,739	92,253
Facility management fee	-	215,000
Gain on disposal of property, plant and equipment	7,081	1,392
Scrap sales	6,538	21,186
Government grant	17,142	-
Others	1,933	4
	120,433	329,835
	305,562	371,861

18. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period	2,154,647	1,722,972
Weighted average number of outstanding shares at the end of the period (in thousand)	240,041	240,041
Basic and diluted earnings per share (Rupees)	8.98	7.18

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

	March 31, 2021	March 31, 2020
	(Rupees in '000)	
19. CASH GENERATED FROM OPERATIONS		
Profit before income tax	3,131,480	2,526,900
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	273,518	261,081
Gain on disposal of property, plant and equipment	(7,081)	(1,394)
Amortisation	36,331	35,260
Provision for retirement benefits obligation	3,262	2,694
Deferred Income - Government grant	(17,142)	-
Unwinding of discount on salary refinancing	2,477	-
Interest income	(10,471)	(23,168)
Finance cost	1,235,006	488,164
Interest on lease liability	10,586	15,497
Profit before working capital changes	4,657,966	3,305,035
Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets		
Inventories	(166,048)	(331,481)
Trade receivables	(364,085)	(2,059,987)
Loans and advances	471,805	286,317
Trade deposits and short-term prepayments	2,878	(143,891)
Tax refunds due from government - Sales tax	(10,471)	54,762
Other receivables	130,604	(329,477)
Increase / (Decrease) in current liabilities	64,683	(2,523,757)
Trade and other payables	(271,317)	664,904
Cash generated from operations	4,451,331	1,446,182
20. CASH AND CASH EQUIVALENTS		
Cash and bank balances	234,556	250,037
Short term running finances - note 14	(6,496,134)	(4,453,536)
	(6,261,578)	(4,203,499)

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

21. SEGMENT INFORMATION

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

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, 2021	March 31, 2020
		(Rupees in '000)	
Holding company	- Corporate service charges	180,000	180,000
	- Rent income	10,288	7,759
	- Income from provision of amenities	6,194	5,715
Associated companies	- Revenue	9,876,506	10,016,655
	- Salaries and wages	3,569	2,604
	- Purchases	16,276	30,864
	- Carriage and duties	112,137	22,830
	- Discounts claimed	144,871	350,732
	- Rent expense	15,181	10,176
	- Rent income	47,132	50,583
	- Stock claims	344,660	247,282
	- Internet services	7,365	3,124
	- Architect fee	-	7,604
	- Income from provision of amenities	19,663	24,793
	- Donation	37,530	8,566
	- Incentives to field force staff	15,910	-
	- Repair and maintenance	-	1,007
- Merchandise expense	20,540	19,119	
- Facility management fee	-	215,000	
Staff retirement benefits	- Contributions to Provident Fund	106,504	91,165
	- Benefits paid	113,240	47,000
Key management employees compensation	- Salaries and other employee benefits	200,503	136,785
	- Contributions to Provident Fund	13,357	11,729

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2021 - Unaudited

22.1 The status of outstanding balances with related parties as at March 31, 2021 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

23. 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 27, 2021.



Chief Executive Officer



Director



Chief Financial Officer

SEARLE

THE SEARLE COMPANY LIMITED

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