

A close-up photograph of two hands, one slightly larger than the other, gently cupping a vibrant green awareness ribbon. The ribbon is looped and draped across the palms, symbolizing care and support. The background is a clean, bright white.

SEARLE

Research in the service of mankind

MENTAL WELLNESS

Empowering minds,
Inspiring souls

QUARTERLY REPORT SEPTEMBER 2023

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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
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 three months ended September 30, 2023. 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 2.42 billion i.e., 47% over the same period last year. Growth in sales has contributed to 57% growth in profitability of our company as compared to Rs 206 million in the corresponding period last year.

Company was able to maintain its GP% due to price increase of 20% granted by government in May 2023.

Increase in finance cost which impacted the profitability of the company is mainly due to the increase in policy rate during the year i.e. from 15% last year to prevailing 22%.

Following is the summary of financial results for the three months ended September 30, 2023:

	September 30,	
	2023	2022
	(Rupees in thousand)	
Revenue	7,570,264	5,146,276
Cost of sales	(4,037,671)	(2,732,162)
Gross Profit	3,532,593	2,414,114
Operating expenses	(2,078,076)	(1,609,810)
Other operating expenses	(39,996)	(19,582)
Other income	55,484	204,676
Profit from operations	1,470,005	989,398
Finance cost	(1,007,055)	(714,339)
Profit before tax	462,950	275,059
Income tax expense	(138,315)	(68,228)
Profit after taxation	324,635	206,831

EARNINGS PER SHARE

Basic earnings per share after taxation for the period is Rs. 0.83 (September 2023: Rs. 0.53). 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, 2023.

FUTURE OUTLOOK

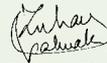
Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices,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

Karachi: October 27, 2023

فی شیئر آمدنی

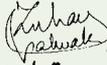
اس مدت کے لئے نیکیشن کے بعد بنیادی آمدنی فی شیئر 0.83 روپے ہے (ستمبر 2022: 0.53 روپے)۔ کمپنی کی بنیادی آمدنی فی شیئر پر براہ راست کوئی اثرات مرتب نہیں ہوئے جیسا کہ کمپنی نے 30 ستمبر 2023 کے مطابق عمومی شیئرز میں کوئی قابل منتقل کمی نہیں کی تھی۔

مستقبل پر ایک نظر

سرل اپنی مسابقتی کمپنیوں کے ساتھ اپنے مارکیٹ شیئر کے فروغ اور اسے بڑھانے کے عزم پر پوری طرح کاربند ہے اور موجودہ سماجی و معاشی، سیاسی اور ماحولیاتی چیلنجز کے باوجود آرگینک اور ان-آرگینک گروتھ برقرار رکھنے کے لئے کوشاں ہے۔ زرمبادلہ کے نرخوں میں جاری اتار چڑھاؤ، افراط زر، عالمی سطح پر ایشیائے صرف کے نرخوں میں اضافے، بڑھتے ہوئے فیول/لا جسٹس اخراجات اور شرح سود کے باوجود کمپنی کے مستقبل کے منافع جات کو کوئی خطرات لاحق نہیں ہیں۔

سرل میں ہم تمام افراد پر عزم اور فعال ہیں اور کمپنی کی ترقی کے لئے بھرپور شراکت کا عزم رکھتے ہیں۔ ہمارے شراکت کاروں، سپلائرز اور صارفین کا تعاون بھی ہمارے ساتھ شامل حال ہے، جن کے ہم انتہائی شکر گزار ہیں اور توقع کرتے ہیں کہ اسی طرح مستقبل میں بھی یہ شراکت جاری رہے گی۔ ہمیں یقین ہے کہ سرل کام کے لئے انتہائی محنت کا سلسلہ جاری رکھے گا تاکہ ہمارے ساتھ منسلک ہر فرد کے لئے طویل مدتی پائیدار گروتھ حاصل کی جاسکے۔

برائے اور بورڈ کی جانب سے


ذہیر رزاق پال والا
ڈائریکٹر


سید عمید احمد
چیف ایگزیکٹو آفیسر

کراچی: 27 اکتوبر 2023

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہم بسرت 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی مدت کے لئے کمپنی کے غیر یکجا شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) عبوری مالیاتی رپورٹنگ کی شرائط کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ، 2017 کے سیکشن 227 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

مالیاتی جھلکیاں

کمپنی کا ریونیو گزشتہ سال کی اس مدت کے مقابلے میں 2.42 بلین روپے یعنی 47 فیصد تک بڑھ گیا۔ سبز میں گروتھ نے ہماری کمپنی کے منافع میں 57 فیصد اضافہ کی شراکت کی جیسا کہ گزشتہ سال کی اسی مدت کے مقابلے میں یہ 206 بلین روپے تھی۔

کمپنی مئی 2023 میں حکومت کی جانب سے سزوں میں 20 فیصد اضافے کی منظوری کے باعث اپنی GP% کو برقرار رکھنے میں کامیاب رہی۔

فنانسز چارجز کی مالیت میں اضافہ ہوا جس کے اثرات کمپنی کے منافع پر بھی مرتب ہوئے۔ اس سال کے دوران پالیسی ریٹ میں اضافے کے سبب بھی یہ اضافہ ہوا۔ جو کہ گزشتہ سال 15 فیصد تھا اور اب 22 فیصد ہو چکا ہے۔

30 ستمبر 2023 کو ختم ہونے والی سہ ماہی مدت کے لئے مالیاتی نتائج درج ذیل کے مطابق ہیں:

2022	2023	
(پاکستانی روپے ہزاروں میں)		
5,146,276	7,570,264	آمدنی
(2,732,162)	(4,037,671)	فروخت کے اخراجات
2,414,114	3,532,593	مجموعی آمدنی
(1,609,810)	(2,078,076)	آپریٹنگ اخراجات
(19,582)	(39,996)	دیگر آپریٹنگ اخراجات
204,676	55,484	دیگر آمدنی
989,398	1,470,005	آپریٹنگ سے آمدنی
(714,339)	(1,007,055)	مالیاتی اخراجات
275,059	462,950	منافع قبل از ٹیکس
(68,228)	(138,315)	اکم ٹیکس اخراجات
206,831	324,635	منافع بعد از ٹیکس

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

		(Un-audited) September 30, 2023	(Audited) June 30, 2023
ASSETS	Note	(Rupees in '000)	
Non-current assets			
Property, plant and equipment	5	6,497,562	6,544,520
Right-of-use asset		57,675	60,090
Investment properties - at cost		2,876,770	2,864,868
Intangible assets		36,635	40,399
Long-term investments - subsidiaries	6	26,066,718	18,816,311
Long-term loans		88	117
Long-term deposits		7,396	7,396
		<u>35,542,844</u>	<u>28,333,701</u>
Current assets			
Inventories		2,090,997	2,716,235
Trade and other receivables	7	13,101,739	16,094,848
Loans and advances		1,431,863	1,071,375
Trade deposits and short-term prepayments		184,950	156,539
Short-term investment - at amortised cost		100,000	100,000
Taxation - payments less provision		1,827,399	1,934,114
Tax refunds due from Government - Sales Tax		188,042	196,712
Cash and bank balances		991,616	196,782
		<u>19,916,606</u>	<u>22,466,605</u>
Total assets		<u><u>55,459,450</u></u>	<u><u>50,800,306</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share Capital			
Issued, subscribed and paid-up capital	8	3,900,659	3,900,659
Advance received against issue of share capital		3,211,621	-
Capital Reserves			
Share premium		6,049,419	6,049,419
Revaluation surplus on property, plant and equipment		3,671,679	3,717,069
Revenue reserves			
General reserve		280,251	280,251
Unappropriated profit		14,059,862	13,721,361
Total equity		<u>31,173,491</u>	<u>27,668,759</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		240,525	238,725
Employee benefit obligations		56,064	57,567
Long-term borrowings	9	5,573,225	5,917,063
Lease liabilities		78,702	78,702
		<u>5,948,516</u>	<u>6,292,057</u>
Current liabilities			
Trade and other payables	10	8,026,427	6,423,005
Short-term borrowings	11	10,029,353	10,092,552
Contract liabilities		55,492	96,043
Unpaid dividend		183,736	183,736
Unclaimed dividend		37,220	37,526
Current portion of lease liabilities		5,215	6,628
		<u>18,337,443</u>	<u>16,839,490</u>
Total liabilities		<u>24,285,959</u>	<u>23,131,547</u>
Contingencies and commitments			
Total equity and liabilities	12	<u><u>55,459,450</u></u>	<u><u>50,800,306</u></u>

The annexed notes from 1 to 21 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, 2023 - Unaudited

		Quarter ended	
		September 30 2023	September 30 2022
	Note		
Revenue from contracts with customers	13	7,570,264	5,146,276
Cost of sales		(4,037,671)	(2,732,162)
Gross profit		3,532,593	2,414,114
Distribution costs		(1,677,958)	(1,307,080)
Administrative expenses		(400,118)	(302,730)
Other expenses		(39,996)	(19,582)
Other income	14	55,484	204,676
Profit from operations		1,470,005	989,398
Finance cost		(1,007,055)	(714,339)
Profit before income tax		462,950	275,059
Taxation		(138,315)	(68,228)
Profit for the period		324,635	206,831
Other comprehensive income		-	-
Total comprehensive income		324,635	206,831
			(Re-stated)
Earnings per share - basic and diluted	15	0.83	0.53

The annexed notes from 1 to 21 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, 2023 - Unaudited

	Share capital	Advance received against issue of share capital	Capital reserve		Revenue reserves		Total reserves	Total
			Share premium	Revaluation surplus on Property, plant & equipment	General reserve	Unappropriated profits		
-----Rupees '000-----								
Balance as at July 01, 2022	3,120,527	-	6,049,419	3,592,613	280,251	13,994,648	23,916,931	27,037,458
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
Balance as at September 30, 2022	<u>3,120,527</u>	<u>-</u>	<u>6,049,419</u>	<u>3,558,277</u>	<u>280,251</u>	<u>14,235,815</u>	<u>24,123,762</u>	<u>27,244,289</u>
Balance as at July 01, 2023	3,900,659	-	6,049,419	3,717,069	280,251	13,721,361	23,768,100	27,668,759
Advance received against issue of share capital	-	3,211,621	-	-	-	-	3,211,621	3,211,621
Issuance cost against rights issue	-	-	-	-	-	(31,524)	(31,524)	(31,524)
Transfer of incremental depreciation for the period (net of deferred tax)	-	-	-	(45,390)	-	45,390	-	-
Total comprehensive income for the period	-	-	-	-	-	324,635	324,635	324,635
Balance as at September 30, 2023	<u>3,900,659</u>	<u>3,211,621</u>	<u>6,049,419</u>	<u>3,671,679</u>	<u>280,251</u>	<u>14,059,862</u>	<u>27,272,832</u>	<u>31,173,491</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive


Director

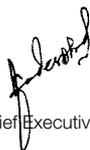

Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended September 30, 2023 - Unaudited

		September 30, 2023	September 30, 2022
	Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	6,218,116	1,078,560
Retirement benefit obligations paid		(2,852)	-
Finance cost paid		(799,443)	(628,387)
Income taxes paid		(29,800)	(137,876)
Decrease in long-term loans		29	31
Net cash generated from operating activities		5,386,050	312,328
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(73,547)	(107,839)
Proceeds from disposal of property, plant and equipment		-	3,819
Purchase of investment properties		(31,195)	(55,564)
Investment / Acquisition in subsidiary		(7,250,407)	-
Net cash used in investing activities		(7,355,148)	(159,584)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(306)	(289)
Repayment of salary refinancing		-	(66,938)
Musharaka facility repaid		(348,050)	(174,025)
Advance received against issue of share capital net of issuance cost		3,180,097	
Payment against lease liabilities		(4,610)	(4,611)
Net cash from financing activities		2,827,131	(245,863)
Net increase in cash and cash equivalents		858,033	(93,119)
Cash and cash equivalents at the beginning of the period		(7,781,495)	(7,566,126)
Cash and cash equivalents at the end of the period	17.2	(6,923,462)	(7,659,245)

The annexed notes from 1 to 21 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, 2023 - 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 55.04% (2023: 55.04%) shareholding in the Company.

- 1.2 Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		September 30, 2023	June 30, 2023
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited	Pakistan	90.61%	90.61%
- Searle Pharmaceuticals (Private) Limited		100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Searle IV Solutions (Private) Limited		100.00%	-
- Stellar Ventures (Private) Limited		100.00%	-
- Mycart (Private) Limited *		50.00%	-
- IBL Frontier Markets (Private) Limited *		100.00%	-
- Prime Health (Private) Limited *		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.*

* *Mycart (Private) Limited, IBL Frontier Markets (Private) Limited, and Prime Health (Private) Limited are the subsidiaries of Stellar Ventures (Private) Limited being the indirect subsidiaries 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.

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.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

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, 2023.

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, 2023, 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 September 30, 2022.

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, 2023.

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, 2023. 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, 2024. 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, 2023.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

- 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, 2023.
- 4.4 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.

(Unaudited)	(Audited)
September 30,	June 30,
2023	2023
(Rupees in '000)	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	6,168,396	6,286,725
Capital work-in-progress - at cost	329,166	257,795
	6,497,562	6,544,520

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

	Additions (at cost)		Disposals (at net book value)	
	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022
	(Rupees in '000)			
Leasehold Land	253	2,937	-	-
Building on leasehold land	-	6,672	-	-
Plant and machinery	502	15,157	-	-
Vehicles	-	7,426	-	-
Office equipment	1,424	19,647	-	(289)
	2,179	51,839	-	(289)

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

	(Unaudited)		(Audited)	
	September 30,		June 30,	
	2023		2023	
	(Rupees in '000)			
6. LONG-TERM INVESTMENTS				
Subsidiary companies - at cost		26,066,718		18,816,311
6.1 Subsidiary companies				
	September 30, 2023		June 30, 2023	
	Equity % held	Investment at cost (Rupees '000)	Equity % held	Investment at cost (Rupees '000)
Quoted security				
<i>IBL HealthCare Limited</i>				
52,966,637 (2023: 52,966,637)				
Ordinary shares of Rs. 10 each	74.19%	1,300,911	74.19%	1,300,911
Market price as at September 30, 2023: Rs. 32.55 (June 30, 2023: Rs. 32.55) per share				
		1,300,911		1,300,911
Unquoted securities				
<i>Searle Pakistan Limited</i>				
1,155,577,900 (2023: 1,155,577,900)				
Ordinary shares of Rs. 10 each	90.61%	16,400,000	100%	16,400,000
Break up value as at September 30, 2023: Rs. 10.19 (June 30, 2023: Rs. 10.34) per share				
<i>Searle Biosciences (Private) Limited</i>				
11,000,000 (2023: 11,000,000)				
Ordinary shares of Rs. 10 each	100%	790,000	100%	790,000
Break up value as at September 30, 2023: Rs. 85.91 (June 30, 2023: Rs. 87.97) per share				
<i>IBL Future Technologies (Private) Limited</i>				
20,000,000 (2023: 20,000,000)				
Ordinary shares of Rs. 10 each	100%	200,000	100%	200,000
Break up value as at September 30, 2023: Rs. 10.03 (June 30, 2023: Rs. 10.03) per share				
<i>Searle Laboratories (Private) Limited</i>				
12,500,000 (2023: 12,500,000)				
Ordinary shares of Rs. 10 each	100%	125,000	100%	125,000
Break up value as at September 30, 2023: Rs. 0.29 (June 30, 2023: Rs. 0.29) per share				
<i>Searle Pharmaceuticals (Private) Limited</i>				
40,000 (2023: 40,000)				
Ordinary shares of Rs. 10 each	100%	400	100%	400
Break up value as at September 30, 2023: nil (June 30, 2023: nil) per share				
<i>Searle IV Solutions (Private) Limited</i>				
5,400,000 (2023: Nil)				
Ordinary shares of Rs. 10 each	100%	3,500,000	-	-
Break up value as at September 30, 2023: Rs.161.4				
<i>Stellar Ventures (Private) Limited</i>				
12,100,000 (2023: 12,100,000)				
Ordinary shares of Rs. 10 each	100%	3,750,407	-	-
Break up value as at September 30, 2023: Rs. 329.73				
		24,765,807		17,515,400
		26,066,718		18,816,311

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

		(Unaudited) September 30, 2023	(Audited) June 30, 2023
(Rupees in '000)			
7. TRADE AND OTHER RECEIVABLES			
Trade receivables	7.1	12,198,486	11,570,051
Other receivables	7.2	903,253	4,524,797
		<u>13,101,739</u>	<u>16,094,848</u>
7.1 TRADE RECEIVABLES			
Considered good			
- Export receivables - secured		753,982	442,573
- Due from related parties, unsecured - note 7.1		10,872,293	10,818,800
- others - unsecured		757,534	494,001
		<u>12,383,809</u>	<u>11,755,374</u>
Less: Provision for doubtful debts		(185,323)	(185,323)
		<u>12,198,486</u>	<u>11,570,051</u>
7.2 OTHER RECEIVABLES			
Receivables from related parties			
Due from parent company & associated companies			
International Brands (Private) Limited against:			
Expenses		47,613	43,231
Rental income		41,340	38,634
Group relief		39,209	58,040
		<u>128,162</u>	<u>139,905</u>
Due from subsidiary companies:			
IBL Healthcare Limited against:			
Expenses		4,964	4,333
Royalty		46,941	46,941
Rental income		5,565	4,540
Searle Pakistan Limited against:			
Dividend income		-	28,951
Searle Biosciences (Private) Limited against:			
Dividend income		-	43,000
Facility Management Fee		200,000	170,000
Expenses		95,104	25,661
Nextar Pharma (Private) Limited against expenses		19,037	13,107
		<u>371,611</u>	<u>336,533</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

Due from associated companies

IBL Operations (Private) Limited against:		
Expenses	3,649	2,306
Rental income	5,671	3,781
IBL Frontier Markets (Private) Limited against expenses	51,048	47,890
IBL Unisys (Private) Limited against:		
Rental income	2,021	719
Expenses	-	408
IBL Logistics (Private) Limited against rental income	1,692	1,692
Universal Ventures (Private) Limited against:		
Sale of subsidiary	86,452	3,326,859
Sale of land	-	510,000
Due from other related party:		
United Retail (SMC-Private) Limited against:		
Expenses	1,384	1,384
Universal Retail (Private) Limited against:		
Rental income	56,066	18,437
Expenses	-	71,626
Surplus arising under retirement benefit fund	207,983	3,985,102
Receivables from other than related parties	5,250	5,250
Others, considered good	190,247	58,007
	903,253	4,524,797

8. SHARE CAPITAL

Authorised share capital

(Unaudited) September 30, 2023	(Audited) June 30, 2023		(Unaudited) September 30, 2023	(Audited) June 30, 2023
700,000,000	600,000,000	Ordinary shares of Rs. 10 each	7,000,000	6,000,000

(Rupees in '000)

Issued, subscribed and paid up capital

(Unaudited) September 30, 2023	(Audited) June 30, 2023		(Unaudited) September 30, 2023	(Audited) June 30, 2023
		(Number of shares)		
40,168,355	40,168,355	Shares allotted for consideration paid in cash	401,683	401,683
24,000	24,000	Shares allotted for consideration other than cash	240	240
349,873,498	349,873,498	Shares allotted as bonus shares	3,498,736	3,498,736
390,065,853	390,065,853		3,900,659	3,900,659

Notes to the Unconsolidated Condensed Interim Financial Statements
For the period ended September 30, 2023 - Unaudited

	(Unaudited) September 30, 2023	(Audited) June 30, 2023
	(Rupees in '000)	
9. LONG-TERM BORROWINGS		
Musharaka Facility - notes 9.3, 9.4	<u>5,573,225</u>	<u>5,917,063</u>
9.3.	The Company has 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 has repaid the loan amounting to Rs. 800 million to its Musharaka agent. This facility carries a mark-up of three months KIBOR plus 1.35%.	
9.4.	Musharaka participants are Habib Bank Limited 52.29%, Pakistan Kuwait Investment Company (Private) Limited 10.37%, Bank of Khyber 10.37%, Pakistan China Investment Company (Private) Limited 10.37% and Bank Alfalah Limited 16.60%.	
	(Unaudited) September 30, 2023	(Audited) June 30, 2023
	(Rupees in '000)	
10. TRADE AND OTHER PAYABLES		
Creditors	733,362	1,399,761
Bills payable in foreign currency	1,581,663	1,762,126
Payable to related parties	2,995,020	1,310,955
Royalty payable	24,352	24,352
Accrued liabilities	1,725,741	1,266,508
Payable to provident fund	17,488	14,961
Accrued mark-up	681,065	476,651
Taxes deducted at source and payable to statutory authorities	88,587	48,538
Workers' Profit Participation Fund	47,545	22,008
Workers' Welfare Fund	31,125	21,422
Other liabilities	100,479	75,723
	<u>8,026,427</u>	<u>6,423,005</u>
11. SHORT-TERM BORROWINGS		
Secured borrowings		
Conventional		
Running finance facility - note -11.3	1,239,965	1,631,532
Islamic		
Running Musharaka	6,675,113	6,346,745
Current portion of long-term borrowings - note -11.3.1	1,914,275	1,914,275
	<u>8,589,388</u>	<u>8,261,020</u>
	9,829,353	9,892,552
Unsecured		
Borrowing from IBL Future Technologies (Private) Limited - note 11.4	200,000	200,000
	<u>10,029,353</u>	<u>10,092,552</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

11.3 The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 7,920 million (2023: Rs. 8,050 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (2023: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 2,012.5 million (2023: Rs. 2,012.5 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,785.83 million (2023: Rs. 11,785.83 million).

11.3.1 The rates of mark-up / profit ranged between 23.41% to 25.41% (2023: 11.99% to 24.48%) per annum.

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

12. CONTINGENCIES AND COMMITMENTS

12.3 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, 2023.

12.4 Commitments

The facility for opening letters of credit and guarantees as at September 30, 2023 amounted to Rs. 3,065 million (June 30, 2023: Rs. 3,065 million) of which the amount remaining unutilised as at period ended September 30, 2023 amounted to Rs. 1,526 million (June 30, 2023: Rs. 1,128.23 million).

	September 30, 2023	September 30, 2022
	(Rupees in '000)	
13. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross sales		
Local sale of goods	8,853,684	5,484,014
Export sales	693,332	1,060,237
	9,547,016	6,544,251
Toll manufacturing	-	56,217
	9,547,016	6,600,468
Sales tax	(24,026)	(46,496)
	9,522,990	6,553,972
Less:		
Trade discount	(373,706)	(373,968)
Sales return	(1,579,020)	(1,033,728)
	(1,952,726)	(1,407,696)
	7,570,264	5,146,276
14. OTHER INCOME		
Income from financial assets - related parties		
Dividend income - subsidiary companies:		
- IBL HealthCare Limited	-	39,009
- Searle Biosciences (Private) Limited	-	444,000
- Searle Pakistan Limited	-	1,149,406
	-	1,632,415
Income from financial assets - others		
Interest Income from Term Finance Certificates	5,972	10,987
Income from non - financial assets		
Rental income from investment property	17,098	83,332
Gain on disposal of property, plant and equipment	-	2,419
Government grant	-	34,285
Exchange gain - net	-	33,416
Income from provision of amenities in respect of investment properties	-	55,096
Facility Management Fee - Searle Biosciences (Private) Limited	30,000	-
Scrap sales	2,414	13,230
	49,512	221,778
	55,484	1,865,180

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

	September 30, 2023	September 30, 2022
	(Rupees in '000)	
15. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period (Rupees in thousands)	<u>324,635</u>	<u>206,831</u>
Weighted average number of outstanding shares at the end of period (in thousand) - Restated	<u>390,066</u>	<u>390,066</u>
		(Re-stated)
Basic and diluted earnings per share (Rupees)	<u>0.83</u>	<u>0.53</u>
16. CASH GENERATED FROM OPERATIONS		
Profit before income tax	462,950	275,059
Add adjustments for non-cash charges and other items		
Depreciation	142,212	126,599
Gain on disposal of property, plant and equipment	-	(3,530)
Amortisation of intangible assets	3,763	5,163
Amortisation of transaction cost	4,212	4,212
Provision for retirement benefits obligation	1,350	1,350
Finance cost	1,003,857	710,942
Interest on lease liability	3,197	3,397
Government grant recognised in income	-	(8,571)
Profit before working capital changes	<u>1,621,541</u>	<u>1,114,621</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	625,238	419,061
Trade and othe receivables	2,993,109	(1,241,782)
Loans and advances	(360,488)	(80,014)
Trade deposits and short-term prepayments	(28,411)	(25,799)
Refund due from Government - sales tax - net	8,670	(405)
	<u>3,238,118</u>	<u>(928,939)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	1,399,008	879,082
Contract liabilities	(40,551)	13,796
	<u>1,358,457</u>	<u>892,878</u>
Cash flows generated from operations	<u>6,218,116</u>	<u>1,078,560</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

	September 30, 2023	September 30, 2022
17. CASH AND CASH EQUIVALENTS	(Rupees in '000)	
Cash and bank balances	991,616	69,014
Running finance under markup arrangements - note 11.3	(7,915,078)	(7,728,259)
	<u>(6,923,462)</u>	<u>(7,659,245)</u>

18. SEGMENT INFORMATION

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

19. 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	September 30, 2023	September 30, 2022
		(Rupees in '000)	
Parent company	- Corporate service charges	33,000	33,000
	- Rent income	4,370	3,713
	- Income from provision of amenities	2,719	2,719
	- Reimbursement of expenses	-	1,755
Subsidiaries	- Revenue	164,106	132,836
	- Purchase of consumables	65,267	92,496
	- Dividend income	-	172,334
	- Advance against financial assistance	85,400	-
	- Reimbursement of expenses	32,373	-
	- Rent income	3,421	3,327
	- Income from Provision of Amenities	631	684
	- Management Fees	30,000	-
	- Others	828	8,754
Associated companies	- Revenue	6,403,254	3,974,002
	- Salaries and wages	5,253	1,591
	- Purchases	-	10,289
	- Carriage and duties	277	49,725
	- Discounts claimed	32,222	65,277
	- Rent expense	7,500	20,171
	- Rent income	11,297	3,490
	- Income from Provision of Amenities	11,165	11,202
	- Stock claims	40,889	114,257
	- Internet services	3,324	2,501
	- Donations	32,240	5,352
	- Incentives to field force staff	-	2,417
	- Repair & maintenance	1,180	399
	- Merchandise expense	5,892	6,749
	- Others	11,028	876
Staff retirement benefits	- Contributions to Provident Fund	52,154	44,566
	- Benefits paid	52,775	23,011
Key management employees compensation	- Salaries and other employee benefits	98,273	66,960
	- Contributions to Provident Fund	7,376	6,400

Notes to the Unconsolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

19.3 The status of outstanding balances with related parties as at September 30, 2023 is included in the respective notes to the financial statements.

20. CORRESPONDING FIGURES

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

21. 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, 2023.



Chief Executive



Director



Chief Financial Officer



Consolidated Financial Statements

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

Directors' Report to the Members

We are pleased to present the consolidated interim financial information of the company for the three months ended September 30, 2023. 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 2,649 million i.e. 32.3% 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 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 15% last year to prevailing 22%.

Following is the summary of financial results for the three months ended September 30, 2023:

	September 30,	
	2023	2022
	(Rupees in thousand)	
Revenue	10,862,095	8,213,147
Cost of sales	(6,710,537)	(4,907,555)
Gross Profit	4,151,558	3,305,592
Operating expenses	(2,566,686)	(2,042,665)
Other operating expenses	(39,996)	(42,516)
Other income	28,650	48,412
Profit from operations	1,573,526	1,268,824
Finance cost	(1,232,174)	(793,470)
Profit before tax	341,352	475,354
Income tax expense	(203,394)	(183,345)
Profit after taxation	137,958	292,009

EARNINGS PER SHARE

Basic earnings per share after taxation for the period was Rs. 0.31 (2023: Rs. 0.68). 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, 2023.

FUTURE OUTLOOK

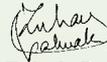
Searle is strongly committed to growing and increasing its market share among its competitors and maintaining its organic and in-organic growth despite the current socio-economic, political and environmental challenges. Ongoing volatility in exchange rates, inflation, increase in global commodity prices,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

نی شیئر آمدنی

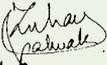
اس مدت کے لئے ٹیکسیشن کے بعد بنیادی آمدنی فی شیئر 0.31 روپے ہے (ستمبر: 2022 0.68 روپے)۔ ہولڈنگ کمپنی کی بنیادی آمدنی فی شیئر پر براہ راست کوئی اثرات مرتب نہیں ہوئے جیسا کہ ہولڈنگ کمپنی نے 30 ستمبر 2023 کے مطابق عمومی شیئرز میں کوئی قابل منتقل کی نہیں کی تھی۔

مستقبل پر ایک نظر

سرل اپنی مسابقتی کمپنیوں کے ساتھ اپنے مارکیٹ شیئر کے فروغ اور اسے بڑھانے کے عزم پر پوری طرح کاربند ہے اور موجودہ سماجی و معاشی، سیاسی اور ماحولیاتی چیلنجز کے باوجود آرگینک اور ان-آرگینک گروتھ برقرار رکھنے کے لئے کوشاں ہے۔ زر مبادلہ کے نرخوں میں جاری اتار چڑھاؤ، افراط زر، عالمی سطح پر ایشیائے صرف کے نرخوں میں اضافے، بڑھتے ہوئے فیول/لائسنس اخراجات اور شرح سود کے باوجود ہولڈنگ کمپنی کے مستقبل کے منافع جات کو کوئی خطرات لاحق نہیں ہیں۔

سرل میں ہم تمام افراد پر عزم اور فعال ہیں اور کمپنی کی ترقی کے لئے بھرپور شراکت کا عزم رکھتے ہیں۔ ہمارے شراکت کاروں، سپلائرز اور صارفین کا تعاون بھی ہمارے ساتھ شامل حال ہے، جن کے ہم انتہائی شکر گزار ہیں اور توقع کرتے ہیں کہ اسی طرح مستقبل میں بھی یہ شراکت جاری رہے گی۔ ہمیں یقین ہے کہ سرل کام کے لئے انتہائی محنت کا سلسلہ جاری رکھے گا تاکہ ہمارے ساتھ منسلک ہر فرد کے لئے طویل مدتی پائیدار گروتھ حاصل کی جاسکے۔

برائے اور بورڈ کی جانب سے


زمر رزا پال والا
ڈائریکٹر


سید عہس احمد
چیف ایگزیکٹو آفیسر

کراچی: 27 اکتوبر 2023

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہم ہمسرت 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی مدت کے لئے ہولڈنگ کمپنی کے یکجا شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔ یہ مالیاتی حسابات انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-34) عبوری مالیاتی رپورٹنگ کی شرائط کے مطابق تیار کیے گئے ہیں۔ ڈائریکٹرز کی رپورٹ کمپنیز ایکٹ، 2017 کے سیکشن 227 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے باب XII کے مطابق تیار کی گئی ہے۔

کلیدی مالیاتی نکات

ہولڈنگ کمپنی کا یکجا ریونیو گزشتہ سال کی اس مدت کے مقابلے میں 2.649 بلین روپے یعنی %32.3 تک بڑھ گیا۔ نامناسب اقتصادی حالات جس میں روپے کی قدر میں گراوٹ، شرح سود میں اضافہ، بجلی اور تیل کی قیمتوں میں اضافہ شامل ہے۔ ہولڈنگ کمپنی کے منافع میں کمی واقع ہوئی ہے۔

ہولڈنگ کمپنی کے منافع میں کمی کی اہم وجہ شرح سود میں اضافہ ہے۔ جو کہ %11 سے بڑھ کر اس وقت %22 پہنچ چکی ہے۔

30 ستمبر 2023 کو ختم ہونے والی سہ ماہی مدت کے لئے مالیاتی نتائج درج ذیل کے مطابق ہیں:

2022	2023	
(پاکستانی روپے ہزاروں میں)		
8,213,147	10,862,095	آمدنی
(4,907,555)	(6,710,537)	فروخت کے اخراجات
3,305,592	4,151,558	مجموع آمدنی
(2,042,665)	(2,566,686)	آپریٹنگ اخراجات
(42,516)	(39,996)	دیگر آپریٹنگ اخراجات
48,412	28,650	دیگر آمدنی
1,268,824	1,573,526	آپریٹنگ سے آمدنی
(793,470)	(1,232,174)	مالیاتی اخراجات
475,354	341,352	منافع قبل از ٹیکس
(183,345)	(203,394)	انکم ٹیکس اخراجات
292,009	137,958	منافع بعد از ٹیکس

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

		(Un-audited) September 30, 2023	(Audited) June 30, 2023
		(Rupees in '000)	
ASSETS			
Non-current assets			
	6	13,002,725	10,192,835
	7	57,675	60,090
		3,453,131	3,348,598
	8	18,733,576	16,153,388
		3,516	117
		27,648	30,798
		<u>35,278,271</u>	<u>29,785,826</u>
Current assets			
		5,699,539	6,975,694
	9	17,855,483	21,200,977
	10	2,629,099	1,202,905
		250,620	196,941
		-	420
		115,772	115,772
		2,429,825	2,438,330
		262,711	265,706
		1,364,215	313,244
		<u>30,607,264</u>	<u>32,709,989</u>
		<u>65,885,535</u>	<u>62,495,815</u>
Total assets			
EQUITY AND LIABILITIES			
EQUITY			
	11	3,900,659	3,900,659
		3,211,621	-
		6,049,419	6,049,419
		14,279,622	14,143,280
		280,251	280,251
		5,522,999	5,568,389
		<u>33,244,571</u>	<u>29,941,998</u>
		1,944,455	1,734,434
		<u>35,189,026</u>	<u>31,676,432</u>
LIABILITIES			
Non-current liabilities			
	13	5,573,225	5,917,063
		677,352	706,960
		78,389	78,707
		78,702	78,702
		<u>6,407,668</u>	<u>6,781,432</u>
Current liabilities			
	14	10,549,101	9,922,915
	15	13,401,414	13,651,856
		55,492	184,249
		227,667	227,669
		44,327	44,634
		10,840	6,628
		<u>24,288,841</u>	<u>24,037,951</u>
		<u>30,696,509</u>	<u>30,819,383</u>
		<u>65,885,535</u>	<u>62,495,815</u>
Total liabilities			
Contingencies and commitments			
	16		
Total equity and liabilities			

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


Chief Executive


Director


Chief Financial Officer

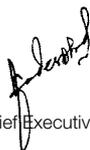
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended September 30, 2023 - Unaudited

	Note	Quarter ended	
		September 30 2023	September 30 2022
		(Rupees in '000)	
Revenue from contract with customers	17	10,862,095	8,213,147
Cost of sales		(6,710,537)	(4,907,555)
Gross profit		4,151,558	3,305,592
Distribution costs		(2,146,081)	(1,695,970)
Administrative expenses		(420,605)	(346,695)
Other operating expenses		(39,996)	(42,516)
Other income	18	28,650	48,412
Profit from operations		1,573,526	1,268,823
Finance cost		(1,232,174)	(793,470)
Profit before income tax		341,352	475,353
Income tax expense		(203,394)	(183,345)
Profit for the year		137,958	292,008
Other comprehensive income		-	-
Total comprehensive income for the period		137,958	292,008
Total comprehensive income is attributable to:			
Owners of the The Searle Company Limited - Holding Company		122,476	264,003
Non-controlling interests		15,482	28,005
		137,958	292,008
Basic and diluted earnings per share (Rupees)		0.31	0.68

(Restated)

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 period ended September 30, 2023 - Unaudited

	September 30 2023	September 30 2022
	(Rupees in '000)	
Profit for the year	137,958	292,008
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of post employment benefit obligations	-	-
Surplus on revaluation of property, plant and equipment	-	-
	-	-
Total comprehensive income for the year	137,958	292,008
Total comprehensive income is attributable to:		
Owners of The Searle Company Limited - Parent Company	122,476	264,003
Non-controlling interests	15,482	28,005
	137,958	292,008

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 period ended September 30, 2023 - Unaudited

		September 30, 2023	September 30, 2022
	Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	5,266,843	1,220,877
Employee benefit obligations paid		(2,853)	(1,862)
Finance cost paid		(1,030,393)	(701,386)
Income tax paid		(224,497)	(220,079)
Interest income received		420	1,431
(Increase) / decrease in long-term deposits		3,150	(806)
Lease rentals paid		1,015	(4,611)
Decrease / (increase) in long-term loans and advances		(3,399)	31
Net cash generated from operating activities		4,010,286	293,595
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,027,219)	(117,599)
Acquisition of subsidiaries - net		(2,391,383)	-
Sale proceeds on disposal of property, plant and equipment		-	4,590
Additions to investment properties		(122,009)	(55,564)
Net cash used in investing activities		(5,540,611)	(168,573)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(309)	(290)
(Repayment) / Proceeds of borrowings		(348,050)	(259,592)
Advance received against issue of share capital - net of issuance cost		3,180,097	-
Net cash generated from / (used in) financing activities		2,831,738	(259,882)
Net increase in cash and cash equivalents		1,301,413	(134,860)
Cash and cash equivalents at beginning of the period		(11,424,337)	(9,063,156)
Cash and cash equivalents at end of the period	21	(10,122,924)	(9,198,016)

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 period ended March 31, 2023 - 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, 2022	3,120,527	-	6,049,419	5,173,186	280,251	14,040,214	25,543,070	2,027,714	30,691,311
Total comprehensive income for the period	-	-	-	-	-	264,003	264,003	28,005	292,008
Transactions with owners									
Issue of shares of SPL	-	-	-	-	-	344,243	344,243	(344,243)	-
Final dividend for the year ended June 30, 2020 @ Rs. 2.5 per share	-	-	-	-	-	-	-	-	-
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	-	(5,737)	(5,737)
Transfer of incremental depreciation - net of deferred tax	-	-	-	(51,587)	-	51,587	-	-	-
Balance as at September 30, 2022	<u>3,120,527</u>	<u>-</u>	<u>6,049,419</u>	<u>5,121,599</u>	<u>280,251</u>	<u>14,700,047</u>	<u>26,151,316</u>	<u>1,705,739</u>	<u>30,977,582</u>
Balance as at July 01, 2023	<u>3,900,659</u>	<u>-</u>	<u>6,049,419</u>	<u>5,568,389</u>	<u>280,251</u>	<u>14,143,280</u>	<u>26,041,339</u>	<u>1,734,434</u>	<u>31,676,432</u>
Total comprehensive income for the period	-	-	-	-	-	122,476	122,476	15,482	137,958
Transactions with owners									
Advance received against issue of share capital	-	3,211,621	-	-	-	-	-	-	3,211,621
Issuance cost against rights issue	-	-	-	-	-	(31,524)	(31,524)	-	(31,524)
Acquisition of subsidiary	-	-	-	-	-	-	-	(163,635)	(163,635)
Non-redeemable convertible loan - note 13	-	-	-	-	-	-	-	358,173	358,173
Transfer of incremental depreciation - net of deferred tax	-	-	-	(45,390)	-	45,390	-	-	-
Balance as at September 30, 2023	<u>3,900,659</u>	<u>3,211,621</u>	<u>6,049,419</u>	<u>5,522,999</u>	<u>280,251</u>	<u>14,279,622</u>	<u>26,132,291</u>	<u>1,944,455</u>	<u>35,189,026</u>

The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements


Chief Executive


Director


Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

1. LEGAL STATUS AND OPERATIONS

- 1.1 The Searle Company Limited (the Parent 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 Ultimate Parent Company, which holds 55.04% (June 2023: 55.04%) shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Percentage of effective holding	
		September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- Searle Pakistan Limited	Pakistan	90.61%	90.61%
- Searle Pharmaceuticals (Private) Limited		100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Future Technologies (Private) Limited		100.00%	100.00%
- Searle IV Solutions (Private) Limited		100.00%	-
- Stellar Ventures (Private) Limited		100.00%	-
- IBL Frontier Markets (Private) Limited *		100.00%	-
- Prime Health (Private) Limited *		100.00%	-
- Mycart (Private) Limited *		50.00%	-
- 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 Parent Company.*

* *MyCart (Private) Limited, IBL Frontier Markets (Private) Limited and Prime Health MyCart (Private) Limited are the subsidiaries of Stellar Ventures (Private) Limited being the indirect subsidiary of the Parent 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.

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

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2023.

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 Group's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Group'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 Group's annual accounting periods beginning on or after July 1, 2023. However, these will not have any impact on the Group'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 Group for the year ended June 30, 2023.

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, 2023.

The Group'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, 2023.

5. BUSINESS COMBINATION

5.1 Acquisition of Searle IV Solutions (Private) Limited

On August 31, 2023, the Company acquired 100% paid up share capital of Searle IV Solutions (Private) Limited (Searle IV), engaged in manufacture and sale of intravenous solutions and other pharmaceutical products, from IBL Operations (Private) Limited (IBL Ops) - related party. The said acquisition was approved by Board of Directors in its meeting held on May 25, 2023 for the total consideration amounting to Rs. 3,500 million. Moreover, the acquisition was also approved by the shareholders in Extra-Ordinary General Meeting (EOGM) held on July 26, 2023.

5.1.1 Assets acquired and liabilities transferred at the time of acquisition:

At the acquisition date, the identifiable assets acquired and liabilities assumed have provisionally been recognised. The management is in the process of determining the fair values of acquired assets and liabilities.

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

The provisional values of assets and liabilities acquired are as follows:

	Rupees in '000
Property, plant and equipment	869,939
Inventories	266,632
Trade and other receivables	156,565
Trade deposits and prepayments	76,353
Cash and bank balances	12,386
Total assets	1,381,875
Deferred taxation	24,838
Trade and other payables	401,764
Short-term borrowings - secured	30,000
Total liabilities	456,602
Provisional value of net assets acquired	925,273

This has resulted in recognition of goodwill as follows:

	Rupees in '000
Fair value of consideration	3,500,000
Provisional value of net assets acquired	(925,273)
Goodwill arising on acquisition - refer note 5.1.2	2,574,727

5.1.2 As stated in note 5.1.1, these values may be adjusted within a period of one year subsequent to the completion of fair value exercise.

5.2 Acquisition of Stellar Ventures (Private) Limited

On August 31, 2023, the Company acquired 100% paid up share capital of Stellar Ventures (Private) Limited (SVPL) from Universal Ventures (Private) Limited (UVPL) - related party. The said acquisition was approved by Board of Directors in its meeting held on October 3, 2022 for the total consideration amounting to Rs. 3,750 million. Moreover, the acquisition was also approved by the shareholders in Extra-Ordinary General Meeting (EOGM) held on July 26, 2023.

5.2.1 Assets acquired and liabilities transferred at the time of acquisition:

At the acquisition date, the identifiable assets acquired and liabilities assumed have provisionally been recognised. The management is in the process of determining the fair values of acquired assets and liabilities.

The provisional values of assets and liabilities acquired are as follows:

	Rupees in '000
Property, plant and equipment	2,296,580
Long-term investments	1,453,827
Cash and bank balances	2,730
Total assets	3,753,137
Trade and other payables	2,730
Total liabilities	2,730
Provisional value of net assets acquired	3,750,407

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

This has resulted in recognition of goodwill as follows:

	Rupees in '000
Fair value of consideration	3,750,407
Provisional value of net assets acquired	(3,750,407)
Goodwill arising on acquisition - refer note 5.2.2	-

5.2.2 As stated in note 5.2.1, these values may be adjusted within a period of one year subsequent to the completion of fair value exercise.

5.2.3 At acquisition of SVPL as per note 5.2, the Group's effective shareholding in Prime Health (Private) Limited, IBL Frontier Markets (Private) Limited and Mycart (Private) Limited is 100%, 100% and 50% respectively.

	(Unaudited) September 30, 2023	(Audited) June 30, 2023
6. PROPERTY, PLANT AND EQUIPMENT	(Rupees in '000)	
Operating assets - note 6.1	12,603,881	9,991,265
Capital work-in-progress - at cost	398,844	201,570
	<u>13,002,725</u>	<u>10,192,835</u>

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

	Additions (at cost)		Disposals (at net book value)	
	Sept. 30, 2023	Sept. 30, 2022	Sept. 30, 2023	Sept. 30, 2022
	(Rupees in '000)			
Leasehold land	253	-	-	-
Leasehold improvements	-	2,937	-	-
Building on leasehold land	3,893	6,672	-	-
Plant and machinery	9,498	27,989	-	(8)
Office equipment	2,427	-	-	(289)
Furniture & fittings	-	7,426	-	-
Vehicles	277	-	-	(333)
Air conditioning systems	-	24,388	-	-
	<u>16,348</u>	<u>69,412</u>	<u>-</u>	<u>(630)</u>

	(Unaudited) September 30, 2023	(Audited) June 30, 2023
7. RIGHT-OF-USE ASSET	(Rupees in '000)	
Opening net book value	60,090	69,750
Depreciation for the period - note 7.1	(2,415)	(9,660)
Net book value as at	<u>57,675</u>	<u>60,090</u>

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

Notes to the Consolidated Condensed Interim Financial Statements
For the period ended September 30, 2023 - Unaudited

		(Unaudited) September 30, 2023	(Audited) June 30, 2023
8. INTANGIBLES		(Rupees in '000)	
Operating intangible assets		71,678	66,217
Market authorisation rights		2,200,000	2,200,000
Trademarks / brands		2,500,000	2,500,000
Goodwill - note 8.1		13,961,898	11,387,171
		18,733,576	16,153,388
8.1	This represents goodwill pertaining to Nextar Pharma (Private) Limited, Searle Pakistan Limited and upon acquisition of subsidiaries. Refer note 5.		
		(Unaudited) September 30, 2023	(Audited) June 30, 2023
9. TRADE AND OTHER RECEIVABLES		(Rupees in '000)	
Trade receivables	9.1	16,820,441	16,443,847
Other receivables	9.2	1,035,042	4,757,130
		17,855,483	21,200,977
9.1 TRADE RECEIVABLES			
Considered good			
- Export receivables, secured		890,764	594,975
- Due from related parties, unsecured		14,534,058	15,017,751
- Others, unsecured		1,602,862	1,038,364
		17,027,684	16,651,090
Less: Provision for doubtful receivables		(207,243)	(207,243)
		16,820,441	16,443,847
9.2 OTHER RECEIVABLES			
Receivables from related parties			
Due from Ultimate Parent Company and associated companies:			
- International Brands (Private) Limited		128,162	139,905
- IBL Operations (Private) Limited		9,320	6,087
- Universal Ventures (Private) Limited		86,452	3,836,859
- IBL Frontier Market (Private) Limited		-	47,890
- IBL Logistics (Private) Limited		1,692	1,692
- IBL Unisys (Private) Limited		2,021	1,127
		227,647	4,033,560
Due from other related party:			
- United Retail (SMC- Private) Limited		1,384	2,523
- Universal Retail (SMC- Private) Limited		56,066	91,327
		57,450	93,850
Surplus arising under retirement benefit fund		5,250	5,250
Receivables from other than related parties			
Others, considered good		744,695	624,470
		1,035,042	4,757,130

Notes to the Consolidated Condensed Interim Financial Statements
For the period ended September 30, 2023 - Unaudited

	(Unaudited) September 30, 2023	(Audited) June 30, 2023
10. LOANS AND ADVANCES - considered good		
	(Rupees in '000)	
Advances to:		
Secured		
- employees for operating activities	244,475	140,295
- employees against salaries	61,344	40,925
Unsecured		
- advance to Universal Ventures (Private) Limited	1,400	1,400
- suppliers	2,234,598	903,132
- against imports	78,225	108,895
- against LC margin	-	1,833
Other advances	8,935	6,296
	<u>2,628,977</u>	<u>1,202,776</u>
Current portion of long-term loans to employee	122	129
	<u>2,629,099</u>	<u>1,202,905</u>

11. SHARE CAPITAL

Authorised share capital

(Unaudited) September 30, 2023 (Number of shares)	(Audited) June 30, 2023		(Unaudited) September 30, 2023 (Rupees in '000)	(Audited) June 30, 2023
<u>700,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each	<u>7,000,000</u>	<u>6,000,000</u>

Issued, subscribed and paid up capital

(Number of shares)				
40,168,355	40,168,355	Shares allotted for consideration paid in cash	401,684	401,683
24,000	24,000	Shares allotted for consideration other than cash	240	240
349,873,498	349,873,498	Shares allotted as bonus shares	3,498,735	3,498,736
<u>390,065,853</u>	<u>390,065,853</u>		<u>3,900,659</u>	<u>3,900,659</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

12. NON-REDEEMABLE CONVERTIBLE LOAN

MyCart (Private) Limited (MPL) entered into a convertible loan agreement on January 09, 2019 addendum dated January 01, 2022 with total facility amounting to Rs. 400 million of which unutilized balance as on September 30, 2023 was Rs. 41.83 million. The loan is unsecured and is interest free. It is convertible into equity of MPL at a conversion ratio of Rs. 10 per share at any time at the option of the lender.

(Unaudited)	(Audited)
September 30, 2023	June 30, 2023

(Rupees in '000)

13. LONG-TERM BORROWINGS

Islamic

Musharika Facility - note 14.1	<u>5,573,225</u>	<u>5,917,063</u>
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- 13.1 The Parent 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 Parent Company is required to repay the amount of the loan in quarterly installments, starting from September 2022. However on February 24, 2021, the Parent 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%.

(Unaudited)	(Audited)
September 30, 2023	June 30, 2023

(Rupees in '000)

14. TRADE AND OTHER PAYABLES

Creditors	2,548,277	2,531,113
Payable under group relief	-	22,652
Salaries and benefits payable	6,191	72
Bills payable in foreign currency	3,236,673	2,675,773
Royalty payable	24,352	24,352
Accrued liabilities	3,213,321	3,610,439
Payable to provident fund	30,030	24,768
Advance from customers - unsecured	142,039	-
Payable for compensated absences	13,339	14,633
Provision for gas infrastructure	9,485	9,485
Accrued markup	885,011	686,427
Taxes deducted at source and payable to statutory authorities	108,982	62,096
Workers' Profit Participation Fund	87,617	62,080
Workers' Welfare Fund	76,627	94,111
Other liabilities	167,157	104,914
	<u>10,549,101</u>	<u>9,922,915</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

	(Unaudited) September 30, 2023	(Audited) June 30, 2023
15. SHORT-TERM BORROWINGS		
	(Rupees in '000)	
Secured borrowings		
Conventional:		
Running finance under mark-up arrangements - note 16.1	2,223,487	2,586,254
Short-term advance	250,000	500,000
	2,473,487	3,086,254
Islamic:		
Running musharaka - note 16.1	9,013,652	8,651,327
Current portion of long-term borrowings	1,914,275	1,914,275
	10,927,927	10,565,602
	13,401,414	13,651,856

15.1 The Parent Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 7,920 million (June 30, 2023: Rs. 8,050 million) which include financing facilities obtained under Islamic mode amounting to Rs. 6,350 million (June 30, 2023: Rs. 6,350 million). The arrangements are secured jointly by registered mortgage of Rs. 2,012.5 million (June 30, 2023: Rs. 2,012.5 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 11,785.83 million (June 30, 2023: Rs. 11,785.83 million) in favour of Standard Chartered Bank of (Pakistan) Limited (the lead bank).

15.2 The Parent Company rates of mark-up ranged between 11.98% to 17.66% (June 30, 2023: 11.99% to 24.48%) per annum.

15.3 IBL HealthCare Limited (IBL HC) has obtained running musharaka facilities from commercial banks amounting to Rs. 339 million (June 30, 2023: Rs. 339 million). Rates of profit range from one month KIBOR plus 1% (June 30, 2023: one month KIBOR plus 1%) to one months KIBOR plus 1.5% (June 30, 2023: one month KIBOR plus 1.5%) per annum. These facilities have been secured by way of hypothecation of first pari passu charge over present and future current assets amounting to Rs. 400 million.

15.4 Searle Pakistan Limited (SPL) has obtained running musharaka facility obtained from Dubai Islamic Bank Pakistan Limited (DIBPL) amounting to Rs. 550 million carrying markup rate at KIBOR plus 1.75% (June 30, 2023: KIBOR plus 1.75%) repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over stock and receivables of SPL amounting to Rs. 733.30 million (at 25% margin) for funded exposure and for Rs. 450 million for non funded exposure (at nil margin).

SPL has also obtained another running musharaka facility obtained from Dubai Islamic Bank Pakistan Limited (DIBPL) amounting to Rs. 1,000 million carrying markup rate at KIBOR plus 1.25% (June 30, 2023: KIBOR plus 1.25%) repayable within one year. The facility is secured by way of joint pari passu hypothecation charge over all present and future current assets of SPL amounting to Rs. 1,333 million (at 25% margin) for funded exposure.

15.5 SPL has also obtained running musharaka obtained from Faysal Bank Limited (FBL) amounting to Rs. 500 million limit carrying markup rate ranging from KIBOR plus 0.75% per annum to KIBOR plus 1% 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. 666.67 million and ranking charge of Rs. 626.67 million (at nil to 25% margin) for non funded exposure.

15.6 The running finance facilities obtained by SPL from commercial banks amounting to Rs. 950 million, carry markup ranging from 15.8% to 23.98% (June 30, 2023: 15.8% to 23.98%). The facilities are secured by way of joint pari passu hypothecation charge over current assets of SPL (at 25% margin).

15.7 This also represents facility obtained by SPL 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 SPL

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 SPL if the same are received at any time before full adjustments

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

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

There has been no significant change in the status of contingencies as reported in note 28 of annual audited unconsolidated financial statements of the Group for the year ended June 30, 2023.

16.2 Commitments

- 16.2.1** The facility for opening letters of credit and guarantees of the Parent Company as at September 30, 2023 amounted to Rs. 3,365 million (June 30, 2023: Rs. 3,065 million) of which the amount remaining unutilised as at reporting date amounted to Rs. 1,526 million (June 30, 2023: Rs. 1,128.23 million).
- 16.2.2** The facility for opening letters of credit of IBL HC as at September 30, 2023 amounted to Rs. 650 million (June 2023: Rs. 550 million) and Rs. 20 million (June 2023: Rs. 20 million) of which the amount remained unutilized as at reporting date was Rs. 306.86 million (June 2023: Rs. 406.84 million).
- 16.2.3** The facility for opening letters of credit and guarantees as at September 30, 2023 amounted to Rs. 2,440.5 million (June 30, 2023: Rs. 2,440.5 million) of which the amount remaining unutilised as at year end amounted to Rs. 902.4 million (June 30, 2023: Rs. 902.4 million).

September 30, September 30,
2023 2022
(Rupees in '000)

17. REVENUE FROM CONTRACT WITH CUSTOMERS

Gross sales		
Local sales	12,674,922	8,923,760
Export sales	734,978	1,071,633
	13,409,900	9,995,393
Toll manufacturing	-	56,217
	13,409,900	10,051,610
Sales tax	(120,583)	(151,310)
	13,289,317	9,900,300
Less:		
Discounts, rebates and allowances	(652,613)	(591,691)
Sales returns	(1,774,609)	(1,095,462)
	(2,427,222)	(1,687,153)
	10,862,095	8,213,147

Notes to the Consolidated Condensed Interim Financial Statements
For the period ended September 30, 2023 - Unaudited

	September 30, 2023	September 30, 2022
18. OTHER INCOME	(Rupees in '000)	
Income from financial assets		
Exchange gain	2,653	15,078
Interest income on Term Finance Certificate	5,972	4,154
	8,625	19,232
Income from non - financial assets		
Insurance claim recovery		
Rental income from investment properties	17,098	13,005
Gain on disposal of property, plant and equipment	-	4,301
Scrap sales	2,414	-
Government grant	-	9,728
Others	513	2,146
	20,025	29,180
	28,650	48,412
19. BASIC AND DILUTED EARNINGS PER SHARE		(Re-stated)
Profit for the period	122,476	264,003
Weighted average number of outstanding shares at the end of the period (in thousand)	390,066	390,066
Basic and diluted earnings per share (Rupees)	0.31	0.68

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

	September 30, 2023	September 30, 2022
	(Rupees in '000)	
20. CASH GENERATED FROM OPERATIONS		
Profit before income tax	341,352	475,353
Add / (less): Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	217,329	148,768
Depreciation on investment property	17,476	18,023
Depreciation on right-of-use-asset	2,415	-
Gain on disposal of property, plant and equipment	-	(4,301)
Amortisation	5,734	6,983
Provision for retirement benefits obligation	2,535	2,218
Deferred Income - Government grant	-	(9,728)
Finance cost	1,228,977	785,861
Interest on lease liability	3,197	3,397
Amortisation of transaction cost	4,212	4,212
Profit before working capital changes	<u>1,823,227</u>	<u>1,430,786</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	1,276,155	913,302
Trade receivables	(376,594)	(2,163,591)
Loans and advances	(1,426,194)	(417,720)
Trade deposits and short-term prepayments	(53,679)	249
Tax refunds due from government - Sales tax	2,995	208,213
Other receivables	3,722,088	340,087
Increase / (decrease) in current liabilities	<u>3,144,771</u>	<u>(1,119,460)</u>
Trade and other payables	427,602	909,551
Contract liabilities	(128,757)	-
Cash generated from operations	<u><u>5,266,843</u></u>	<u><u>1,220,877</u></u>
21. CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,364,215	270,614
Short term running finances - note 16	(11,487,139)	(9,468,630)
	<u><u>(10,122,924)</u></u>	<u><u>(9,198,016)</u></u>
22. SEGMENT INFORMATION		

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

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

23. TRANSACTIONS WITH RELATED PARTIES

Disclosure of transactions between the Group and related parties

The related parties include the ultimate parent company, associated companies or undertakings, staff retirement funds, directors of the Group, key management personnel and key management personnel. The Group in the normal course of business carries out transactions with various related parties. The Group 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	September 30, 2023	September 30, 2022
(Rupees in '000)			
Ultimate parent company	- Corporate service charges	38,250	38,250
	- Rent income	4,370	3,713
	- Income from provision of amenities	2,719	2,719
	- Reimbursement of expenses	-	1,755
Associated companies	- Revenue	9,049,705	6,438,537
	- Salaries and wages	5,253	2,449
	- Purchases	-	12,177
	- Carriage and duties	1,486	66,681
	- Discounts claimed	50,852	164,691
	- Rent expense	7,500	59,731
	- Rent income	11,297	9,290
	- Stock claims	40,889	310,106
	- Internet services	3,324	3,640
	- Income from provision of amenities	11,165	26,113
	- Donation	32,240	11,986
	- Incentives to field force staff	-	3,701
	- Repair and maintenance	1,180	736
	- Merchandise expense	5,892	14,460
- Others	13,229	2,679	
Staff retirement benefits	- Contributions to Provident Fund	54,920	44,566
	- Benefits paid	52,775	23,011
Key management employees compensation	- Salaries and other employee benefits	98,273	66,960
	- Contributions to Provident Fund	7,376	6,400

Notes to the Consolidated Condensed Interim Financial Statements

For the period ended September 30, 2023 - Unaudited

23.1 The status of outstanding balances with related parties as at September 30, 2023 is included in the respective notes to the consolidated financial statements.

24. CORRESPONDING FIGURES

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

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 Parent Company on October 27, 2023.



Chief Executive



Director



Chief Financial Officer

SEARLE

THE SEARLE COMPANY LIMITED

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