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SEARLE

Research in the service of mankind



QUARTERLY REPORT
MARCH 2022



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SEARLE

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Company Information

Board of Directors

Mr. Adnan Asdar Ali	Chairman
Mr. S. Nadeem Ahmed	Chief Executive Officer
Mr. Zubair Razzak Palwala	
Mr. Munis Abdullah	
Dr. Atta Ur Rahman	
Mrs. Shaista Khaliq Rehman	
Mr. Mufti Zia Ul Islam	

Committees of the Board

Audit Committee

Mrs. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Dr. Atta Ur Rahman	Member

Human Resource & Remuneration Committee

Mrs. Shaista Khaliq Rehman	Chairperson
Mr. Adnan Asdar Ali	Member
Dr. Atta Ur Rahman	Member

Chief Financial Officer

Mr. Mobeen Alam

Company Secretary

Mr. Zubair Razzak Palwala

Auditors

A. F. Ferguson & Co.

Legal Advisors

Mohsin Tayebaly & Co.

Bankers

Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank of Punjab
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
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
Tel:+92 21 37170200 - 01

Share Registrar

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

Directors' Review

We are pleased to present the unconsolidated interim financial information of the company for the nine months ended March 31, 2022.

Financial highlights

Sales for the nine months increased by Rs. 1.2 bn i.e. 10% over the same period last year. Gross profit margin of Company has been maintained at 51%. Operating profit increased by Rs. 381 Mn i.e. 12% over same period last year.

Following is the summary of financial results for the nine months ended March 31, 2022:

	2022	2021
	(Rupees in thousand)	
Revenue	13,305,351	12,066,929
Cost of sales	(6,579,476)	(5,900,824)
Gross Profit	6,725,875	6,166,105
Operating expenses	(4,306,397)	(3,840,115)
Other operating expenses	(142,570)	(154,672)
Other income	1,189,586	913,750
Profit from operations	3,466,494	3,085,068
Finance cost	(1,345,070)	(956,487)
Profit before tax	2,121,424	2,128,581
Income tax expense	(311,486)	(392,612)
Profit after taxation	1,809,938	1,735,969

EARNINGS PER SHARE

Basic earnings per share after taxation for the period is Rs. 5.80 (2021: Rs. 5.56). There is no dilution effect on the basic earnings per share of the Company, as the Company had no convertible dilutive potential ordinary shares outstanding as at March 31, 2022.

FUTURE OUTLOOK

Searle has a firm commitment to grow and increase its market share among its competitors and maintain its organic and in-organic growth despite of challenges of a turbulent regulatory environment and volatile economic scenario due to the pandemic. This commitment of Searle is reflected in the acquisition of OBS Pharma (now Searle Pakistan Limited).

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

For and on behalf of the Board

Syed Nadeem Ahmed
Chief Executive Officer

Zubair Razzak Palwala
Director

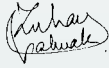
Karachi: April 28, 2022

مستقبل پر ایک نظر

سرل اپنے حریف اداروں کے درمیان اپنے مارکیٹ شیئرز کو بڑھانے اور زیادہ کرنے کے پُر عزم ہے اور نسیٹا پریشان کن ریگولیٹری ماحول اور عالمی وباء کی وجہ سے غیر مستحکم معاشی صورتحال کے چیلنجز کے باوجود اپنے نامیاتی اور غیر نامیاتی نشوونما کو برقرار رکھے ہوئے ہے۔ سرل کے اس عزم کی عکاسی اوبی ایس فارما (موجودہ سرل پاکستان لمیٹڈ) کے حصول سے ہوتی ہے۔

سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنے حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شرآکت دار، سپلائرز اور صارفین بھی سی جذبے کا اظہار کرتے ہیں، جس کے لئے ہم شکر گزار ہیں اور آئندہ کے تعاون کے لئے اسی جوش و جذبے کی توقع کرتے ہیں۔ ہم یقین دہانی کراتے ہیں کہ، سرل اپنے سے وابستہ ہر فرد کو طویل مدتی اور پائیدار ترقی کی فراہمی کے لئے سخت جدوجہد اور لگن سے کوشاں رہیں گے۔

برائے اور بورڈ کی جانب سے



زہیر رزاق پال والا
ڈائریکٹر



سید ندیم احمد
چیف ایگزیکٹو آفیسر

کراچی: اپریل 28، 2022ء

ڈائریکٹرز کی ممبران کیلئے رپورٹ

ہم 31 مارچ 2022ء کو ختم ہونے والے نو ماہ کی مدت کے لیے کمپنی کی غیر اشتهالی عبوری مالیاتی معلومات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

مالیاتی جھلکیاں

فروخت میں گزشتہ سالہ نو ماہ کی اسی مدت کے مقابلے میں 1.2 بلین روپے یعنی 10 فیصد اضافہ ہوا۔ کمپنی کے مجموعی منافع کا مارجن 51 فیصد پر برقرار رہا۔ آپریٹنگ منافع میں پچھلے سال کی اسی مدت کے مقابلے میں 381 ملین روپے یعنی 12% کا اضافہ ہوا۔

31 مارچ 2022 کو ختم ہونے والے نو ماہ کی مدت کے مالی نتائج کا خلاصہ مندرجہ ذیل ہے:

2021	2022	
(پاکستانی روپے ہزاروں میں)		
12,066,929	13,305,351	آمدنی
(5,900,824)	(6,579,476)	فروخت کے اخراجات
6,166,105	6,725,875	مجموعی آمدنی
(3,840,115)	(4,306,397)	آپریٹنگ اخراجات
(154,672)	(142,570)	دیگر آپریٹنگ اخراجات
913,750	1,189,586	دیگر آمدنی
3,085,068	3,466,494	آپریٹنگ سے آمدنی
(956,487)	(1,345,070)	مالیاتی اخراجات
2,128,581	2,121,424	منافع قبل از ٹیکس
(392,612)	(311,486)	انکم ٹیکس اخراجات
1,735,969	1,809,938	منافع بعد از ٹیکس

نی شیئر آمدنی

اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس روپے 5.80 رہی (2021: 5.56 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کسی کے کوئی اثرات نہیں ہوئے، چونکہ 31 مارچ، 2022 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بقایا نہیں تھے۔

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March, 2022

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
		(Rupees in '000)	
ASSETS	Note		
Non-current assets			
Property, plant and equipment	5	5,616,804	5,577,984
Right-of-use asset	6	72,165	79,410
Investment properties - at cost		2,700,943	2,490,049
Intangible assets		64,171	94,214
Long-term investments - subsidiaries	7	18,816,311	17,436,311
Long-term loans		139	325
Long-term deposits		7,396	7,396
		<u>27,277,929</u>	<u>25,685,689</u>
Current assets			
Inventories		1,992,180	2,206,898
Trade receivables	8	9,697,287	8,754,968
Loans and advances		1,173,020	1,335,832
Trade deposits and short-term prepayments		148,714	105,351
Other receivables	9	5,303,130	4,762,598
Short-term investment		100,000	100,000
Taxation - payments less provision		983,307	870,507
Tax refunds due from Government - Sales Tax		24,345	-
Cash and bank balances		116,801	103,680
		<u>19,538,784</u>	<u>18,239,834</u>
Total assets		<u><u>46,816,713</u></u>	<u><u>43,925,523</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	3,120,526	2,400,405
Share premium		5,329,298	6,049,419
General reserve		280,251	280,251
Unappropriated profit		14,417,595	13,006,363
Revaluation surplus on property, plant and equipment		2,669,841	2,751,216
		<u>25,817,511</u>	<u>24,487,654</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		173,531	215,275
Employee benefit obligations		50,076	53,484
Long-term borrowings	11	9,045,309	9,650,485
Deferred income - Government grant		-	8,571
Lease liability		89,686	93,092
		<u>9,358,602</u>	<u>10,020,907</u>
Current liabilities			
Trade and other payables	12	3,376,763	3,213,872
Short-term borrowings	13	8,035,934	5,988,610
Unpaid dividend		188,959	163,596
Unclaimed dividend		35,302	42,269
Current portion of lease liability		3,642	4,416
Sales tax payable		-	4,199
		<u>11,640,600</u>	<u>9,416,962</u>
Total liabilities		<u>20,999,202</u>	<u>19,437,869</u>
Contingencies and commitments	14		
Total equity and liabilities		<u><u>46,816,713</u></u>	<u><u>43,925,523</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, 2022 - Unaudited

	Note	Quarter ended		Nine months period ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
------(Rupees in '000)-----					
Revenue from contracts with customers	15	4,672,882	3,913,800	13,305,351	12,066,929
Cost of sales		(2,340,430)	(1,913,516)	(6,579,476)	(5,900,824)
Gross profit		2,332,452	2,000,284	6,725,875	6,166,105
Distribution costs		(1,278,283)	(1,070,187)	(3,515,579)	(2,948,856)
Administrative expenses		(248,507)	(286,376)	(790,818)	(891,259)
Other operating expenses		(60,256)	(26,074)	(142,570)	(154,672)
Other income	16	402,286	114,281	1,189,586	913,750
Profit from operations		1,147,692	731,928	3,466,494	3,085,068
Finance cost		(523,239)	(379,178)	(1,345,070)	(956,487)
Profit before income tax		624,453	352,750	2,121,424	2,128,581
Income tax expense		(85,511)	(62,539)	(311,486)	(392,612)
Profit after tax		538,942	290,211	1,809,938	1,735,969
Other comprehensive income		-	-	-	-
Total comprehensive income		538,942	290,211	1,809,938	1,735,969
			(Re-stated)		(Re-stated)
Basic and diluted earnings per share (Rupees)	17	1.73	0.93	5.80	5.56

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, 2022 - Unaudited

	Share capital	Advance received against issue of share capital	Capital reserve			Revenue reserves		Total reserves	Total
			Share premium	Issue of bonus shares	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profits		
Rupees '000									
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
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									
Right shares issued during the period in the ratio of 13 shares for every 100 shares held	276,152	-	4,418,445	-	-	-	-	4,418,445	4,694,597
Issuance cost against rights issue	-	-	-	-	-	-	(25,060)	(25,060)	(25,060)
Final dividend for the year ended June 30, 2020 @ Rs. 2.5 per share	276,152	-	4,418,445	-	-	-	(531,063)	(531,063)	(531,063)
							(556,123)	3,862,322	4,138,474
Balance as at March 31, 2021	<u>2,400,405</u>	<u>-</u>	<u>6,049,419</u>	<u>-</u>	<u>1,409,682</u>	<u>280,251</u>	<u>12,605,504</u>	<u>20,344,856</u>	<u>22,745,261</u>
Balance as at July 01, 2021	2,400,405	-	6,049,419	-	2,751,216	280,251	13,006,363	22,087,249	24,487,654
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	-	-	(81,375)	-	81,375	-	-
Total comprehensive income for the period	-	-	-	-	-	-	1,809,938	1,809,938	1,809,938
Transactions with owners									
Transfer to reserve for issue of bonus shares	-	-	-	-	-	-	-	-	-
Bonus shares issued during the period in the ratio of 15 shares for every 100 shares held	720,121	-	(720,121)	-	-	-	-	(720,121)	-
Final dividend for the year ended June 30, 2021 @ Rs. 2 per share	720,121	-	(720,121)	-	-	-	(480,081)	(480,081)	(480,081)
							(480,081)	(1,200,202)	(480,081)
Balance as at March 31, 2022	<u>3,120,526</u>	<u>-</u>	<u>5,329,298</u>	<u>-</u>	<u>2,669,841</u>	<u>280,251</u>	<u>14,417,595</u>	<u>22,696,985</u>	<u>25,817,511</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, 2022 - Unaudited

	Note	March 31, 2022	March 31, 2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	2,726,489	3,225,430
Retirement benefit obligations paid		(7,458)	(2,120)
Finance cost paid		(1,201,246)	(898,931)
Income taxes paid		(466,030)	(341,541)
Decrease in long-term loans		186	140
Net cash generated from operating activities		1,051,941	1,982,978
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(314,111)	(482,548)
Proceeds from disposal of property, plant and equipment		2,446	7,025
Purchase of investment properties		(263,164)	(106,724)
Long term investment in subsidiary		(1,380,000)	(15,800,000)
Net cash used in investing activities		(1,954,828)	(16,382,247)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(461,685)	(471,377)
Proceeds from (Repayment of) export finance		-	216,500
Musharaka facility obtained		-	10,124,587
Repayment of salary refinancing		(200,815)	-
Repayment of demand finance		(113,333)	-
Proceeds against issue of right shares - net		-	4,669,538
Payment against lease liabilities		(15,407)	(20,508)
Net cash from financing activities		(791,240)	14,518,740
Net increase in cash and cash equivalents		(1,694,127)	119,471
Cash and cash equivalents at the beginning of the period		(5,346,410)	(4,341,147)
Cash and cash equivalents at the end of the period	19	(7,040,537)	(4,221,676)

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, 2022 - Unaudited

1. THE COMPANY AND ITS OPERATIONS

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

International Brands (Private) Limited is the Parent Company, which holds 56.32% (June 30, 2021: 56.32%) shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		March 31, 2022	June 30, 2021
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- Searle Pharmaceuticals (Private) Limited.	Pakistan	100.00%	100.00%
- Searle Laboratories (Private) Limited.		100.00%	100.00%
- Searle Biosciences (Private) Limited.		100.00%	100.00%
- IBL Future Technologies (Private) Limited.		100.00%	100.00%
- Searle Pakistan Limited. (formerly OBS Pakistan (Private) Limited.)		100.00%	100.00%
- Nextar Pharma (Private) Limited.		87.20%	87.20%

The Company effectively holds 87.20% (June 30, 2021: 87.20%) shareholding in Nextar Pharma (Private) Limited through Searle Biosciences (Private) Limited.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These unconsolidated condensed interim financial statements 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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

- 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.

- 2.1.2** 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, 2021.
- 2.1.3** The comparative unconsolidated condensed interim statement of financial position presented in these unconsolidated condensed interim financial statements have been extracted from the audited annual unconsolidated financial statements of the Company for the year ended June 30, 2021, whereas the comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are extracted from the un-audited unconsolidated condensed interim financial statements for the period ended March 31, 2021.

3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

- 3.1** 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, 2021.

3.2 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to 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, 2021. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

- 5.1.1** During the period, vehicles having net book value of Rs. Nil were also disposed off against which sales proceeds of Rs. 2.23 million were received.

	(Unaudited) March 31 2022	(Audited) June 30, 2021
	(Rupees in '000)	
6. RIGHT-OF-USE ASSET		
Opening net book value	79,410	121,515
Depreciation for the period	(7,245)	(14,783)
Derecognition of right of use asset	-	(27,322)
Net book value as at	72,165	79,410
7. LONG-TERM INVESTMENTS		
Subsidiary companies - at cost	18,816,311	17,436,311
8. TRADE RECEIVABLES		
Considered good		
- Export receivables - secured	497,776	426,619
- Due from related parties, unsecured - note 8.1	8,496,448	8,094,356
- others - unsecured	703,063	233,993
	9,697,287	8,754,968
Considered doubtful	150,323	150,323
Less: Provision for doubtful debts	(150,323)	(150,323)
	-	-
	9,697,287	8,754,968

- 8.1** These are stated net of payable to IBL Operations (Private) Limited, United Brands Limited and IBL Logistics (Private) Limited - associated companies amounting to Rs. 230.67 million (June 30, 2021: Rs. 219.08 million), Rs. Nil (June 30, 2021: Rs. 8.37 million) and Rs. 35.07 million (June 30, 2021: Rs. 39.5 million), respectively.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

	(Unaudited) March 31 2022	(Audited) June 30, 2021
9. OTHER RECEIVABLES		
Receivables from related parties		
Due from subsidiary companies:		
IBL Healthcare Limited against:		
Expenses	2,951	554
Rental income	1,694	-
Dividend income	-	-
Royalty	16,648	24,776
Searle Pakistan Limited, {Formerly OBS Pakistan (Private) Limited} against:		
Management fee	-	123,000
Dividend income	209,406	500,000
Expenses	17,965	12,961
Financial assistance	-	116,000
Rental income	-	10,614
Searle Biosciences (Private) Limited against:		
Expenses	10,687	-
Dividend income	312,000	64,916
IBL Future Technologies (Private) Limited against:		
Financial assistance	1,949	1,949
Searle Pharmaceuticals (Private) Limited against expenses	911	911
Nextar Pharma (Private) Limited against expenses	18,051	2,279
Balance carry forward	592,262	857,960

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

	(Unaudited) March 31 2022	(Audited) June 30, 2021
	(Rupees in '000)	
Balance brought forward	592,262	857,960
Due from parent company & associated companies		
IBL Operations (Private) Limited against:		
Expenses	24,957	20,867
Rental income	5,518	
Advance against claims	726,855	3,516
IBL Frontier Markets (Private) Limited against expenses	40,670	24,225
International Brands (Private) Limited against:		
Expenses	20,454	9,804
Rental income	15,881	8,526
Group relief	117,089	117,089
IBL Unisys (Private) Limited against:		
Rental income	815	163
Expenses	995	632
IBL Logistics (Private) Limited against rental income	1,692	1,692
Universal Ventures (Private) Limited against: Sale of subsidiary	3,326,859	3,326,859
Due from other related party:		
United Retail (SMC-Private) Limited against:		
Rental income	24,765	34,276
Expenses	62,593	1,071
	4,369,143	3,548,720
Surplus arising under retirement benefit fund	5,250	5,250
Receivables from other than related parties		
International Franchises (Private) Limited *against		
Expenses	1,782	21,297
Rental income	4,458	3,438
United Distributors Pakistan Limited * against:		
Rental income	697	922
Expenses	366	141
Others, considered good	329,172	324,870
	5,303,130	4,762,598

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

10. SHARE CAPITAL

Authorised share capital			(Unaudited)	(Audited)
(Unaudited)	(Audited)		(Unaudited)	(Audited)
March 31	June 30,		March 31	June 30,
2022	2021		2022	2021
			(Rupees in '000)	
400,000,000	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	4,000,000	<u>3,000,000</u>

Issued, subscribed and paid up capital

(Unaudited)	(Audited)		(Unaudited)	(Audited)
March 31	June 30,		March 31	June 30,
2022	2021		2022	2021
		(Number of shares)		
40,168,355	40,168,355	Shares allotted for consideration paid in cash	401,683	401,683
24,000	24,000	Shares allotted for consideration other than cash	240	240
271,860,328	199,848,171	Shares allotted as bonus shares	2,718,603	1,998,482
312,052,683	<u>240,040,526</u>		3,120,526	<u>2,400,405</u>

11. LONG-TERM BORROWINGS

	(Unaudited)	(Audited)
	March 31	June 30,
	2022	2021
	(Rupees in '000)	
Musharaka Facility	9,045,309	9,537,892
Salary refinancing	-	112,593
	9,045,309	<u>9,650,485</u>

12. TRADE AND OTHER PAYABLES

Creditors	299,095	291,865
Bills payable in foreign currency	851,492	393,192
Payable to related parties	56,305	96,116
Royalty payable	23,017	35,638
Accrued liabilities	1,518,585	1,543,889
Payable to provident fund	12,466	25,377
Deferred income	17,143	34,285
Deferred payable to UVPL - related party	-	260,712
Advance from customers - unsecured	62,288	50,293
Accrued mark-up	281,330	185,143
Taxes deducted at source and payable to statutory authorities	61,340	64,326
Workers' Profit Participation Fund	102,815	147,552
Workers' Welfare Fund	45,479	59,738
Other liabilities	45,408	25,746
	3,376,763	<u>3,213,872</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

	(Unaudited) March 31 2022	(Audited) June 30, 2021
(Rupees in '000)		
13. SHORT-TERM BORROWINGS		
Secured borrowings		
Conventional		
Running finance facility - note -13.1	3,826,594	1,548,476
Demand Finance	-	113,333
	3,826,594	1,661,809
Islamic		
Running Musharaka	3,330,744	3,901,614
Current portion of Salary refinancing	173,377	225,187
Current portion of Musharaka facility - note -13.1.1	505,219	-
	4,009,340	4,126,801
	7,835,934	5,788,610
Unsecured		
Borrowing from IBL Future Technologies (Private) Limited - note 13.2	200,000	200,000
	8,035,934	5,988,610

13.1 The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 7,900 million (June 30, 2021: Rs. 6,450 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,450 million (June 30, 2021: Rs. 5,175 million). The arrangements are secured jointly by registered mortgage of Rs. 1,681.25 million (June 30, 2021: Rs. 1,681.25 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, 2021: 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 3% to 13% (June 30, 2021: 0.75% to 14.74%) 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, 2021.

14.2 Commitments

The facility for opening letters of credit and guarantees from bank as at March 31, 2022 amounted to Rs. 3,405 million (June 30, 2021: Rs. 2,755 million) of which the amount remaining unutilised as at March 31, 2022 amounted to Rs. 1,838 million (June 30, 2021: Rs. 1,489.63 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

	March 31 2022	March 31 2021
(Rupees in '000)		
15. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross sales		
Local sale of goods	13,144,577	11,023,092
Export sales	1,489,817	1,893,012
	14,634,394	12,916,104
Toll manufacturing	212,234	213,013
	14,846,628	13,129,117
Sales tax	(51,795)	(41,703)
	14,794,833	13,087,414
Less:		
Trade discount	(639,914)	(503,141)
Sales return	(849,568)	(517,344)
	(1,489,482)	(1,020,485)
	13,305,351	12,066,929

	March 31 2022	March 31 2021
(Rupees in '000)		
16. OTHER INCOME		

Income from financial assets - related parties

Dividend income - subsidiary companies:

- IBL HealthCare Limited	39,009	78,018
- Searle Biosciences (Private) Limited	339,000	183,000
- Searle Pakistan Limited (Formerly OBS Pakistan (Private) Limited)	709,406	500,000
- IBL Identity (Private) Limited*	-	32,000
	1,087,415	793,018

Income from financial assets - others

Return on Term Finance Certificate	4,618	6,806
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Income from non - financial assets

Rental income from investment property	58,044	83,308
Government grant	25,713	17,142
Gain on disposal of property, plant and equipment	2,419	7,081
Scrap sales	11,377	6,395
	97,553	113,926
	1,189,586	913,750

* with effect from June 28, 2021 IBL Identity (Private) Limited ceased to be subsidiary of the Company.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

	March 31 2022	March 31 2021
17. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period (Rupees in thousands)	<u>1,809,938</u>	<u>1,735,969</u>
Weighted average number of ordinary shares in issue during the period (in thousand) - Restated	<u>312,053</u>	<u>312,053</u>
		(Re-stated)
Basic and diluted earnings per share (Rupees)	<u>5.80</u>	<u>5.56</u>
	March 31 2022	March 31 2021
	(Rupees in '000)	
18. CASH GENERATED FROM OPERATIONS		
Profit before income tax	2,121,424	2,128,581
Add adjustments for non-cash charges and other items		
Depreciation	334,750	253,397
Gain on disposal of property, plant and equipment	(2,388)	(7,081)
Amortisation of intangible assets	30,042	32,540
Amortisation of transaction cost	12,636	-
Provision for retirement benefits obligation	4,050	4,050
Finance cost	1,333,843	924,005
Interest on lease liability	11,227	10,586
Government grant recognised in income	(25,713)	(17,142)
Profit before working capital changes	<u>3,819,871</u>	<u>3,328,936</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	214,718	621,462
Trade receivables	(942,319)	(212,391)
Loans and advances	162,812	106,306
Trade deposits and short-term prepayments	(43,363)	(21,934)
Other receivables	(540,532)	(936,011)
Refund due from Government - sales tax - net	(28,544)	13,998
	<u>(1,177,228)</u>	<u>(428,570)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	83,846	325,064
Cash flows generated from operations	<u>2,726,489</u>	<u>3,225,430</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

	March 31 2022	March 31 2021
	(Rupees in '000)	
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances	116,801	97,127
Running finance under markup arrangements - note 13.1	(7,157,338)	(4,318,803)
	<u>(7,040,537)</u>	<u>(4,221,676)</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.

21. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	March 31 2022	March 31 2021
		(Rupees in '000)	
Parent company	- Corporate service charges	180,000	180,000
	- Rent income	11,010	10,288
	- Income from provision of amenities	10,160	6,194
	- Reimbursement of expenses	290	-
Subsidiaries	- Revenue	506,769	684,084
	- Purchase of consumables	107,808	3,598
	- Investment in shares	780,000	-
	- Acquisition of subsidiary	600,000	-
	- Dividend income	1,087,415	793,018
	- Royalty	16,191	-
	- Short term loan (recovered)/given	-	(7,451)
	- Advances recovered	(1,726)	(2,060)
	- Advance against financial assistance	87,820	220,899
	- Rent income	8,283	7,761
	- Income from Provision of Amenities	4,399	1,124
	- Others	8,754	-

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

	March 31 2022	March 31 2021
	(Rupees in '000)	
Associated companies		
- Revenue	10,993,614	9,876,506
- Salaries and wages	4,283	3,569
- Purchases	2,254	16,276
- Carriage and duties	126,716	112,137
- Discounts claimed	191,341	144,871
- Rent expense	86,998	15,181
- Rent income	39,121	47,132
- Income from Provision of Amenities	48,181	19,663
- Stock claims	439,475	344,660
- Advance against stock claims	726,855	-
- Internet services	12,535	7,365
- Donations	5,940	37,530
- Incentives to field force staff	10,622	15,910
- Repair & maintenance	556	-
- Merchandise expense	22,737	20,540
- Others	7,582	-
Staff retirement benefits		
- Contributions to Provident Fund	113,520	106,504
- Benefits paid	68,559	113,240
Key management employees compensation		
- Salaries and other employee benefits	195,350	200,503
- Contributions to Provident Fund	17,285	13,357

21.1 The status of outstanding balances with related parties as at March 31, 2022 is included in the respective notes to the financial statements.

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 28, 2022.


Chief Executive Officer


Director


Chief Financial Officer

Consolidated Condensed Interim Financial Statements

24	Directors' Review Report
25	Directors' Review Report (Urdu)
27	Consolidated Condensed Interim Statement of Financial Position
28	Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
29	Consolidated Condensed Interim Statement of Changes in Equity
30	Consolidated Condensed Interim Statement of Cash Flows
31	Selected Notes to the Consolidated Condensed Interim Financial Statement - Unaudited

Directors' Review

We are pleased to present the consolidated interim financial information of the company for the nine months ended March 31, 2022.

Financial highlights

Sales for the nine months increased by 11% over the same period last year. Company has managed to maintain its operating expense to sales ratio at 24%, in consolidated financial statements.

Following is the summary of financial results for the nine months ended March 31, 2022:

	2022	2021
	(Rupees in thousand)	
Revenue	22,196,131	19,994,186
Cost of sales	(12,276,515)	(10,770,550)
Gross Profit	9,919,616	9,223,636
Operating expenses	(5,398,936)	(4,879,958)
Other operating expenses	(242,046)	(250,118)
Other income	286,465	305,562
Profit from operations	4,452,399	4,399,122
Finance cost	(1,474,581)	(1,267,642)
Profit before tax	3,090,518	3,131,480
Income tax expense	(1,002,018)	(918,776)
Profit after taxation	2,088,500	2,212,704

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 6.51 (2021: Rs. 6.90). There is no dilution effect on the basic earnings per share of the Company, as the Company had no convertible dilutive potential ordinary shares outstanding as at March 31, 2022.

FUTURE OUTLOOK

Searle has a firm commitment to grow and increase its market share among its competitors and maintain its organic and in-organic growth despite of challenges of a turbulent regulatory environment and volatile economic scenario due to the pandemic. This commitment of Searle is reflected in the acquisition of OBS Pharma (now Searle Pakistan Limited).

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

For and on behalf of the Board

Syed Nadeem Ahmed
Chief Executive Officer

Karachi: April 28, 2022

Zubair Razzak Palwala
Director

ڈائریکٹرز کا جائزہ

ہم 31 مارچ 2022ء کو ختم ہونے والے نو ماہ کی مدت کے لیے کمپنی کے ایشیائی عبوری مالیاتی معلومات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

مالیاتی جھلکیاں

فروخت میں گزشتہ سالہ نو ماہ کی اسی مدت کے مقابلے میں 11 فیصد اضافہ ہوا۔ کمپنی ایشیائی مالیاتی معلومات میں اپنے آپریٹنگ اخراجات اور فروخت کے تناسب کو 24 فیصد پر برقرار رکھنے میں کامیاب ہو گئی ہے۔

31 مارچ 2022ء کو ختم ہونے والے نو ماہ کے مالیاتی نتائج کا خلاصہ مندرجہ ذیل ہے:

2021	2022	
(پاکستانی روپے ہزاروں میں)		
19,994,186	22,196,131	آمدنی
(10,770,550)	(12,276,515)	فروخت کے اخراجات
9,223,636	9,919,616	مجموعی آمدنی
(4,879,958)	(5,398,936)	آپریٹنگ اخراجات
(250,118)	(242,046)	دیگر آپریٹنگ اخراجات
305,562	286,465	دیگر آمدنی
4,399,122	4,452,399	آپریٹنگ سے آمدنی
(1,267,642)	(1,474,581)	مالیاتی اخراجات
3,131,480	3,090,518	منافع قبل از ٹیکس
(918,776)	(1,002,018)	انکم ٹیکس اخراجات
2,212,704	2,088,500	منافع بعد از ٹیکس

فی شیئر آمدنی

اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس روپے 6.51 رہی (2021: 6.90 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کسی کے کوئی اثرات نہیں ہوئے، چونکہ 31 مارچ، 2022 تک کمپنی کے تبدیل پذیر غیر متوقع مکنہ حصص بقایا نہیں تھے۔

مستقبل پر ایک نظر

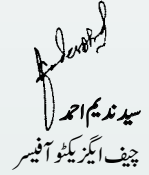
سرل اپنے حریف اداروں کے درمیان اپنے مارکیٹ شیئرز کو بڑھانے اور زیادہ کرنے کے پُر عزم ہے اور نسبتاً پریشان کن ریگولیٹری ماحول اور عالمی وباء کی وجہ سے غیر مستحکم معاشی صورتحال کے چیلنجز کے باوجود اپنے نامیاتی اور غیر نامیاتی نشوونما کو برقرار رکھے ہوئے ہے۔ سرل کے اس عزم کی عکاسی اوبی ایس فارما (موجودہ سرل پاکستان لمیٹڈ) کے حصول سے ہوتی ہے۔

سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنے حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شرآکت دار، سپلائرز اور صارفین بھی سی جذبے کا اظہار کرتے ہیں، جس کے لئے ہم شکر گزار ہیں اور آئندہ کے تعاون کے لئے اسی جوش و جذبے کی توقع کرتے ہیں۔ ہم یقین دہانی کراتے ہیں کہ، سرل اپنے سے وابستہ ہر فرد کو طویل مدتی اور پائیدار ترقی کی فراہمی کے لئے سخت جدوجہد اور لگن سے کوشاں رہیں گے۔

برائے اور بورڈ کی جانب سے



زہیر رزاق پال والا
ڈائریکٹر



سید ندیم احمد
چیف ایگزیکٹو آفیسر

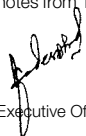
کراچی: اپریل 28، 2022ء

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March, 2022

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,865,048	8,741,499
Right-of-use asset	6	64,335	79,410
Investment properties		3,184,673	2,970,279
Intangibles	7	15,587,006	15,622,504
Long-term loans and advances		139	325
Long-term deposits		16,170	24,137
		<u>27,717,371</u>	<u>27,438,154</u>
Current assets			
Inventories		5,416,204	4,886,018
Trade receivables	8	12,161,467	10,038,858
Loans and advances		1,912,146	1,035,531
Trade deposits and short-term prepayments		202,922	145,493
Accrued markup		-	1,106
Other receivables	9	4,883,151	4,016,938
Short-term investment at amortised cost		115,773	116,721
Taxation - payments less provision		1,398,993	1,243,726
Tax refunds due from government - Sales tax		45,455	-
Cash and bank balances		284,326	222,996
Deferred tax asset		-	-
		<u>26,420,437</u>	<u>21,707,387</u>
Total assets		<u>54,137,808</u>	<u>49,145,541</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	3,120,526	2,400,405
Share premium		5,329,298	6,049,419
Unappropriated profit		13,808,052	12,776,023
General reserve		280,251	280,251
Revaluation surplus on property, plant and equipment		3,985,538	4,066,913
Attributable to owners of			
The Searle Company Limited - Holding Company		26,523,665	25,573,011
Non-controlling interests		555,866	513,181
		<u>27,079,531</u>	<u>26,086,192</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	11	9,049,973	9,693,174
Deferred tax liabilities		373,830	59,174
Employee benefit obligations		71,889	76,669
Deferred income - Government grant		-	9,246
Long term lease liability		89,686	93,092
		<u>9,585,378</u>	<u>9,931,355</u>
Current liabilities			
Trade and other payables	12	6,034,330	5,088,191
Short-term borrowings	13	9,726,744	7,794,044
Unpaid dividend		200,376	171,176
Unclaimed dividend		42,410	49,367
Sales tax payable		-	20,800
Advance against equity		1,465,396	-
Current portion of long-term lease liability		3,642	4,416
		<u>17,472,899</u>	<u>13,127,994</u>
Total liabilities		<u>27,058,277</u>	<u>23,059,349</u>
Contingencies and commitments	14		
Total equity and liabilities		<u>54,137,808</u>	<u>49,145,541</u>

The annexed notes from 1 to 22 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, 2022 - Unaudited

	Note	Quarter ended		Nine months period ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(Rupees in '000)					
Revenue from contract with customers	15	7,628,935	7,615,811	22,196,131	19,994,186
Cost of sales		(4,194,795)	(4,198,097)	(12,276,515)	(10,770,550)
Gross profit		3,434,140	3,417,714	9,919,616	9,223,636
Distribution costs		(1,640,937)	(1,495,806)	(4,419,647)	(3,845,249)
Administrative expenses		(302,660)	(357,595)	(979,289)	(1,034,709)
Other operating expenses		(92,685)	(62,351)	(242,046)	(250,118)
Other income	16	154,269	68,636	286,465	305,562
Profit from operations		1,552,127	1,570,598	4,565,099	4,399,122
Finance cost		(555,400)	(618,863)	(1,474,581)	(1,267,642)
Profit before income tax		996,727	951,735	3,090,518	3,131,480
Income tax expense		(365,835)	(261,259)	(1,002,018)	(918,776)
Profit for the year		630,892	690,476	2,088,500	2,212,704
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		630,892	690,476	2,088,500	2,212,704
Total comprehensive income is attributable to:					
Owners of the The Searle Company Limited - Holding Company		614,822	663,805	2,030,737	2,154,647
Non-controlling interests		16,070	26,671	57,763	58,057
		630,892	690,476	2,088,500	2,212,704
			(Restated)		(Restated)
Basic and diluted earnings per share (Rupees)	17	1.97	2.13	6.51	6.90

The annexed notes from 1 to 22 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, 2022 - Unaudited

	Capital reserves			Revenue reserves			Non-Controlling interest	Total
	Share capital	Share premium account	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profits	Sub-Total reserves		
	(Rupees in '000)							
Balance as at July 01, 2020	2,124,253	1,630,974	1,846,153	280,251	9,605,494	13,362,872	475,406	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)
	276,153	4,418,445	-	-	(556,123)	(556,123)	(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>14,961,396</u>	<u>503,306</u>	<u>22,283,555</u>
Balance as at July 01, 2021	2,400,405	6,049,419	4,066,913	280,251	12,776,023	23,172,606	513,181	26,086,192
Total comprehensive income for the period	-	-	-	-	2,030,737	2,030,737	57,763	2,088,500
Transactions with owners								
Final dividend for the year ended June 30, 2021 @ Rs. 2 per share	-	-	-	-	(480,083)	(480,083)	-	(480,083)
Issue of bonus shares	720,121	(720,121)	-	-	-	(720,121)	-	-
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(15,078)	(15,078)
Transaction with non-controlling interests	-	-	-	-	(600,000)	(600,000)	-	(600,000)
	720,121	(720,121)	-	-	(1,080,083)	(1,800,204)	(15,078)	(1,095,161)
Transfer of incremental depreciation - net of deferred tax	-	-	(81,375)	-	81,375	-	-	-
Balance as at March 31, 2022	<u>3,120,526</u>	<u>5,329,298</u>	<u>3,985,538</u>	<u>280,251</u>	<u>13,808,052</u>	<u>23,403,139</u>	<u>555,866</u>	<u>27,079,531</u>

The annexed notes from 1 to 22 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, 2022 - Unaudited

	Note	March 31, 2022	March 31, 2021
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	1,395,470	4,451,331
Employee benefit obligations paid		(11,275)	-
Finance cost paid		(1,346,989)	(1,139,673)
Income tax paid		(846,751)	(1,067,076)
Interest income received		1,304	-
(Increase) / decrease in long-term deposits		7,967	6,431
Lease rentals paid		(16,212)	(20,508)
Decrease / (increase) in long-term loans and advances		186	(262)
Net cash generated from operating activities		(816,301)	2,230,243
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(512,116)	(496,062)
Consideration for acquisition of wholly owned subsidiary - net		(600,000)	(10,269,400)
Sale proceeds on disposal of property, plant and equipment		2,496	7,025
Additions to investment properties		(266,664)	(255,620)
Short-term investments		948	-
Purchase of Term Finance Certificate		-	(16,721)
Net cash used in investing activities		(1,375,336)	(11,030,778)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(472,918)	(392,331)
(Payment to) / proceeds from export refinance		-	216,500
(Repayment) / Proceeds of borrowings		(227,942)	7,292,427
Repayment of demand finance facility		(113,333)	-
Deferred consideration paid		-	(4,762,913)
Advance received against issue of share capital		-	4,669,538
Advance against equity		1,465,396	-
Net cash generated from / (used in) financing activities		651,203	7,023,221
Net increase in cash and cash equivalents		(1,540,434)	(1,777,314)
Cash and cash equivalents at beginning of the period		(7,162,617)	(4,484,264)
Cash and cash equivalents at end of the period	19	(8,703,051)	(6,261,578)

The annexed notes from 1 to 22 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, 2022 - Unaudited

1. LEGAL STATUS AND OPERATIONS

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

International Brands (Private) Limited is the Parent Company, which holds 56.32% (June 30, 2021: 56.32%) shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
Listed Company	Pakistan		
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- Searle Pharmaceuticals (Private) Limited		100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Searle Pakistan Limited {formerly OBS (Pakistan) Private Limited}		100.00%	100.00%
- Nextar Pharma (Private) Limited *	87.20%	87.20%	

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

2. BASIS OF PREPARATION

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

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

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - 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 consolidated 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, 2021.

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, 2021. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. 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, 2021.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of consolidated condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended June 30, 2021.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

	(Unaudited) March 31, 2022	(Audited) June 30, 2021
(Rupees in '000)		
8. TRADE RECEIVABLES		
Considered good		
- Export receivables, secured	604,803	514,752
- Due from related parties, unsecured	10,170,294	8,784,916
- Others, unsecured	1,386,370	739,190
	12,161,467	10,038,858
Considered doubtful - others	165,194	163,593
Less: Provision for doubtful receivables	(165,194)	(163,593)
	12,161,467	10,038,858
9. OTHER RECEIVABLES		
Receivables from related parties		
Due from associated companies:		
- International Brands (Private) Limited	153,424	155,419
- IBL Operations (Private) Limited	757,330	24,383
- Universal Ventures (Private) Limited	3,326,859	3,326,859
- IBL Frontier Market (Private) Limited	40,670	24,859
- IBL Logistics (Private) Limited	1,692	1,692
- IBL Unisys (Private) Limited	1,810	795
	4,281,785	3,534,007
Due from other related party:		
- IBL Identity (Private) Limited	-	3,111
- United Retail (SMC- Private) Limited	87,358	35,347
Receivable from provident fund	-	2,267
	87,358	40,725
Surplus arising under retirement benefit fund	5,250	5,250
Receivables from other than related parties		
Others, considered good	508,758	436,956
	4,883,151	4,016,938

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

10. SHARE CAPITAL

Authorised share capital			
(Unaudited)	(Audited)	(Unaudited)	(Audited)
March 31,	June 30,	March 31,	June 30,
2022	2021	2022	2021
(Number of shares)		(Rupees in '000)	
400,000,000	300,000,000	4,000,000	3,000,000
Ordinary shares of Rs. 10 each			

Issued, subscribed and paid up capital

(Number of shares)			
40,168,355	40,168,355	Shares allotted for consideration paid in cash	401,683 401,683
24,000	24,000	Shares allotted for consideration other than cash	240 240
271,860,328	199,848,171	Shares allotted as bonus shares	2,718,603 1,998,482
312,052,683	240,040,526		3,120,526 2,400,405

11. LONG-TERM BORROWINGS

Musharaka Facility	9,045,309	9,537,892
Salary refinancing	-	150,618
	9,045,309	9,688,510
Other liabilities	4,664	4,664
	9,049,973	9,693,174

12. TRADE AND OTHER PAYABLES

Creditors	781,664	880,526
Payable under group relief	-	27,121
Salaries and benefits payable	-	5,555
Bills payable in foreign currency	1,304,263	393,192
Royalty payable	23,017	35,638
Accrued liabilities	2,967,807	2,462,761
Payable to provident fund	17,623	34,203
Current portion of deferred income - government grant	17,185	39,999
Advance from customers - unsecured	172,125	201,505
Payable for compensated absences	2,210	11,495
Provision for gas infrastructure	9,485	9,485
Deferred payable to UVPL - related party	-	260,712
Accrued markup	326,819	255,782
Taxes deducted at source and payable to statutory authorities	66,742	71,648
Workers' Profit Participation Fund	165,919	228,765
Workers' Welfare Fund	100,346	100,137
Other liabilities	79,125	69,667
	6,034,330	5,088,191

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

13. SHORT-TERM BORROWINGS

Secured borrowings

Conventional:

Running finance under mark-up arrangements -
note 13.1

Demand finance facility

4,893,873	2,587,074
-	113,333

Islamic:

Running Musharaka

Current portion of long term borrowings

4,093,504	4,798,539
739,367	295,098
4,832,871	5,093,637
9,726,744	7,794,044

- 13.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 7,900 million (June 30, 2021: Rs. 6,450 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,450 million (June 30, 2021: Rs. 5,175 million). The arrangements are secured jointly by registered mortgage of Rs. 1,681.25 million (June 30, 2021: Rs. 1,681.25 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, 2021: Rs. 6,889.23 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

This includes facility obtained by SPL from Dubai Islamic Bank Pakistan Limited 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 the Company amounting to Rs. 733.3 million (at 25% margin) for funded exposure and Rs. 50 million for non funded exposure and additional ranking charge of Rs. 400 million for non funded exposure (at Nil margin).

Moreover, SPL has obtained running finance facilities from various commercial banks amounting to Rs. 1.01 billion carry markup ranging from 8.45% to 11.52% (June 2021: 8.3% to 10%). The facilities are secured by way of joint pari passu hypothecation charge over current assets of the Company including 25% margin.

- 13.2** The rates of mark-up ranged between 3% to 13% (June 30, 2021: 0.75% to 14.74%) per annum.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There has been no significant change in the status of contingencies as reported in the note 30 of consolidated audited financial statements of the Company for the year ended June 30, 2021.

14.2 Commitments

The facility for opening letters of credit and guarantees from bank as at March 31, 2022 amounted to Rs. 3,405 million (June 30, 2021: Rs. 2,755 million) of which the amount remaining unutilised as at March 31, 2022 amounted to Rs. 1,838 million (June 30, 2021: Rs. 1,489.63 million).

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

	March 31 2022	March 31 2021
15. REVENUE FROM CONTRACT WITH CUSTOMERS	(Rupees in '000)	
Gross sales		
Local sales	22,754,383	19,575,728
Export sales	1,612,635	2,131,917
	24,367,018	21,707,645
Toll manufacturing	212,234	213,013
	24,579,252	21,920,658
Sales tax	(166,994)	(41,703)
	24,412,258	21,878,955
Less:		
Discounts, rebates and allowances	1,075,045	961,444
Sales returns	1,141,082	923,325
	2,216,127	1,884,769
	22,196,131	19,994,186
16. OTHER INCOME		
Income from financial assets		
Interest on loan to International Brands (Private) Limited	-	10,471
Exchange gain	166,729	167,852
Interest income on Term Finance Certificate	4,816	6,806
	171,545	185,129
Income from non - financial assets		
Rental income from investment properties	64,933	87,739
Gain on disposal of property, plant and equipment	2,469	7,081
Scrap sales	13,467	6,538
Government grant	32,060	17,142
Others	1,991	1,933
	114,920	120,433
	286,465	305,562

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

17. BASIC AND DILUTED EARNINGS PER SHARE

		(Re-stated)
Profit for the period	2,030,737	2,154,647
Weighted average number of outstanding shares at the end of the period (in thousand)	312,053	312,053
Basic and diluted earnings per share (Rupees)	6.51	6.90
	March 31 2022	March 31 2021
	(Rupees in '000)	

18. CASH GENERATED FROM OPERATIONS

Profit before income tax	3,090,518	3,131,480
Add / (less): Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	388,509	206,459
Depreciation on investment property	52,270	52,130
Depreciation on right-of-use-asset	15,075	14,929
Gain on disposal of property, plant and equipment	(2,438)	(7,081)
Amortisation	35,498	36,331
Provision for retirement benefits obligation	6,495	3,262
Deferred Income - Government grant	(32,060)	(17,142)
Unwinding of discount on salary refinancing	2,242	2,477
Interest on WPPF	18,256	-
Interest income	(198)	(10,471)
Finance cost	1,418,026	1,235,006
Interest on lease liability	12,032	10,586
Amortisation of transaction cost	12,636	-
Profit before working capital changes	5,016,860	4,657,966
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	(530,186)	(166,048)
Trade receivables	(2,122,609)	(364,085)
Loans and advances	(876,615)	471,805
Trade deposits and short-term prepayments	(57,429)	2,878
Tax refunds due from government - Sales tax	(45,455)	(10,471)
Other receivables	(866,213)	130,604
	(4,498,507)	64,683
Increase in current liabilities		
Trade and other payables	897,916	(271,317)
Sales tax payable	(20,800)	-
Cash generated from operations	1,395,470	4,451,331

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

19. CASH AND CASH EQUIVALENTS

Cash and bank balances	284,326	234,556
Short term running finances - note 13	(8,987,377)	(6,496,134)
	<u>(8,703,051)</u>	<u>(6,261,578)</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.

21. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	March 31 2022	March 31 2021
		(Rupees in '000)	
Holding company	- Corporate service charges	180,000	180,000
	- Rent income	11,010	10,288
	- Income from provision of amenities	10,160	6,194
	- Reimbursement of expenses	290	-
Associated companies	- Revenue	10,993,614	9,876,506
	- Salaries and wages	4,283	3,569
	- Purchases	2,254	16,276
	- Carriage and duties	126,716	112,137
	- Discounts claimed	191,341	144,871
	- Rent expense	86,998	15,181
	- Rent income	39,121	47,132
	- Stock claims	439,475	344,660
	- Advance against stock claims	726,855	-
	- Internet services	12,535	7,365
	- Income from provision of amenities	48,181	19,663
	- Donation	5,940	37,530
	- Incentives to field force staff	10,622	15,910
	- Repair and maintenance	556	-
	- Merchandise expense	22,737	20,540
	- Others	7,582	-
- Advance against stock claims	726,855	-	

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended March 31, 2022 - Unaudited

Staff retirement benefits	- Contributions to Provident Fund	113,520	106,504
	- Benefits paid	68,559	13,535
			113240
Key management employees compensation	- Salaries and other employee benefits	195,350	200,503
	- Contributions to Provident Fund	17,285	13,357

21.1 The status of outstanding balances with related parties as at March 31, 2022 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

This consolidated condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on April 28, 2022.


Chief Executive Officer


Director


Chief Financial Officer



SEARLE

THE SEARLE COMPANY LIMITED

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