

**SEARLE**

Research in the service of mankind

Think  
**Sustainably**  
make a change

QUARTERLY REPORT  
SEPTEMBER  
**2022**





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# Company Information

## Board of Directors

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

## 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  
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 Shakra-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' Report to the Members

We are pleased to present the unaudited unconsolidated interim financial information of the Company for the three months ended September 30, 2022. 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.

## Financial highlights

Revenue of the company increased by Rs 484 million i.e. 10% over the same period last year. However, due to the adverse macroeconomic conditions and its impact on the company, the net profit of the company reduced by 56% and was Rs 206.8 million as compared to Rs 467 million in the corresponding period last year.

The major reason for decrease in profitability was the decrease in gross margins of the company from 50% last year to 47% in the current period, mainly due to significant devaluation of Pakistani currency.

The other factor, which impacted the profitability of the company was the higher finance cost as the policy rate was increased multiple times during the year i.e. from 7% last year to prevailing 15%.

Following is the summary of financial results for the three months ended September 30, 2022:

	2022	2021
	(Rupees in thousand)	
Revenue	5,146,276	4,662,307
Cost of sales	(2,732,162)	(2,307,896)
<b>Gross Profit</b>	<b>2,414,114</b>	<b>2,354,411</b>
Operating expenses	(1,609,810)	(1,377,381)
Other operating expenses	(19,582)	(51,238)
Other income	204,676	86,781
<b>Profit from operations</b>	<b>989,398</b>	<b>1,012,573</b>
Finance cost	(714,339)	(378,314)
<b>Profit before tax</b>	<b>275,059</b>	<b>634,259</b>
Income tax expense	(68,228)	(167,190)
<b>Profit after taxation</b>	<b>206,831</b>	<b>467,069</b>

## EARNINGS PER SHARE

Basic earnings per share after taxation for the period is Rs. 0.66 (2022: Rs. 1.50). 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 September 30, 2022.

## FUTURE OUTLOOK

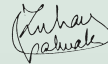
Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices, increased fuel/logistics cost and interest rate nevertheless pose a risk to the company's future profitability.

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 Palwala**  
Director

Karachi: October 27, 2022

## فی شیئر آمدنی

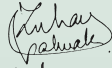
اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس 0.66 روپی (1.50: 2022 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کمی کے کوئی اثرات نہیں ہونے، چونکہ 30 ستمبر، 2022 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بٹایا نہیں تھے۔

## مستقبل پر ایک نظر

سرل موجودہ سماجی، اقتصادی، سیاسی اور ماحولیاتی چیلنجوں کے باوجود اپنے حریفوں کے درمیان اپنے مارکیٹ شیئر کو بڑھانے اور اپنی نامیاتی اور غیر نامیاتی ترقی کو برقرار رکھنے کے لیے پرعزم ہے۔ شرح مبادلہ میں جاری ۱۳ پڑھاؤ، افراط زر، عالمی اجناس کی قیمتوں میں اضافہ، ایندھن/لا جنسٹکس لاگت میں اضافہ اور شرح سود اس کے باوجود کمپنی کے مستقبل کے منافع کے لیے خطرہ ہے۔

سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنا حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شراکت دار، سپلائرز اور صارفین بھی اسی 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 گروپ 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 رازا  
ڈائریکٹر



سید ندیم احمد  
چیف ایگزیکٹو آفیسر

کراچی: 27 اکتوبر 2022

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہمیں 30 ستمبر 2022 کو ختم ہونے والے تین مہینوں کے لیے کمپنی کی غیر منفقہ عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی ہو رہی ہے۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ (IAS) 34 - عبوری فنانشل رپورٹنگ کی ضروریات کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیوں (کارپوریٹ گورننس کے ضابطہ) کی ریگولیشنز 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

### مالیاتی جھلکیاں

کمپنی کے ریونیو میں 484 ملین روپے یعنی پچھلے سال کی اسی مدت کے مقابلے میں 10 فیصد اضافہ ہوا۔ تاہم، منفی معاشی حالات اور کمپنی پر اس کے اثرات کی وجہ سے، کمپنی کے خالص منافع میں %56 کی کمی واقع ہوئی اور یہ گزشتہ سال کی اسی مدت میں 467 ملین روپے کے مقابلے میں 206.8 ملین روپے رہی۔

منافع میں کمی کی بڑی وجہ کمپنی کے مجموعی مارجن میں گزشتہ سال کے 50 فیصد سے موجودہ مدت میں 47 فیصد تک کمی تھی، جس کی بنیادی وجہ پاکستانی کرنسی کی قدر میں نمایاں کمی تھی۔

دوسرا عنصر، جس نے کمپنی کے منافع کو متاثر کیا وہ اعلیٰ مالیاتی لاگت تھا کیونکہ پالیسی کی شرح میں سال کے دوران متعدد بار اضافہ کیا گیا تھا، یعنی پچھلے سال %7 سے حروج %15 تک۔

30 ستمبر 2022 کو ختم ہونے والے تین ماہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2021	2022	
(پاکستانی روپے ہزاروں میں)		
4,662,307	5,146,276	آمدنی
(2,307,896)	(2,732,162)	فروخت کے اخراجات
<b>2,354,411</b>	<b>2,414,114</b>	مجموعی آمدنی
(1,377,381)	(1,609,810)	آپریٹنگ اخراجات
(51,238)	(19,582)	دیگر آپریٹنگ اخراجات
86,781	204,676	دیگر آمدنی
<b>1,012,573</b>	<b>989,398</b>	آپریٹنگ سے آمدنی
(378,314)	(714,339)	مالیاتی اخراجات
<b>634,259</b>	<b>275,059</b>	منافع قبل از ٹیکس
(167,190)	(68,228)	اکم ٹیکس اخراجات
<b>467,069</b>	<b>206,831</b>	منافع بعد از ٹیکس





# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

ASSETS	Note	(Un-audited) September 30, 2022	(Audited) June 30, 2022
		(Rupees in '000)	
<b>Non-current assets</b>			
Property, plant and equipment	5	6,661,638	6,660,249
Right-of-use asset	6	67,335	69,750
Investment properties - at cost		2,791,445	2,753,904
Intangible assets		53,800	58,965
Long-term investments - subsidiaries		18,816,311	18,816,311
Long-term loans		210	241
Long-term deposits		7,396	7,396
		<b>28,398,135</b>	<b>28,366,816</b>
<b>Current assets</b>			
Inventories		1,667,520	2,086,581
Trade receivables	7	10,530,283	9,318,228
Loans and advances		940,113	860,099
Trade deposits and short-term prepayments		142,213	116,414
Other receivables	8	5,364,119	5,334,392
Short-term investment - at amortised cost		100,000	100,000
Taxation - payments less provision		1,386,452	1,344,943
Tax refunds due from Government - Sales Tax		221,074	220,669
Cash and bank balances		69,014	82,875
		<b>20,420,788</b>	<b>19,464,201</b>
<b>Total assets</b>		<b>48,818,923</b>	<b>47,831,017</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share Capital</b>			
Issued, subscribed and paid-up capital		3,120,527	3,120,527
<b>Capital Reserves</b>			
Share premium		6,049,419	6,049,419
Revaluation surplus on property, plant and equipment		3,558,277	3,592,613
<b>Revenue reserves</b>			
General reserve		280,251	280,251
Unappropriated profit		14,235,815	13,994,648
<b>Total equity</b>		<b>27,244,289</b>	<b>27,037,458</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		260,763	288,902
Employee benefit obligations		58,863	57,513
Long-term borrowings		8,879,708	9,049,521
Lease liability		87,017	87,017
		<b>9,286,351</b>	<b>9,482,953</b>
<b>Current liabilities</b>			
Trade and other payables	9	3,561,016	2,594,156
Short-term borrowings	10	8,500,415	8,488,095
Unpaid dividend		184,497	185,078
Unclaimed dividend		38,426	38,134
Current portion of lease liability		3,929	5,143
		<b>12,288,283</b>	<b>11,310,606</b>
<b>Total liabilities</b>		<b>21,574,634</b>	<b>20,793,559</b>
<b>Contingencies and commitments</b>			
<b>Total equity and liabilities</b>	11	<b>48,818,923</b>	<b>47,831,017</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

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

For the period ended September 30, 2022 - Unaudited

	Note	Quarter ended	
		September 30, 2022	September 30, 2021
		(Rupees in '000)	
Revenue from contracts with customers	12	<b>5,146,276</b>	4,662,307
Cost of sales		<b>(2,732,162)</b>	(2,307,896)
Gross profit		<b>2,414,114</b>	2,354,411
Distribution costs		<b>(1,307,080)</b>	(1,106,033)
Administrative expenses		<b>(302,730)</b>	(271,348)
Other expenses		<b>(19,582)</b>	(51,238)
Other income	13	<b>204,676</b>	86,781
Profit from operations		<b>989,398</b>	1,012,573
Finance cost		<b>(714,339)</b>	(378,314)
Profit before income tax		<b>275,059</b>	634,259
Income tax expense		<b>(68,228)</b>	(167,190)
Profit for the period		<b>206,831</b>	467,069
Other comprehensive income		-	-
Total comprehensive income		<b>206,831</b>	467,069
Basic and diluted earnings per share (Rupees)	14	<b>0.66</b>	(Re-stated) 1.50

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended September 30, 2022 - Unaudited

	Capital reserve			Revenue reserves		Total reserves	Total	
	Share capital	Share premium	Issue of bonus shares	Revaluation surplus on Property, plant & equipment	General reserve			Unappropriated profits
------(Rupees in '000)-----								
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)	-	-	-	(11,687)	-	11,687	-	-
Total comprehensive income for the period	-	-	-	-	-	467,069	467,069	467,069
Balance as at September 30, 2021	2,400,405	6,049,419	-	2,739,529	280,251	13,485,119	22,554,318	24,954,723
<b>Balance as at July 01, 2022</b>	<b>3,120,527</b>	<b>6,049,419</b>	<b>-</b>	<b>3,592,613</b>	<b>280,251</b>	<b>13,994,648</b>	<b>23,916,931</b>	<b>27,037,458</b>
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	-	(34,336)	-	34,336	-	-
Total comprehensive income for the period	-	-	-	-	-	206,831	206,831	206,831
<b>Balance as at September 30, 2022</b>	<b>3,120,527</b>	<b>6,049,419</b>	<b>-</b>	<b>3,558,277</b>	<b>280,251</b>	<b>14,235,815</b>	<b>24,123,762</b>	<b>27,244,289</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended September 30, 2022 - Unaudited

	Note	September 30, 2022	September 30, 2021
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	16	1,078,560	607,881
Retirement benefit obligations paid		-	(2,225)
Finance cost paid		(628,389)	(354,062)
Income taxes paid		(137,876)	(135,006)
Decrease in long-term loans		31	99
Net cash generated from operating activities		312,326	116,687
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(107,839)	(93,439)
Proceeds from disposal of property, plant and equipment		3,819	111
Purchase of investment properties		(55,564)	(68,846)
Long term investment in subsidiary		-	(153,277)
Net cash used in investing activities		(159,582)	(315,451)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(289)	(1,084)
Repayment of salary refinancing		(66,938)	(66,938)
Repayment of demand finance		-	(90,667)
Repayment of musharaka		(174,025)	-
Payment against lease liabilities		(4,611)	(6,186)
Net cash from financing activities		(245,863)	(164,875)
<b>Net increase in cash and cash equivalents</b>		<b>(93,119)</b>	<b>(363,639)</b>
Cash and cash equivalents at the beginning of the period		(7,566,126)	(5,346,410)
<b>Cash and cash equivalents at the end of the period</b>	17	<b>(7,659,245)</b>	<b>(5,710,049)</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer

# Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 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.

International Brands (Private) Limited is the Parent Company, which holds 56.32% (June 30, 2022: 56.32%) shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		September 30, 2022	June 30, 2022
<b>Listed Company</b>			
- IBL HealthCare Limited		<b>74.19%</b>	74.19%
<b>Unlisted Companies</b>			
- Searle Pakistan Limited	Pakistan	<b>90.61%</b>	100.00%
- Searle Pharmaceuticals (Private) Limited		<b>100.00%</b>	100.00%
- Searle Laboratories (Private) Limited		<b>100.00%</b>	100.00%
- Searle Biosciences (Private) Limited		<b>100.00%</b>	100.00%
- IBL Future Technologies (Private) Limited		<b>100.00%</b>	100.00%
- Nextar Pharma (Private) Limited *		<b>87.20%</b>	87.20%

*The Company effectively holds 87.20% (June 30, 2022: 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:



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

- 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.

**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, 2022.

**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, 2022, 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 September 30, 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, 2022.

#### 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, 2022. 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 September 30, 2022 - Unaudited

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

- 4.1** The preparation of unconsolidated 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.
- 4.2** 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 unconsolidated financial statements as at and for the year ended June 30, 2022.
- 4.3** 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, 2022.

<b>(Unaudited)</b>	(Audited)
<b>September 30</b>	June 30,
<b>2022</b>	2022
(Rupees in '000)	

### 5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	<b>6,456,318</b>	6,509,268
Capital work-in-progress - at cost	<b>205,320</b>	150,981
	<b>6,661,638</b>	<u>6,660,249</u>

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

	<b>Additions</b>		<b>Disposals</b>	
	<b>(at cost)</b>		<b>(at net book value)</b>	
	<b>Sept. 30,</b>	Sept. 30,	<b>Sept. 30,</b>	Sept. 30,
	<b>2022</b>	2021	<b>2022</b>	2021
	(Rupees in '000)			
Leasehold Land	<b>2,937</b>	-	-	-
Building on leasehold land	<b>6,672</b>	1,015	-	-
Plant and machinery	<b>15,157</b>	2,436	-	-
Vehicles	<b>7,426</b>	-	-	-
Office equipment	<b>19,647</b>	7,564	<b>(289)</b>	(58)
	<b>51,839</b>	<u>11,015</u>	<b>(289)</b>	<u>(58)</u>



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

	<b>(Unaudited)</b> <b>September 30</b> <b>2022</b>	(Audited) June 30, 2022
	(Rupees in '000)	
<b>6. RIGHT-OF-USE ASSET</b>		
Opening net book value	<b>69,750</b>	79,410
Depreciation for the period	<b>(2,415)</b>	(9,660)
Net book value as at	<b>67,335</b>	69,750
<b>7. TRADE RECEIVABLES</b>		
Considered good		
- Export receivables - secured	<b>838,680</b>	479,290
- Due from related parties, unsecured - note 7.1	<b>8,873,248</b>	8,330,534
- others - unsecured	<b>818,355</b>	508,404
	<b>10,530,283</b>	9,318,228
Considered doubtful	<b>150,323</b>	150,323
Less: Provision for doubtful debts	<b>(150,323)</b>	(150,323)
	<b>-</b>	-
	<b>10,530,283</b>	9,318,228

**7.1** These are stated net of payable to United Brands Limited and IBL Logistics (Private) Limited - associated companies amounting Rs. 0.07 (June 30, 2022: Rs. Nil) and Rs. 43.64 million (June 30, 2022: Rs. 75.2 million), respectively.



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

	<b>(Unaudited) September 30 2022</b>	(Audited) June 30, 2022
(Rupees in '000)		
<b>8. OTHER RECEIVABLES</b>		
<b>Receivables from related parties</b>		
Due from subsidiary companies:		
IBL Healthcare Limited against:		
Expenses	1,244	560
Royalty	23,628	23,628
Rental income	1,496	565
Searle Pakistan Limited against:		
Dividend income	744,740	649,406
Expenses	18,952	18,952
Rental income	5,300	2,904
Searle Biosciences (Private) Limited against:		
Dividend income	215,000	138,000
Expenses	61,882	37,567
Nextar Pharma (Private) Limited against expenses	15,689	9,785
	<b>1,087,931</b>	<b>881,367</b>
Due from parent company & associated companies		
International Brands (Private) Limited against:		
Expenses	32,146	29,427
Rental income	25,175	21,462
Group relief	116,648	116,648
IBL Operations (Private) Limited against:		
Claims	337,572	545,022
Expenses	28,449	27,411
Rental income	1,735	17
IBL Frontier Markets (Private) Limited against expenses	41,942	41,942
IBL Unisys (Private) Limited against:		
Rental income	348	-
Expenses	704	493
IBL Logistics (Private) Limited against rental income	796	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: Expenses	2,168	2,168
Universal Retail (Private) Limited against:		
Rental income	30,323	31,230
Expenses	76,747	66,922
Surplus arising under retirement benefit fund	4,021,612	4,211,293
<b>Receivables from other than related parties</b>	<b>5,250</b>	<b>5,250</b>
Others, considered good	249,326	236,482
	<b>5,364,119</b>	<b>5,334,392</b>



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

	(Unaudited) September 30 2022	(Audited) June 30, 2022
(Rupees in '000)		
<b>9. TRADE AND OTHER PAYABLES</b>		
Creditors	283,145	301,008
Bills payable in foreign currency	852,793	190,212
Payable to related parties	56,305	118,438
Royalty payable	14,171	14,171
Accrued liabilities	1,634,681	1,339,747
Payable to provident fund	15,533	12,944
Deferred income	-	8,571
Advance from customers - unsecured	41,190	27,394
Accrued mark-up	348,364	265,811
Taxes deducted at source and payable to statutory authorities	69,000	88,354
Workers' Profit Participation Fund	138,953	123,438
Workers' Welfare Fund	38,326	35,597
Other liabilities	68,555	68,471
	<b>3,561,016</b>	<b>2,594,156</b>
<b>10. SHORT-TERM BORROWINGS</b>		
<b>Secured borrowings</b>		
<b>Conventional</b>		
Running finance facility - note -10.1	1,881,285	1,796,582
<b>Islamic</b>		
Running Musharaka	5,846,974	5,852,419
Salary refinancing	66,937	133,875
Current portion of Musharaka facility - note -10.1.1	505,219	505,219
	<b>6,419,130</b>	6,491,513
	<b>8,300,415</b>	8,288,095
<b>Unsecured</b>		
Borrowing from IBL Future Technologies (Private) Limited - note 10.2	200,000	200,000
	<b>8,500,415</b>	<b>8,488,095</b>



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

**10.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,100 million (2022: Rs. 8,100 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (June 30, 2022: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 2,025 million (June 30, 2022: Rs. 2,025 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,940 million (June 30, 2022: Rs. 11,940 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

**10.1.1** The rates of mark-up ranged between 3% to 17.66% (June 30, 2022: 3% to 13%) per annum.

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

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

There has been no significant change in the status of contingencies as reported in the note 28 of annual audited financial statements of the Company for the year ended June 30, 2022.

### 11.2 Commitments

The facility for opening letters of credit and guarantees as at September 30, 2022 amounted to Rs. 3,165 million (June 30, 2022: Rs. 3,165 million) of which the amount remaining unutilised as at year end amounted to Rs. 2,116 million (June 30, 2022: Rs. 2,024.68 million).

**11.3** The Government has levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of Income Tax Ordinance 2001, among others, where income exceeds Rs. 300 million, super tax will be charge at the rate of 4% of income calculated under section 4C of the Ordinance. Further, enhanced super tax on specified sectors has been introduced for Tax Year 2022 which includes, among others, pharmaceutical sector, whom are liable to super tax at the rate of 10% for a single tax year, if income exceeds Rs. 300 million. The Company has filed a Constitutional Petition against the imposition of such Super Tax on High Earning Persons including specified sectors in the Honourable High Court of Sindh.

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

	September 30 2022	September 30 2021
	(Rupees in '000)	
<b>12. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Gross sales		
Local sale of goods	5,484,014	4,167,521
Export sales	1,060,237	954,581
	<b>6,544,251</b>	5,122,102
Toll manufacturing	56,217	69,294
	<b>6,600,468</b>	5,191,396
Sales tax	(46,496)	(14,303)
	<b>6,553,972</b>	5,177,093
Less:		
Trade discount	(373,968)	(122,761)
Sales return	(1,033,728)	(392,025)
	<b>(1,407,696)</b>	(514,786)
	<b>5,146,276</b>	4,662,307
<b>13. OTHER INCOME</b>		
<b>Income from financial assets - related parties</b>		
<b>Dividend income - subsidiary companies:</b>		
- Searle Biosciences (Private) Limited	77,000	57,000
- Searle Pakistan Limited	95,334	-
	<b>172,334</b>	57,000
<b>Income from financial assets - others</b>		
Return on Term Finance Certificate	4,154	-
<b>Income from non - financial assets</b>		
Rental income from investment property	16,087	18,342
Government grant	8,571	8,571
Gain on disposal of property, plant and equipment	3,530	84
Scrap sales	-	2,784
	<b>28,188</b>	29,781
	<b>204,676</b>	86,781
<b>14. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the period (Rupees in thousands)	<b>206,831</b>	467,069
Weighted average number of outstanding shares at the end of period (in thousand) - Restated	<b>312,053</b>	312,053
		(Re-stated)
Basic and diluted earnings per share (Rupees)	<b>0.66</b>	1.50



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

### 15. CASH GENERATED FROM OPERATIONS

Profit before income tax	<b>275,059</b>	634,259
<b>Add adjustments for non-cash charges and other items</b>		
Depreciation	<b>126,599</b>	89,509
Gain on disposal of property, plant and equipment	<b>(3,530)</b>	(53)
Amortisation of intangible assets	<b>5,163</b>	10,139
Amortisation of transaction cost	<b>4,212</b>	4,212
Provision for retirement benefits obligation	<b>1,350</b>	1,350
Finance cost	<b>710,942</b>	374,102
Interest on lease liability	<b>3,397</b>	4,212
Government grant recognised in income	<b>(8,571)</b>	(8,571)
Profit before working capital changes	<b>1,114,621</b>	1,109,159
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Inventories	<b>419,061</b>	634,512
Trade receivables	<b>(1,212,055)</b>	(1,001,300)
Loans and advances	<b>(80,014)</b>	78,734
Trade deposits and short-term prepayments	<b>(25,799)</b>	(27,410)
Other receivables	<b>(29,727)</b>	(99,364)
Refund due from Government - sales tax - net	<b>(405)</b>	-
Increase / (decrease) in current liabilities	<b>(928,939)</b>	(414,828)
Trade and other payables	<b>892,878</b>	(85,956)
Sales tax payable	<b>-</b>	(494)
	<b>892,878</b>	(86,450)
Cash flows generated from operations	<b>1,078,560</b>	607,881



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

### 16. CASH AND CASH EQUIVALENTS

Cash and bank balances	<b>69,014</b>	66,687
Running finance under markup arrangements - note 11.1	<b>(7,728,259)</b>	(5,776,736)
	<b><u>(7,659,245)</u></b>	<b><u>(5,710,049)</u></b>

### 17. SEGMENT INFORMATION

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

### 18. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	September 30	September 30
		2022	2021
		(Rupees in '000)	
Parent company	- Corporate service charges	<b>33,000</b>	60,000
	- Rent income	<b>3,713</b>	3,670
	- Income from provision of amenities	<b>2,719</b>	3,566
	- Reimbursement of expenses	<b>1,755</b>	-
Subsidiaries	- Revenue	<b>132,836</b>	171,510
	- Purchase of consumables	<b>92,496</b>	2,829
	- Dividend income	<b>172,334</b>	57,000
	- Reimbursement of expenses	<b>-</b>	28,507
	- Rent income	<b>3,327</b>	2,959
	- Income from Provision of Amenities	<b>684</b>	1,532
	- Others	<b>8,754</b>	109
Associated companies	- Revenue	<b>3,974,002</b>	3,809,635
	- Salaries and wages	<b>1,591</b>	858
	- Purchases	<b>10,289</b>	1,888
	- Carriage and duties	<b>49,725</b>	16,956
	- Discounts claimed	<b>65,277</b>	31,294
	- Rent expense	<b>20,171</b>	39,560
	- Rent income	<b>3,490</b>	5,800
	- Income from Provision of Amenities	<b>11,202</b>	14,911
	- Stock claims	<b>114,257</b>	118,393
	- Internet services	<b>2,501</b>	1,139
	- Donations	<b>5,352</b>	6,634
	- Incentives to field force staff	<b>2,417</b>	1,284
	- Repair & maintenance	<b>399</b>	337
- Merchandise expense	<b>6,749</b>	5,466	
- Others	<b>876</b>	1,803	

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

Nature of relationship	Nature of transactions	September 30	September 30
		2022	2021
		(Rupees in '000)	
Staff retirement benefits	- Contributions to Provident Fund	<b>44,566</b>	37,414
	- Benefits paid	<b>23,011</b>	20,710
Key management employees	- Salaries & other employee benefits	<b>66,960</b>	58,402
compensation	- Contributions to Provident Fund	<b>6,400</b>	5,212

**18.1** The status of outstanding balances with related parties as at September 30, 2022 is included in the respective notes to the financial statements.

### 19. 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 October 27, 2022.

  
Chief Executive

  
Director

  
Chief Financial Officer

# Consolidated Financial Statements



- 23** Consolidated Directors' Report
- 26** Consolidated Directors' Report (Urdu)
- 27** Consolidated Statement of Financial Position
- 28** Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 29** Consolidated Statement of Changes in Equity
- 30** Consolidated Statement of Cash Flows
- 31** Notes to the Consolidated Financial Statements



# Directors' Report to the Members

We are pleased to present the unaudited consolidated interim financial information of the Company for the three months ended September 30, 2022. 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.

## Financial highlights

Consolidated revenue of the company increased by Rs 535 million i.e. 7% over the same period last year. However, due to the adverse macroeconomic conditions i.e. significant devaluation of Rupee, increased interest rates, skyrocketing inflation with substantial increase in fuel & utilities prices, profitability of the company has shrunk.

The major reason for decrease in profitability was the decrease in gross margins of the company from 44% last year to 40% in the current period, mainly due to significant devaluation of Pakistani currency.

The other prominent factor, which impacted the profitability of the company was the higher finance cost as the policy rate was increased multiple times during the year i.e. from 7% last year to prevailing 15%.

Following is the summary of financial results for the nine months ended September 30, 2022:

	2022	2021
	(Rupees in thousand)	
Revenue	8,213,147	7,677,961
Cost of sales	(4,907,555)	(4,272,631)
<b>Gross Profit</b>	<b>3,305,592</b>	<b>3,405,330</b>
Operating expenses	(2,042,665)	(1,654,705)
Other operating expenses	(42,516)	(92,536)
Other income	48,412	40,829
<b>Profit from operations</b>	<b>1,268,824</b>	<b>1,698,918</b>
Finance cost	(793,470)	(422,603)
<b>Profit before tax</b>	<b>475,354</b>	<b>1,276,315</b>
Income tax expense	(183,345)	(371,846)
<b>Profit after taxation</b>	<b>292,009</b>	<b>904,469</b>



## EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 0.85 (2022: Rs. 2.93). 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 September 30, 2022.

## FUTURE OUTLOOK

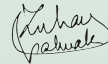
Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices, increased fuel/logistics cost and interest rate nevertheless pose a risk to the company's future profitability.

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 Palwala**  
Director

Karachi: October 27, 2022

## فی شیئر آمدنی

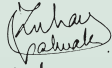
اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس 0.85 رہی (2.93: 2022 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کمی کے کوئی اثرات نہیں ہوئے، چونکہ 30 ستمبر، 2022 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بٹایا نہیں تھے۔

## مستقبل پر ایک نظر

سرل موجودہ سماجی، اقتصادی، سیاسی اور ماحولیاتی چیلنجوں کے باوجود اپنے حریفوں کے درمیان اپنے مارکیٹ شیئر کو بڑھانے اور اپنی نامیاتی اور غیر نامیاتی ترقی کو برقرار رکھنے کے لیے پرعزم ہے۔ شرح مبادلہ میں جاری ۱۳ پڑھاؤ، افراط زر، عالمی اجناس کی قیمتوں میں اضافہ، ایندھن/لا جنسٹکس لاگت میں اضافہ اور شرح سود اس کے باوجود کمپنی کے مستقبل کے منافع کے لیے خطرہ ہے۔

سرل میں ہم سب انتہائی دلچسپی سے اور مستقل بنیادوں پر جوش و خروش سے اپنا حصہ ڈالنے کے لئے تیار ہیں۔ اسی طرح ہمارے شراکت دار، سپلائرز اور صارفین بھی اسی 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 گروپ 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 رازا والا  
ڈائریکٹر



سید ندیم احمد  
چیف ایگزیکٹو آفیسر

کراچی: 27 اکتوبر 2022

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہمیں 30 ستمبر 2022 کو ختم ہونے والے تین مہینوں کے لیے ہولڈنگ کمپنی کی ایشیائی عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی ہو رہی ہے۔ یہ مالیاتی بیانات بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز (IAS) 34 - عبوری فنانشل رپورٹنگ کی ضروریات کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 227 اور لسٹڈ کمپنیوں (کارپوریٹ گورننس کے ضابطہ) کی ریگولیشنز 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

### مالیاتی جھلکیاں

ہولڈنگ کمپنی کی مجموعی آمدنی میں 535 ملین روپے یعنی پچھلے سال کی اسی مدت کے مقابلے میں 7 فیصد اضافہ ہوا۔ تاہم، منفی معاشی حالات یعنی روپے کی قدر میں نمایاں کمی، شرح سود میں اضافہ، ایندھن اور یوٹیلیٹیز کی قیمتوں میں خاطر خواہ اضافے کے ساتھ آسمان چھوئی افراط زر کی وجہ سے کمپنی کا منافع سکڑ گیا ہے۔

منافع میں کمی کی بڑی وجہ کمپنی کے مجموعی مارجن میں گزشتہ سال کے 44 فیصد سے موجودہ مدت میں 40 فیصد تک کمی تھی، جس کی بنیادی وجہ پاکستانی کرنسی کی قدر میں نمایاں کمی تھی۔

دوسرا نمایاں عنصر، جس نے کمپنی کے منافع کو متاثر کیا وہ اعلیٰ مالیاتی لاگت تھا کیونکہ پالیسی کی شرح میں سال کے دوران متعدد بار اضافہ کیا گیا، یعنی پچھلے سال 7% سے حروجہ 15% تک۔

30 ستمبر 2022 کو ختم ہونے والے تین ماہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2021	2022	
(پاکستانی روپے ہزاروں میں)		
7,677,961	8,213,147	آمدنی
(4,272,631)	(4,907,555)	فروخت کے اخراجات
<b>3,405,330</b>	<b>3,305,592</b>	مجموعی آمدنی
(1,654,705)	(2,042,665)	آپریٹنگ اخراجات
(92,536)	(42,516)	دیگر آپریٹنگ اخراجات
40,829	48,412	دیگر آمدنی
<b>1,698,918</b>	<b>1,268,824</b>	آپریٹنگ سے آمدنی
(422,603)	(793,470)	مالیاتی اخراجات
<b>1,276,315</b>	<b>475,354</b>	منافع قبل از ٹیکس
(371,846)	(183,345)	اکم ٹیکس اخراجات
<b>904,469</b>	<b>292,009</b>	منافع بعد از ٹیکس



# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

		(Un-audited) September 30 2022	(Audited) June 30, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	9,996,760	10,026,144
Right-of-use asset		67,335	69,750
Investment properties - at cost		3,275,175	3,237,634
Intangible assets	6	16,172,896	16,179,879
Long-term loans and advances		210	241
Long-term deposits		28,492	27,686
		<b>29,540,868</b>	<b>29,541,334</b>
<b>Current assets</b>			
Inventories		4,860,580	5,773,882
Trade receivables	7	14,142,351	11,978,760
Loans and advances		1,461,460	1,043,740
Trade deposits and short-term prepayments		159,755	158,573
Accrued markup		-	1,431
Other receivables	8	4,547,064	4,887,151
Short-term investment		115,773	115,772
Taxation - payments less provision		1,768,708	1,715,123
Tax refunds due from government - Sales tax		297,477	285,748
Cash and bank balances		270,614	230,212
		<b>27,623,782</b>	<b>26,190,392</b>
<b>Total assets</b>		<b>57,164,650</b>	<b>55,731,726</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		3,120,527	3,120,527
Share premium		6,049,419	6,049,419
Unappropriated profit		14,700,047	14,040,214
General reserve		280,251	280,251
Revaluation surplus on property, plant and equipment		5,121,599	5,173,186
Attributable to owners of The Searle Company Limited - Holding Company		29,271,843	28,663,597
Non-controlling interests		1,705,739	2,027,714
		<b>30,977,582</b>	<b>30,691,311</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings		8,879,708	9,049,521
Deferred tax liabilities		526,049	509,198
Employee benefit obligations		80,712	80,356
Lease liability		87,017	87,017
		<b>9,573,486</b>	<b>9,726,092</b>
<b>Current liabilities</b>			
Trade and other payables	8	6,088,259	5,097,713
Short term borrowings	9	10,059,423	9,969,728
Unpaid dividend		416,728	196,496
Unclaimed dividend		45,243	45,243
Current portion of lease liability		3,929	5,143
		<b>16,613,582</b>	<b>15,314,323</b>
<b>Total liabilities</b>		<b>26,187,068</b>	<b>25,040,415</b>
<b>Contingencies and commitments</b>	10		
<b>Total equity and liabilities</b>		<b>57,164,650</b>	<b>55,731,726</b>

The annexed notes from 1 to 19 form an integral part of this consolidated condensed interim financial information

  
Chief Executive

  
Director

  
Chief Financial Officer

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

For the period ended September 30, 2022 - Unaudited

	Note	Quarter ended	
		September 30, 2022	September 30, 2021
(Rupees in '000)			
Revenue from contracts with customers	11	8,213,147	7,677,961
Cost of sales		(4,907,555)	(4,272,631)
Gross profit		3,305,592	3,405,330
Distribution cost		(1,695,970)	(1,310,738)
Administrative expenses		(346,695)	(343,967)
Other operating expenses		(42,516)	(92,536)
Other income	12	48,412	40,829
Profit from operations		1,268,823	1,698,918
Finance cost		(793,470)	(422,603)
Profit before income tax		475,353	1,276,315
Income tax expense		(183,345)	(371,846)
Profit for the period		292,008	904,469
Other comprehensive income		-	-
Total comprehensive income		292,008	904,469
<b>Total comprehensive income is attributable to:</b>			
Owners of the The Searle Company Limited - Holding Company		264,003	885,995
Non-controlling interests		28,005	18,474
		292,008	904,469
Basic and diluted earnings per share (Rupees)	13	0.85	2.93

The annexed notes from 1 to 19 form an integral part of this consolidated condensed interim financial information

Chief Executive

Director

Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended September 30, 2022 - Unaudited

	Attributable to the owners of the Holding Company							Total
	Capital reserves			Revenue reserves			Non-Controlling interest	
	Share capital	Share premium	Revaluation surplus on property, plant and equipment	General reserve	Unappropriated profits	Sub-Total reserves		
	(Rupees in '000)							
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
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the period (net of tax)	-	-	(29,222)	-	29,222	-	-	-
Total comprehensive income for the period	-	-	-	-	885,995	885,995	18,474	904,469
Balance as at September 30, 2021	<u>2,400,405</u>	<u>6,049,419</u>	<u>4,037,691</u>	<u>280,251</u>	<u>13,691,240</u>	<u>24,058,601</u>	<u>531,655</u>	<u>26,990,661</u>
<b>Balance as at July 01, 2022</b>	<b>3,120,527</b>	<b>6,049,419</b>	<b>5,173,186</b>	<b>280,251</b>	<b>14,040,214</b>	<b>25,543,070</b>	<b>2,027,714</b>	<b>30,691,311</b>
Total comprehensive income for the period	-	-	-	-	264,003	264,003	28,005	292,008
<b>Transactions with owners</b>								
Issue of shares of SPL	-	-	-	-	344,243	344,243	(344,243)	-
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(5,737)	(5,737)
Transferred from surplus on revaluation of fixed assets - net of deferred taxation:								
- incremental depreciation for the period	-	-	(51,587)	-	51,587	-	-	-
<b>Balance as at September 30, 2022</b>	<b><u>3,120,527</u></b>	<b><u>6,049,419</u></b>	<b><u>5,121,599</u></b>	<b><u>280,251</u></b>	<b><u>14,700,047</u></b>	<b><u>25,807,073</u></b>	<b><u>1,705,739</u></b>	<b><u>30,977,582</u></b>

The annexed notes from 1 to 19 form an integral part of this consolidated condensed interim financial information

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended September 30, 2022 - Unaudited

	September 30, 2022	September 30, 2021
Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	15 <b>1,220,877</b>	1,575,196
Employee benefit obligations paid	<b>(1,862)</b>	(2,225)
Finance cost paid	<b>(701,386)</b>	(549,436)
Income tax paid	<b>(220,079)</b>	(244,127)
Interest income received	<b>1,431</b>	1,106
Increase in long-term deposits	<b>(806)</b>	(1,572)
Decrease in long-term loans	<b>31</b>	99
Net cash generated from operating activities	<b>298,206</b>	779,041
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(117,599)</b>	(124,029)
Sale proceeds on disposal of property, plant and equipment	<b>4,590</b>	159
Purchase of investment properties	<b>(55,564)</b>	(68,846)
Long term investment in subsidiary	<b>-</b>	(153,277)
Net cash used in investing activities	<b>(168,573)</b>	(345,993)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(290)</b>	(282)
Repayment of long-term borrowings	<b>(259,592)</b>	(53,266)
Repayment of demand finance	<b>-</b>	(90,667)
Repayment against lease liabilities	<b>(4,611)</b>	(6,186)
Net cash generated from / (used in) financing activities	<b>(264,493)</b>	(150,401)
<b>Net increase in cash and cash equivalents</b>	<b>(134,860)</b>	282,647
Cash and cash equivalents at beginning of the period	<b>(9,063,156)</b>	(7,162,617)
<b>Cash and cash equivalents at end of the period</b>	<b>16 (9,198,016)</b>	<b>(6,879,970)</b>

The annexed notes from 1 to 19 form an integral part of this consolidated condensed interim financial information



# Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 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. 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.

Parent company

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		September 30, 2022	June 30, 2022
<b>Listed Company</b>			
- IBL HealthCare Limited		74.19%	74.19%
<b>Unlisted Companies</b>			
- Searle Pakistan Limited	Pakistan	90.61%	100%
- Searle Pharmaceuticals (Private) Limited		100%	100%
- Searle Laboratories (Private) Limited		100%	100%
- Searle Biosciences (Private) Limited		100%	100%
- IBL Future Technologies (Private) Limited		100%	100%
- Nextar Pharma (Private) Limited		87.20%	87.20%

## 2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 September 30, 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

This consolidated condensed interim financial information does not include all information and disclosures required in the financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2022.

### 3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2022, except as otherwise disclosed.

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

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

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2022.

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, 2022.

### 5. PROPERTY, PLANT AND EQUIPMENT

(Unaudited) September 30, 2022	(Audited) June 30, 2022
---	-------------------------------

(Rupees in '000)

Operating assets - note 6.1 & 6.2  
Capital work-in-progress - at cost

9,827,376	9,904,947
169,384	121,197
<b>9,996,760</b>	<b>10,026,144</b>

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

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Rupees in '000)			
Leasehold improvements	2,937	-	-	-
Building on leasehold land	6,672	1,015	-	-
Plant and machinery	27,989	2,436	(8)	-
Furniture & fittings	7,426	-	-	-
Vehicles	-	-	(333)	-
Office equipment	24,388	7,564	(289)	(58)
	<b>69,412</b>	<b>11,015</b>	<b>(630)</b>	<b>(58)</b>

(Unaudited)  
September  
30,  
2022

(Audited)  
June 30,  
2022

(Rupees in '000)

### 6. INTANGIBLES ASSETS

Operating intangible assets	85,725	92,708
Market authorisation rights	2,200,000	2,200,000
Trademarks / brands	2,500,000	2,500,000
Goodwill pertaining to Nextar Pharma (Private) Limited and Searle Pakistan Limited	11,387,171	11,387,171
	<b>16,172,896</b>	<b>16,179,879</b>

### 7. TRADE RECEIVABLES

Considered good		
- Export receivables, secured	878,312	530,536
- Due from related parties, unsecured	11,628,350	10,500,742
- Others, unsecured	1,635,689	947,482
	<b>14,142,351</b>	<b>11,978,760</b>
Considered doubtful - others	172,243	172,243
Less: Provision for doubtful debts	(172,243)	(172,243)
	-	-
	<b>14,142,351</b>	<b>11,978,760</b>

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

	<b>(Unaudited)</b> <b>September 30,</b> <b>2022</b>	(Audited) June 30, 2022
	(Rupees in '000)	
<b>8. OTHER RECEIVABLES</b>		
<b>Receivables from related parties</b>		
<i>Due from associated companies note -:</i>		
- International Brands (Private) Limited against:		
Expenses	<b>32,146</b>	29,427
Rental income	<b>25,175</b>	21,462
Group relief	<b>116,648</b>	116,648
- IBL Operations (Private) Limited against:		
Claims	<b>337,572</b>	851,926
Expenses	<b>28,449</b>	27,411
Rental income	<b>1,735</b>	17
- IBL Frontier Markets (Private) Limited		
Expenses	<b>41,942</b>	42,576
- IBL Unisys (Private) Limited against:		
Rental income	<b>348</b>	-
Expenses	<b>704</b>	493
- IBL Logistics (Private) Limited against:		
Rental income	<b>1,692</b>	1,692
- Universal Ventures (Private) Limited against;		
Sale of subsidiary	<b>3,326,859</b>	3,326,859
	<b>3,913,270</b>	4,418,511
<i>Due from other related parties:</i>		
- United Retail (SMC-Private) Limited		
Rental income	-	434
Expenses	<b>2,168</b>	2,168
- Universal Retail (Private) Limited against:		
Rental income	<b>31,355</b>	31,230
Expenses	<b>76,747</b>	66,922
Surplus arising under retirement benefit fund	<b>5,250</b>	5,250
Others, considered good	<b>518,274</b>	362,636
	<b>4,547,064</b>	4,887,151

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

	(Unaudited) September 30, 2022	(Audited) June 30, 2022
	(Rupees in '000)	
<b>9. TRADE AND OTHER PAYABLES</b>		
Creditors	1,053,651	908,458
Payable under group relief	-	20,912
Salaries and benefits payable	-	648
Bills payable in foreign currency	1,607,004	659,951
Royalty payable	14,171	14,171
Accrued liabilities	2,206,694	2,456,453
Payable to provident fund	24,169	22,808
Deferred income	-	9,791
Advance from customers - unsecured	197,748	144,687
Accrued mark-up	412,899	328,424
Payable for compensated absences	-	11,373
Provision for gas infrastructure	-	9,485
Taxes deducted at source and payable to statutory authorities	77,562	98,963
Workers' Profit Participation Fund	244,837	220,071
Workers' Welfare Fund	99,320	102,450
Other liabilities	150,204	89,068
	<b>6,088,259</b>	<b>5,097,713</b>
<b>10. SHORT TERM BORROWINGS</b>		
<b>Secured borrowings:</b>		
- Running finance under mark-up arrangements	2,463,994	2,498,053
Islamic		
- Running Musharaka	7,004,636	6,795,315
- Current portion of long term borrowing	590,793	676,360
	<b>7,595,429</b>	<b>7,471,675</b>
	<b>10,059,423</b>	<b>9,969,728</b>

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

- 10.1** The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 8,100 million (June 30, 2022: Rs. 8,100 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (June 30, 2022: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 2,025 million (June 30, 2022 : Rs. 2,025 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,940 million (June 30, 2022: Rs. 11,940 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).
- 10.2** The rates of mark-up ranged between 3% to 17.66% (June 30, 2022: 1% to 16.89%) per annum.

### 11. CONTINGENCIES AND COMMITMENTS

#### 11.1 Contingencies

**11.1.1** There has been no significant change in the status of contingencies as reported in the note 28 of annual audited consolidated financial statements of the Company for the year ended June 30, 2022.

**11.1.2** The Government has levied a special tax for Tax Year 2022 and onwards on high earning persons. As per section 4C of Income Tax Ordinance 2001, among others, where income exceeds Rs. 300 million, super tax will be charge at the rate of 4% of income calculated under section 4C of the Ordinance. Further, enhanced super tax on specified sectors has been introduced for Tax Year 2022 which includes, among others, pharmaceutical sector, whom are liable to super tax at the rate of 10% for a single tax year, if income exceeds Rs. 300 million. The Parent, IBLHC, SPL and SBS Company has filed a Constitutional Petition against the imposition of such Super Tax on High Earning Persons including specified sectors in the Honourable High Court of Sindh.

#### 11.2 Commitments

**11.2.1** The facility for opening letters of credit and guarantees for the Company as at September 30, 2022 amounted to Rs. 3,165 million (June 30, 2022: Rs. 3,165 million) of which the amount remaining unutilised as at year end amounted to Rs. 2,116 million (June 30, 2022: Rs. 2,024.68 million).

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

	<b>(Unaudited) September 30, 2022</b>	(Unaudited) September 30, 2021
<b>12. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Gross sales	<b>8,923,760</b>	4,167,521
Local sales	<b>1,071,633</b>	954,581
Export sales	<b>9,995,393</b>	5,122,102
	<b>56,217</b>	69,294
Toll manufacturing	<b>10,051,610</b>	5,191,396
	<b>(151,310)</b>	(14,303)
Sales tax	<b>9,900,300</b>	5,177,093
Less:		
Discounts, rebates and allowances	<b>(591,691)</b>	(122,761)
Sales returns	<b>(1,095,462)</b>	(392,025)
	<b>(1,687,153)</b>	(514,786)
	<b>8,213,147</b>	4,662,307
<b>13. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Return on Term Finance Certificate	<b>4,154</b>	-
<b>Income from non - financial assets</b>		
Gain on disposal of property, plant and equipment	<b>4,301</b>	84
Exchange gain	<b>15,078</b>	-
Government grant	<b>9,728</b>	8,571
Rental income from investment properties	<b>13,005</b>	18,342
Others	<b>2,146</b>	2,784
	<b>44,258</b>	29,781
	<b>48,412</b>	29,781
<b>14. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the year (Rupees '000)	<b>264,003</b>	885,995
Weighted average number of outstanding shares at the end of the period (in thousand)	<b>312,053</b>	302,779
Basic and diluted earnings per share (Rupees)	<b>0.85</b>	2.93

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

	<b>(Unaudited) September 30, 2022</b>	(Unaudited) September 30, 2021
(Rupees in '000)		
<b>15. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	<b>475,353</b>	1,276,315
Add / (less): Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	<b>148,768</b>	89,509
Depreciation on investment properties	<b>18,023</b>	-
Gain on disposal of property, plant and equipment - net	<b>(4,301)</b>	(53)
Deferred grant income	<b>(9,728)</b>	(8,571)
Unwinding of discount on long term borrowing	<b>-</b>	13,894
Amortisation of intangible assets	<b>6,983</b>	10,139
Provision for retirement benefits obligation	<b>2,218</b>	1,350
Interest on lease liability	<b>3,397</b>	4,212
Amortisation of transaction cost	<b>4,212</b>	4,212
Finance cost	<b>785,861</b>	360,208
Profit before working capital changes	<b>1,430,786</b>	1,751,215
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Inventories	<b>913,302</b>	634,512
Trade receivables	<b>(2,163,591)</b>	(1,001,300)
Loans and advances	<b>(417,720)</b>	78,734
Trade deposits and short-term prepayments	<b>249</b>	(27,410)
Tax refunds due from government - Sales tax	<b>(11,729)</b>	-
Other receivables	<b>340,087</b>	(99,364)
	<b>(1,339,402)</b>	(414,828)
Increase / (decrease) in current liabilities		
Trade and other payables	<b>909,551</b>	(85,956)
Unpaid dividend	<b>219,942</b>	-
Contract liability	<b>-</b>	(494)
	<b>1,129,493</b>	(86,450)
Cash generated from operations	<b>1,220,877</b>	1,249,937



## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

	(Unaudited) September 30, 2022	(Unaudited) September 30, 2021
<b>16. CASH AND CASH EQUIVALENTS</b>	(Rupees in '000)	
Cash and bank balances	270,614	288,785
Short term running finances - note 10	(9,468,630)	(7,168,755)
	<u>(9,198,016)</u>	<u>(6,879,970)</u>

## 17. SEGMENT INFORMATION

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

## 18. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	September 30, 2022	September 30, 2021
		(Rupees in '000)	
Parent company	- Corporate service charges	38,250	60,000
	- Rent income	3,713	3,670
	- Income from provision of amenities	2,719	3,566
	- Reimbursement of expenses	1,755	-
Associated companies	- Revenue	10,260,861	3,809,635
	- Salaries and wages	2,449	858
	- Purchases	12,177	1,888
	- Carriage and duties	66,681	16,956
	- Discounts claimed	164,691	31,294
	- Rent expense	59,731	39,560
	- Rent income	9,290	5,800
	- Stock claims	310,106	118,393
	- Internet services	3,640	1,139
	- Income from Provision of Amenities	26,113	14,911
	- Donations	11,986	6,634
	- Incentives to field force staff	3,701	1,284
	- Repair & maintenance	736	337
	- Merchandising Services	14,460	5,466
- Others	2,679	1,803	

## Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2022 - Unaudited

Nature of relationship	Nature of transactions	September 30,	September 30,
		2022	2021
		(Rupees in '000)	
Staff retirement benefits	- Contribution to Provident Fund	<b>44,566</b>	37,414
	- Benefits paid	<b>23,011</b>	20,710
Key management employees compensation	- Salaries and other employee benefits	<b>66,960</b>	58,402
	- Contributions to Provident Fund	<b>6,400</b>	5,212

**18.1** The status of outstanding balances with related parties as at September 30, 2022 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

### 19. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was approved and authorised for issue by the Board of Directors of the Parent Company on October 27, 2022.

  
Chief Executive

  
Director

  
Chief Financial Officer





# **SEARLE**

THE SEARLE COMPANY LIMITED

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