

**SEARLE**

Research in the service of mankind

Think  
**Sustainably**  
make a change

HALF YEARLY REPORT  
DECEMBER

**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 unconsolidated interim financial information of the company for the half year ended December 31, 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 2.2 billion i.e. 26% over the same period last year. However, due to the adverse macroeconomic conditions and its impact on the company, the net profitability of the company reduced by 57% and was Rs 542 million as compared to Rs 1.27 billion in the corresponding period last year.

The major reason for decrease in profitability was the decrease in gross margins of the company from 51% last year to 46% 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 17%.

Following is the summary of financial results for the half year ended December 31, 2022:

	December 31,	
	2022	2021
	(Rupees in thousand)	
Revenue	10,852,586	8,632,469
Cost of sales	(5,909,993)	(4,239,046)
<b>Gross Profit</b>	<b>4,942,593</b>	<b>4,393,423</b>
Operating expenses	(3,495,871)	(2,779,607)
Other operating expenses	(42,910)	(82,314)
Other income	699,068	787,300
<b>Profit from operations</b>	<b>2,102,880</b>	<b>2,318,802</b>
Finance cost	(1,487,919)	(821,831)
<b>Profit before tax</b>	<b>614,961</b>	<b>1,496,971</b>
Income tax expense	(72,576)	(225,975)
<b>Profit after taxation</b>	<b>542,385</b>	<b>1,270,996</b>

## EARNINGS PER SHARE

Basic earnings per share after taxation for the period is Rs. 1.39 (December 31, 2021: Rs. 3.26). 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 December 31, 2022.

## FUTURE OUTLOOK

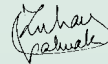
Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices, 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: February 28, 2023



## فی شیئر آمدنی

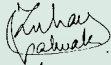
اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس 1.39 روپی (3.26: 2022 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کمی کے کوئی اثرات نہیں ہونے، چونکہ 31 دسمبر، 2022 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بقایا نہیں تھے۔

## 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 اتار چڑھاؤ، 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 مدیم احمد  
چیف ایگزیکٹو آفیسر

کراچی: 28 فروری 2023

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہمیں 31 دسمبر 2022 کو ختم ہونے والے چھ مہینوں کے لیے کمپنی کی غیر متنفسہ 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 2.2 بلین روپے یعنی پچھلے سال کی اسی مدت کے مقابلے میں 26 فیصد اضافہ ہوا۔ تاہم، منفی معاشی حالات اور کمپنی پر اس کے اثرات کی وجہ سے، کمپنی کے خالص منافع میں 57% کی کمی واقع ہوئی اور یہ گزشتہ سال کی اسی مدت میں 1.2 بلین روپے کے مقابلے میں 542 بلین روپے رہی۔

منافع میں کمی کی بڑی وجہ کمپنی کے مجموعی مارجن میں گزشتہ سال کے 51 فیصد سے موجودہ مدت میں 46 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 مروجہ 17% تک۔

31 دسمبر 2022 کو ختم ہونے والے چھ ماہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2021	2022	
(پاکستانی روپے ہزاروں میں)		
8,632,469	10,852,586	آمدنی
(4,239,046)	(5,909,993)	فروخت کے اخراجات
<b>4,393,423</b>	<b>4,942,593</b>	مجموعی آمدنی
(2,779,607)	(3,495,871)	آپریٹنگ اخراجات
(82,314)	(42,910)	دیگر آپریٹنگ اخراجات
787,300	699,068	دیگر آمدنی
<b>2,318,802</b>	<b>2,102,880</b>	آپریٹنگ سے آمدنی
(821,831)	(1,487,919)	مالیاتی اخراجات
<b>1,496,971</b>	<b>614,961</b>	منافع قبل از ٹیکس
(225,975)	(72,576)	انکم ٹیکس اخراجات
<b>1,270,996</b>	<b>542,385</b>	منافع بعد از ٹیکس







**INDEPENDENT AUDITOR'S REVIEW REPORT**

**TO THE MEMBERS OF THE SEARLE COMPANY LIMITED**

**Report on review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of The Searle Company Limited as at December 31, 2022 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2022.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.

**A.F.Ferguson & Co.**  
**Chartered Accountants**  
**Karachi**

**Date: February 28, 2023**

**UDIN: RR202210073sO7Z416Yg**

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ SLAMABAD

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
<b>ASSETS</b>			
	Note	(Rupees in '000)	
<b>Non-current assets</b>			
Property, plant and equipment	5	6,158,848	6,660,249
Right-of-use asset		64,920	69,750
Investment properties - at cost		2,820,068	2,753,904
Intangible assets		49,041	58,965
Long-term investments - subsidiaries	6	18,816,311	18,816,311
Long-term loans		467	241
Long-term deposits		7,396	7,396
		<u>27,917,051</u>	<u>28,366,816</u>
<b>Current assets</b>			
Stock-in-trade		2,183,225	2,086,581
Trade receivables	7	11,913,164	9,318,228
Loans and advances	8	1,024,108	860,099
Trade deposits and short-term prepayments		132,396	116,414
Other receivables	9	4,944,084	5,334,392
Short-term investment - at amortised cost		100,000	100,000
Taxation - payments less provision		1,629,281	1,344,943
Tax refunds due from Government - Sales Tax		179,684	220,669
Cash and bank balances		46,975	82,875
<b>Total current assets</b>		<u>22,152,917</u>	<u>19,464,201</u>
<b>Total assets</b>		<u><u>50,069,968</u></u>	<u><u>47,831,017</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Share Capital</b>			
Issued, subscribed and paid-up capital	10	3,900,659	3,120,527
<b>Capital Reserves</b>			
Share premium		6,049,419	6,049,419
Revaluation surplus on property, plant and equipment		3,469,202	3,592,613
<b>Revenue reserves</b>			
General reserve		280,251	280,251
Unappropriated profit		13,880,312	13,994,648
		<u>27,579,843</u>	<u>27,037,458</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	11	6,952,789	9,049,521
Deferred tax liabilities		211,491	288,902
Employee benefit obligations		56,948	57,513
Lease liability		87,017	87,017
		<u>7,308,245</u>	<u>9,482,953</u>
<b>Current liabilities</b>			
Trade and other payables	12	4,505,270	2,328,345
Short-term borrowings	13	8,185,789	7,849,001
Current portion of long-term borrowings	11	1,914,275	639,094
Unpaid dividend	14	183,666	185,078
Unclaimed dividend		37,935	38,134
Accrued mark-up		352,276	265,811
Current portion of lease liability		2,669	5,143
		<u>15,181,880</u>	<u>11,310,606</u>
<b>Total liabilities</b>		<u>22,490,125</u>	<u>20,793,559</u>
<b>Contingencies and commitments</b>	15		
<b>Total equity and liabilities</b>		<u><u>50,069,968</u></u>	<u><u>47,831,017</u></u>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer

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

For the Half Year ended December 31, 2022 - Unaudited

		Quarter ended December 31, 2022	December 31, 2021	Half year ended December 31, 2022	December 31, 2021
	Note	------(Rupees in '000)-----			
Revenue from contracts with customers	16	5,706,310	3,970,162	10,852,586	8,632,469
Cost of sales	17	(3,177,831)	(1,931,150)	(5,909,993)	(4,239,046)
Gross profit		2,528,479	2,039,012	4,942,593	4,393,423
Distribution costs		(1,550,768)	(1,131,263)	(2,857,848)	(2,237,296)
Administrative expenses		(335,293)	(270,963)	(638,023)	(542,311)
Other expenses		(23,328)	(31,076)	(42,910)	(82,314)
Other income	19	494,392	700,519	699,068	787,300
Profit from operations		1,113,482	1,306,229	2,102,880	2,318,802
Finance cost		(773,580)	(443,517)	(1,487,919)	(821,831)
Profit before income tax		339,902	862,712	614,961	1,496,971
Taxation	20	(4,348)	(58,785)	(72,576)	(225,975)
Profit for the period		335,554	803,927	542,385	1,270,996
Other comprehensive income		-	-	-	-
Total comprehensive income		335,554	803,927	542,385	1,270,996
		------(Rupees)-----			
Earnings per share - basic and diluted	21	0.86	2.06	1.39	3.26
		(Re-stated)		(Re-stated)	

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Half Year ended December 31, 2022 - Unaudited

	Capital reserves			Revenue reserves		Total reserves	Total
	Issued, subscribed and paid-up capital	Share premium	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profit		
----- (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
Total comprehensive income for the period ended December 31, 2021							
Profit for the period	-	-	-	-	1,270,996	1,270,996	1,270,996
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-
Transfer of incremental depreciation - net of deferred tax	-	-	(55,021)	-	55,021	-	-
	-	-	(55,021)	-	1,326,017	1,270,996	1,270,996
Transactions with owners							
Bonus shares issued during the year in the ratio of 30 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	-	-	-	-	(480,083)	(480,083)	(480,083)
Balance as at December 31, 2021	<u>3,120,526</u>	<u>5,329,298</u>	<u>2,696,195</u>	<u>280,251</u>	<u>13,852,297</u>	<u>22,158,041</u>	<u>25,278,567</u>
<b>Balance as at July 01, 2022</b>	<b>3,120,527</b>	<b>6,049,419</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>
<b>Total comprehensive income for the period ended December 31, 2022</b>							
Profit for the period	-	-	-	-	542,385	542,385	542,385
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-
Transfer of incremental depreciation - net of deferred tax	-	-	(73,911)	-	73,911	-	-
	-	-	(73,911)	-	616,296	542,385	542,385
Transfer of revaluation surplus on disposal of land held at revaluation model to retained earnings			(49,500)		49,500	-	-
<b>Transactions with owners</b>							
Bonus shares issued during the period in the ratio of 25 shares for every 100 shares held	780,132	-	-	-	(780,132)	(780,132)	-
	780,132	-	-	-	(780,132)	(780,132)	-
Balance as at December 31, 2022	<u>3,900,659</u>	<u>6,049,419</u>	<u>3,469,202</u>	<u>280,251</u>	<u>13,880,312</u>	<u>23,679,184</u>	<u>27,579,843</u>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive

Director

Chief Financial Officer



# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the Half Year ended December 31, 2022 - Unaudited

		December 31, 2022	December 31, 2021
	Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	22	2,588,565	806,207
Employees benefit obligations paid		(3,315)	(7,458)
Finance cost paid		(1,394,707)	(792,021)
Income tax paid		(434,325)	(259,528)
Long-term loans		(226)	143
Net cash flow from operating activities		755,992	(252,657)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(185,370)	(228,025)
Proceeds from disposal of property, plant and equipment		3,819	2,446
Addition to investment properties		(106,131)	(149,462)
Investment in subsidiary		-	(600,000)
Net cash flow from investing activities		(287,682)	(975,041)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,611)	(423,754)
Repayment of long-term borrowings		(830,166)	(133,876)
Repayment of demand finance		-	(113,333)
Payment against lease liabilities		(9,221)	(10,796)
Net cash flow from financing activities		(840,998)	(681,759)
<b>Net decrease in cash and cash equivalents</b>		<b>(372,688)</b>	<b>(1,909,457)</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>	23	<b>(7,938,814)</b>	<b>(7,255,867)</b>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 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% (December 31, 2021: 56.32%) shareholding in the Company.

**1.2** Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
<b>Listed Company</b>			
- IBL HealthCare Limited		74.19%	74.19%
<b>Unlisted Companies</b>			
- Searle Pharmaceuticals (Private) Limited	Pakistan	100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Searle Pakistan Limited (formerly OBS Pakistan (Private) Limited)		90.61%	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.

**1.3** 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.

# Notes to the Unconsolidated Condensed Interim Financial Statements

## For the Half Year ended December 31, 2022 - Unaudited

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

**2.1.1** These unconsolidated condensed interim financial statements of the Company 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 comprises of:

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

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

**2.1.2** These unconsolidated condensed interim financial statements does not include all the information required for full financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and 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 and other 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 December 31, 2021.

#### 2.2 Basis of measurement

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except as stated otherwise and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2022.

#### 2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

### 3. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

**3.1** The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the audited annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2022.



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

### 3.2 Changes in accounting standards, interpretations and pronouncements

#### a) Standards and amendments to approved accounting standards that are effective

There are certain standards, 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 standards, 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, 2023. 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.

### 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 audited 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 audited annual financial statements as at and for the year ended June 30, 2022.
- 4.4** Due to the current economic situation prevalent in the country in relation to the foreign reserves and its consequential impact on imports, the Company is closely monitoring the current situation and has been able to procure essential stocks to ensure business continuity. The Company's operations in essential sector and presence in the business of export is also helpful in minimizing the risk of current uncertain economic environment on the Company.



**Notes to the Unconsolidated Condensed Interim Financial Statements**  
For the Half Year ended December 31, 2022 - Unaudited

	Note	December 31, 2022	June 30, 2022
		(Rupees in '000)	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1 & 5.2	5,930,427	6,509,268
Capital work-in-progress - at cost	5.3	228,421	150,981
		<b>6,158,848</b>	<b>6,660,249</b>

	December 31, 2022	December 31, 2021
<b>5.1 Additions - operating fixed assets (at cost)</b>		
Leasehold Land	2,937	-
Building on leasehold land	26,256	16,876
Plant and machinery	39,012	4,573
Office equipment	2,078	10,068
Furniture & fittings	-	910
Vehicles	7,426	-
Air conditioning systems	24,077	19,181
	<b>101,786</b>	<b>51,608</b>

<b>5.2 Disposals - operating fixed assets (at net book value)</b>		
Leasehold land	452,937	-
Office equipment	403	58
	<b>453,340</b>	<b>58</b>

**5.2.1** During the period, vehicles having net book value of Rs. Nil were also disposed off against which sales proceeds of Rs. 3.53 million were received.

	December 31, 2022	December 31, 2021
<b>5.3 Additions - capital work-in-progress (at cost)</b>		
Land	300	105,000
Building on leasehold land	38,837	54,249
Plant and machinery	106,986	28,732
Office equipment	2,077	9,980
Furniture & fittings	-	2,264
Air conditioning systems	37,170	11,833
	<b>185,370</b>	<b>212,058</b>

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

		December 31, 2022	June 30, 2022
	Note	(Rupees in '000)	
<b>6. LONG-TERM INVESTMENTS</b>			
Subsidiary companies - at cost		<b>18,816,311</b>	18,816,311
<b>7. TRADE RECEIVABLES</b>			
Export receivables, secured		<b>694,547</b>	479,290
Due from related parties, unsecured	7.1	<b>10,606,739</b>	8,330,534
Others - unsecured		<b>762,201</b>	658,727
		<b>12,063,487</b>	9,468,551
Less: Allowance for expected credit losses		<b>(150,323)</b>	(150,323)
		<b>11,913,164</b>	9,318,228
<b>7.1 Due from related parties - unsecured</b>			
Subsidiary companies			
- Searle Biosciences (Private) Limited		<b>251,152</b>	336,821
- IBL HealthCare Limited		<b>78,311</b>	100,464
Associated companies			
- IBL Operations (Private) Limited		<b>10,262,108</b>	7,881,889
- IBL Logistics (Private) Limited		<b>15,168</b>	11,360
		<b>10,606,739</b>	8,330,534
<b>8. LOANS AND ADVANCES</b>			
<b>8.1</b>	This includes advance to Searle Biosciences (Private) Limited and Searle Laboratories (Private) Limited - wholly owned subsidiaries amounting to Rs. 313.71 million (June 30, 2022: Rs. 313.71 million) and Rs. Nil (June 30, 2022: Rs. Nil) respectively. These advances are provided for the purpose of financial assistance and are settled in the ordinary course of business.		



**Notes to the Unconsolidated Condensed Interim Financial Statements**  
For the Half Year ended December 31, 2022 - Unaudited

**9. OTHER RECEIVABLES**

	December 31, 2022	June 30, 2022
(Rupees in '000)		
<b>Receivables from related parties</b>		
Due from Parent Company:		
- International Brands (Private) Limited Expenses	38,079	29,427
Rental income	26,990	21,462
Group relief	116,648	116,648
	<b>181,717</b>	167,537
Due from subsidiary companies:		
- IBL HealthCare Limited against:		
Expenses	2,354	560
Royalty	35,945	23,628
Rental income	2,428	565
Dividend income	46,811	-
- Searle Pakistan Limited against:		
Dividend income	463,909	649,406
Expenses	-	18,952
Rental income	-	2,904
- Searle Biosciences (Private) Limited against:		
Dividend income	20,000	138,000
Facility Management Fee	10,000	-
Expenses	8,899	37,567
- Nextar Pharma (Private) Limited against:		
Expenses	10,691	9,785
	<b>601,037</b>	881,367
Due from associated companies:		
- IBL Operations (Private) Limited against:		
Claims	-	545,022
Expenses	-	27,411
Rental income	-	17
- IBL Unisys (Private) Limited against:		
Rental income	505	-
Expenses	193	493
- IBL Frontier Markets (Private) Limited against:		
Expenses	57,581	41,942
- Universal Ventures (Private) Limited against:		
Sale of subsidiary - note 9.1	3,326,859	3,326,859
Sale of land - note 9.3	510,000	-
- IBL Logistics (Private) Limited against:		
Rental income	1,692	1,692
	<b>3,896,830</b>	3,943,436
Due from other related parties:		
- United Retail (Private) Limited against:		
Expenses	2,168	2,168
- Universal Retail (Private) Limited against:		
Rental income	22,727	31,230
Expenses	62,837	66,922
	<b>87,732</b>	100,320
Surplus arising under retirement benefit fund	5,250	5,250
Others, considered good - note 9.2	171,518	236,482
	<b>4,944,084</b>	5,334,392

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

- 9.1** The Board of Directors of the Company in the meeting held on October 03, 2022, resolved to acquire the 100% shareholding of Steller Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - a related party of the Company, at a valuation to be determined and negotiated by the management of the Company with UVPL on arms length basis, to be adjusted against Company's receivable balance, subject to due diligence and approval of the shareholders under the provisions of Section 199 of the Companies Act, 2017. In case the valuation of the SVPL comes less than the receivable balance, the balance will be settled in cash by UVPL.
- 9.2** This includes Rs. 81.03 million (June 30, 2022: Rs. 148.91 million) claimed by the Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. Claims amounting to Rs. 67.88 million (June 30, 2022: Rs. 86.11 million) were settled during the period.
- 9.3** During the period, on July 15, 2022, the Company entered into a transaction with its related party i.e. Universal Ventures (Private) Limited for the sale of the property located at plot # B - 168, S.I.T.E, Nooriabad, District Jamshoro, Sindh measuring approximately 25 acres free from all claims, liens, burdens, disputes, liabilities, encumbrances, demands and dues whatsoever. The total sale consideration agreed as per the sale agreement dated July 15, 2022 is Rs. 510 million.

### 10. SHARE CAPITAL

#### Authorised share capital

(Unaudited) December 31, 2022	(Audited) June 30, 2022		(Unaudited) December 31, 2022	(Audited) June 30, 2022
(Number of shares)			(Rupees in '000)	
<u>600,000,000</u>	<u>400,000,000</u>	Ordinary shares of Rs. 10 each	<u>6,000,000</u>	<u>4,000,000</u>

#### Issued, subscribed and paid up capital

(Number of shares)

<b>40,168,355</b>	40,168,355	Shares allotted for consideration paid in cash	<b>401,683</b>	401,683
<b>24,000</b>	24,000	Shares allotted for consideration other than cash	<b>240</b>	240
<b>349,873,530</b>	271,860,330	Shares allotted as bonus shares - note 10.2	<b>3,498,736</b>	2,718,604
<u><b>390,065,885</b></u>	<u>312,052,685</u>		<u><b>3,900,659</b></u>	<u>3,120,527</u>



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

- 10.1** The Company increased its authorised share capital for ordinary shares from Rs. 4 billion divided into 400 million ordinary shares to Rs. 6 billion divided into 600 million ordinary shares of Rs 10 each in its annual general meeting held on October 28, 2022.
- 10.2** The Board of Directors in its meeting held on October 3, 2022, approved the issue of 25 bonus shares for every 100 shares held for the year ended June 30, 2022. The said bonus was approved by members in its Annual General Meeting held on October 28, 2022. The total size of issue is Rs. 780.13 million (78.01 million shares)

<b>(Unaudited)</b>	(Audited)
<b>December 31,</b>	June 30,
<b>2022</b>	2022

(Rupees in '000)

### 11. LONG-TERM BORROWINGS

Financing under:

Musharaka Facility - notes 11.1 & 11.2	<b>8,867,064</b>	9,554,740
Salary refinancing	-	133,875
	<b>8,867,064</b>	9,688,615
Less: current portion of long-term borrowings	<b>1,914,275</b>	639,094
	<b>6,952,789</b>	9,049,521

- 11.1** The Company obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However on February 24, 2021, the Company repaid loan amounting to Rs. 800 million to its Musharaka Agent. This facility carries a mark-up of three months KIBOR plus 1.35%.
- 11.2** Following are the changes in the long term finances for which cash flows have been classified as financing activities in the statement of cash flows.

Opening balance	<b>9,554,740</b>	9,537,892
Amortisation of transaction cost	<b>8,615</b>	16,848
Repayment of loan	<b>(696,291)</b>	-
Current portion of long-term borrowings	<b>(1,914,275)</b>	(505,219)
Closing balance	<b>6,952,789</b>	9,049,521



**Notes to the Unconsolidated Condensed Interim Financial Statements**  
For the Half Year ended December 31, 2022 - Unaudited

	<b>(Unaudited)</b> <b>December 31,</b> <b>2022</b>	(Audited) June 30, 2022
(Rupees in '000)		
<b>12. TRADE AND OTHER PAYABLES</b>		
Creditors	<b>1,018,998</b>	301,008
Bills payable in foreign currency	<b>1,511,319</b>	190,212
Royalty payable	<b>23,239</b>	14,171
Accrued liabilities	<b>1,400,882</b>	1,339,747
Payable to provident fund	<b>14,529</b>	12,944
Advance from customers - unsecured	<b>11,554</b>	27,394
Payable to related parties	<b>216,619</b>	118,438
Taxes deducted at source and payable to statutory authorities	<b>66,227</b>	88,354
Deferred income	<b>-</b>	8,571
Workers' Profit Participation Fund	<b>156,168</b>	123,438
Workers' Welfare Fund	<b>17,409</b>	35,597
Other liabilities	<b>68,326</b>	68,471
	<b>4,505,270</b>	<u>2,328,345</u>
<b>13. SHORT-TERM BORROWINGS</b>		
<b>Secured Borrowings</b>		
<b>Conventional</b>		
Running finance facility - note -13.2	<b>1,669,542</b>	1,796,582
<b>Islamic</b>		
Running Musharaka	<b>6,316,247</b>	5,852,419
	<b>7,985,789</b>	<u>7,649,001</u>
<b>Unsecured Borrowings</b>		
Borrowing from IBL Future Technologies (Private) Limited - note 13.1	<b>200,000</b>	200,000
	<b>8,185,789</b>	<u>7,849,001</u>

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

**13.2** 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. 12,140 million (June 30, 2022: Rs. 11,940 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

## Notes to the Unconsolidated Condensed Interim Financial Statements

### For the Half Year ended December 31, 2022 - Unaudited

**13.2.1** The rates of mark-up ranged between 11.98% to 17.66% (June 30, 2022: 1% to 16.89%) per annum.

#### 14. UNPAID DIVIDEND

**14.1** This includes dividend on bonus shares withheld pertaining to 115 shareholders on which stay from the Honorable High Court of Sindh has been obtained.

**14.2** This also includes dividend amounting to Rs. 37.34 million, due to unavailability of IBAN numbers.

#### 15. CONTINGENCIES AND COMMITMENTS

##### 15.1 Contingencies

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

##### 15.2 Commitments

The facility for opening letters of credit and guarantees as at December 31, 2022 amounted to Rs. 3,365 million (June 30, 2022: Rs. 3,165 million) of which the amount remaining unutilised as at half year ended Dec 31, 2022 amounted to Rs. 1,544 million (June 30, 2022: Rs. 2,025 million).

**(Unaudited)**  
**December 31,**      December 31,  
**2022**                      2021  
(Rupees in '000)

#### 16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Gross sales		
Local sale of goods	<b>10,678,334</b>	8,324,210
Export sales	<b>1,247,759</b>	1,094,199
	<b>11,926,093</b>	9,418,409
Toll manufacturing	<b>70,548</b>	133,109
	<b>11,996,641</b>	9,551,518
Sales tax	<b>(95,714)</b>	(29,265)
	<b>11,900,927</b>	9,522,253
Less:		
Discounts, rebates and allowances	<b>734,300</b>	411,061
Sales return	<b>314,041</b>	478,723
	<b>1,048,341</b>	889,784
	<b>10,852,586</b>	8,632,469



## Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

- 16.1** Consequent to Order 4480/2018 dated August 3, 2018 issued by the Honourable Supreme Court of Pakistan, the Drug Regulatory Authority of Pakistan (DRAP) fixed maximum retail price of drugs vide notification S.R.O 1610/2018 dated December 31, 2018. Further, DRAP vide Notification S.R.O 34(1)/2019 dated January 10, 2019 increased the maximum retail prices of drugs by nine percent over and above the maximum retail prices as determined under hardship category during the year 2018 and fifteen percent over and above existing maximum retail prices determined under Drug Pricing Policy, 2018 for drugs other than those specified under hardship category.

The Honourable High Court of Sindh vide Order dated January 22, 2019 has disposed off all the legal cases of the Company against DRAP. As mandated under the orders dated August 3, 2018 and November 14, 2018 passed by the Honourable Supreme Court of Pakistan in Human Rights Case No. 2858 of 2006, the Company may file an appeal before the Appellate Board of DRAP as provided under Section 9 of the Drugs Act, 1976, if the Company is dissatisfied by the prices fixed by DRAP.

Consequent to the above, the Company challenged the prices for four of its products namely, Peditral, Gravinate, Metodine and Hydrylline set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June, 20 June and 25 June 2019 rejected the said application of the Company. The Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Company.

During the previous year, the Company has received a notice from DRAP which directed the Company having generic brand name, named Co- Extor, to lower their prices by 15% than that of corresponding originator brands vide its letter dated May 05, 2021 regarding the sale of its product "Co-Extor" for selling at the prices higher than the approved prices of DRAP. The Company has challenged the said order and obtained a stay order dated May 20, 2021 from Honourable High Court of Sindh, restricting DRAP from taking any coercive action against the Company.

During the period December 31, 2022, the Company has received an annual price adjustment on all of its products at a rate of 7% on essential products and 10% on other products based on CPI 2022.

Exposure of the Company due to abovementioned litigations amounted to Rs. 2.43 billion (June 30, 2022: Rs. 2.27 billion).

### 17. COST OF SALES

This includes inventory written-off during the period amounting to Rs. 12.18 million (December 31, 2021: Rs. 30.35 million)

### 18. DONATIONS

During the period, the Company made donations amounting to Rs. 68.02 million (December 31, 2021: Rs 57.23 million). Donations to a single party exceeding 10% of the total donations pertains to the following parties:

	<b>December 31, 2022</b>
	(Rupees in '000)
Akar Hospital	<b>11,996</b>
IBL Operations (Private) Limited	<b>8,802</b>
Munash Enterprises	<b>6,923</b>





## Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

	(Unaudited) December 31, 2022	(Unaudited) December 31, 2021
	(Rupees in '000)	
<b>19. OTHER INCOME</b>		
<b>Income from financial assets - others</b>		
Return on Term Finance Certificates	8,562	4,618
<b>Income from non - financial assets</b>		
Dividend income - subsidiary companies		
- IBL HealthCare Limited	46,811	39,009
- Searle Pakistan Limited - note 19.1	409,502	500,000
- Searle Biosciences (Private) Limited	97,000	182,000
	<u>553,313</u>	<u>721,009</u>
Rental income from investment properties	45,160	36,367
Gain on disposal of property, plant and equipment	60,593	2,419
Government grant	8,571	17,142
Facility Management Fee - Searle Biosciences (Private) Limited	10,000	-
Scrap sales	12,869	5,745
	<u>137,193</u>	<u>61,673</u>
	<u>699,068</u>	<u>787,300</u>

**19.1** This represents interim dividend declared by Searle Pakistan Limited (SPL) during the period ended December 31, 2022.

### 20. TAXATION

Current		
- For the year	149,987	267,719
Deferred tax	(77,411)	(41,744)
	<u>72,576</u>	<u>225,975</u>

### 21. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period (Rupees in thousands)	542,385	1,270,996
Weighted average number of outstanding shares at the end of the period (in thousands)	390,066	390,066
Basic and diluted earnings per share (Rupees)	1.39	(Re-stated) 3.26

**Notes to the Unconsolidated Condensed Interim Financial Statements**  
For the Half Year ended December 31, 2022 - Unaudited

	(Unaudited) December 31, 2022	(Unaudited) December 31, 2021
	(Rupees in '000)	
<b>22. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	614,961	1,496,971
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation of property, plant and equipment	222,457	184,856
Depreciation of right-of-use asset	4,830	4,830
Depreciation of investment properties	39,967	34,847
Gain on disposal of property, plant and equipment	(60,479)	(2,388)
Amortisation of intangible assets	9,924	20,276
Amortisation of transaction cost	8,615	8,424
Provision for employee benefits obligation	2,750	2,700
Finance cost	1,481,172	814,092
Interest on lease liability	6,747	7,740
Government grant recognised in income	(8,571)	(17,142)
Profit before working capital changes	<b>2,322,373</b>	2,555,206

**Effect on cash flow due to working capital changes**

(Increase) / decrease in current assets

Inventories	(96,644)	(447,953)
Trade receivables	(2,594,936)	(1,027,529)
Loans and advances	(164,009)	(55,974)
Trade deposits and short-term prepayments	(15,982)	(22,366)
Other receivables	900,308	(1,059,722)
Refund due from Government - Sales tax	40,985	-
	<b>(1,930,278)</b>	(2,613,544)
Increase / (decrease) in current liabilities		
Trade and other payables	2,196,470	867,176
Sales tax payable	-	(2,631)
	<b>2,196,470</b>	864,545
Cash flows generated from operations	<b>2,588,565</b>	806,207

## Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

	<b>(Unaudited) December 31, 2022</b>	(Unaudited) December 31, 2021
	(Rupees in '000)	
<b>23. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>46,975</b>	132,593
Short-term borrowings		
- Running finance under markup arrangements - note 13.2	<b>(7,985,789)</b>	(7,388,460)
	<b><u>(7,938,814)</u></b>	<b><u>(7,255,867)</u></b>

## 24. SEGMENT INFORMATION

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

## 25. TRANSACTIONS WITH RELATED PARTIES

Disclosure of transactions between the Company and related parties:

The related parties include associated companies, staff retirement funds, directors, key management personnel and close family members of directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant transactions with related parties are as follows:

<b>Nature of relationship</b>	<b>Nature of transactions</b>	<b>(Unaudited) December 31, 2022</b>	(Unaudited) December 31, 2021
		(Rupees in '000)	
Parent company	- Corporate service charges	<b>66,000</b>	120,000
	- Rent income	<b>8,052</b>	7,340
	- Income from provision of amenities	<b>6,128</b>	6,226
	- Reimbursement of expenses	<b>13,124</b>	290
Subsidiaries	- Revenue	<b>474,075</b>	309,183
	- Purchase of consumables	<b>225,117</b>	18,435
	- Royalty	<b>18,000</b>	13,737
	- Dividend income	<b>553,313</b>	721,009
	- Advances recovered	-	1,250
	- Advance against financial assistance	-	10,473
	- Rent income	<b>6,655</b>	5,984
	- Income from provision of amenities	<b>2,036</b>	1,475
	- Reimbursement of expenses	<b>63,678</b>	-
	- Management Fee	<b>10,000</b>	-
- Others	<b>1,887</b>	3,547	
Staff retirement benefits	- Contributions to provident fund	<b>89,851</b>	75,553

**Notes to the Unconsolidated Condensed Interim Financial Statements**  
For the Half Year ended December 31, 2022 - Unaudited

Nature of relationship	Nature of transactions	(Unaudited)	(Unaudited)
		December 31, 2022	December 31, 2021
		(Rupees in '000)	
	- Benefits paid	50,037	22,234
Associated companies	- Revenue	8,530,369	7,262,196
	- Salaries and wages	3,703	2,470
	- Purchases	199	219
	- Carriage and duties	130,072	71,083
	- Discounts claimed	177,578	97,068
	- Rent expense	44,825	52,204
	- Rent income	45,100	10,934
	- Acquisition of subsidiary	-	600,000
	- Advance against stock claims	-	491,355
	- Stock claims	273,852	294,631
	- Internet services	4,364	311
	- Income from provision of amenities	26,723	26,396
	- Donations	20,832	13,225
	- Incentives to field force staff	7,678	4,389
	- Repair & maintenance	1,428	337
	- Merchandise expense	15,846	14,449
	- Sale of land	510,000	-
	- Others	2,916	28,042
Key management employees	- Salaries and other employee benefits	135,324	114,859
compensation	- Contributions to provident fund	12,800	11,446

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

**26. CORRESPONDING FIGURES**

Corresponding figures have been reclassified and re-arranged in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

**27. 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 February 28, 2023.

  
Chief Executive

  
Director

  
Chief Financial Officer

# Consolidated Financial Statements



- 28** Consolidated Directors' Report
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- 32** Consolidated Statement of Financial Position
- 33** Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 35** Consolidated Statement of Changes in Equity
- 36** Consolidated Statement of Cash Flows
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# Directors' Report to the Members

We are pleased to present the consolidated interim financial information of the company for the half year ended December 31, 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 2.29 billion i.e. 16% 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 45% last year to 42% 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 is around 17%.

Following is the summary of financial results for the half year ended December 31, 2022:

	December 31,	
	2022	2021
	(Rupees in thousand)	
Revenue	16,855,914	14,567,196
Cost of sales	(9,754,704)	(8,081,720)
<b>Gross Profit</b>	<b>7,101,210</b>	<b>6,485,476</b>
Operating expenses	(4,296,805)	(3,455,339)
Other operating expenses	(98,388)	(149,361)
Other income	125,744	132,196
<b>Profit from operations</b>	<b>2,831,761</b>	<b>3,012,972</b>
Finance cost	(1,674,251)	(919,181)
<b>Profit before tax</b>	<b>1,157,510</b>	<b>2,093,791</b>
Income tax expense	(451,358)	(636,183)
<b>Profit after taxation</b>	<b>706,152</b>	<b>1,457,608</b>

## EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 2.17 (December 31, 2021: Rs. 4.54). 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 December 31, 2022.

## FUTURE OUTLOOK

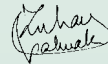
Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices, 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: February 28, 2023



## فی شیئر آمدنی

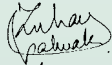
اس مدت کے لیے بنیادی آمدنی فی شیئر بعد از ٹیکس 1.65 رہی (3.53: 2022 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر کمی کے کوئی اثرات نہیں ہوئے، چونکہ 31 دسمبر، 2022 تک کمپنی کے تبدیل پذیر غیر متوقع ممکنہ حصص بقایا نہیں تھے۔

## 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 اتار چڑھاؤ، 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: 28 فروری 2023



## ڈائریکٹرز رپورٹ برائے حصص یافتگان

بہمیں 31 دسمبر 2022 کو ختم ہونے والے چھ 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 2.2 بلین روپے یعنی پچھلے سال کی اسی مدت کے مقابلے میں 16 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 چھوٹی 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 45 فیصد سے موجودہ مدت میں 42 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 مردوجہ 17% تک۔

31 دسمبر 2022 کو ختم ہونے والے چھ ماہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2021	2022	
(پاکستانی روپے ہزاروں میں)		
14,567,196	16,855,914	آمدنی
(8,081,720)	(9,754,704)	فروخت کے اخراجات
<b>6,485,476</b>	<b>7,101,210</b>	مجموعی آمدنی
(3,455,339)	(4,296,805)	آپریٹنگ اخراجات
(149,361)	(98,388)	دیگر آپریٹنگ اخراجات
132,196	125,744	دیگر آمدنی
<b>3,012,972</b>	<b>2,831,761</b>	آپریٹنگ سے آمدنی
(919,181)	(1,674,251)	مالیاتی اخراجات
<b>2,093,791</b>	<b>1,157,510</b>	منافع قبل از ٹیکس
(636,183)	(451,358)	انکم ٹیکس اخراجات
<b>1,457,608</b>	<b>706,152</b>	منافع بعد از ٹیکس

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	(Rupees in '000)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	9,568,465	10,026,144
Right-of-use asset	6	64,920	69,750
Investment properties		3,298,678	3,237,634
Intangibles	7	16,166,170	16,179,879
Long-term loans and advances		467	241
Long-term deposits		30,914	27,686
		<u>29,129,614</u>	<u>29,541,334</u>
<b>Current assets</b>			
Inventories		6,110,679	5,773,882
Trade receivables	8	15,397,899	11,978,760
Loans and advances	9	1,413,707	1,043,740
Trade deposits and short-term prepayments		197,751	158,573
Accrued markup		-	1,431
Other receivables	10	4,557,655	4,887,151
Short-term investment at amortised cost		116,571	115,772
Taxation - payments less provision		2,284,656	1,715,123
Tax refunds due from government - Sales tax		263,159	285,748
Cash and bank balances		12,241	230,212
Deferred tax asset		-	-
		<u>30,354,318</u>	<u>26,190,392</u>
<b>Total assets</b>		<u><u>59,483,932</u></u>	<u><u>55,731,726</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		3,900,659	3,120,527
Share premium		6,049,419	6,049,419
Unappropriated profit		14,430,150	14,040,214
General reserve		280,251	280,251
Revaluation surplus on property, plant and equipment		5,049,775	5,173,186
Attributable to owners of			
The Searle Company Limited - Holding Company		29,710,254	28,663,597
Non-controlling interests		1,692,399	2,027,714
		<u>31,402,653</u>	<u>30,691,311</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	12	6,952,789	9,049,521
Deferred tax liabilities		491,746	509,198
Employee benefit obligations		78,286	80,356
Deferred income - Government grant		-	-
Long term lease liability		87,017	87,017
		<u>7,609,838</u>	<u>9,726,092</u>
<b>Current liabilities</b>			
Trade and other payables	13	7,317,704	5,097,713
Short-term borrowings	14	12,876,670	9,969,728
Unpaid dividend	15	229,355	196,496
Unclaimed dividend		45,043	45,243
Current portion of long-term lease liability		2,669	5,143
		<u>20,471,441</u>	<u>15,314,323</u>
<b>Total liabilities</b>		<u><u>28,081,279</u></u>	<u><u>25,040,415</u></u>
<b>Contingencies and commitments</b>			
<b>Total equity and liabilities</b>	16	<u><u>59,483,932</u></u>	<u><u>55,731,726</u></u>

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements

Chief Executive

Director

Chief Financial Officer

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

For the Half Year ended December 31, 2022 - Unaudited

	Note	Quarter ended		Half year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
------(Rupees in '000)-----					
Revenue from contract with customers	17	8,642,767	6,889,335	16,855,914	14,567,196
Cost of sales	18	(4,847,149)	(3,809,089)	(9,754,704)	(8,081,720)
Gross profit		3,795,618	3,080,246	7,101,210	6,485,476
Distribution costs		(1,877,669)	(1,467,972)	(3,573,639)	(2,778,710)
Administrative expenses		(376,471)	(332,762)	(723,166)	(676,629)
Other operating expenses		(55,872)	(56,825)	(98,388)	(149,361)
Other income	19	77,332	91,367	125,744	132,196
Profit from operations		1,562,938	1,314,054	2,831,761	3,012,972
Finance cost		(880,781)	(496,578)	(1,674,251)	(919,181)
Profit before income tax		682,157	817,476	1,157,510	2,093,791
Income tax expense		(268,013)	(264,337)	(451,358)	(636,183)
Profit for the year		414,144	553,139	706,152	1,457,608
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		414,144	553,139	706,152	1,457,608
Profit is attributable to:					
Owners of the The Searle Company Limited - Holding Company		364,578	529,920	628,581	1,415,915
Non-controlling interests		49,566	23,219	77,571	41,693
		414,144	553,139	706,152	1,457,608
Basic and diluted earnings per share (Rupees)	20	0.93	1.36	1.61	3.63

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Half Year ended December 31, 2022 - Unaudited

	<b>December 31, 2022</b>	December 31, 2021
	(Rupees in '000)	
<b>Profit for the year</b>	<b>706,152</b>	1,457,608
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of post employment benefit obligations	<b>1,633</b>	-
Surplus on revaluation of property, plant and equipment	<b>59,959</b>	-
	<b>61,592</b>	
<b>Total comprehensive income for the year</b>	<b>767,744</b>	<u>1,457,608</u>
<b>Total comprehensive income is attributable to:</b>		
Owners of The Searle Company Limited - Parent Company	<b>684,390</b>	1,415,915
Non-controlling interests	<b>83,354</b>	41,693
	<b>767,744</b>	<u>1,457,608</u>

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Half Year ended December 31, 2022 - Unaudited

	Share capital	Advance received against issue of share capital	Capital reserves		Revenue reserves		Sub-Total reserves	Non-Controlling interest	Total
			Share premium account	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	4,066,913	280,251	12,776,023	23,172,606	513,181	26,086,192
Total comprehensive income for the period	-	-	-	-	-	1,415,915	1,415,915	77,571	1,493,486
<b>Transactions with owners</b>									
Final dividend for the year ended June 30, 2020 @ Rs. 2.5 per share	-	-	-	-	-	(480,083)	(480,083)	-	(480,083)
Dividend pertaining to non-controlling interests	720,121	-	(720,121)	-	-	-	(720,121)	(15,078)	(15,078)
Advance received against issue of share capital	-	4,364,474	-	-	-	-	-	-	4,364,474
Issuance cost against rights issue	-	-	-	-	-	(25,060)	(25,060)	-	(25,060)
	720,121	4,364,474	(720,121)	-	-	(505,143)	(1,225,264)	(15,078)	3,844,253
Transfer of incremental depreciation - net of deferred tax	-	-	-	(25,802)	-	25,802	-	-	-
Transaction with non-controlling interests	-	-	-	-	-	(600,000)	(600,000)	-	(600,000)
Balance as at December 31, 2021	<u>3,120,526</u>	<u>4,364,474</u>	<u>5,329,298</u>	<u>4,041,111</u>	<u>280,251</u>	<u>13,112,597</u>	<u>22,763,257</u>	<u>575,674</u>	<u>30,823,931</u>
<b>Balance as at July 01, 2022</b>	<b>3,120,527</b>	<b>-</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	-	-	-	-	-	684,390	684,390	83,354	767,744
<b>Transaction with NCI</b>	-	-	-	-	-	362,267	362,267	(362,267)	-
<b>Transactions with owners</b>									
Issue of bonus shares	780,132	-	-	-	-	(780,132)	(780,132)	-	-
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	-	(56,402)	(56,402)
	780,132	-	-	-	-	(780,132)	(780,132)	(56,402)	(56,402)
Transfer of incremental depreciation - net of deferred tax	-	-	-	(73,911)	-	73,911	-	-	-
Transfer of revaluation surplus on disposal of land held at revaluation model to retained earnings	-	-	-	(49,500)	-	49,500	-	-	-
<b>Balance as at December 31, 2022</b>	<u><b>3,900,659</b></u>	<u><b>-</b></u>	<u><b>6,049,419</b></u>	<u><b>5,049,775</b></u>	<u><b>280,251</b></u>	<u><b>14,430,150</b></u>	<u><b>25,809,595</b></u>	<u><b>1,692,399</b></u>	<u><b>31,402,653</b></u>

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the Half Year ended December 31, 2022 - Unaudited

		December 31, 2022	December 30, 2021
	Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	21	1,927,550	1,417,360
Employee benefit obligations paid		(5,177)	(16,215)
Finance cost paid		(1,543,277)	(943,308)
Income tax paid		(1,038,343)	(744,433)
Interest income received		2,234	1,768
(Increase) / decrease in long-term deposits		(3,228)	(1,115)
Lease rentals paid		(12,670)	(10,976)
Decrease / (increase) in long-term loans and advances		(226)	(144)
Net cash generated from operating activities		<b>(673,137)</b>	(297,063)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(235,372)	(552,137)
Consideration for acquisition of wholly owned subsidiary - net		-	(600,000)
Sale proceeds on disposal of property, plant and equipment		5,881	3,350
Additions to investment properties		(101,011)	(149,461)
Short-term investments		(799)	948
Purchase of intangible assets		-	(4,262)
Net cash used in investing activities		<b>(331,301)</b>	(1,301,562)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(23,743)	(610,002)
(Repayment) / Proceeds of borrowings		(764,830)	(171,536)
Repayment of demand finance facility		-	(113,333)
Net cash generated from / (used in) financing activities		<b>(788,573)</b>	(894,871)
<b>Net increase in cash and cash equivalents</b>		<b>(1,793,011)</b>	(2,493,496)
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>	22	<b>(10,856,167)</b>	(9,656,113)

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements

## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 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.

International Brands Limited is the holding company, which holds 56.32% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
<b>Listed Company</b>			
- IBL HealthCare Limited		<b>74.19%</b>	74.19%
<b>Unlisted Companies</b>			
- Searle Pharmaceuticals (Private) Limited	} Pakistan	<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%
- Searle Pakistan Limited			
- (formerly OBS (Pakistan) Private Limited)		<b>90.61%</b>	100.00%
- Nextar Pharma (Private) Limited *		<b>87.20%</b>	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 Half Year ended December 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 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 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, 2022. 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, 2023. 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, 2022.

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

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

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





## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended June 30, 2022.

	<b>(Unaudited) December 31, 2022</b>	(Audited) June 30, 2022
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets - note 5.1	<b>9,311,208</b>	9,904,947
Capital work-in-progress - at cost	<b>257,257</b>	121,197
	<b>9,568,465</b>	10,026,144

(Rupees in '000)

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

	<b>Additions (at cost)</b>		<b>Disposals (at net book value)</b>	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	(Rupees in '000)			
Leasehold land	<b>2,937</b>	-	<b>(452,937)</b>	-
Building on leasehold land	<b>33,159</b>	70,237	-	-
Plant and machinery	<b>63,421</b>	26,731	<b>(8)</b>	-
Office equipment	<b>2,148</b>	10,898	<b>(403)</b>	(92,178)
Furniture & fittings	<b>8,894</b>	3,211	-	(762)
Vehicles	<b>7,426</b>	-	<b>(333)</b>	-
Air conditioning systems	<b>24,077</b>	19,181	-	-
	<b>142,062</b>	130,258	<b>(453,681)</b>	(92,940)

	<b>(Unaudited) December 31, 2022</b>	(Audited) June 30, 2022
<b>6. RIGHT-OF-USE ASSET</b>		
Opening net book value	<b>69,750</b>	79,410
Derecognition of right of use asset	-	-
Depreciation for the period - note 6.1	<b>(4,830)</b>	(9,660)
Net book value as at December 31, 2022	<b>64,920</b>	69,750

(Rupees in '000)

- 6.1** Depreciation expense on right-of-use asset has been charged to cost of sales.

## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

	<b>(Unaudited)</b> <b>December 31,</b> <b>2022</b>	(Audited) June 30, 2022
	(Rupees in '000)	
<b>7. INTANGIBLES</b>		
Operating intangible assets	<b>78,999</b>	92,708
Market authorisation rights	<b>2,200,000</b>	2,200,000
Trademarks / brands	<b>2,500,000</b>	2,500,000
Goodwill pertaining to Nextar Pharma (Private) Limited and Searle Pakistan Limited	<b>11,387,171</b>	11,387,171
	<b>16,166,170</b>	16,179,879
<b>8. TRADE RECEIVABLES</b>		
Considered good		
- Export receivables, secured	<b>740,190</b>	530,536
- Due from related parties, unsecured	<b>13,196,450</b>	10,500,742
- Others, unsecured	<b>1,461,259</b>	947,482
	<b>15,397,899</b>	11,978,760
Considered doubtful - others	<b>172,243</b>	172,243
Less: Provision for doubtful receivables	<b>(172,243)</b>	(172,243)
	<b>15,397,899</b>	11,978,760
<b>9. LOANS AND ADVANCES - considered good</b>		
Advances to:		
Secured		
- employees for operating activities	<b>188,344</b>	66,278
- employees against salaries	<b>-</b>	33,208
<b>Unsecured</b>		
- advance to Universal Ventures (Private) Limited	<b>1,400</b>	1,400
- suppliers	<b>1,057,483</b>	777,876
- against imports	<b>160,184</b>	153,184
- against LC margin	<b>-</b>	5,013
Other advances	<b>6,296</b>	6,444
	<b>1,413,707</b>	1,043,403
Current portion of long-term loans to employee	<b>-</b>	337
	<b>1,413,707</b>	1,043,740



## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

(Unaudited)      (Audited)  
**December 31,**      June 30,  
**2022**                  2022  
(Rupees in '000)

### 10. OTHER RECEIVABLES

#### Receivables from related parties

Due from ultimate parent company and associated companies:

- International Brands Limited	<b>181,717</b>	167,537
- IBL Operations (Private) Limited	-	879,354
- Universal Ventures (Private) Limited	<b>3,837,052</b>	3,326,859
- IBL Frontier Market (Private) Limited	-	42,576
- IBL Logistics (Private) Limited	-	1,692
- IBL Unisys (Private) Limited	<b>57,581</b>	493
	<b>4,076,350</b>	4,418,511

Due from other related party:

- United Retail (SMC- Private) Limited	-	2,602
- Universal Retail (SMC- Private) Limited	-	98,152
	-	100,754

Surplus arising under retirement benefit fund

-

5,250

#### Receivables from other than related parties

International Franchises (Private) Limited**	<b>5,250</b>	-
United Distributors (Private) Limited**	<b>171,518</b>	-
Others, considered good - note 10.1	<b>304,537</b>	362,636
	<b>4,557,655</b>	4,887,151

- 10.1** This includes Rs. 81.03 million (June 30, 2022: Rs. 148.91 million) claimed by the Company from Zhejiang Huahai Pharmaceuticals, China (ZHP) relating to its product "Extor" that contains material supplied by ZHP. Claims amounting to Rs. 67.88 million (June 30, 2022: Rs. 86.11 million) were settled during the period.



## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

### 11. SHARE CAPITAL

Authorised share capital			(Unaudited)	(Audited)
(Unaudited)	(Audited)		December 31,	June 30,
December 31,	June 30,		2022	2022
2022	2022			
(Number of shares)			(Rupees in '000)	
<u>600,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	<u>6,000,000</u>	<u>3,000,000</u>
<b>Issued, subscribed and paid up capital</b>				
<b>(Number of shares)</b>				
<b>40,168,355</b>	40,168,355	Shares allotted for consideration paid in cash	<b>401,683</b>	401,683
<b>24,000</b>	24,000	Shares allotted for consideration other than cash	<b>240</b>	240
<b>349,873,530</b>	271,860,330	Shares allotted as bonus shares - note 11.2	<b>3,498,736</b>	2,718,604
<u><b>390,065,885</b></u>	<u>312,052,685</u>		<u><b>3,900,659</b></u>	<u>3,120,527</u>

- 11.1** The Company increased its authorised share capital for ordinary shares from Rs. 4 billion divided into 400 million ordinary shares to Rs. 6 billion divided into 600 million ordinary shares of Rs 10 each in its annual general meeting held on October 28, 2022.
- 11.2.** The Board of Directors in its meeting held on October 3, 2022, approved the issue of 25 bonus shares for every 100 shares held for the year ended June 30, 2022. The said bonus was approved by members in its Annual General Meeting held on October 28, 2022. The total size of issue is Rs. 780.13 million (78.01 million shares).

(Unaudited)	(Audited)
December 31,	June 30,
2022	2022
(Rupees in '000)	

### 12. LONG-TERM BORROWINGS

Long term loan from Habib Bank Limited - note 12.1

<u><b>6,952,789</b></u>	<u>9,049,521</u>
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- 12.1** The Company obtained a musharaka facility from Habib Bank Limited (Musharaka Agent) for a period of 7 years with a repayment grace period of two years. The Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However on February 24, 2021, the Company repaid loan amounting to Rs. 800 million to its Musharaka Agent. This facility carries a mark-up of three months KIBOR plus 1.35%.

## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

	<b>(Unaudited)</b> <b>December 31,</b> <b>2022</b>	(Audited) June 30, 2022
(Rupees in '000)		
<b>13. TRADE AND OTHER PAYABLES</b>		
Creditors	<b>1,216,912</b>	908,458
Payable under group relief	-	20,912
Salaries and benefits payable	-	648
Bills payable in foreign currency	<b>3,037,804</b>	659,951
Royalty payable	<b>23,239</b>	14,171
Accrued liabilities	<b>1,900,492</b>	2,456,453
Payable to provident fund	<b>21,780</b>	22,808
Current portion of deferred income - government grant	-	9,791
Advance from customers - unsecured	<b>54,923</b>	144,687
Payable for compensated absences	<b>6,800</b>	11,373
Provision for gas infrastructure	<b>9,485</b>	9,485
Deferred payable to UVPL - related party	-	-
Accrued markup	<b>449,202</b>	328,424
Taxes deducted at source and payable to statutory authorities	<b>123,261</b>	98,963
Workers' Profit Participation Fund	<b>290,680</b>	220,071
Workers' Welfare Fund	<b>94,287</b>	102,450
Other liabilities	<b>88,839</b>	89,068
	<b>7,317,704</b>	5,097,713
<b>14. SHORT-TERM BORROWINGS</b>		
<b>Secured borrowings</b>		
<b>Conventional:</b>		
Running finance under mark-up arrangements - note 14.1	<b>3,375,900</b>	2,498,053
<b>Islamic:</b>		
Running Musharaka	<b>7,492,508</b>	6,795,315
Current portion of long term borrowings	<b>2,008,262</b>	676,360
	<b>9,500,770</b>	7,471,675
	<b>12,876,670</b>	9,969,728



## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

- 14.1** 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. 12,140 million (June 30, 2022: Rs. 11,940 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

This represents facility obtained from Dubai Islamic Bank Pakistan Limited (DIBPL) amounting to Rs. 550 million carrying markup rate at KIBOR plus 1.75% 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. 733.33 million (at 25% margin) for funded exposure and Rs. 450 million for non funded exposure.

The running finance facilities obtained from commercial banks amounting to Rs. 950 million, carry markup ranging from 15.80% to 18.58% (June 30, 2022: 15% to 16.5%). The facilities are secured by way of joint pari passu hypothecation charge over current assets.

This represents facility obtained from Habib Bank Limited (HBL) amounting to Rs. 500 million carrying markup rate at 3 months KIBOR plus 1% which is to be reset after every 3 months. The facility is secured by way of 1st joint pari passu hypothecation charge over stocks and book debts with 25% margin to the extent of PKR 666.67 million. The facility was obtained to finance the working capital requirement of the Company.

Payment to be made in 4 equal monthly installments starting from the 9th month onwards from the date of disbursement. However, the loan has to be repaid in full from IPO proceeds of the Company if the same are received at any time before full adjustments.

- 14.2** The rates of mark-up ranged between 11.98% to 17.66% (June 30, 2022: 1% to 16.89%) per annum.

## 15. UNPAID DIVIDEND

- 15.1** This includes dividend on bonus shares withheld pertaining to 115 shareholders on which stay from the Honorable High Court of Sindh has been obtained.
- 15.2** This also includes dividend amounting to Rs. 37.34 million, due to unavailability of IBAN numbers.

## 16. CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

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

## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

### 16.2 Commitments

The facility for opening letters of credit and guarantees as at September 30, 2022 amounted to Rs. 3,365 million (June 30, 2022: Rs. 3,165 million) of which the amount remaining unutilised as at year ended amounted to Rs. 1,544 million (June 30, 2022: Rs. 2,025 million).

**(Unaudited)**  
**December 31,** December 31,  
**2022** 2021  
 (Rupees in '000)

### 17. REVENUE FROM CONTRACT WITH CUSTOMERS

Gross sales		
Local sales - note 17.1	<b>17,662,867</b>	14,574,230
Export sales	<b>1,291,292</b>	1,209,906
	<b>18,954,159</b>	15,784,136
Toll manufacturing	<b>70,548</b>	133,109
	<b>19,024,707</b>	15,917,245
Sales tax	<b>(357,541)</b>	(106,478)
	<b>18,667,166</b>	15,810,767
Less:		
Discounts, rebates and allowances	<b>1,141,054</b>	656,681
Sales returns	<b>670,198</b>	586,890
	<b>1,811,252</b>	1,243,571
	<b>16,855,914</b>	14,567,196

**17.1** Consequent to Order 4480/2018 dated August 3, 2018 issued by the Honourable Supreme Court of Pakistan, the Drug Regulatory Authority of Pakistan (DRAP) fixed maximum retail price of drugs vide notification S.R.O 1610/2018 dated December 31, 2018. Further, DRAP vide Notification S.R.O 34(1)/2019 dated January 10, 2019 increased the maximum retail prices of drugs by nine percent over and above the maximum retail prices as determined under hardship category during the year 2018 and fifteen percent over and above existing maximum retail prices determined under Drug Pricing Policy, 2018 for drugs other than those specified under hardship category.

The Honorable High Court of Sindh vide Order dated January 22, 2019 has disposed off all the legal cases of the Company against DRAP. As mandated under the orders dated August 3, 2018 and November 14, 2018 passed by the Honourable Supreme Court of Pakistan in Human Rights Case No. 2858 of 2006, the Company may file an appeal before the Appellate Board of DRAP as provided under Section 9 of the Drugs Act, 1976, if the Company is dissatisfied by the prices fixed by DRAP.



## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

Consequent to the above, the Company challenged the prices for four of its products namely, Pedital, Gravinat, Metodine and Hydrylline set by DRAP in its Appellate Board and the Appellate Board under its orders dated 18 June, 20 June and 25 June 2019 rejected the said application of the Company. The Company has challenged the said orders in the Honourable High Court of Sindh and an interim order has been passed restricting DRAP from taking any coercive action against the Company.

During the previous year, the Company has received a notice from DRAP which directed the Company having generic brand name, named Co- Extor, to lower their prices by 15% than that of corresponding originator brands vide its letter dated May 05, 2021 regarding the sale of its product "Co-Extor" for selling at the prices higher than the approved prices of DRAP. The Company has challenged the said order and obtained a stay order dated May 20, 2021 from Honourable High Court of Sindh, restricting DRAP from taking any coercive action against the Company.

During the period December 31, 2022, the Company has received an annual price adjustment on all of its products at a rate of 7% on essential products and 10% on other products based on CPI 2022.

Exposure of the Company due to abovementioned litigations amounted to Rs. 2.43 billion (June 30, 2022: Rs. 2.27 billion).

### 18. COST OF SALES

This includes inventory written-off during the period amounting to Rs. 12.18 million (December 31, 2021: Rs. 30.35 million)

	<b>(Unaudited)</b>	
	<b>December 31, 2022</b>	December 31, 2021
	(Rupees in '000)	
<b>19. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Exchange gain	<b>(25,859)</b>	64,274
Interest income on Term Finance Certificate	<b>9,365</b>	4,618
	<b>(16,494)</b>	68,892
<b>Income from non - financial assets</b>		
Insurance claim recovery		
Rental income from investment properties	<b>39,711</b>	34,994
Gain on disposal of property, plant and equipment	<b>62,314</b>	2,469
Scrap sales	<b>17,447</b>	7,272
Government grant	<b>9,791</b>	17,697
Others	<b>12,975</b>	872
	<b>142,238</b>	63,304
	<b>125,744</b>	132,196



## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

	<b>(Unaudited)</b>	
	<b>December 31,</b>	December 31,
	<b>2022</b>	2021
	(Rupees in '000)	
	(Re-stated)	
<b>20. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the period	<b>628,581</b>	1,415,915
Weighted average number of outstanding shares at the end of the period (in thousand)	<b>390,066</b>	390,066
Basic and diluted earnings per share (Rupees)	<b>1.61</b>	3.63
<b>21. CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	<b>1,157,510</b>	2,093,791
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation on property, plant and equipment	<b>299,135</b>	258,954
Depreciation on investment property	<b>39,967</b>	34,847
Depreciation on right-of-use-asset	<b>4,830</b>	9,879
Gain on disposal of property, plant and equipment	<b>(62,200)</b>	(2,438)
Amortisation	<b>13,585</b>	23,914
Provision for retirement benefits obligation	<b>4,740</b>	4,170
Deferred Income - Government grant	<b>(9,728)</b>	(17,993)
Unwinding of discount on salary refinancing	<b>-</b>	2,686
Interest income	<b>(803)</b>	(662)
Finance cost	<b>1,664,055</b>	818,644
Interest on lease liability	<b>10,196</b>	9,577
Amortisation of transaction cost	<b>8,615</b>	8,424
Profit before working capital changes	<b>3,129,902</b>	3,243,793
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Inventories	<b>(336,797)</b>	(604,008)
Trade receivables	<b>(3,419,139)</b>	(1,792,411)
Loans and advances	<b>(369,967)</b>	30,854
Trade deposits and short-term prepayments	<b>(39,178)</b>	30,308
Accrued markup	<b>1,431</b>	1,106
Tax refunds due from government - Sales tax	<b>22,589</b>	(54)
Other receivables	<b>839,496</b>	(566,622)
	<b>(3,301,565)</b>	(2,900,827)
Increase in current liabilities		
Trade and other payables	<b>2,099,213</b>	1,093,626
Sales tax payable	<b>-</b>	(19,232)
Cash generated from operations	<b>1,927,550</b>	1,417,360



## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

**(Unaudited)**  
**December 31,** December 31,  
**2022** 2021  
 (Rupees in '000)

### 22. CASH AND CASH EQUIVALENTS

Cash and bank balances	<b>12,241</b>	345,274
Short term running finances - note 14	<b>(10,868,408)</b>	(10,001,387)
	<b><u>(10,856,167)</u></b>	<b><u>(9,656,113)</u></b>

### 23. SEGMENT INFORMATION

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

### 24. TRANSACTIONS WITH RELATED PARTIES

Disclosure of transactions between the Company and related parties:

The related parties include associated companies, staff retirement funds, directors, key management personnel and close family members of directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant transactions with related parties are as follows:

Nature of relationship	Nature of transactions	<b>December 31,</b> <b>2022</b>	December 31, 2021 (Rupees in '000)
Holding company	- Corporate service charges	<b>66,000</b>	120,000
	- Rent income	<b>8,052</b>	7,340
	- Income from provision of amenities	<b>6,128</b>	-
	- Reimbursement of expenses	<b>13,124</b>	290
Associated companies	- Revenue	<b>12,691,030</b>	11,362,714
	- Salaries and wages	<b>3,703</b>	2,470
	- Purchases	<b>199</b>	219
	- Carriage and duties	<b>141,566</b>	71,083
	- Discounts claimed	<b>177,578</b>	97,068
	- Rent expense	<b>48,375</b>	52,204
	- Rent income	<b>51,885</b>	11,063



## Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year ended December 31, 2022 - Unaudited

Nature of relationship	Nature of transactions	December 31,	December 31,
		2022 (Rupees in '000)	2021 (Rupees in '000)
	- Stock claims	417,029	394,355
	- Advance against stock claims	-	491,355
	- Internet services	4,857	311
	- Income from provision of amenities	33,305	26,396
	- Donation	20,832	13,225
	- Incentives to field force staff	7,678	4,389
	- Repair and maintenance	1,428	337
	- Merchandise expense	15,846	14,449
	- Others	2,916	28,042
	- Sale of Land	510,000	-
Staff retirement benefits	- Contributions to Provident Fund	94,876	79,857
	- Benefits paid	51,899	35,631
Key management employees compensation	- Salaries and other employee benefits	187,357	168,966
	- Contributions to Provident Fund	12,800	11,446
	- Directors' fees and conveyance	1,475	885

**24.1** The status of outstanding balances with related parties as at December 31, 2022 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

### 25. 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 February 28, 2023.

  
Chief Executive

  
Director

  
Chief Financial Officer



# **SEARLE**

THE SEARLE COMPANY LIMITED

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