

MAKING A DIFFERENCE



MAKING A DIFFERENCE



We are a very human company, and we value life in all aspects. Along with health we also make sure we are contributing towards the wellbeing of people. As a theme of this year's annual report, we are sharing some of our humble CSR efforts.

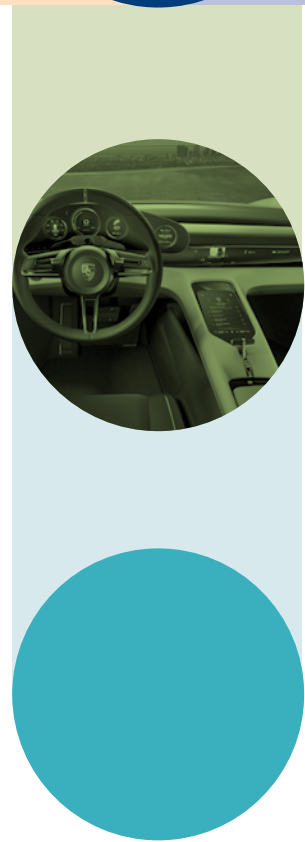
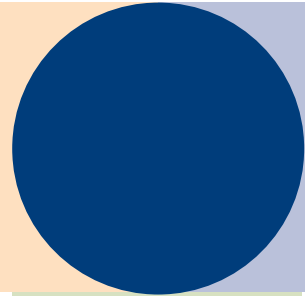
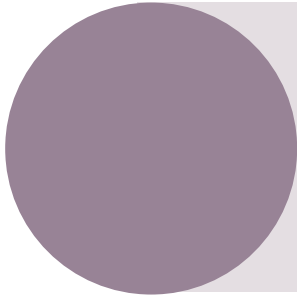


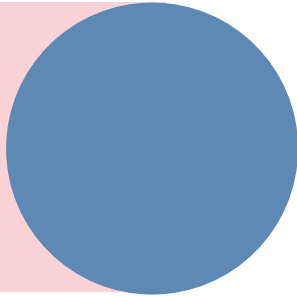
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OUR VISION

To lead in improving the quality of human life.





OUR MISSION

Which provides its customers with the best possible products and services in the healthcare and consumer industry.

That is ever evolving in-step with the changing market place to maintain its leadership role.

Which is a responsible corporate citizen contributing to society and protecting the environment.

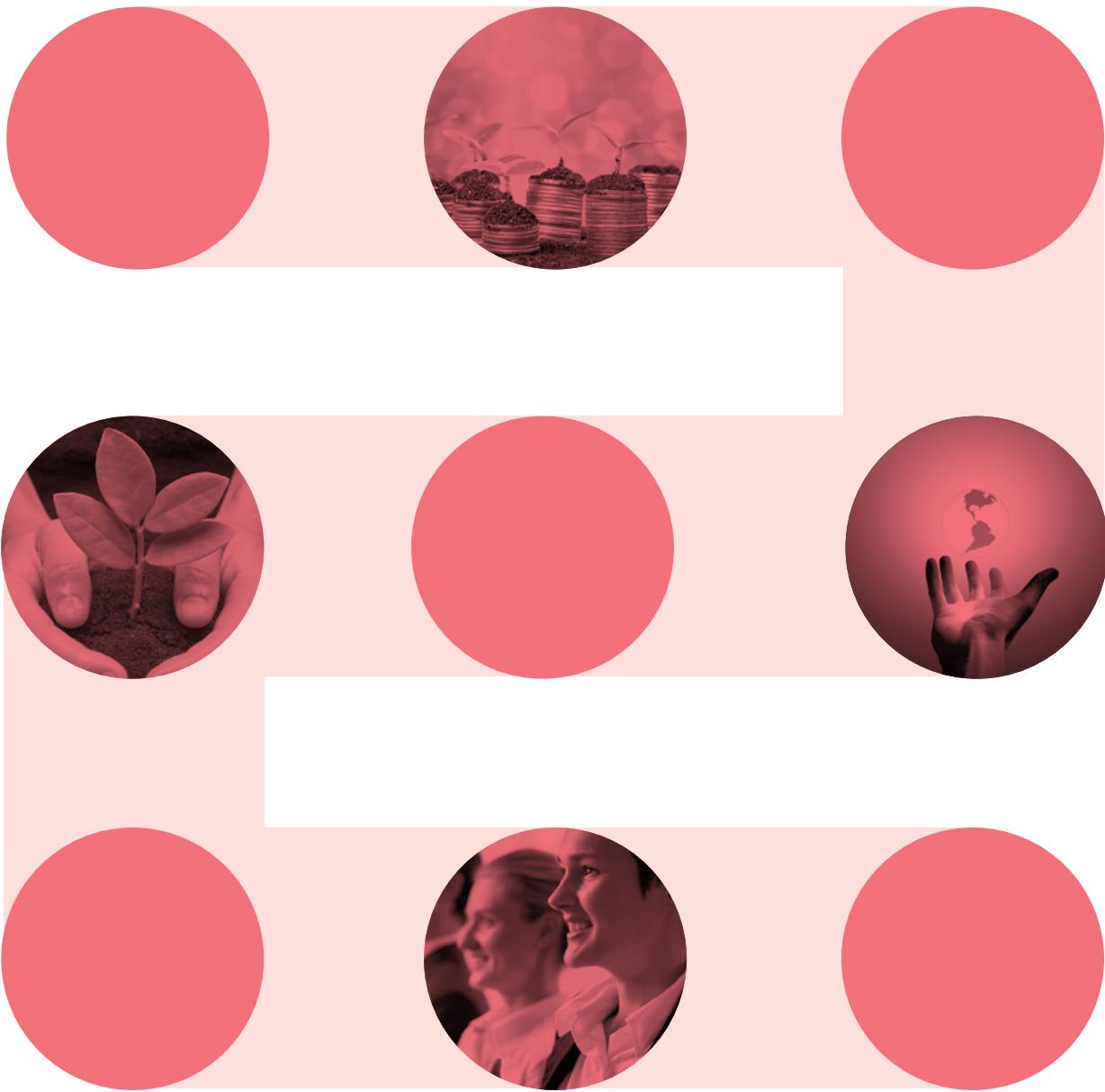
That promotes team spirit amongst its employees whilst maintaining their individuality, in a culture where people are encouraged to think and strive to achieve their true potential.

Which cares for its employees and shares in their dreams.

Which works today for a better and secure tomorrow for all its stake holders through innovation, new product development and sound business practices which would grow and live beyond each one of us.

OUR VALUES

Seeking Allah's pleasure in all that we do.



Innovation And Dedication:

- In all spheres of activity, serving the needs of our customers with passion, dedication & by honoring our words.

Profitability:

- Enhancing shareholder value through long-term profitability and improving performance ratios.

Corporate Social Responsibility:

- To enrich our work environment with high levels of performance, participation & creativity and supporting society for healthy environment.

Recognition And Rewards:

- For high performing and meritorious employees.

Sense Of Urgency:

- To drive each individual to achieve company's objectives.

Integrity:

- In all our dealings

Respect:

- For our customers and each other



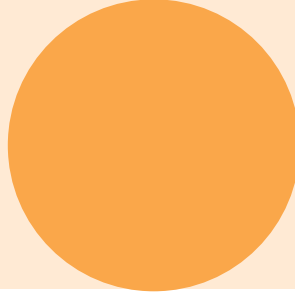


CHILDREN EDUCATION

Considering the importance of education and believing it to be a right of every citizen, Searle supports The Citizens Foundation to help them achieve the cause, empowering children to become agents of positive change.







COMPANY INFORMATION

Board of Directors

Mr. Adnan Asdar Ali	Chairman
Mr. Rashid Abdulla	
Mr. Husain Lawai	
Mr. S. Nadeem Ahmed	Chief Executive Officer
Mr. Zubair Razzak Palwala	
Mr. Ayaz Abdulla	
Mr. Asad Abdulla	

Board of Audit Committee

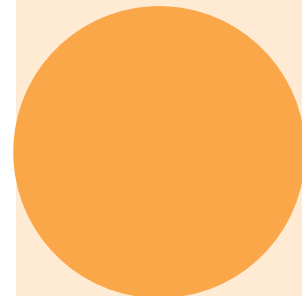
Mr. Husain Lawai	Chairman
Mr. Adnan Asdar Ali	Member
Mr. Asad Abdulla	Member

Board of HR & Remuneration Committee

Mr. Rashid Abdulla	Chairman
Mr. Adnan Asdar Ali	Member
Mr. Ayaz Abdulla	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
Bank Al Habib Limited
Bank Alfalah Limited
Bank of Punjab
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

Summit Bank Limited

Registered Office

First Floor, N.I.C. Building, Abbasi Shaheed Road, Off: Shahrah-e-Faisal, Karachi.

Share Registrar

Central Depository Company of Pakistan Limited
Head Office, CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrah-e-Faisal
Karachi - 74400



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 52nd annual general meeting of the shareholders of The Searle Company Limited will be held on Friday, October 27, 2017 at 05:30 p.m. at the Building Centre, 2nd Floor, Plot # 1, Tipu Sultan Road, Off Shahrah-e-Faisal, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of extraordinary general meeting held on July 31, 2017.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2017 together with the directors' and auditors' reports thereon.
3. To consider and approve final cash dividend for the financial year ended June 30, 2017, at the rate of Rs.8/- per share of Rs.10/- each, equivalent to 80%, as recommended by the board of directors. This is in addition to interim cash dividend already paid at Rs.2/- per share i.e. 20%.
4. To appoint auditors for the year ending June 30, 2018 and to fix their remuneration. The present auditors, M/s. A. F. Ferguson & Co., Chartered Accountants being eligible, have offered themselves for re-appointment. The board has recommended the re-appointment of A. F. Ferguson & Co., Chartered Accountants, as the auditors of the Company for the year ending June 30, 2018.

SPECIAL BUSINESS

Ordinary Resolutions:

5. To approve the issue of bonus shares in the ratio of twenty shares for every hundred shares held i.e. 20% as recommended by the board of directors, the issue of bonus shares is in addition to interim bonus shares already issued @ 10% and, if thought appropriate, to pass with or without modification(s) the following resolutions as ordinary resolution:

“RESOLVED that a sum of Rs.307,862,670/- out of the un-appropriated profits of the Company be capitalized and applied towards the issue of 30,786,267 ordinary shares of Rs.10/- each and allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on October 20, 2017, in the proportion of twenty shares for every hundred ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares but shall not be eligible for the final cash dividend declared for the year ended June 30, 2017.

FURTHER RESOLVED that in the event of any member becoming entitled to a fraction of a share, the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted on the Stock Market and to pay the proceeds of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.

FURTHER RESOLVED that the Company Secretary be and is hereby authorized to take all necessary actions on behalf of the Company for allotment and distribution of the said bonus shares as he think fit.”

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:



“RESOLVED that the transactions carried out by the Company in the normal course of business with related parties during the year ended June 30, 2017 be and are hereby ratified, approved and confirmed.

FURTHER RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in the normal course of business with the related parties till the next annual general meeting of the Company and in this connection the Chief Executive Officer of the Company be and is hereby authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company.”

7. To approve the remuneration of Executive Director(s) including the Chief Executive Officer and, if thought appropriate, to pass with or without modification(s) the following resolutions as ordinary resolution:

“RESOLVED that the Chief Executive Officer and one full-time working director will be paid an amount not exceeding PKR 75 million which includes allowances and other benefits as per terms of their employment for the year ending June 30, 2018 be and is hereby approved. Further, the Chief Executive Officer and Executive Director are entitled for free use of Company maintained transport for official and private purposes as approved by the Board.”

Special Resolutions:

8. To consider the increase of authorized share capital of the Company from Rs.2,000 million to Rs.3,000 million divided into 300,000,000 ordinary shares of Rs.10/- each and to consider and if thought fit to pass the following resolution as special resolution:

“RESOLVED that the authorized share capital of the Company be and is hereby increased from Rs.2,000,000,000/- divided into 200,000,000 ordinary shares of Rs.10/- each to Rs.3,000,000,000/- divided into 300,000,000 ordinary shares of Rs.10/- each, by the creation of 100,000,000 additional ordinary shares at nominal value of Rs.10/- each to rank pari passu in every respect with the existing ordinary share of the Company.

FURTHER RESOLVED that the Memorandum and Articles of Association of the Company be and are hereby altered for increase in authorized share capital to read as follows:

- Clause V of Memorandum of Association “The authorized capital of the Company is Rs.3,000,000,000/- divided into 300,000,000 ordinary shares of Rs.10/- each.”
- Article 3 of Articles of Association “The authorized capital of the Company is Rs.3,000,000,000/- divided into 300,000,000 ordinary shares of Rs.10/- each.”

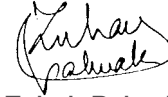
FURTHER RESOLVED that Mr. Zubair Palwala, Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementation of the aforesaid resolution.”

NOTICE OF ANNUAL GENERAL MEETING

OTHER BUSINESS

9. To transact any other ordinary business of the Company with the permission of the Chair.

By order of the Board



Zubair Palwala
Company Secretary

Karachi: October 6, 2017

Pursuant to Section 134(3) of the Companies Act, 2017, this statement sets forth the material facts concerning the special business listed hereinabove, to be transacted at the 52nd Annual General Meeting of the Company to be held on October, 27, 2017.

Item 5

The Directors of the Company are of the view that the Company's financial position justifies issuance of bonus shares in the ratio of twenty shares for every hundred shares held.

The Directors are interested in the business to the extent of the entitlement of bonus shares as shareholders.

Item 6

All transactions of the Company with the related parties were reviewed by the audit committee quarterly and now submitted for approval and adoption for full year.

Item 7

The approval is being sought for fixing the remuneration of Executive Director(s) including the Chief Executive Officer of the Company in accordance with their terms and conditions of service.

None of the Directors of the Company have any, direct or indirect, interest in the above said special business, except that mentioned therein.

Item 8

The amendment in Memorandum and Articles of Association of the Company is proposed to enhance the authorized capital of the Company by Rs. 1,000 million. The enhancement of authorized capital will enable the Company to issue the bonus shares in future.

The Directors have no interest, directly or indirectly, in alteration of the Memorandum and Articles of Association of the Company, except that they are shareholders/directors in the Company.

NOTES:

A. Book closure:

- i) The share transfer books will remain closed from October 21, 2017 to October 27, 2017 (both days inclusive) for entitlement of 80% final cash dividend and 20% bonus shares. Transfers in good order, received at the office of Company's Share Registrar, Central Depository Company of Pakistan Limited,



CDC House, 99 – B, Block ‘B’, S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 by close of the business on October 20, 2017 will be treated in time for the purpose of attending the annual general meeting and entitlement of cash dividend and stock dividend.

- ii) All members/shareholders are entitled to attend, speak and vote at the annual general meeting. A member/shareholder may appoint a proxy to attend, speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company’s Registered Office: First Floor, NIC Building, Abbasi Shaheed Road, Karachi – 75530 not less than 48 hours before the meeting.
- iii) In pursuance of Circular No. 1. of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.

In case of corporate entity, the Board of Directors’ resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

- iv) Members are requested to intimate any changes in address immediately to Company’s Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block ‘B’, S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400.

B. Payment of Cash Dividend through electronic mode:

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. SECP through its circular # 18/2017 dated August 01, 2017, has granted listed companies one-time relaxation from the aforementioned requirements of the Act, for payment of cash dividend till October 31, 2017. Please note that giving bank mandate for dividend payments is **mandatory** and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to **please provide the following information** to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in Book Entry Form) or to our Share Registrar M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400 (in case your shareholding is in Physical Form):

	Details of Shareholder
Name of shareholder	
Folio / CDS Account No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Email	

NOTICE OF ANNUAL GENERAL MEETING

Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) "Mandatory"	PK _____ (24 digits) (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.	
_____ Signature of shareholder	

C. Deduction of Income Tax from Dividend under section 150 of the Income Tax Ordinance, 2001:

- a) Pursuant to the provisions of the Finance Act 2017 effective July 1, 2017, the rate of deduction of income tax from dividend payments has been revised as follows:
 - i. Rate of tax deduction for filers of income tax return – 15%
 - ii. Rate of tax deduction for non-filers of income tax return – 20%

Shareholders whose names are not entered into the Active Tax-payers List (ATL) available on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

- b) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to Company's Share Registrar by the first day of book closure.
- c) Further, according to clarification received from FBR, withholding tax will be determined separately on "Filer/Non-filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions.

In this regard all shareholders who hold company's shares jointly are requested to provide shareholding proportions or principal shareholder and joint-holder(s) in respect of shares held by them (if not already provided) to Company's Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)



The required information must reach Company's Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by the principal shareholder and joint-holder(s).

- d) The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders are requested to send a copy of their NTN certificate to the Company's Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

D. Video conference facility:

Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the company ten days before holding of the annual general meeting.

If the company receives consent from members holding in aggregate 16% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 day prior to day of meeting, the company will arrange a video conference facility in the city subject to availability of such facility in that city.

<p>I/We, _____ of _____ being a member of the Searle Company Limited, holder of _____ ordinary shares as per registered folio # _____ hereby opt for video conference facility at _____.</p> <p style="text-align: right; margin-top: 20px;">_____</p> <p style="text-align: right; margin-top: 5px;">Signature of Member</p>

The company will intimate members regarding venue of video conference facility at least five days before the date of annual general meeting along with the complete information necessary to enable them to access the facility.

E. Transmission of annual financial statements through email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787(1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email, may fill the form attached to the annual report 2017 and send it back to the Company's share registrar along with a copy of CNIC.

F. Unclaimed dividend / Shares

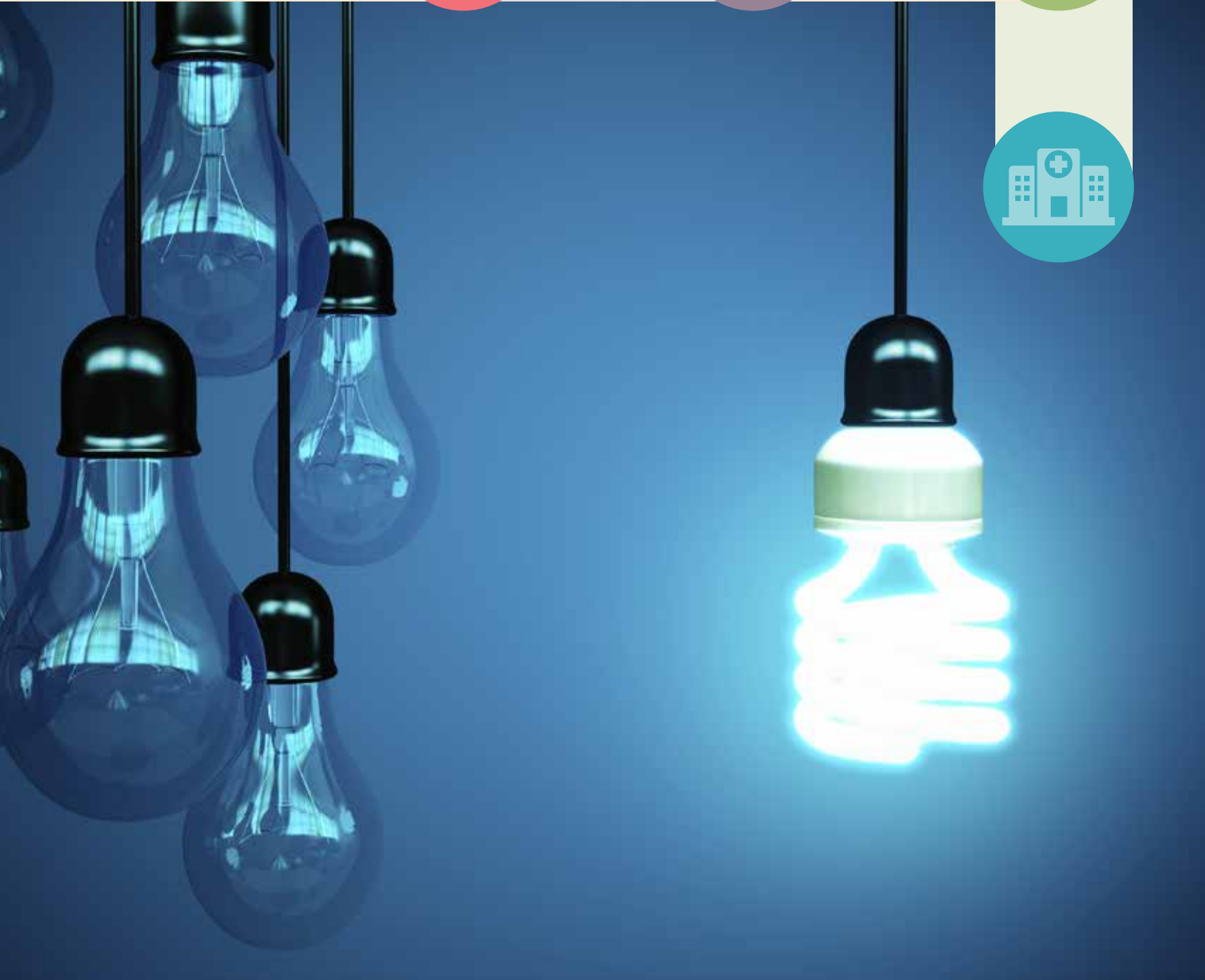
Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Company Act, 2017. Section 244(1)(a) of the ACT requires the Company to give a 90 days' notice to the members to file their claims with the Company. Further, SECP vide Direction No. 16 of 2017 issued on July 7, 2017 directed all listed companies issue such notices to the members and submit statement of unclaimed shares or dividend or any other instrument which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of May 30, 2017.



SKILLS DEVELOPMENT

Continuing with our philosophy of being a socially responsible organization and contributing to the economy we operate in, we support the cause of skilled Pakistan being carried on by Hunar Foundation by providing financial assistance.





CHAIRMAN'S REVIEW

For the year ended June 30, 2017

I am proud to be associated with The Searle Company Limited – one of the most highly reputed pharmaceutical companies headquartered in Pakistan. Your Company has achieved remarkable revenue growth & profitability over the past few years and contributed significantly in improving the lives of millions of patients across the world.

Industry and Business Overview

The size of the pharmaceutical industry in Pakistan is currently approximately US\$3.1 billion, with an annual growth rate of approximately 15%. There are more than 700 pharmaceutical manufacturing units in Pakistan, exporting products worth over US\$200 million to more than 60 countries. The outlook for the industry remains very positive, which is encouraging for the Company's future aspirations & growth.

Searle has attained prominence in many therapeutic areas through its quality products and the dedication of its exceptional people. We have an established legacy of creating tremendous value for all our stakeholders and we continue to accelerate our efforts to make a lasting positive impact for them and the societies in which we operate.

Review of Financial Performance

Searle's financial performance has been outstanding over the past several years and the Company's performance during the year ended June 30, 2017 has continued on this positive trajectory. The Company has created tremendous value for its shareholders through consistent double-digit growth and profitability.

The year ended June 30, 2017 has been an exciting one for Searle, building on the financial performance of the previous years. I am pleased to share that the net sales of the Company grew to PKR 10.75 billion, at a growth rate of 12.5%. The Gross profit margin was 39% and the profit after tax increased by 26.3% to an ever-high PKR 2.64 billion.

Key Initiatives

Searle continues to advance its market share in the Pakistan domestic pharmaceutical market, particularly in the segments of Cardiovascular, Cold & cough, Diabetes, Infant formula, Probiotics and Antibiotics. Moving forward, we are focusing on enhancing our share of specialty generic branded portfolios and targeting differentiated products.

Quality of products is a concern of paramount importance to us; therefore, our key priority is to ensure continuous CGMP & Regulatory compliance while increasing our product volumes and portfolio. In the past year, Searle has invested in new manufacturing equipment and facility upgrades and is continuing to improve its processes and human capabilities to meet global regulatory standards at all manufacturing facilities.

As part of our continuous improvement initiatives, Searle has also implemented a robust enterprise resource planning system (SAP), which we expect will enable our Company to have increased control over inventories, facilitate agile financial decision-making and improve performance management.

Review on Board's Performance u/s 192 of the Companies Act 2017

The Board is committed to operate at the highest standards of corporate governance. The work of the Board and its Committees during the year focused on ensuring compliance with all statutory and regulatory requirements applicable upon the Company.

There were four meetings of the Board of Directors held in year ended June 30, 2017. In addition, there were four meetings of the Audit Committee of the Board.

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of the Searle Company Limited was carried out for the financial year ended 30 June 2017.

I am pleased to report that the overall performance of the Board was found satisfactory, based on an evaluation of the following components:



- **Corporate governance structure and Compliance with regulations:** The Company has a well-developed and transparent corporate governance system, with regular oversight by the Board.
- **Board Composition:** The Board comprises members with rich professional experience in various domains, having strong financial & analytical abilities and independent perspectives.
- **Strategic planning:** The Board actively engaged with the management to monitor the Company's performance against its established strategy, goals and targets. Further, the Board has a strategic view of how the organization will evolve over the next three to five years.
- **Execution of duties:** All Board members and members of Board Committees diligently performed their duties by thoroughly reviewing, discussing and approving business plans, financial statements and associated documents.
- **Resource management:** The Board provides appropriate direction and oversight on a timely basis to ensure optimal utilization of resources.

Future Outlook

Looking ahead to next year, the Company will continue to focus on developing the Searle brand, its products and people. The Company renews its pledge to remain committed to excellence, innovation and remain prepared to overcome any challenges. The Board firmly believes that the Company is well-placed to deliver on its short and long-term strategic objectives and continue sustainable growth.

Through the acquisition of the state of art facility of Nextar, we anticipate overall profitability to improve substantially as our biosciences venture is now at the verge of delivering strong results. Further, Searle has also submitted a Drug Master File (DMF) to the US Food & Drug Administration (US FDA) and received acknowledgment in this regard. US FDA approval in the future will open new avenues of success for domestic and global markets. To address therapeutic areas of Oncology, Virology and Blood related diseases; we have signed agreements with some of the leading Bio-similar companies of the developed world, which will expedite the growth of our biosciences venture in Pakistan.

In the longer term, Searle is focusing on emerging portfolios including stem cells, bio-engineering, medical devices, nutraceuticals and genome sciences. Recently, we have signed exclusive agreement with the only genome research center in Pakistan, established by Prof. Atta-ur-Rehman. This center, known as Jamil-ur-Rehman Center for Genome Research, is part of the International Center for Chemical and Biological Sciences, University of Karachi.

I would like to acknowledge and particularly thank our CEO, Mr. Nadeem Ahmed, his executive leadership team and all the employees of Searle for their hard work, commitment and leadership in steering the Company into a new era of growth & profitability.

Lastly, I would also like to thank the Board for its hard work and commitment to the Company, and to thank you, our valued shareholders, for your continuing trust in our Company.

Adnan Asdar Ali
Chairman

September 28, 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors take pleasure in presenting the annual report together with the audited financial statements of the company for the year ended June 30, 2017.

The Directors' Report has been prepared in accordance with section 227 of the Companies Act, 2017 (formerly section 236 of the repealed Companies Ordinance, 1984), regulation 5.19.11 of the Pakistan Stock Exchange Limited and clause xvi of the Code of Corporate Governance 2012.

	2017	2016
	PKR in thousand	
Revenue	10,753,751	9,561,490
Cost of Sales	(6,574,400)	(5,796,101)
Gross profit	4,179,351	3,765,389
Operating expenses	(3,328,088)	(2,708,634)
Other operating expenses	(178,876)	(164,290)
Other income	2,328,810	1,749,394
Profit from operations	3,001,197	2,641,859
Finance cost	(126,264)	(121,564)
Profit before taxation	2,874,933	2,520,295
Taxation	(236,188)	(430,907)
Profit after taxation	2,638,745	2,089,388
Gross profit percentage	39%	39%
Operating profit percentage	28%	28%
Profit before tax percentage	27%	26%
Profit after tax percentage	25%	22%

This report is to be submitted to the members at the 52nd Annual General Meeting of the Company to be held on October 27, 2017.

Operating results

Searle is a company that has always focused on improving the lives of patients by offering quality healthcare solutions.

We believe success is a product of relentless efforts and opportunities just don't arise randomly but are created through strong committed endeavors. In lieu of this philosophy we are continuously on the verge of optimizing the value of our portfolio and increasing our overall commitment to ensure long-term value creation for our shareholders.

We have built a firm growing position by putting the

benefit of patients and stakeholders, our fundamental priority and we are proud of the impact our efforts are having.

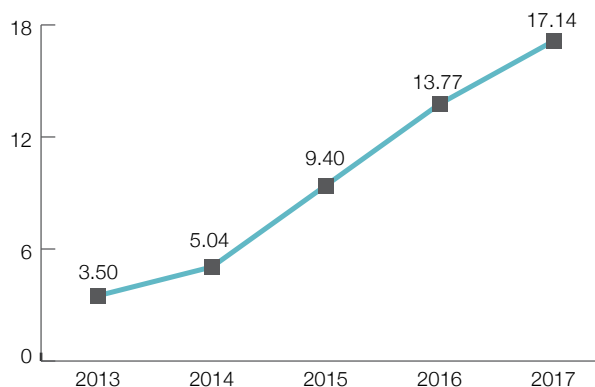
During the year 2017, the company's financial performance scaled new heights. The company reported revenue of 10.75 billion, registering a growth of 12.47%. Further, profit after tax of the company also increased significantly by 26.29%.

The growth was driven by expanding doctor coverage, maturing product portfolio, higher volumes, richer product mix, branding efforts and strengthened demand. Further, tighter control over costs and expenses contributed their part in the improved financial performance of the company.

Earnings per share

Basic earnings per share after taxation were Rs. 17.14 (2016: Rs. 13.77).

There is no dilution effect on the basic earnings per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as at June 30, 2017.



Dividend

The board of directors has recommended cash and stock dividend of 80% & 20% respectively, for the year ended June 30, 2017; this is in addition to the interim cash and stock dividend of 20% & 10% respectively, issued during the year.



During the year ended June 30, 2016, the company declared cash and stock dividend of 50% & 14% respectively, in addition to the interim bonus shares issued @ 10% during the prior year.

Financial statements and auditors

The present auditors, Messrs. A.F. Ferguson & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

The Board of Directors endorses recommendation of the Audit Committee for their reappointment as the auditors of the Company for the financial year ending June 30, 2018, at a mutually agreed fee.

Holding company

International Brands Limited is the holding company of Searle, which holds 56.12% shareholding in the Company.

Searle itself is the holding company of IBL HealthCare Limited and Nextar Pharma (Private) Limited having 74.19% and 70.34% shareholding respectively. Further, Searle also owns four wholly owned subsidiaries namely Searle Pharmaceuticals (Private)

Limited, Searle Laboratories (Private) Limited, Searle Biosciences (Private) Limited and IBL Identity (Private) Limited.

Further, “during the year” the Company incorporated a wholly owned subsidiary IBL Future Technologies (Private) Limited, however no investment has been made in the subsidiary company during the year ended June 30, 2017.

Pattern of shareholding

The pattern of shareholding along with categories of shareholders as at June 30, 2017 as required under section 227 of the Companies Act, 2017 (formerly section 236 of the repealed Companies Ordinance, 1984) and Listing Regulations is presented on pages 161 to 164 of the annual report 2017.

Trading of shares by Directors, CFO, Company Secretary etc.

The Company’s shares are traded on Pakistan Stock Exchange Limited. The Directors, CEO, Company Secretary and CFO and executives, their spouses and minor children did not carry out any trade in the shares of the Company except the following:

Name	Status	Shares Purchased	Shares Disposed
Mrs. Shakila Rashid	Spouse of Mr. Rashid Abdulla (Director)	7,000	-
Mr. Shahid Abdulla	Director	21,200	-
International Brands Limited	Substantial Shareholder	1,512,850	-

The board was apprised with the transactions accordingly.

The threshold set by the directors, for disclosure of the term ‘executive’, in annual report, constitute employees whose annual basic salary exceeds Rs.10 million in a year.

Business Conduct

Since its inception, Searle’s business practices are based on integrity, transparency and compliance with applicable laws and regulations. Searle’s employees work their fingers to the bone to contribute to our mission of providing customers with the best possible products and services in healthcare and consumer industry.

Reputation, trust and confidence are essential elements which we seek to protect and enhance, to the benefit of all, with whom we have a relationship. The company seeks to understand and meet its customers’ needs, whilst seeking continuous improvement in all spheres of business operations.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Product quality

Consumers trust and confidence on Searle's products is our most valuable asset. We recognize that pharmaceutical manufacturing bears many inherent risks and that any mistake in product design or production can be severe, even fatal, therefore, the maintenance of quality is our utmost priority and moral responsibility.

We are committed to our duty towards safeguarding the patient's well-being, by assuring that all operations associated with the manufacture of a medicinal product are of a standard that assures the patient's expectations of safety and efficacy.

Corporate and social responsibility

The horizon of our duties does not end up with creation of wealth for our stakeholders. At Searle, our aim has always been to make useful contributions to the economy we operate in. One of the primary areas of focus has been the creation of employment opportunities to support a large industrial and sales workforce.

The company operates in a socially responsible manner. Accordingly, the company's CSR program has a wide scope encompassing initiatives in the areas of healthcare, education, child welfare and other social welfare activities.

Occupational health and safety

We at Searle recognize the importance of safe and secure environment and consider it our duty to ensure that people who work for us know how to work safely and without risks to health. The health and safety of our employees and visitors is a high priority for the company. Therefore, hazards associated with operations are continuously identified, assessed and managed to eliminate or reduce risks.

Information technology

To cater the growing business needs of the company, and in line with our continuous endeavors to regularly upgrade information systems we continued with

our policy to invest more and more in information technology. The major investment which we are working on is the implementation of most powerful business management system 'SAP'.

Website

All our stakeholders and general public can visit The Searle Company Limited's website, www.searlecompany.com, which has a dedicated section for investors containing information related to annual, half yearly and quarterly financial statements.

Related party transactions

All related party transactions, during the year 2017, were placed before the audit committee and the board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the board previously. The company also maintains a full record of all such transactions, along with the terms and conditions. For further details, please refer note 38 to the financial statements.

Compliance with the Code of Corporate Governance

The stock exchange has included in their Listing Rules, the Code of Corporate Governance (Code) issued by the Securities & Exchange Commission of Pakistan. The company has adopted the code and is implementing the same in letter and spirit.

Directors' training program

Board of directors training helps the board fulfill its role and make a real difference to the company's performance. As per the requirements of the Code of Corporate Governance, all the directors on the board are required to obtain the status of certified directors by attending the directors' training program from any of the institution specified by Securities & Exchange Commission of Pakistan by 2018.

In line with the requirements of code, majority of the



directors, other than those that are exempt have already attended the directors' training program conducted by Institute of Chartered Accountants of Pakistan.

Code of conduct

The Board of Directors of the Company has adopted a code of conduct. All employees are informed and aware of this and are required to observe these rules of conduct in relation to business and regulations

Corporate and financial reporting framework

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been

consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- There has been no departure from the best practices of transfer pricing.
- The key operating and financial data for the six years is tabulated as follows:

	2017	2016	2015	2014	2013	2012
	-----PKR in thousand-----					
ASSETS EMPLOYED						
Property, plant and equipment	1,235,640	808,692	687,332	558,306	576,639	2,664,973
Intangible assets	207,732	69,885	30,642	33,572	39,008	43,030
Investment property	2,460,614	2,483,919	2,491,318	2,393,277	2,189,398	-
Long-term investment	1,486,186	2,636,202	519,091	359,900	100,800	100,000
Long-term loans, deposits & prepayments	1,791	1,949	2,044	2,100	7,027	6,771
Deferred taxation	443	-	-	-	-	-
Non-current assets classified as held for sale	600,278	-	-	-	-	-
Net current assets	4,636,991	2,984,954	1,827,051	715,954	671,708	397,114
Total assets employed	10,629,675	8,985,601	5,557,478	4,063,109	3,584,580	3,211,888
FINANCED BY						
Issued, subscribed and paid-up capital	1,539,314	1,227,523	858,407	613,148	471,652	336,895
Reserves and Unappropriated profit	8,385,533	6,952,694	3,689,268	2,530,916	1,999,685	1,627,614
Shareholder's equity	9,924,847	8,180,217	4,547,675	3,144,064	2,471,337	1,964,509
Surplus on revaluation of fixed assets	443,511	296,961	296,961	168,163	185,020	201,589
Long-term and deferred liabilities	261,317	508,423	712,842	750,882	928,223	1,045,790
Total capital employed	10,629,675	8,985,601	5,557,478	4,063,109	3,584,580	3,211,888
Turnover	10,753,751	9,561,490	7,582,470	6,071,823	5,149,798	4,936,049
Profit before tax	2,874,933	2,520,295	1,767,664	958,120	752,976	557,977
Profit after tax	2,638,745	2,089,388	1,405,413	753,225	523,274	378,391
Profit after tax as % of turnover	24.54	21.85	18.54	12.41	10.16	7.67
Profit after tax as % of capital employed	24.82	23.25	25.29	18.54	14.60	11.78
Dividends						
Cash (%)	100	50	20	-	20	10
Stock (%)	30	24	20	40	30	40

DIRECTORS' REPORT TO THE SHAREHOLDERS

Meetings of the board of directors

During the year, four meetings of the Board of Directors were held. The attendance at meetings of the board, by the members is summarized as under:

Name of director	Meetings attended
Mr. Rashid Abdulla	4
Mr. S. Nadeem Ahmed	4
Mr. Zubair Palwala	3
Mr. Shahid Abdulla	3
Mr. Ayaz Abdulla	4
Mr. Adnan Asdar Ali	3
Mr. Husain Lawai	1
Mr. Arshad Anis	4
Mr. Mufti Zia Ul Islam	4

Election of directors was held on July 31, 2017 and the following seven directors were elected on the board:

- Mr. Adnan Asdar Ali
- Mr. Rashid Abdulla
- Mr. Husain Lawai
- Mr. S. Nadeem Ahmed
- Mr. Zubair Razzak Palwala
- Mr. Ayaz Abdulla
- Mr. Asad Abdulla

Subsequent to the election, Mr. Adnan Asdar Ali was re-elected as the Chairman of the board and Mr. S. Nadeem Ahmed was re-elected as the Chief Executive Officer of the Company.

Audit committee

The Committee comprises of three non-executive directors. The chairman of the committee is an independent director.

During the year, four meetings of audit committee were held, the details of which are as follows:

Name of director	Meetings attended
Mr. Husain Lawai	1
Mr. Ayaz Abdulla	3
Mr. Shahid Abdulla	1
Mr. Arshad Anis	4

Subsequent to the election, audit committee was reconstituted by the board of directors and the following members amongst non-executive directors, including an independent director, were selected for the Committee. The Chairman is an independent director:

- Mr. Husain Lawai – Chairman
- Mr. Adnan Asdar Ali
- Mr. Asad Abdulla

Human resource and remuneration committee

The Committee comprises of three non-executive members. Subsequent to the election, HR&R committee was reconstituted by the board of directors and the following members amongst non-executive directors were selected for the Committee:

Mr. Rashid Abdulla – Chairman
Mr. Adnan Asdar Ali
Mr. Ayaz Abdulla

Subsequent events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

Value of investments

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2017 and June 30, 2016 respectively was as follows:

	2017	2016
	PKR in thousand	
Provident Fund	896,799	783,855

Future outlook

In order to enhance long-term shareholder value and to drive future growth and profitability, Searle has embarked on multiple initiatives both locally & globally. We are strengthening with every passing day and are on our way to attain leadership position in key markets and business segments.



In Pakistan market, the therapeutic areas which Searle has over the years strengthened include cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics. Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products.

By acquisition of the state of art facility of Nextar, we anticipate overall profitability to improve substantially as our biosciences venture, is now at the verge of delivering strong results. Further, Searle has also submitted Drug Master File (DMF) to USFDA and received acknowledgment in this regard. This approval will open new avenues of success for domestic and global markets. To address therapeutic areas of Oncology, Virology and Blood related diseases; we have signed agreements with some of the leading Bio-Similar companies of the developed world, which will expedite the progress of our biosciences venture in Pakistan.

Quality of products is a concern of paramount importance to us; therefore, our key priority is to ensure continuous CGMP compliance by continuously improving system, processes and human capabilities to meet global regulatory standards, at all manufacturing facilities.

Keeping future into perspective and to seize benefits of fast information management, increased control over inventories and better decision making, we have implemented the robust enterprise resource planning system, SAP.

For the longer run, Searle is focusing on emerging portfolios including, stem cells, bio-engineering, medical devices, nutraceuticals and genome sciences. Recently, we have signed exclusive agreement with the only genome research centre in Pakistan established by Dr. Atta-ur- Rehman, known as Jamil-ur-Rehman Center for Genome Research, part of International Center for Chemical and Biological Sciences, University of Karachi.

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

For and on behalf of the board

Karachi:
September 28, 2017

Syed Madeem Ahmed
Chief Executive Officer



سیلز، بائیو انجینئرنگ، میڈیکل ڈیوائسز، نیوٹرا سیوٹیکلز اور جینوم سائنسز پر توجہ دے رہی ہے۔ حال ہی میں ہم نے ڈاکٹر عطاء الرحمن کی جانب سے پاکستان میں قائم شدہ واحد جینوم ریسرچ سینٹر، بنام جمیل الرحمن سینٹر برائے جینوم ریسرچ پارٹ آف انٹرنیشنل سینٹر برائے کیمیکل اینڈ بائیولوجیکل سائنسز، جامع کراچی کے ساتھ خصوصی معاہدے پر دستخط کئے ہیں۔

سرل میں ہم سب جذباتی طور پر ملحوظ و متحرک ہیں اور مستقل بنیاد پر پُر عزم شراکت کر رہے ہیں۔ یہی شیوہ ہمارے شراکت کار، سپلائرز اور صارفین کا بھی ہے، جس کیلئے ہم ان کے شکر گزار ہیں اور توقع کرتے ہیں کہ اسی لگن کے ساتھ وہ مستقبل میں بھی شریک کار رہیں گے۔ ہم یقین دلاتے ہیں کہ سرل اپنی کوششیں جاری رکھے گی اور ہم سے منسلک تمام شراکت کاروں کے لئے طویل المدتی ترقی فراہم کرے گی۔

بحکم بورڈ

سید ندیم احمد

چیف ایگزیکٹو آفیسر

کراچی

28 ستمبر 2017

سائنسز ویچر بھی مستحکم نتائج دینے کے لئے تیار ہے۔ مزید برآں سرل نے یو ایس ایف ڈی اے (USFDA) کو ڈرگ ماسٹر فائل (DMF) بھی جمع کرا دی ہے اور اس سلسلے میں ایکناجمنٹ موصول ہو گئی ہے۔ یہ منظوری مقامی اور عالمی مارکیٹوں کیلئے کامیابی کے نئے دروازے کھول دے گی۔ آنکالوجی، وائروولوجی اور خون سے متعلق امراض کے علاج و معالجے کے شعبوں سے نمٹنے کیلئے ہم نے ترقی یافتہ دنیا کی چند معروف بائیوسمیلر کمپنیوں کے ساتھ معاہدے کئے ہیں جو پاکستان میں ہمارے بائیو سائنسز ویچر کی پیش رفت کو مزید تیز کریں گے۔

پروڈکٹس کا معیار ہمارے لئے بڑی اہمیت کا حامل ہے۔ ہم اپنی تمام مینوفیکچرنگ فینسلٹیز پر عالمی ریگولیٹری اسٹنڈرڈز کی تعمیل کو یقینی بنانے اور مستقل CGMP کمپلائنس کے لئے سسٹم، پراسسز اور انسانی صلاحیتوں کی بہتری کے لئے ہمیشہ کوشاں رہتے ہیں۔

مستقبل کو تصورات میں رکھتے ہوئے اور تیز ترین انفارمیشن مینجمنٹ کے فوائد سے مستفید ہونے، انونٹری پر مزید کنٹرول اور بہتر فیصلہ سازی کے لئے، ہم نے مضبوط انٹرپرائز ریسورس پلاننگ سسٹم، SAP کو لاگو کیا ہے۔

مستقبل بعید کیلئے سرل ابھرتے ہوئے پورٹ فولیوز بشمول اسٹیم

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

آفیسر کی حیثیت سے دوبارہ تقرری کی گئی۔

بعد ازاں ہونے والے واقعات

کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان ایسی کوئی نمایاں تبدیلیاں یا معاہدے نہیں ہوئے جو کمپنی کی مالیاتی حیثیت پر اثر انداز ہوں۔

آڈٹ کمیٹی

کمیٹی 3 غیر-ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمیٹی کے چیئرمین ایک آزاد ڈائریکٹر ہیں۔

سرمایہ کاریوں کی قدر و قیمت

30 جون 2017 اور 30 جون 2016 کو پراویڈنڈ فنڈ کی سرمایہ کاری کی قدر و قیمت ان کے غیر آڈٹ شدہ / آڈٹ شدہ حسابات کی بنیاد پر بالترتیب درج ذیل کے مطابق تھی:

2016	2017	پراویڈنڈ فنڈ
783,855	896,799	پاک روپے ہزاروں میں

سال کے دوران آڈٹ کمیٹی کے 4 اجلاس منعقد ہوئے جس کی تفصیلات درج ذیل کے مطابق ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
جناب حسین لوہانی	1
جناب ایاز عبداللہ	3
جناب شاہد عبداللہ	1
جناب ارشد انیس	4

الیکشن کے بعد آڈٹ کمیٹی، بورڈ آف ڈائریکٹرز کی جانب سے دوبارہ تشکیل دی گئی اور غیر-ایگزیکٹو ڈائریکٹرز میں سے درج ذیل ممبران بشمول ایک آزاد ڈائریکٹر کا کمیٹی کے لئے انتخاب کیا گیا۔ چیئرمین ایک آزاد ڈائریکٹر ہے:

- جناب حسین لوہانی۔ چیئرمین
- جناب عدنان اسدر علی
- جناب اسد عبداللہ

ہیومن ریسورس اور ریسیوزیشن کمیٹی

کمیٹی 3 غیر-ایگزیکٹو ممبران پر مشتمل ہے۔ الیکشن کے بعد ایچ آر اینڈ آر کمیٹی کو بورڈ آف ڈائریکٹرز کی جانب سے دوبارہ تشکیل دیا گیا اور غیر-ایگزیکٹو ڈائریکٹرز میں درج ذیل ممبران کو کمیٹی کیلئے منتخب کیا گیا:

- جناب راشد عبداللہ
- جناب عدنان اسدر علی
- جناب ایاز عبداللہ

مستقبل پر ایک نظر

طویل المدتی شیئر ہولڈر ویلیو میں اضافے اور مستقبل کی ترقی اور منافع جات کی غرض سے سرل مقامی اور عالمی دونوں سطح پر کثیر اقدامات انجام دے رہی ہے۔ ہم گزرتے ہوئے ہر دن کے ساتھ مضبوط ہو رہے ہیں اور اہم مارکیٹوں اور کاروباری شعبوں میں سرکردہ پوزیشن کے حصول کی طرف گامزن ہیں۔

پاکستانی مارکیٹ میں وہ بنیادی علاج معالجے کے شعبے، جن میں سرل گزشتہ سالوں کے دوران مستحکم ہوئی ہے، کارڈیوویسکولر، کولڈ وکف، ذیابیطس، شیرخوار بچوں کا فارمولا، پرو بائیونک اور اینٹی بائیونک شامل ہیں۔ مستقبل میں ہم اسپیشلسٹی جنیرک برانڈڈ پورٹ فولیو میں اپنا حصہ بڑھانے اور منفرد مصنوعات کی طرف اپنی توجہ کو مرکوز کئے ہوئے ہیں۔

نیکسٹ کی جدید ترین فیسیلٹی کے حصول کے ذریعے ہمیں توقع ہے کہ مجموعی منافع جات میں کثیر اضافہ ہوگا۔ مزید برآں ہمارا باہو



2012	2013	2014	2015	2016	2017	
336,895	471,652	613,148	858,407	1,227,523	1,539,314	سرمایہ کاری کا ذریعہ
1,627,614	1,999,685	2,530,916	3,689,268	6,952,694	8,385,533	جاری کردہ، سبسکرائپٹ اور ادا شدہ سرمایہ
1,964,509	2,471,337	3,144,064	4,547,675	8,180,217	9,924,847	ریزرو اور ان لپروپریٹڈ منافع جات
201,589	185,020	168,163	296,961	296,961	443,511	شئیر ہولڈرز کی لیکویٹی
1,045,790	928,223	750,882	712,842	508,423	261,317	کلڈ اثاثہ جات کی دوبارہ قدر و قیمت پر اضافہ
3,211,888	3,584,580	4,063,109	5,557,478	8,985,601	10,629,675	طویل مدتی اور ڈیفرنڈ ذماریاں
						منوع لاگو شدہ سرمایہ
4,936,049	5,149,798	6,071,823	7,582,470	9,561,490	10,753,751	ٹرن اوور
557,977	752,976	958,120	1,767,664	2,520,295	2,874,933	منافع قبل از ٹیکس
378,391	523,274	753,225	1,405,413	2,089,388	2,638,745	منافع بعد از ٹیکس
7.67	10.16	12.41	18.54	21.85	24.53	منافع بعد از ٹیکس کی فیصد شرح، ٹرن اوور کے حوالے سے
11.78	14.60	18.54	25.29	23.25	24.82	منافع بعد از ٹیکس کی فیصد شرح، زیر عمل سرمائے کے حوالے سے
						منافع منقسمہ
10	20		20	50	100	نقد (فیصد)
40	30	40	20	24	30	اسٹاک (فیصد)

ڈائریکٹرز کے انتخابات 31 جولائی 2017 کو منعقد ہوئے اور بورڈ کے درج ذیل 7 ڈائریکٹرز کا انتخاب کیا گیا:

- جناب عدنان اسدر علی
- جناب راشد عبداللہ
- جناب حسین لوئی
- جناب اہلس۔ ندیم احمد
- جناب زبیر رزاق پال والا
- جناب ایاز عبداللہ
- جناب اسد عبداللہ

بعد ازاں انتخابات جناب عدنان اسدر علی کو دوبارہ چیئرمین منتخب کیا گیا اور جناب اہلس۔ ندیم احمد کی کمپنی کے چیف ایگزیکٹو

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے۔ ان اجلاسوں میں بورڈ ممبران کی شرکت درج ذیل کے مطابق ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
جناب راشد عبداللہ	4
جناب اہلس۔ ندیم احمد	4
جناب زبیر پال والا	3
جناب شاہد عبداللہ	3
جناب ایاز عبداللہ	4
جناب عدنان اسدر علی	3
جناب حسین لوئی	1
جناب ارشد انیس	4
جناب مفتی ضیا الاسلام	4

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ حسابات موزوں اور محتاط فیصلوں پر مبنی ہیں۔

• مالیاتی حسابات پاکستان میں نافذ العمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز کے مطابق تیار کئے گئے ہیں۔

• کمپنی ایک مستحکم انٹرنل کنٹرول سسٹم برقرار رکھتی ہے جو کسی بھی غلطی یا نقصان کے خلاف تحفظ فراہم کرتا ہے۔ انٹرنل کنٹرول سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔

• اس امر میں کوئی شبہ نہیں کہ کمپنی میں مستقل انداز میں قائم رہنے کی بھرپور صلاحیت موجود ہے۔

• لسٹنگ ریگولیشنز میں درج کارپوریٹ گورننس کی بیسٹ پریکٹسز سے قطعی انحراف نہیں کیا گیا ہے۔

• ٹرانسفر پرائیمسنگ کی بیسٹ پریکٹسز سے کوئی روگردانی نہیں کی گئی ہے۔

• 6 سالوں کی اہم آپریٹنگ اور مالیاتی تفصیل درج ذیل کے مطابق ہے:

2012	2013	2014	2015	2016	2017
2,664,973	576,639	558,306	687,332	808,692	1,235,640
43,030	39,008	33,572	30,642	69,885	207,732
	2,189,398	2,393,277	2,491,318	2,483,919	2,460,614
100,000	100,800	359,900	519,091	2,636,202	1,486,186
6,771	7,027	2,100	2,044	1,949	1,791
					443
					600,278
397,114	671,708	715,954	1,827,051	2,984,954	4,636,991
3,211,888	3,584,580	4,063,109	5,557,478	8,985,601	10,629,675

ضابطہ اخلاق

وہ جو اس شرط سے مستثنیٰ ہیں، پہلے ہی انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان کی جانب سے منعقدہ ڈائریکٹرز کے تربیتی پروگرام میں شرکت کر چکے ہیں۔

سرل کے بورڈ آف ڈائریکٹرز نے ایک ضابطہ اخلاق رائج کیا ہوا ہے۔ تمام ملازمین اس کے بارے میں علم اور آگاہی رکھتے ہیں اور کاروبار کے اصول و ضوابط سے متعلق امور میں اس ضابطہ اخلاق کے قوانین پر عمل کرتے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

• کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات، اس کے کاروباری امور، آپریٹنگ کے نتائج، نقد بہاؤ اور لیکویڈٹی میں تبدیلی کو، شفاف انداز میں پیش کیا گیا ہے۔

• کمپنی کے حسابات کی باقاعدہ کتب موجود ہیں۔

• مالیاتی حسابات کی تیاری میں درست اور موزوں اکاؤنٹنگ

لاگو کردہ اثاثہ جات

املاک، پلائنٹس اور ایکویپمنٹ
غیر محسوس اثاثہ جات
انویسٹمنٹ پراپرٹی
طویل المدتی سرمایہ کاری
طویل المدتی لون، ڈپازٹس اور پری پیمنٹس
ڈیفرنڈ ٹیکسیشن
نان کرنٹ اثاثہ جات کلاسیفائیڈ ایس ہیلڈ فار سیل
خالص موجودہ اثاثہ جات
کل لاگو شدہ اثاثہ جات



متعلقہ پارٹیوں کی لین دین

سال 2017 کے دوران تمام متعلقہ پارٹی ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ کے جائزے اور منظوری کے لئے پیش کر دی گئی تھیں۔ متعلقہ پارٹیوں میں لین دین کی یہ سرگرمیاں آڈٹ کمیٹی اور بورڈ کی جانب سے ان کے متعلقہ اجلاسوں میں باقاعدہ منظور کی گئی ہیں۔

یہ تمام ٹرانزیکشنز، ٹرانسفر پرائسنگ کے طریقہ کار اور ماضی میں بورڈ کی جانب سے منظور شدہ متعلقہ پارٹیوں کے ساتھ پالیسی کے مطابق تھیں۔ کمپنی ان تمام ٹرانزیکشنز کا مکمل ریکارڈ، بشمول ان کے شرائط و ضوابط بھی اپنے پاس رکھتی ہے۔ مزید تفصیلات کے لئے براہ مہربانی مالیاتی حسابات کا حوالہ نوٹ 38 دیکھیں۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد

اسٹاک ایکسچینج کے لسٹنگ قوانین، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ کوڈ آف کارپوریٹ گورننس (کوڈ) میں شامل کردیئے گئے ہیں۔ کمپنی نے کوڈ کو نافذ کر رکھا ہے اور اس پر عملدرآمد کیا جا رہا ہے۔

ڈائریکٹرز کا تربیتی پروگرام

بورڈ آف ڈائریکٹرز کی تربیت بورڈ کو اس کا کردار ادا کرنے اور کمپنی کی کارکردگی میں نمایاں تبدیلی لانے کا موجب بنتی ہے۔ کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق بورڈ میں موجود تمام ڈائریکٹرز کیلئے یہ ضروری ہے کہ وہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے مقرر کردہ کسی ادارے سے 2018 تک ڈائریکٹرز کے تربیتی پروگرام میں شرکت کر کے سرٹیفائیڈ ڈائریکٹرز کا درجہ حاصل کریں۔

کوڈ کی شرائط پر عمل کرتے ہوئے ڈائریکٹرز کی اکثریت، ماسوائے

سرل سماجی طور پر بھی ذمے داری سے کام کر رہی ہے۔ کمپنی کا CSR پروگرام ایک وسیع پیمانے پر مبنی ہے جس میں طبی دیکھ بھال، تعلیم، بچوں کی فلاح اور دیگر سماجی بہبود کی سرگرمیوں سے منسلک اقدامات شامل ہیں۔

آئیو بیٹیل، سیلٹھ اور سیفٹی

ہم سرل میں تحفظ اور محفوظ ماحول کی اہمیت کو تسلیم کرتے ہیں اور سمجھتے ہیں کہ اس امر کو یقینی بنانا ہماری ذمہ داری ہے کہ اپنے ملازمین اور ان کے کام کرنے کے ماحول کو محفوظ بنانے کے ساتھ ان کی صحت کو درپیش خطرات کو بھی ختم کریں۔

ہمارے ملازمین اور یہاں آنے والے مہمانوں کی صحت اور تحفظ کمپنی کی اہم ترجیح ہے لہذا آپریشنز سے منسلک مہلک اثرات کی مستقل طور پر نشاندہی، ان کا جائزہ اور ان خطرات کو کم کرنے یا ختم کرنے کے انتظامات کئے جاتے ہیں۔

انفارمیشن ٹیکنالوجی

سرل کی بڑھتی ہوئی بنیادی ضروریات کو پورا کرنے اور انفارمیشن سسٹم کو باقاعدگی سے اپ گریڈ کرنے کی ہماری مسلسل کوششوں کے ساتھ انفارمیشن ٹیکنالوجی میں زیادہ سے زیادہ سرمایہ کاری ہماری پالیسی رہی ہے۔ اہم منصوبہ جس پر ہم کام کر رہے ہیں، وہ مضبوط بزنس مینجمنٹ سسٹم 'SAP' کا نفاذ ہے۔

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عوام الناس سرل کمپنی لمیٹڈ کی ویب سائٹ www.searlecompany.com ملاحظہ کر سکتے ہیں جس پر سرمایہ کاروں کے لئے ایک حصہ مختص ہے جس میں سالانہ، ششماہی اور سہ ماہی مالیاتی حسابات کے متعلق معلومات درج ہیں۔

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

کی جاتی ہے۔ ڈائریکٹرز، سی ای او، کمپنی سیکریٹری، سی ایف او اور ایگزیکٹوز اور ان تمام حضرات کی شریک حیات اور نابالغ بچوں نے، ماسوائے درج ذیل افراد کے، کمپنی کے شیئرز میں کسی قسم کا کاروبار نہیں کیا:

نام	حیثیت	خریدے گئے شیئرز	فروخت کئے گئے شیئرز
مسز شکیلہ راشد	بیگم جناب راشد عبداللہ صاحب (ڈائریکٹر)	7,000	-
جناب شاہد عبداللہ	ڈائریکٹر	21,200	-
انٹرنیشنل برانڈز لمیٹڈ	سبزیٹیشنل شیئر ہولڈر	1,512,850	-

بورڈ کو اس لین دین کے بارے میں آگاہ کر دیا گیا تھا۔

ایگزیکٹوز کی مذکورہ بالا ٹرانزیکشنز کو اس سالانہ رپورٹ میں شامل کرنے کے حوالے سے، ڈائریکٹرز نے ایگزیکٹوز ان ملازمین کو قرار دیا ہے جن کی سالانہ بنیادی تنخواہ 10 ملین سے زائد ہو۔

کاروباری ضوابط

اثاثہ ہے۔ ہم تسلیم کرتے ہیں کہ دوا سازی کی صنعت میں کئی فطری خطرات بھی موجود ہوتے ہیں اور پروڈکٹ کو ڈیزائن کرنے یا تیاری میں کوئی بھی غلطی نہ صرف مہلک بلکہ خطرناک بھی ہو سکتی ہے لہذا معیار کی دیکھ بھال اور مستقل بہتری ہماری اولین ترجیح اور اخلاقی ذمہ داری ہے۔

ہم مریضوں کی صحت و دیکھ بھال کے تحفظ کے ضمن میں اپنی ذمہ داری پوری کرنے پر کاربند ہیں اور یقین دلاتے ہیں کہ طبی مصنوعات کی تیاری سے منسلک سرگرمیوں پر سمجھوتہ نہیں کیا جاتا اور تمام سرگرمیاں اس معیار کی ہوتی ہیں جو مریضوں کی توقعات کے مطابق ہوں۔

اپنے قیام سے سرل کا کاروباری طریقہ کار ایمانداری، شفافیت اور نافذ العمل قوانین اور ضوابط کی پاسداری پر مبنی رہا ہے۔ ہمارے ملازمین، ہیلتھ کیئر اور کنزیومر انڈسٹری میں بہترین مصنوعات اور خدمات، کی فراہمی کے ہمارے مشن کو پورا کرنے میں پوری لگن کے ساتھ کار فرما ہیں۔

کارپوریٹ اور سماجی ذمہ داری

ہمارے فرائض اور ذمہ داری کا دائرہ کار اپنے اسٹیک ہولڈرز کیلئے منافع بڑھانے پر ہی ختم نہیں ہو جاتا۔ سرل میں ہمارا مقصد اس معیشت کو مستحکم بنانا بھی ہے جس میں ہم کاروبار کر رہے ہیں۔ جن بنیادی شعبوں پر ہم خصوصی توجہ دیتے ہیں ان میں سے ایک روزگار کے لئے مواقع پیدا کرنا ہے تاکہ وسیع تر صنعتی اور سیلز کی افرادی قوت تیار کی جاسکے۔

ساکھ، بھروسہ اور اعتماد وہ ضروری عناصر ہیں جن کی توسیع اور تحفظ ہماری ذمہ داری ہے تاکہ سب کو فائدہ پہنچے اور ہم بہتر باہمی تعلقات قائم کر سکیں۔ کمپنی اپنے صارفین کی ضروریات کو سمجھتی ہے اور اس بات کو ملحوظ خاطر رکھتے ہوئے کاروباری سرگرمیوں کے تمام دائرہ کار میں مستقل بہتری کی خواہاں ہے۔

پروڈکٹ کا معیار

سرل کی مصنوعات پر صارفین کا بھروسہ اور اعتماد ہمارا انتہائی قیمتی



پر کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی توثیق کر دی ہے۔

کیونکہ کمپنی کے 30 جون 2017 کو کوئی کنورٹبل ڈائیلیٹیو پوٹینشل آڈیٹری شیئرز باقی نہیں تھے۔

ہولڈنگ کمپنی

انٹرنیشنل برانڈز لیٹڈ سرل کی ہولڈنگ کمپنی ہے۔ جس کی کمپنی میں 56.12 فیصد شیئر ہولڈنگ ہے۔

سرل خود آئی بی لیل ہیلتھ کیئر لیٹڈ اور نیکلٹر فارما (پرائیویٹ) لیٹڈ کی ہولڈنگ کمپنی ہے اور بالترتیب 74.19 فیصد اور 70.34 فیصد شیئر ہولڈنگ کی حامل ہے۔ مزید برآں سرل 4 مکمل ملکیتی ذیلی اداروں بنام سرل فارما سیویکلز (پرائیویٹ) لیٹڈ، سرل لیباریٹریز (پرائیویٹ) لیٹڈ، سرل بائیوسائنسز (پرائیویٹ) لیٹڈ اور آئی بی لیل آئیڈیٹیٹی (پرائیویٹ) لیٹڈ کی بھی حامل ہے۔

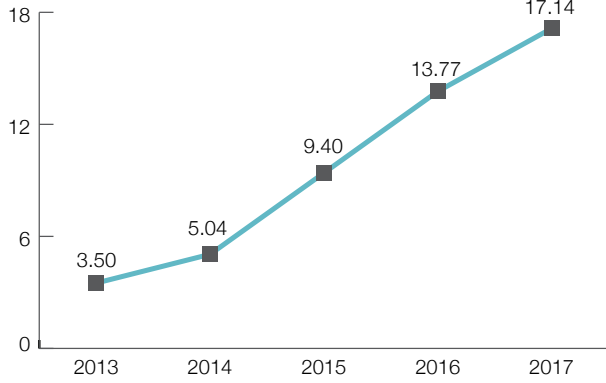
مزید برآں سال کے دوران کمپنی نے ایک مکمل ملکیتی ذیلی ادارہ آئی بی لیل فیوچر ٹیکنالوجیز (پرائیویٹ) لیٹڈ تشکیل دیا تاہم 30 جون 2017 کو ختم ہونے والے سال کے دوران ذیلی کمپنی میں کوئی سرمایہ کاری نہیں کی گئی تھی۔

پیٹرن آف شیئر ہولڈنگ

30 جون 2017 کو پیٹرن آف شیئر ہولڈنگ بشمول شیئر ہولڈرز کی کیڈنگریز، جیسا کہ کمپنیز ایکٹ 2017 کی شق 227 (متروک) کمپنیز آرڈیننس 1984 کی سابق دفعہ 236) اور لسٹنگ ریگولیشنز کے تحت ضروری ہے، مالیاتی رپورٹ کے صفحہ نمبر 161 تا 164 پر پیش کی گئی ہیں۔

ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری وغیرہ کی جانب سے شیئرز کی تجارت

کمپنی کے شیئر کی خرید و فروخت پاکستان اسٹاک ایکسچینج لیٹڈ میں



منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2017 کو ختم ہونے والے سال کے لئے نقد اور اسٹاک منافع منقسمہ بالترتیب 80 اور 20 فیصد کی سفارش کی ہے۔ یہ دوران سال جاری کردہ نقد اور اسٹاک منافع منقسمہ بالترتیب 20 اور 10 فیصد کے علاوہ ہے۔

30 جون 2016 کو ختم ہونے والے سال کے دوران کمپنی نے نقد اور اسٹاک منافع منقسمہ میں بالترتیب 50 فیصد اور 14 فیصد کا اعلان کیا تھا جو گزشتہ سال کے دوران جاری کردہ عبوری بونس شیئرز بشرح 10 فیصد کے علاوہ تھا۔

مالیاتی حسابات اور آڈیٹرز

موجودہ آڈیٹرز میسرز اے۔ایف۔فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سبکدوش ہو رہے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر 30 جون 2018 کو ختم ہونے والے مالی سال کیلئے باہمی طے شدہ معاوضے

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

خدمات کے ذریعے مریضوں کی زندگی کو بہتر بنانے کی کوشش کی ہے۔

ہم اس امر پر یقین رکھتے ہیں کہ کامیابی انتھک جدوجہد سے حاصل ہوتی ہے اور مواقع محض اچانک نمودار نہیں ہوتے بلکہ مستحکم عزم و ہمت اور کوششوں کے ذریعے حاصل ہوتے ہیں۔ اس فلسفے پر عمل کرتے ہوئے ہم مستقل طور پر اپنے پورٹ فولیو اور اپنی مجموعی ذمہ داریوں کو بڑھا رہے ہیں تاکہ اپنے شیئر ہولڈرز کے لئے طویل المدتی ترقی کو یقینی بنا سکیں۔

مریضوں اور شیئر ہولڈرز کے مفادات کو اپنی بنیادی ترجیح بناتے ہوئے ہم نے ایک مستحکم اور مستند پوزیشن حاصل کر لی ہے اور ہم اپنی کوششوں سے حاصل ہونے والے اثرات پر فخر کرتے ہیں۔

سال 2017 کے دوران کمپنی کی مالیاتی کارکردگی نے نئی بلندیوں کو چھو لیا۔ کمپنی کا رپورٹ کردہ ریونیو 10.75 ارب رہا جس سے 12.47 فیصد کی شرح نمو ظاہر ہوئی۔ مزید برآں کمپنی کا منافع بعد از ٹیکس بھی نمایاں طور پر 26.29 فیصد سے بڑھا۔

یہ بہتر شرح، ڈاکٹر کوریج میں اضافہ، پروڈکٹ پورٹ فولیو میں چھتگی، بلند حجم، شاندار پروڈکٹ مکس، برانڈنگ کی کوششوں اور طلب میں استحکام کی بدولت حاصل ہوئی۔ مزید برآں اخراجات پر سخت کنٹرول نے بھی کمپنی کی مالیاتی کارکردگی کو بہتر بنانے میں اپنا کردار ادا کیا۔

آمدنی فی شیئر

بنیادی آمدنی فی شیئر بعد از ٹیکس 17.14 روپے تھی (13.77 روپے: 2016)۔

کمپنی کی بنیادی آمدنی فی حصص پر ڈائیلیوشن کا کوئی اثر نہیں پڑا

ڈائریکٹرز 30 جون 2017 کے آڈٹ شدہ مالیاتی حسابات کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ڈائریکٹرز کی یہ رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 227 (مٹروک کمپنیز آرڈیننس 1984 کی سابق دفعہ 236) پاکستان اسٹاک ایکسچینج لمیٹڈ کی ریگولیشن 5.19.11 اور کوڈ آف کارپوریٹ گورننس 2012 کی شق xvi کے مطابق تیاری کی گئی ہے۔

یہ رپورٹ کمپنی کے 52 ویں سالانہ اجلاس عام منعقدہ 27 اکتوبر 2017 میں ممبران کو پیش کی جائے گی۔

2016	2017	پاک روپے ہزاروں میں
9,561,490	10,753,751	آمدنی
(5,796,101)	(6,574,400)	فروخت کے اخراجات
3,765,389	4,179,351	مجموعی آمدنی
(2,708,634)	(3,328,088)	آپریٹنگ اخراجات
(164,290)	(178,876)	دیگر آپریٹنگ اخراجات
1,749,394	2,328,810	دیگر آمدنی
2,641,859	3,001,197	آپریٹنگ آمدنی
(121,564)	(126,264)	فنانس کی لاگت
2,520,295	2,874,933	آمدنی قبل از ٹیکس
(430,907)	(236,188)	ٹیکسیشن
2,089,388	2,638,745	آمدنی بعد از ٹیکس
39%	39%	مجموعی منافع کی فیصد شرح
28%	28%	آپریٹنگ منافع جات کی فیصد شرح
26%	27%	آمدنی قبل از ٹیکس کی فیصد شرح
22%	25%	آمدنی بعد از ٹیکس کی فیصد شرح

آپریٹنگ نتائج

سرل ایک ایسی کمپنی ہے جس نے ہمیشہ اعلیٰ معیار کی ہیلتھ کیئر



SCHOLARSHIPS FOR DOCTORS

Facilitating the young doctors of today with their educational needs to become masters of tomorrow, Searle contributes by providing scholarships and assistance to students in form of books, educational material and online registrations to faculty members of hospitals.





OUR PRODUCTS

Our portfolio includes three major division; Pharma, Consumer Health and Nutrition. Pharmaceutical range across therapeutic areas such as Cardiovascular, Respiratory Care, Gastroenterology, Pain Management, CNS, Orthocare, Neuropsychiatry, Probiotics, Antibiotics and Nutritional Care.

SPL enjoys the category championship in wide range of products.



CO-OLESTA

More than 70% of patients achieved their BP goal



SELANZ SR

Sustained and fine one for nine



EZIUM

Make life easy with Ezium - The reliable and time tested PPI



LEVOXIN

Levoxin is the only quinolone approved by FDA for the treatment of 10 infections



M-FOLATE

The only bioactive folate with WHO/FAO recommended dosage with econom



TRAMAL

The Original Tramadol- Having opioid and non-opioid actions For Moderate to Severe Pain



OSTEGEM

Total Bone Care!



HYDRYLLIN

No. 1 cough syrup for everyone



XADINE

Truly non-sedative anti-allergic



ZENBAR

First line management for diabetic peripheral neuropathic pain



EXTOR

Effective way to control blood pressure



ADRONIL

The number one prescribed Ibandronate in Pakistan



NUBEROL-P 1g/100ml
The Searle's Paracetamol
For relieving Pain & Fever



NUBEROL/NUBEROL FORTE

A powerful and effective analgesic, muscle relaxant



Byscard

The novel β -Blocker without β -Blocker like side effects



SAVING LIVES

Searle feels proud to be a source of light in the lives of needy patients with critical medical conditions, by providing financial assistance for their treatments. Contribution towards AKAR hospital for the less privileged section of the society is also a part of our saving lives initiatives.



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company : The Searle Company Limited
Year ended : June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited Regulations for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of Directors (the Board). At present the Board includes:

Category	Names
Independent Director	Mr. Husain Lawai
Executive Directors	Mr. S. Nadeem Ahmed – CEO Mr. Zubair Palwala Mr. Rashid Abdulla
Non-Executive Directors	Mr. Adnan Asdar Ali Mr. Shahid Abdulla Mr. Arshad Anis Mr. Ayaz Abdulla Mr. Mufti Ziaul Islam

The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company has arranged an orientation course for its directors to acquaint them with the necessary skills and knowledge to carry out duties and responsibilities as director of the Company. Two directors of the Company meets the exemption criteria of the Directors’ Training Program and five directors have acquired certification under the said program.
10. The Board has approved the appointment, remuneration and terms and conditions of employment of the Head of Internal Audit, CFO and Company Secretary.
11. The Directors’ Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.



13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive director. The Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource (HR) and Remuneration Committee. It comprises of three members, all of whom are non-executive directors including the Chairman.
18. The Board has outsourced the internal audit function to Grant Thornton Anjum Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP). Further, they have confirmed that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and Stock Exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. The Chairman of Audit Committee did not attend the Annual General Meeting of the Company.
25. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi:

Dated: September 28, 2017


Syed Wadeem Ahmed
Chief Executive Officer



BETTER HOSPITALS

Searle never lags behind in supporting the development of hospitals, as better hospitals and facilities help in accommodating more patients and helps the cause of healthier Pakistan. Our assistance to National Institute of Cardiovascular diseases, Shaukat Khanum, Sindh Institute of Urology and Transplantation and Indus hospital are examples of some of our initiatives.



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of The Searle Company Limited for the year ended June 30, 2017 to comply with the requirements of Listing Regulation No. 5.19 of the Pakistan Stock Exchange Limited Regulations where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Further, we highlight below instance of non-compliance with the requirements of the Code as reflected in the note reference where this is stated in the Statement of Compliance:

.S. No	Note Reference	Description
(i)	24	The Chairman of Audit Committee did not attend the Annual General Meeting of the Company.


Chartered Accountants
Karachi

Dated: October 06, 2017

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 ■ ISLAMABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of The Searle Company Limited as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements for the year ended June 30, 2016 were audited by another firm of Chartered Accountants whose report dated September 28, 2016, expressed an unmodified opinion thereon.



Chartered Accountants
Karachi

Dated: October 06, 2017

Name of the engagement partner: Farrukh Rehman

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
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■ KARACHI ■ LAHORE ■ ISLAMABAD

UNCONSOLIDATED BALANCE SHEET

As at June 30, 2017

	Note	2017 -----Rupees '000-----	2016
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,235,640	808,692
Investment properties	4	2,460,614	2,483,919
Intangibles	5	207,732	69,885
Deferred taxation	6	443	-
Long-term investments - subsidiaries	7	1,486,186	2,636,202
Long-term loans	8	193	351
Long-term deposits	9	1,598	1,598
		5,392,406	6,000,647
Current assets			
Stores and spares		1,842	1,004
Stock-in-trade	10	1,050,790	1,166,583
Trade debts	11	2,977,613	2,541,056
Loans and advances	12	2,458,745	770,147
Trade deposits and short-term prepayments	13	71,147	130,780
Other receivables	14	525,159	241,022
Taxation - payments less provision		675,642	530,456
Cash and bank balances	15	92,153	87,888
		7,853,091	5,468,936
Non-current asset classified as held for sale	16	600,278	-
Total assets		13,845,775	11,469,583
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	17	1,539,314	1,227,523
Reserves		8,385,533	6,952,694
		9,924,847	8,180,217
Surplus on revaluation of fixed assets	18	443,511	296,961
LIABILITIES			
Non-current liabilities			
Long term financing	19	214,285	428,571
Deferred taxation	6	-	37,604
Retirement benefits obligations	20	47,032	42,248
		261,317	508,423
Current liabilities			
Trade and other payables	21	1,774,197	1,780,743
Accrued mark-up	22	16,467	11,706
Short term borrowings	23	1,208,828	475,577
Current portion of long term financing	19	214,286	214,286
Sales tax payable		2,322	1,670
		3,216,100	2,483,982
Total liabilities		3,477,417	2,992,405
Contingencies and commitments	24		
Total equity and liabilities		13,845,775	11,469,583

The annexed notes from 1 to 45 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer



UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2017

	Note	2017	2016
		-----Rupees '000-----	
Revenue	25	10,753,751	9,561,490
Cost of sales	26	(6,574,400)	(5,796,101)
Gross profit		4,179,351	3,765,389
Distribution cost	27	(2,644,535)	(2,237,612)
Administrative expenses	28	(683,553)	(471,022)
Other operating expenses	29	(178,876)	(164,290)
Other income	30	2,328,810	1,749,394
Profit from operations		3,001,197	2,641,859
Finance cost	31	(126,264)	(121,564)
Profit before taxation		2,874,933	2,520,295
Taxation	32	(236,188)	(430,907)
Profit after taxation		2,638,745	2,089,388
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	20	(479)	(1,982)
Total comprehensive income for the year		2,638,266	2,087,406
Basic and diluted earnings per share (Rupees)	33	17.14	13.77

The annexed notes from 1 to 45 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2017

	Note	2017 -----Rupees '000-----	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	1,415,918	2,017,608
Retirement benefit obligations paid		(511)	(4,973)
Finance cost paid		(106,160)	(116,259)
Income tax paid		(422,335)	(782,353)
Decrease in long-term loans		158	95
Net cash generated from operating activities		887,070	1,114,118
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(375,332)	(188,192)
Sale proceeds on disposal of property, plant and equipment		16,467	5,864
Payments for investment properties		(25,187)	(40,330)
Purchase of intangibles		(161,226)	(45,982)
Additions in long-term investments		-	(2,117,111)
Net cash used in investing activities		(545,278)	(2,385,751)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(856,492)	(166,217)
Proceeds from export refinance		44,000	2,000
Proceeds from issue of shares		-	1,716,817
Long-term finance paid		(214,286)	(107,143)
Net cash (used in) / generated from financing activities		(1,026,778)	1,445,457
Net (decrease) / increase in cash and cash equivalents		(684,986)	173,824
Cash and cash equivalents at beginning of the year		(367,689)	(541,513)
Cash and cash equivalents at end of the year	35	(1,052,675)	(367,689)

The annexed notes from 1 to 45 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer



UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017

	Share capital	Capital reserves		Revenue reserves		Total	
		Share premium account	Issue of bonus shares	General reserve	Unappropriated profits		Total reserves
-----Rupees '000-----							
Balance as at July 01, 2015	858,407	-	-	280,251	3,409,017	3,689,268	4,547,675
Total comprehensive income for the year ended June 30, 2016							
Profit for the year ended June 30, 2016	-	-	-	-	2,089,388	2,089,388	2,089,388
Other comprehensive loss for the year ended June 30, 2016	-	-	-	-	(1,982)	(1,982)	(1,982)
	-	-	-	-	2,087,406	2,087,406	2,087,406
Transactions with owners							
Transfer to reserve for issue of bonus shares	-	-	283,273	-	(283,273)	-	-
Bonus shares issued during the year in the ratio of 20 shares for every 100 shares held	171,681	-	(171,681)	-	-	(171,681)	-
Final dividend for the year ended June 30, 2015 @ Rs. 2 per share	-	-	-	-	(171,681)	(171,681)	(171,681)
Right shares issued during the year in the ratio of 10 shares for every 100 shares held	85,843	1,630,974	-	-	-	1,630,974	1,716,817
Interim Bonus shares issued in the ratio of 10 shares for every 100 shares held	111,592	-	(111,592)	-	-	(111,592)	-
Balance as at July 1, 2016	1,227,523	1,630,974	-	280,251	5,041,469	6,952,694	8,180,217
Total comprehensive income for the year ended June 30, 2017							
Profit for the year ended June 30, 2017	-	-	-	-	2,638,745	2,638,745	2,638,745
Other comprehensive loss for the year ended June 30, 2017	-	-	-	-	(479)	(479)	(479)
	-	-	-	-	2,638,266	2,638,266	2,638,266
Transactions with owners							
Transfer to reserve for issue of bonus shares	-	-	311,791	-	(311,791)	-	-
Bonus shares issued during the year in the ratio of 14 shares for every 100 shares held	171,853	-	(171,853)	-	-	(171,853)	-
Final dividend for the year ended June 30, 2016 @ Rs. 5 per share	-	-	-	-	(613,761)	(613,761)	(613,761)
Bonus shares issued during the year in the ratio of 10 shares for every 100 shares held	139,938	-	(139,938)	-	-	(139,938)	-
Interim dividend for the year ended June 30, 2017 @ Rs. 2 per share	-	-	-	-	(279,875)	(279,875)	(279,875)
Balance as at June 30, 2017	1,539,314	1,630,974	-	280,251	6,474,308	8,385,533	9,924,847

The annexed notes from 1 to 45 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

1. LEGAL STATUS AND OPERATIONS

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 1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

International Brands Limited is the holding company, which holds 56.12% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		June 30, 2017	June 30, 2016
Listed Company			
- IBL HealthCare Limited		74.19%	74.19%
Unlisted Companies			
- Searle Pharmaceuticals (Private) Limited	Pakistan	100.00%	100.00%
- Searle Laboratories (Private) Limited		100.00%	100.00%
- Searle Biosciences (Private) Limited		100.00%	100.00%
- IBL Identity (Private) Limited		100.00%	100.00%
- Nextar Pharma (Private) Limited		70.34%	70.34%

In June 2016, the Company incorporated a wholly owned subsidiary IBL Future Technologies (Private) Limited, however no share has been issued to date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

2.1 Basis of preparation

2.1.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) companies the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 prevail.



2.1.2 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Staff retirement benefits - note 2.3
- b) Taxation - note 2.4
- c) Revaluation of assets - note 2.6

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the financial statements.

No critical judgment has been used in applying the accounting policies.

2.1.3 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year and relevant

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provide clarification on number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) – arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

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

There are other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for company's financial statements and hence have not been detailed here.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

c) **Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

IAS 7, 'Statement of cash flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

In addition to the foregoing, the Companies Act 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

2.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

2.3 Staff retirement benefits

2.3.1 Defined benefit plan

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bonds. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related benefit obligation.

The Company operates an unfunded gratuity scheme covering all unionised employees with five or more years of service with the Company. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2017 using the projected unit credit method.

2.3.2 Defined contribution plan

The Company operates a recognised provident fund scheme for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% per annum of the basic salary. The contributions are recognised as employee benefit expense when they are due.

2.4 Taxation

2.4.1 Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any.



2.4.2 Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.5 Borrowings and their cost

Borrowings are initially recognised at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are recognised at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

2.6 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except leasehold land, building on leasehold land, plant and machinery, vehicles and airconditioning systems, which are stated at revalued amount less accumulated depreciation and impairment losses, if any, and capital work-in-progress which is stated at cost.

Depreciation is charged to profit and loss account applying the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The revalued amount of building on leasehold land, plant and machinery, vehicles and airconditioning systems is depreciated equally over the remaining life from the date of valuation. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Surplus arising on revaluation of the above mentioned assets is disclosed as surplus on revaluation. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

Gain or loss on disposal or retirement of property, plant and equipment is included in unconsolidated profit and loss account.

2.7 Intangibles

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Distribution rights, brand name & logo and licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangibles having infinite life are carried at cost less impairment, if any.

Amortisation is calculated using the straight line method to allocate the cost of trademarks and licenses over the useful lives.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

2.8 Investment property

The Company carries investment properties at their respective costs under the cost model in accordance with IAS 40 - 'Investment Property'. The fair values are determined by the independent valuation experts and such valuations are carried out every year to determine the recoverable amount.

Assets classified under investment properties are carried at their respective cost less accumulated depreciation and accumulated impairment losses, if any.

The Company carries investment property under work in progress at their respective costs less accumulated impairment losses, if any. Depreciation is charged on such property after it is completed as per IAS 40 - 'Investment Property'.

2.9 Investments

2.9.1 Investment in subsidiary companies

Investment in subsidiary companies is initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated profit and loss account.

2.9.2 Investment in associated companies

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or common directorship. Investments in associates are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in the profit and loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in profit and loss account. Investment in associates are accounted for using the equity method of accounting in the consolidated financial statements.

2.10 Stores and spares

These are valued at lower of cost, determined using first-in-first-out method less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

2.11 Stocks-in-trade

These are valued at the lower of cost and net realisable value except goods-in-transit which are valued at invoice value plus other charges incurred thereon. Cost signifies standard cost adjusted by variances.

Cost of raw and packing material comprises purchase price including directly related expenses less trade discounts. Cost of work-in-process and finished goods includes cost of raw material, direct labor and related production overheads.



Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less cost of completion and estimated cost necessarily to be incurred to make the sale.

2.12 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at original invoice amount less a provision for impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written-off.

2.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, balances with banks on current and deposit accounts and finance under mark-up arrangements.

2.14 Foreign currencies

The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

Transactions in foreign currencies are converted into Pak Rupees using the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the balance sheet date. Exchange differences are taken to unconsolidated profit and loss account.

2.15 Revenue recognition

Revenue is recognised when it is probable that economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable on the following basis:

- Revenue from sale of goods is recognised on despatch of goods to customers, export sales are recorded when the goods are shipped i.e. when the significant risks and reward of ownership have been transferred to the customer.
- Income from toll manufacturing is recognised when services are rendered.
- Dividend income, other than those from investments measured using equity method, is recognised when the right to receive payment is established.
- Interest income and rental income is recognised on accrual basis.

2.16 Research and development cost

Research and development cost except to the extent that an intangible asset is recognised, is charged in the year in which it is incurred. Development costs previously charged to profit and loss account are not recognised as an asset in the subsequent period.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

2.17 Leases

Operating leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight-line basis over the period of the lease.

2.18 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.19 Impairment

Carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, assets or cash-generating units are tested for impairment. Cash-generating units to which goodwill is allocated are tested for impairment annually. Where the carrying values of assets or cash-generating units exceed the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to profit and loss account.

2.20 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

Financial assets and liabilities are off set and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Dividend distribution

Dividend distribution to shareholders is recognised as liability in the financial statements in the period in which the dividend is declared / approved.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.



3. PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	-----Rupees '000-----	
Operating assets - note 3.1	1,033,870	781,373
Capital work-in-progress - at cost - note 3.8	201,770	27,319
	1,235,640	<u>808,692</u>

3.1 Operating assets:

	Owned assets							Total
	Leasehold land - notes 3.2, 3.3, 3.4 & 3.5	Building on leasehold land - notes 3.3, 3.4 & 3.5	Plant and machinery - notes 3.3, 3.4 & 3.5	Office equipment	Furniture and fixtures	Vehicles - notes 3.3, 3.4 & 3.5	Air - conditioning - notes 3.3, 3.4 & 3.5	
	-----Rupees '000-----							
Year ended June 30, 2017								
Opening net book value	420,847	52,138	221,736	32,945	3,277	47,371	3,059	781,373
Additions	-	36,214	120,596	17,568	8,304	1,867	16,332	200,881
Revaluation - notes 3.3 & 3.4	139,752	4,896	2,307	-	-	2,159	350	149,464
Disposal - note 3.7	-	-	(2,201)	(294)	-	(12,205)	-	(14,700)
Depreciation charge	-	(6,759)	(44,413)	(18,855)	(1,190)	(10,047)	(1,884)	(83,148)
Closing net book value	560,599	86,489	298,025	31,364	10,391	29,145	17,857	1,033,870
As at June 30, 2017								
Cost or revaluation	560,599	86,489	298,025	80,860	26,280	29,145	17,857	1,099,255
Accumulated depreciation	-	-	-	(49,496)	(15,889)	-	-	(65,385)
Net book value	560,599	86,489	298,025	31,364	10,391	29,145	17,857	1,033,870
Year ended June 30, 2016								
Opening net book value	420,847	55,173	169,883	21,351	4,088	13,475	2,515	687,332
Additions	-	1,940	89,153	24,115	389	43,750	1,526	160,873
Disposal	-	-	(1,223)	(155)	(4)	(993)	-	(2,375)
Depreciation charge	-	(4,975)	(36,077)	(12,366)	(1,196)	(8,861)	(982)	(64,457)
Closing net book value	420,847	52,138	221,736	32,945	3,277	47,371	3,059	781,373
As at June 30, 2016								
Cost or revaluation	420,847	183,708	649,695	69,994	17,976	65,146	56,292	1,463,658
Accumulated depreciation	-	(131,570)	(427,959)	(37,049)	(14,699)	(17,775)	(53,233)	(682,285)
Net book value	420,847	52,138	221,736	32,945	3,277	47,371	3,059	781,373
Depreciation rate	-	5% & 20%	10%, 20% & 33%	10%, 20% & 33%	10%, 20% & 33%	20%	10% & 20%	

3.2 Leasehold land includes land having market value / fair value of Rs. 91.4 million (2016: Rs. 88.4 million) for which lease in the name of the Company has not been finalised.

3.3 During the year, the Company revalued its operating assets classified under leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems resulting in revaluation surplus of Rs. 139.75 million, Rs. 4.89 million, Rs. 2.31 million, Rs. 2.16 million and Rs. 0.35 million respectively.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

3.4 The valuation of leasehold land bearing no. 5-B, Block - 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society Limited, Karachi measuring 505 square yards and leasehold land bearing no. E-58A, North Western Industrial Zone, Port Qasim Authority, Karachi measuring 1.522 acres, was carried out by an independent valuer M/s. Pee Dee & Associates on June 30, 2017 on the basis of present market values for similar sized plots in the vicinity for land (level 2). The valuation of leasehold land bearing no. F-319, situated at S.I.T.E area, Karachi measuring 5.24 acres, building on leasehold land, plant and machinery, vehicles and air-conditioning systems was carried out by an independent valuer, M/s. A. J. Associates on June 30, 2017 on the basis of present market values for similar sized plots in the vicinity for land and replacement values of similar type of buildings, plant and machinery, vehicles and air-conditioning systems (level 2).

3.5 The previous valuation was carried out by an independent valuer M/s. Anderson Consulting (Private) Limited on April 26, 2015.

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included with in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs e.g. estimated future cash flows) (level 3).

3.6 Had there been no revaluation of leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning system, cost and written down value of revalued assets would have been as follows:

	Leasehold land	Building	Plant and machinery	Air conditioners	Vehicles	Total
	-----Rupees '000-----					
Cost	123,886	182,288	644,160	36,656	51,041	1,038,031
Accumulated depreciation	-	(100,695)	(348,442)	(19,149)	(24,055)	(492,341)
NBV as at June 30, 2017	123,886	81,593	295,718	17,507	26,986	545,690
NBV as at June 30, 2016	123,886	52,138	221,736	3,059	47,371	448,190



3.7 The details of operating assets disposed off, having net book value in excess of Rs. 50,000 each are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
-----Rupees '000-----						
Motor Vehicle	1,663	277	1,386	1,592	Advertisement / Bid / Negotiation	Mr. Ather Iqbal - Executive
"	1,828	548	1,280	1,775	"	Mr. Sajid Hussain - Executive
"	1,663	222	1,441	1,585	"	Mr. S. Khurram Ali - House No. 1060, EDB Building, Hyderabad Colony, Karachi.
"	1,663	277	1,386	1,592	"	Mr. Rashid Abdulla - Executive director
"	1,663	416	1,247	1,540	"	Mr. M. Atif Ismail - Non Executive
"	683	91	592	495	"	Mr. Diamond Peerani - House No. C-21, Block E, North Nazimabad, Karachi.
"	683	159	524	550	"	Ms. Farida Sahwani - House No. A-552, Block A, North Nazimabad, Karachi.
"	683	102	581	693	"	Ms. Tabinda Naseer - House No. A-526, Block 15, Gulistan-e-Jauhar, Karachi.
"	1,663	443	1,220	1,620	"	Mr. Haroon Naseer - Flat no. B-11, Hill Park Apartment, K.M.C.H.S, Karachi.
"	1,663	360	1,303	1,600	"	Ms. Farida Sahwani - House No. A-552, Block A, North Nazimabad, Karachi
"	1,661	416	1,245	1,625	"	Mr. M. Saleem - House No. A-291, Gujjar Naala, Nazimabad, Karachi.
Plant and Machinery	17,031	14,830	2,201	1,450	Negotiation	Maintenance Plus - House No. 183-B, Block 2, P.E.C.H.S, Karachi.

2017 2016
 -----Rupees '000-----

3.8 Capital work-in-progress

Civil works	21,137	-
Plant & machinery - note 3.8.1	97,866	27,319
Advance against purchase of land	48,000	-
Advances to suppliers	34,767	-
	201,770	<u>27,319</u>

3.8.1 It represents plant and machinery that has not been commissioned yet.

2017 2016
 -----Rupees '000-----

4. INVESTMENT PROPERTIES

Operating assets - notes 4.1 & 4.2	2,453,972	2,480,818
Investment property under work-in-progress - at cost - note 4.3	6,642	3,101
	2,460,614	<u>2,483,919</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

4.1 Operating assets

	Owned assets								Total
	Leasehold Land	Building on Leasehold Land	Office Equipment	Electrical Equipment	Lifts & Elevators	Generators	Furniture & Fixtures	Air - conditioning	
-----Rupees '000-----									
Year ended June 30, 2017									
Opening net book value	1,915,871	336,705	5,497	51,424	34,677	18,631	37,919	80,094	2,480,818
Additions	-	1,927	14,340	-	-	-	1,806	3,573	21,646
Depreciation charge	-	(18,535)	(2,524)	(6,110)	(4,120)	(2,214)	(4,574)	(10,415)	(48,492)
Closing net book value	1,915,871	320,097	17,313	45,314	30,557	16,417	35,151	73,252	2,453,972
As at June 30, 2017									
Cost	1,915,871	367,290	22,251	61,098	41,200	22,136	46,790	98,507	2,575,143
Accumulated depreciation	-	(47,193)	(4,938)	(15,784)	(10,643)	(5,719)	(11,639)	(25,255)	(121,171)
Net book value	1,915,871	320,097	17,313	45,314	30,557	16,417	35,151	73,252	2,453,972
Year ended June 30, 2016									
Opening net book value	1,915,871	343,117	6,711	49,345	38,797	20,845	35,988	80,644	2,491,318
Additions	-	12,109	314	8,696	-	-	6,816	9,294	37,229
Depreciation charge	-	(18,521)	(1,528)	(6,617)	(4,120)	(2,214)	(4,885)	(9,844)	(47,729)
Closing net book value	1,915,871	336,705	5,497	51,424	34,677	18,631	37,919	80,094	2,480,818
As at June 30, 2016									
Cost	1,915,871	365,363	7,911	61,098	41,200	22,136	44,984	94,934	2,553,497
Accumulated depreciation	-	(28,658)	(2,414)	(9,674)	(6,523)	(3,505)	(7,065)	(14,840)	(72,679)
Net book value	1,915,871	336,705	5,497	51,424	34,677	18,631	37,919	80,094	2,480,818
Depreciation rate	-	5%	20%	10%	10%	10%	10%	10%	

4.2 Leasehold land classified under investment property had been valued under the market value basis by an independent valuer, M/s. Pee Dee & Associates. Market value of leasehold land and other assets based on the valuation as of June 30, 2017 was Rs. 1.984 billion (2016: Rs. 1.905 billion) and Rs. 0.688 billion (2016: Rs. 0.7 billion) respectively.

4.3 Movement in investment property under work-in-progress - at cost

	2017	2016
	-----Rupees '000-----	
Balance at the beginning of the year	3,101	-
Addition during the year	5,315	40,330
Transfer to operating assets - investment property	(1,173)	(37,229)
Refund from supplier	(601)	-
Balance at the end of the year	6,642	3,101
5. INTANGIBLES		
Operating intangible assets - note 5.1	207,732	27,459
Capital work-in-progress - at cost - note 5.2	-	42,426
	207,732	69,885



5.1 Operating intangible assets

	Distribu- tion rights	Brand name and logo	Product license - note 5.1.1	Software licenses - note 5.1.2	Total
	-----Rupees '000-----				
Year ended June 30, 2017					
Opening net book value	-	22,916	-	4,543	27,459
Additions	-	-	111,623	92,029	203,652
Amortisation charge	-	(5,000)	(11,162)	(7,217)	(23,379)
Closing net book value	-	17,916	100,461	89,355	207,732
As at June 30, 2017					
Cost	76,275	74,703	111,623	110,426	373,027
Accumulated amortisation	(76,275)	(56,787)	(11,162)	(21,071)	(165,295)
Net book value	-	17,916	100,461	89,355	207,732
Year ended June 30, 2016					
Opening net book value	-	27,916	-	2,726	30,642
Additions	-	-	-	3,556	3,556
Amortisation charge	-	(5,000)	-	(1,739)	(6,739)
Closing net book value	-	22,916	-	4,543	27,459
As at June 30, 2016					
Cost	76,275	74,703	-	18,397	169,375
Accumulated amortisation	(76,275)	(51,787)	-	(13,854)	(141,916)
Net book value	-	22,916	-	4,543	27,459
Amortisation rate	10%	10%	10%	33.33% & 20%	

5.1.1 This represents license obtained during the year for the production of product "Tramal", amounting to Rs. 111.6 million from Grunenthal GMBH, Germany, for the period of 10 years.

5.1.2 Software licenses include various licenses and enterprise resources planning software.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017	2016
	-----Rupees '000-----	
5.2 Movement in capital work-in-progress		
Balance at the beginning of the year	42,426	-
Add: Additions during the year	45,034	42,426
Less: Transfer to operating intangible assets	(87,460)	-
Balance at the end of the year	<u>-</u>	<u>42,426</u>
6. DEFERRED TAXATION		
Credit balances arising in respect of:		
- accelerated tax depreciation allowances	(43,298)	(39,538)
- surplus on revaluation	(2,914)	-
	<u>(46,212)</u>	<u>(39,538)</u>
Debit balances arising in respect of:		
- decelerated tax amortisation	2,276	1,024
- provision for doubtful debts	43,682	745
- provision for trade deposits	697	165
	<u>46,655</u>	<u>1,934</u>
	<u>443</u>	<u>(37,604)</u>

- 6.1** Deferred tax liability is restricted to 88.02% (2016: 89.06%) of the total deferred tax liability based on the assumptions that export sales and sales as commercial importer will continue to fall under Final Tax Regime and historical trend of export, local and sales as commercial importer ratio will continue to be the same in foreseeable future.

	2017	2016
	-----Rupees '000-----	
7. LONG-TERM INVESTMENTS - SUBSIDIARIES		
Subsidiary companies (at cost) - note 7.1	<u>1,486,186</u>	<u>2,636,202</u>



7.1 Subsidiary companies

	Note	2017		2016	
		Equity % held	Investment at cost	Equity % held	Investment at cost
-----Rupees '000-----					
Listed security					
<i>IBL HealthCare Limited</i>					
36,478,401 (June 30, 2016: 31,720,349)					
Ordinary shares of Rs. 10 each	7.1.1 &	74.19%	1,300,911	74.19%	1,300,911
Market price as at June 30, 2017: Rs. 122	7.1.2				
(June 30, 2016: Rs. 158.82) per share					
			1,300,911		1,300,911
Unlisted securities					
<i>Searle Pharmaceuticals (Private) Limited</i>					
40,000 (June 30, 2016: 40,000)					
Ordinary shares of Rs. 10 each		100%	400	100%	400
Break up value as at June 30, 2017: Rs. 27.73					
(June 30, 2016: Rs. 32.01) per share					
<i>Searle Laboratories (Private) Limited</i>					
12,500,000 (June 30, 2016: 12,500,000)					
Ordinary shares of Rs. 10 each		100%	125,000	100%	125,000
Break up value as at June 30, 2017: Rs. 5.61					
(June 30, 2016: Rs. 8.36) per share					
<i>Searle Biosciences (Private) Limited</i>					
1,000,000 (June 30, 2016: 1,000,000)					
Ordinary shares of Rs. 10 each		100%	10,000	100%	10,000
Break up value as at June 30, 2017: Rs. 13.73					
(June 30, 2016: Rs. Nil) per share					
<i>IBL Identity (Private) Limited</i>					
9,500,000 (June 30, 2016: 9,500,000)					
Ordinary shares of Rs. 10 each		100%	49,875	100%	49,875
Break up value as at June 30, 2017: Rs. Nil					
(June 30, 2016: Rs. 53.83) per share					
<i>Nextar Pharma (Private) Limited</i>					
Nil (June 30, 2016: 3,516,900)					
Ordinary shares of Rs. 100 each	16	-	-	70.34%	600,278
Break up value as at June 30, 2017: Nil					
(June 30, 2016: Rs. 103.65) per share					
			185,275		785,553
Advance against issue of shares					
<i>IBL Identity (Private) Limited</i>					
			-		549,738
			1,486,186		2,636,202

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

7.1.1 During the current year, IBL HealthCare Limited announced issue of bonus shares in proportion of 15 share for every 100 share held (the Company was entitled to 4,758,052 shares).

7.1.2 Section 236 M of the Income tax Ordinance, 2001 (inserted through Finance Act, 2014), specifies that every company, quoted on stock exchange, while issuing bonus shares shall withhold five percent of the bonus shares to be issued. Bonus shares withheld shall only be issued to a shareholder, if the company collects tax equal to five percent of the value of the bonus shares issued including bonus share withheld, determined on the basis of day-end price on the first day of closure of books. The tax is to be collected within fifteen days of the first day of closure of books, after which company is required to deposit shares withheld to Central Depository Company, in favour of the Federal Government.

Based on the requirement mentioned above, Company is exposed to tax liability of approximately Rs. 52.8 million, on account of bonus shares received from IBL HealthCare Limited from 2015 onwards. The Company has filed a petition in respect of tax on bonus shares in Honourable High Court of Sindh, and expects a favourable outcome, based on a legal advice. Further, pending decision of the Honourable High Court of Sindh, IBL HealthCare Limited have withheld 853,869 shares (2016: 539,139 shares) with Central Depository Company of Pakistan Limited.

	2017	2016
	-----Rupees '000-----	
8. LONG-TERM LOANS		
Secured - considered good - note 8.1	1,961	1,380
Less: Current portion - shown under loans and advances	(1,768)	(1,029)
	<u>193</u>	<u>351</u>

8.1 This represents interest-free loans for automobiles to employees other than executives, as defined in note 37. These are secured against provident fund balances of respective employees.

	2017	2016
	-----Rupees '000-----	
9. LONG-TERM DEPOSITS		
Deposit against rent	<u>1,598</u>	<u>1,598</u>

	2017	2016
10. STOCK-IN-TRADE		
Raw materials	519,549	483,278
Packing materials	132,495	120,242
Work-in-process	98,427	105,456
Finished goods	300,319	457,607
	<u>1,050,790</u>	<u>1,166,583</u>

10.1 Stock-in-trade includes material in transit amounting to Rs. 141.95 million (2016: Rs. 125.91 million).



	2017	2016
	-----Rupees '000-----	
11. TRADE DEBTS		
Considered good		
- Export debtors, secured	135,850	56,211
- Due from related parties, unsecured - note 11.1	2,356,033	2,175,498
- Others, unsecured	485,730	309,347
	2,977,613	2,541,056
Considered doubtful - others	165,430	37,537
Less: Provision for doubtful debts	(165,430)	(37,537)
	-	-
	2,977,613	2,541,056

11.1 Due from related parties, unsecured

Subsidiary company - Searle Biosciences (Private) Limited	268,755	-
Associated companies - note 11.2		
- IBL Operations (Private) Limited	2,039,256	2,165,872
- United Brands Limited	40,172	-
- International Franchises (Private) Limited	20	40
- IBL Frontier Markets (Private) Limited	29	-
- Nextar Pharma (Private) Limited	-	1,820
Habitt	7,766	7,766
Director	35	-
	2,356,033	2,175,498

11.2 The receivable is stated net of amount payable to IBL Operations (Private) Limited and United Brands Limited - associated companies amounting to Rs. 29.47 million (2016: Rs. 615.34 million) and Rs. 3.07 million (2016: Nil) respectively.

11.3 As at June 30, 2017, the age analysis of these trade debts is as follows:

	2017	2016
	-----Rupees '000-----	
Not yet due	1,794,792	1,623,774
Past due but not yet impaired		
- 1 to 3 months	698,056	742,196
- 3 to 6 months	186,129	54,903
- 6 to 12 months	283,852	46,309
- older than 12 months	14,785	73,874
	2,977,613	2,541,056

11.4 Competition Commission of Pakistan (CCP) through its order dated September 13, 2007 instructed the Company to reduce terms of trade credit with IBL Operations (Private) Limited, an associated concern, re-negotiate the offered rate of commission and conduct audit of the transactions. The Company filed a counter case in Honorable High Court of Sindh to revert the order. The Company, based on the opinion of its legal advisor, believes that it has a strong case and the matter would be decided in the favor of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017	2016
	-----Rupees '000-----	
12. LOANS AND ADVANCES		
- Considered good		
Advances to:		
- employees - notes 12.1 & 12.2	69,687	54,569
- suppliers	255,504	516,458
- against imports - note 12.3	35,952	-
- related parties - note 12.4	336,932	198,091
	698,075	769,118
Short-term loan to related party - note 12.5	1,758,902	-
Current portion of long-term loans to employees - note 8	1,768	1,029
	2,458,745	770,147

12.1 These mainly include advances for operating activities and also includes personal advances against salary. These are interest free and repayable on monthly basis. The reconciliation of amounts due from executives and non-executives of the Company is given as follows:

	2017			2016		
	Executives	Non-executives	Total	Executives	Non-executives	Total
	-----Rupees '000-----					
Opening balance	18,762	35,807	54,569	20,225	28,849	49,074
Add: Disbursements	75,834	219,474	295,308	63,325	164,244	227,569
Less: Repayments	(66,961)	(213,229)	(280,190)	(64,788)	(157,286)	(222,074)
Closing balance	27,635	42,052	69,687	18,762	35,807	54,569

12.2 The maximum aggregate amount of these advances outstanding at any time during the year was Rs. 69.71 million (2016: Rs. 66.19 million). Such maximum amount is calculated by reference to the month-end balance.

12.3 This represents amount kept with scheduled banks in accordance with the requirement of Circular No. 02 of 2017 of Banking Policy & Regulations Department issued by the State Bank of Pakistan, requiring 100% cash margin on the import of specified items.

12.4 This represents advance to Searle Biosciences (Private) Limited and Searle Laboratories (Private) Limited- subsidiaries amounting to Rs. 265.30 million (2016: Rs. 114.68 million) and Rs. 71.63 million (2016: Rs. 70.6 million) respectively.

12.5 This represents interest free loan provided to IBL Identity (Private) Limited - wholly owned subsidiary. The amount of Rs. 549.74 million as at June 30, 2016 was previously reported as advance against issue of shares. However, during the year the Company has decided not to subscribe further shares in the subsidiary company therefore the whole amount is classified as short-term loan.



	2017	2016
	-----Rupees '000-----	
13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits		
Trade deposits	50,171	44,908
Less: Provision for doubtful deposits	(2,640)	(2,640)
Prepayments	23,616	88,512
	71,147	130,780
14. OTHER RECEIVABLES		
Receivables from related parties		
<i>Due from subsidiary companies:</i>		
- IBL HealthCare Limited against expenses	-	164
- Searle Laboratories (Private) Limited against expenses	253	330
- Searle Biosciences (Private) Limited against expenses	53,409	227
- IBL Future Technologies (Private) Limited against expenses	-	749
- Searle Pharmaceuticals (Private) Limited:		
• against expenses	-	3,633
• against dividend income	263,000	122,000
	316,662	127,103
<i>Due from associated companies:</i>		
- IBL Operations (Private) Limited against:		
- mark-up on over due balance - notes 14.1 & 14.2	26,642	39,642
- sale of assets	-	45
- International Brands Limited against expenses - note 14.3	89,789	-
- International Franchises Limited against rental income	3,422	5,558
	119,853	45,245
<i>Due from other related party:</i>		
- Habitt against rental income	28,023	10,838
Surplus arising under retirement benefit-fund-note 14.4	5,250	5,250
Receivables from other than related parties		
Others, considered good	55,371	52,586
	525,159	241,022

14.1 The receivable represents mark-up charged on cash collected at the rate of 6-months KIBOR plus 3% per annum as late payment liquidated damages with an exception of transaction delay. On January 15, 2011, the Company has amended the distribution agreement, accordingly no mark-up has been charged since then.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 14.2** This amount is past due but not impaired and outstanding for more than three years.
- 14.3** This represents amount receivable on account of expenses incurred on behalf of parent company.
- 14.4** This represents surplus on funded gratuity scheme discontinued by the Company with effect from December 31, 2012.

2017 2016
-----Rupees '000-----

15. CASH AND BANK BALANCES

Cash in hand	2,267	2,484
Balance with banks in:		
- savings accounts - note 15.1	10	9
- current accounts	89,876	85,395
	92,153	87,888

- 15.1** These balances carry mark-up at a rate of 2.17 % (2016: 2.14 %) per annum.

16. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

This represents 3,516,900 shares of Nextar Pharma (Private) Limited - subsidiary. The board of directors of the Company in their meeting held on April 24, 2017 decided to sell these shares to Searle Biosciences (Private) Limited - wholly owned subsidiary. The transaction was also approved by the general meeting of the Company held on July 31, 2017. Accordingly, the investment has been classified as non-current asset held for sale from long term investments.

17. SHARE CAPITAL

Authorised share capital

2017 (Number of shares)	2016		2017 -----Rupees '000-----	2016
200,000,000	140,000,000	Ordinary shares of Rs. 10 each	2,000,000	1,400,000

Issued, subscribed and paid up capital

2017 (Number of shares)	2016		2017 -----Rupees '000-----	2016
12,553,074	12,553,074	Shares allotted for consideration paid in cash	125,531	125,531
24,000	24,000	Shares allotted for consideration other than cash	240	240
141,354,264	110,175,190	Shares allotted as bonus shares	1,413,543	1,101,752
153,931,338	122,752,264		1,539,314	1,227,523



17.1 During the period, the company increased its authorised share capital for ordinary shares from Rs. 1.4 billion to Rs. 2 billion in its annual general meeting held on October 28, 2016.

17.2 Movement in number of shares

2017 (Number of shares)	2016		2017 -----Rupees '000-----	2016 -----Rupees '000-----
122,752,264	85,840,745	Opening shares outstanding	1,227,523	858,407
31,179,074	28,327,445	Shares allotted as bonus shares	311,791	283,275
-	8,584,074	Shares allotted as right shares	-	85,841
153,931,338	<u>122,752,264</u>		1,539,314	<u>1,227,523</u>

18. SURPLUS ON REVALUATION OF FIXED ASSETS

	2017 -----Rupees '000-----	2016 -----Rupees '000-----
Opening balance	296,961	296,961
Surplus arising on revaluation during the year - net of deferred tax	146,550	-
Closing balance	443,511	<u>296,961</u>

19. LONG TERM FINANCING - secured

Long term loan utilised under mark-up arrangement - note 19.1	428,571	642,857
Less: Current portion of long term financing shown under current liabilities	(214,286)	(214,286)
	214,285	<u>428,571</u>

19.1 The Company has arranged syndicate term finance facilities of Rs. 900 million (2016: Rs. 900 million) for a tenure of five years from Standard Chartered Bank (Pakistan) Limited (lead bank), Habib Bank Limited and The Bank of Punjab. In the year 2015 the Company has swapped the aforesaid syndicate finance facility into Dubai Islamic Bank Limited to the extent of balance amount payable of Rs. 750 million. The facility is repayable by May 2019.

19.2 The mark-up on above facilities is 6-months KIBOR plus 0.9% (2016: 6 months KIBOR plus 0.9%) per annum, payable semi-annually in arrears. The facility is secured by 1st exclusive charge with 25% security margin over land and building located at Plot No. 24/A1 & 2A, Delhi Mercantile Muslim Co-operative Housing Society, Block 7 & 8, Main Shahrah-e-Faisal, Karachi amounting to Rs. 1,233.34 million (2016: Rs. 1,233.34 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017	2016
	-----Rupees '000-----	-----Rupees '000-----
20. RETIREMENT BENEFITS OBLIGATIONS		
Staff retirement gratuity - unfunded - note 20.1	47,032	42,248
20.1 Gratuity scheme - unfunded		
20.1.1 General description		
As stated in note 2.3, the Company operates unfunded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2017 using the Project Unit Credit method.		
	2017	2016
	-----Rupees '000-----	-----Rupees '000-----
20.1.2 Balance sheet reconciliation		
Present value of defined benefit obligation	47,032	42,248
20.1.3 Movement in the present value of defined benefit obligation		
Obligation as at July 01	42,248	39,811
Current service cost	1,772	1,695
Interest cost	3,044	3,733
Benefits paid	(511)	(4,973)
Remeasurements on obligation	479	1,982
Obligation as at June 30	47,032	42,248
20.1.4 Expense recognised in profit and loss account		
Current service cost	(1,772)	(1,695)
Interest cost	(3,044)	(3,733)
	(4,816)	(5,428)
20.1.5 Remeasurement recognised in other comprehensive income		
Experience losses	(479)	(1,982)
20.1.6 Net recognised liability		
Balance as at July 01	42,248	39,811
Expense for the year	4,816	5,428
Benefits paid	(511)	(4,973)
Remeasurement loss recognised in other comprehensive income	479	1,982
Balance as at June 30	47,032	42,248



	2017	2016
20.1.7 Actuarial assumptions		
Discount rate used for year end obligation	8.00%	7.25%
Expected rate of increase in salaries	8.00%	7.25%
Retirement age (years)	60 years	60 years

Mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down by one year.

20.1.8 The sensitivity of the defined benefit obligation to changes in the weighted average principal assumption is:

	<u>Impact on defined benefit obligation</u>		
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
Discount rate at June 30	1%	(5,042)	2,678
Future salary increases	1%	3,098	(5,462)

20.1.9 If longevity increases by 1 year, the resultant increase in obligation is insignificant.

20.1.10 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the balance sheet.

20.1.11 As per actuarial advice, the Company is expected to recognise a service cost of Rs. 5.71 million in 2018.

20.1.12 The weighted average service duration of employees is 9.69 years.

	2017	2016
	-----Rupees '000-----	
21. TRADE AND OTHER PAYABLES		
Creditors - notes 21.1 & 21.2	529,284	418,187
Bills payable in foreign currency	217,156	251,089
Accrued liabilities	634,453	767,552
Advance from customers	73,462	48,749
Taxes deducted at source and payable to statutory authorities	36,094	48,940
Unclaimed dividend	53,348	16,204
Workers' Profit Participation Fund - note 21.3	160,139	135,159
Workers' Welfare Fund	25,082	22,882
Other liabilities - note 21.4	45,179	71,981
	1,774,197	<u>1,780,743</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

21.1 This includes amount payable to Searle Pharmaceutical (Private) Limited - subsidiary amounting to Rs. 298.01 million (2016: Rs. 215.6 million) on account of contract manufacturing services.

21.2 This includes payable to IBL Identity (Private) Limited, IBL-Unisys (Private) Limited, MyCart (Private) Limited and Multinet Pakistan (Private) Limited - related parties amounting to Rs. 5.17 million (2016: Nil), Rs. 47.59 million (2016: Nil), Rs. 0.58 million (2016: Nil) and Rs. 0.46 million (2016: Nil) respectively.

	2017	2016
	-----Rupees '000-----	
21.3 Workers' Profit Participation Fund		
Balance at beginning of the year	135,159	95,736
Charge for the year - note 29	152,690	134,229
	287,849	229,965
Interest on funds utilised in company's business - note 31	15,204	6,268
Payments made during the year	(142,914)	(101,074)
Balance at end of the year	160,139	135,159

21.4 This includes payable to associated company United Distributors Pakistan Limited amounting to Rs. 0.13 million (2016: Rs. 0.73 million).

	2017	2016
	-----Rupees '000-----	
22. ACCRUED MARK-UP		
Accrued mark-up on:		
- long term financing	3,000	7,298
- short-term financing	13,467	4,408
	16,467	11,706
23. SHORT-TERM BORROWINGS - secured		
Running finance under mark-up arrangements - note 23.1 & 23.2	1,144,828	455,577
Export refinance - note 23.2	64,000	20,000
	1,208,828	475,577

23.1 The company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 1,445 million (2016: Rs. 1,463 million). The arrangements are secured jointly by registered mortgage of Rs. 210.5 million (2016: Rs. 210.5 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 1,859 million (2016: Rs. 1,859 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

23.2 The rates of mark-up ranging between 4% to 8.1% (2016: 4% to 9.14%) per annum.



24. CONTINGENCIES AND COMMITMENTS

Contingencies

- 24.1** During the year ended June 30, 2014, Sindh Revenue Board (SRB) has imposed sales tax on toll manufacturing at the rate of 16% of sales value. The Company has contested the imposition in the High Court of Sindh and the matter is at the stage of pre-admission hearing. The cumulative such sales tax amounts to Rs. 172.48 million.
- 24.2** Section 5A of Income Tax Ordinance 2001 inserted through Section 5(3) of the Finance Act 2015 requires the Company to charge income tax @ 10% on the reserves of the Company where they exceed an amount equivalent to the paid up capital. The Company has filed a suit for declaration and permanent injunction before the High Court of Sindh challenging the vires of the above said section. The Court passed ad interim orders restraining the defendants from taking any coercive action as prayed. The case is at the stage of hearing of applications. The charge for the tax year 2016 amounts to Rs. 283.08 million.
- 24.3** The Company has challenged the levy of Sindh Sales Tax on services of renting of immovable property which has been categorised as renting services by the SRB. The Company has challenged the levy on constitutional grounds taking the stance that renting of immovable property is not a “service” and therefore does not fall within the competence of SRB to tax through the Sindh Sales Tax on Services Act, 2011. Further, the Company has also taken the stance that the collection mechanism is ultra vires the Act and therefore no coercive measures can be adopted against the Company for the collection of the impugned levy.
- The High Court of Sindh, on the basis of the representations made, has been pleased to grant an ad interim order to the Company restraining the defendants from taking any coercive action against the Company. The matter is presently pending on hearing of the case. The cumulative amount of such sales tax is Rs. 30.26 million.
- 24.4** A suit was filed to challenge the imposition of Sales Tax under Sales Tax Act 1990 with respect to raw material being used for manufacturing pharmaceutical products in spite of such raw material being exempt in view of Entry No. 105 of the sixth (6th) schedule of the Act. The Court issued interim orders restraining the defendants from collecting sales tax on raw material imported by the Company. It has been further asserted that the term “manufacture”, as stated in Subsection (16) of Section 2 of the Act 1990, adequately covers the present activity and exempts the Company from payment of Sales Tax on the Packaging utilised in the manufacture of drugs/pharmaceuticals. The case is at the stage of hearing of applications. The cumulative impact of this levy amounts to Rs. 20.49 million.
- 24.5** The Company has filed petition against tax on bonus shares in the High Court of Sindh and expects a favourable outcome. For further detail, refer note 7.1.2 of these financial statements.
- 24.6** The Company has filed petition against imposition of super tax in the High Court of Sindh and expects a favourable outcome. For further detail, refer note 32.1 of these financial statements.
- 24.7** Exemption provided to the companies falling under Group Relief (section 59B of Income Tax Ordinance, 2001), from tax on intercorporate dividend as mentioned under Clause (103A) of Part I of the Second Schedule of the Income Tax Ordinance, 2001, is not applicable now on account of deletion of Section 59B from the said clause, through the Finance Act, 2016. The Company has filed petition against withholding tax on dividend received from the subsidiary companies in the High Court of Sindh and has obtained a stay order against the same. The total amount of withholding tax is Rs. 266.29 million.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

24.8 The management based on legal advice is confident that the ultimate decisions in the above cases (note 24.1 to 24.7) will be in favor of the Company, hence no provision has been made in respect of the aforementioned litigations.

Commitments

24.9 The facility for opening letters of credit and guarantees as at June 30, 2017 amounted to Rs. 1,644 million (2016: Rs. 1,255 million) of which the amount remaining unutilised as at year end amounted to Rs. 1,152 million (2016: Rs. 652 million).

24.10 Future rentals payable against operating lease arrangements

The Company has entered into lease arrangements with Myplan Pharmaceuticals (Private) Limited and S. A. Pharma, a pharmaceutical concern, respectively, for a period of 20 years for land, building and plant and machinery located at Lahore.

The details of future rentals over the lease period are as follows:

	2017 -----Rupees '000-----	2016
Not later than one year	15,072	20,523
Later than one year but not later than five years	86,506	83,136
Later than five years	133,953	150,394
	235,531	254,053
25. REVENUE		
Gross sales		
Local sales - note 25.1	10,167,717	9,004,398
Export sales	1,031,707	851,217
	11,199,424	9,855,615
Toll manufacturing	318,110	290,506
	11,517,534	10,146,121
Sales tax	(127,815)	(133,387)
	11,389,719	10,012,734
Less:		
Discounts, rebates and allowances	563,338	413,188
Sales returns	72,630	38,056
	635,968	451,244
	10,753,751	9,561,490

25.1 In respect of pricing of pharmaceutical products, the Company has instituted legal proceedings against the Drug Regulatory Authority of Pakistan relating to the upward revision of the maximum retail prices of certain products. These legal proceedings are presently pending before the High Court of Sindh and the Court has issued orders that no adverse action shall be taken against the Company until disposal of the matters. Based upon legal advice rendered, the Company is optimistic of a favourable outcome in these legal proceedings.



	2017	2016
	-----Rupees '000-----	
26. COST OF SALES		
Raw and packing material consumed	2,693,689	2,538,667
Processing charges paid to third parties	2,375,168	2,148,409
Salaries, wages and benefits	320,778	248,313
Provision for staff gratuity (unfunded)	2,395	3,127
Provident fund contribution	10,864	7,855
Stock written off - note 26.1	44,514	15,583
Carriage and duties	20,623	15,132
Fuel, water and power	95,228	92,500
Rent, rate and taxes	26,772	27,318
Canteen expenses	19,561	16,642
Stationery and supplies	15,513	11,284
Travelling	9,069	11,424
Repairs and maintenance	157,770	98,803
Security expenses	5,974	5,344
Vehicle expenses	6,740	6,321
Insurance	9,748	3,286
Legal and professional charges	4,507	3,643
Depreciation	56,088	44,527
Medical expenses	4,743	3,503
Research cost	5,425	11,485
Others	10,411	14,464
	5,895,580	5,327,630
Add: Opening work-in-process	105,456	100,148
Less: Closing work-in-process	(98,427)	(105,456)
Cost of goods manufactured	5,902,609	5,322,322
Add: Opening stock of finished goods	457,607	237,124
Add: Finished goods purchased	596,585	744,377
Less: Closing stock of finished goods	(300,319)	(457,607)
	6,656,482	5,846,216
Less: Cost of samples	(82,082)	(50,115)
Cost of sales	6,574,400	5,796,101

26.1 This includes stock of Rs. 15.25 million written off on account of a fire incident occurred at one of the Company's third party warehouse located at main Hawke's bay Road, Karachi (refer note 30).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017	2016
	-----Rupees '000-----	
27. DISTRIBUTION COST		
Salaries, wages and benefits	728,081	598,681
Provision for staff gratuity (unfunded)	1,873	1,780
Provident fund contribution	23,479	19,584
Advertising and promotion	499,253	416,332
Samples	101,740	78,803
Bonus to salesmen	182,812	198,276
Medical expenses	6,734	5,644
Replacement products	27,167	28,136
Royalty	14,496	7,284
Carriage and duties	201,783	184,236
Fuel, water and power	4,419	13,084
Rent, rate and taxes	25,411	20,718
Communication	20,617	18,084
Canteen expenses	2,574	1,306
Stationery and printed materials	69,021	66,857
Travelling and related	477,456	340,670
Repairs and maintenance	11,655	9,170
Security expenses	1,162	584
Personal training and selection	66,111	58,746
Vehicle running	61,060	52,768
Fees & subscription	22,364	19,701
Insurance	15,695	12,772
Legal and professional charges	36,597	40,742
Depreciation	12,086	9,749
Services charges	29,721	31,299
Others	1,168	2,606
	2,644,535	2,237,612



28. ADMINISTRATIVE EXPENSES

2017 2016
-----Rupees '000-----

Salaries, wages and benefits	125,433	106,695
Provision for staff gratuity (unfunded)	548	521
Provident fund contribution	4,705	3,528
Provision for doubtful debts	127,893	36,915
Fuel, water and power	600	4,291
Rent, rate and taxes	10,624	7,839
Communication	8,094	5,363
Canteen expenses	2,199	1,207
Stationery and supplies	9,060	6,561
Travelling	6,986	8,250
Repairs and maintenance	26,763	32,953
Security expenses	5,766	5,644
Personal training and selection	1,261	1,769
Vehicle expenses	4,936	4,080
Fees & subscription	6,225	13,831
Insurance	3,565	4,344
Legal and professional charges	29,801	33,698
Depreciation	63,466	57,910
Amortisation	23,379	6,739
Auditors' remuneration - note 28.1	9,575	2,807
Donation - notes 28.2 & 28.3	139,183	50,430
Corporate services charged by associated company	72,000	72,000
Others	1,491	3,647
	683,553	471,022
28.1 Auditors' remuneration		
Audit fee (including consolidation)	2,400	1,800
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	800	424
Taxation services	5,860	-
Other certifications, attestations and other services	200	398
Out-of-pocket expenses	315	185
	9,575	2,807

28.2 This includes Rs. 25 million (2016: 20 million) paid to The Citizens Foundation. The Chairman of the Company is on the board of directors of the donee.

28.3 This includes Rs. 49.98 million paid to AKAR Hospital, the hospital is now being managed by the management of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017	2016
	-----Rupees '000-----	
29. OTHER OPERATING EXPENSES		
- Workers' Profits Participation Fund - note 21.3	152,690	134,229
- Workers' Welfare Fund	18,462	20,175
- Central Research Fund	7,724	9,886
	178,876	164,290
30. OTHER INCOME		
Income from financial assets - related parties		
Dividend income - Subsidiary companies		
IBL HealthCare Limited	31,181	30,738
Searle Pharmaceuticals (Private) Limited	1,897,300	1,592,000
Searle Biosciences (Private) Limited	233,000	-
	2,161,481	1,622,738
Income from non-financial assets		
Rental income from investment properties - note 30.1	91,997	109,732
Other rental income - note 30.2	3,332	3,143
Gain on disposal of property, plant and equipment	1,767	3,489
Scrap Sales	7,285	4,693
	104,381	121,057
Others		
Insurance claim recovery - note 30.3	18,874	-
Liability considered no longer payable written back	42,000	-
Others	2,074	5,599
	62,948	5,599
	2,328,810	1,749,394

30.1 This includes rental income from Habitt and International Franchises (Private) Limited - Related parties amounting to Rs. 34.73 million (2016: 34.73 million) and Rs. 9.76 million (2016: Rs. 7.62 million) respectively.

30.2 This represents income from International Franchises (Private) Limited - Related party for use of operating assets of the Company.

30.3 This represents claim amount received against a fire incident occurred on June 24, 2016 at one of the Company's third party warehouse located at main Hawke's bay Road, Karachi.



31. FINANCE COST

	2017	2016
	-----Rupees '000-----	
Bank charges	8,825	8,256
Interest on Workers' Profits Participation Fund - note 21.3	15,204	6,268
Exchange loss	28,935	11,417
Mark-up on:		
- Long term financing	38,283	57,765
- Short term financing	35,017	37,858
	126,264	121,564

32. TAXATION

Current		
- for the year	277,149	313,449
- for prior years	-	110,028
	277,149	423,477
Deferred tax (income) / expense - note 6	(40,961)	7,430
	236,188	430,907

32.1 The Company has not made provision for super tax, for tax years 2015 - 2017 amounting to Rs. 94.93 million, imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001, as Company has filed petition against the same in High Court of Sindh, decision of which is pending. The Company expects a favourable outcome based on a legal advice and therefore has not made any provision against the same in these financial statements.

32.2 Relationship between tax expense and accounting profit

	2017	2016
	-----Rupees '000-----	
Profit before taxation	2,874,933	2,520,295
Tax at applicable rate of 31% (2016: 32%)	891,229	806,494
Effect of final tax regime	(624,250)	(456,262)
Temporary differences	(9,770)	(13,397)
Applicability of lower tax rate on certain income	(21,021)	(15,956)
Demand provided and raised during the year	-	110,028
Tax expense charged on income	236,188	430,907

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

32.3 Current status of tax assessments

Tax Years 2009 – 2013

Deemed order under section 120 of the Income Tax Ordinance, 2001 for the above tax years were amended, where certain expenses / benefits were disallowed which mainly includes disallowance due to non-deduction of tax on Distributors margin, eligibility of claim made for Group Relief, Finance cost on long term loan as not being related to business income, advertisement expenses, salesman bonuses and other expenses meeting the criteria of section 21(c) with reference to deduction of tax.

Appeals against the above orders are pending before Appellate Tribunal Inland Revenue (ATIR) except for, Tax Years 2008 which is decided and the year 2011 which is pending before Commissioner Appeals.

Out of the above, majority of the issues have been decided in favor of the Company either by Commissioner Appeals or by ATIR in its recent decision for Tax year 2008. Considering this position and in consultation with its tax advisors, the management is of the view that above issues will also be decided in favor of the Company. The impact of the above mentioned orders pending resolution amounts to approximately Rs. 197.5 million.

33. BASIC AND DILUTED EARNINGS PER SHARE	2017	2016
	-----Rupees '000-----	
Profit after taxation	2,638,745	2,089,388
Weighted average number of outstanding shares at the end of year (in thousands)	153,931	151,729
Basic and diluted earnings per share (Rupees)	17.14	13.77

- 33.1** Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2017 and 2016 which would have any effect on the earnings per share if the option to convert is exercised.



	2017	2016
	-----Rupees '000-----	
34. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,874,933	2,520,295
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	131,640	112,186
Gain on disposal of property, plant and equipment	(1,767)	(3,489)
Amortisation	23,379	6,739
Provision for retirement benefits obligation	4,816	5,428
Finance cost	117,439	113,308
Profit before working capital changes	3,150,440	2,754,467
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(838)	-
Stock-in-trade	115,793	(150,429)
Trade debts	(436,557)	(432,048)
Loans and advances	(1,138,860)	(417,816)
Trade deposits and short-term prepayments	59,633	(29,485)
Other receivables	(284,137)	59,166
	(1,684,966)	(970,612)
(Decrease) / increase in current liabilities		
Trade and other payables	(50,208)	232,083
Sales tax payable	652	1,670
	(1,734,522)	(736,859)
Cash generated from operations	1,415,918	2,017,608
35. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 15	92,153	87,888
Short term running finances - note 23	(1,144,828)	(455,577)
	(1,052,675)	(367,689)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

36. SEGMENT INFORMATION

Management has determined the operating segments based on the information that is presented to the chief operation decision-maker of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure the Company is organised into the following two operating segments:

- Pharmaceutical
- Consumer

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Previously, investment property was also considered a separate segment.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

36.1 The financial information regarding operating segments is as follows:

Segment wise operating results

	Pharmaceutical		Consumer		Total	
	2017	2016	2017	2016	2017	2016
	-----Rupees '000-----					
Segment revenue	9,350,708	8,316,041	1,403,043	1,245,449	10,753,751	9,561,490
Cost of sales	(5,519,939)	(4,852,639)	(1,054,461)	(943,462)	(6,574,400)	(5,796,101)
Distribution cost	(2,350,495)	(2,016,013)	(294,040)	(221,599)	(2,644,535)	(2,237,612)
	(7,870,434)	(6,868,652)	(1,348,501)	(1,165,061)	(9,218,935)	(8,033,713)
Segment result	1,480,274	1,447,389	54,542	80,388	1,534,816	1,527,777
Unallocated income and expenses						
Administrative expenses					(683,553)	(471,022)
Other income					2,328,810	1,749,394
Other expenses					(178,876)	(164,290)
Financial cost					(126,264)	(121,564)
Profit before taxation					2,874,933	2,520,295
Taxation					(236,188)	(430,907)
Profit after taxation					2,638,745	2,089,388



36.2 Analysis of segments' assets and liabilities and their reconciliation to total assets and liabilities:

	Pharmaceutical		Consumer		Total	
	2017	2016	2017	2016	2017	2016
-----Rupees '000-----						
Segment assets and liabilities						
Segment assets	294,899	217,840	3,126	3,896	298,025	221,736
Unallocated assets					13,547,750	11,247,847
Total assets					13,845,775	11,469,583
Unallocated liabilities					3,477,417	2,992,405
Total liabilities					3,477,417	2,992,405

36.3 There are no inter-segment transactions during the year (2016: Nil).

36.4 Geographical segments

Net sales by region

	2017	2016
-----Rupees '000-----		
Pakistan	9,727,422	8,710,374
South Asia	759,787	611,139
East Africa	9,144	16,649
South-East Asia	257,398	223,328
	10,753,751	9,561,490

The geographical segment has been categorised using United Nation's composition of macro geographical (continental) regions.

36.5 The Company has earned major revenue from one of the customer, which amounts to Rs. 9.04 billion (2016: Rs. 8.35 billion) out of the total revenue.

37. REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive		Executive Directors		Executives	
	2017	2016	2017	2016	2017	2016
-----Rupees '000-----						
Managerial remuneration	15,565	9,560	28,322	17,776	177,679	119,976
Housing allowance	7,004	4,302	12,745	7,999	76,379	53,989
Utility allowance	1,557	956	2,832	1,778	16,974	11,997
Bonus	2,471	631	4,643	2,601	25,917	17,333
Retirement benefits	1,557	956	2,832	1,778	16,974	11,997
Others	347	126	945	460	4,549	10,310
	28,501	16,531	52,319	32,392	318,472	225,602
Number of persons	1	1	3	3	132	89

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

37.1 In addition to the above, the chief executive officer and some of the executives have been provided with free use of the Company maintained cars. Further, medical expenses are reimbursed in accordance with the Company's policies.

37.2 During the year, the Company has paid to five non-executive directors (2016: five) an aggregate amount of Rs. 21 thousand (2016: Rs. 26 thousand) as fee for attending board meetings.

38. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	2017	2016
		-----Rupees '000-----	
Holding company:	- Corporate service charges	72,000	72,000
Subsidiaries:	- Revenue	309,052	1,820
	- Purchase of consumables	30,791	-
	- Outside processing charges	2,352,592	2,092,806
	- Short-term loan	1,209,164	-
	- Dividend income	2,161,481	1,622,738
Associates:	- Revenue	9,074,214	8,326,135
	- Salaries and wages	12,859	1,384
	- Purchases	33,135	67,384
	- Carriage and duties	36,685	32,018
	- Discounts claimed	485,640	344,510
	- Rent expense	6,995	4,854
	- Rent income	47,816	45,492
	- Income from provision of amenities	31,871	30,439
	- Stock claims	231,326	154,300
	- Internet services	5,580	4,443
	- Architect fee	5,636	11,058
	- Payment under group tax relief	1,558	-
	- Royalty expense claimed	7,119	16,374
	- Purchase of ERP software	45,034	42,426
	- Purchases of computer hardware	5,706	11,440
	- Donation	74,989	20,000
	- Incentives to field force staff	6,814	6,140
	- Others	14,252	12,664
Staff retirement benefits:	- Contributions to Provident Fund	39,048	30,967
Key management employees compensation:	- Salaries and other employee benefits	76,431	46,189
	- Contributions to Provident Fund	4,389	2,734
	- Sales of goods	100	78
	- Sale of vehicle	1,592	-

38.1 The status of outstanding balances with related parties as at June 30, 2017 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.



39. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest financial statements of the Fund:

Fund position	2017	2016
	(Un- Audited)	(Audited)
	-----Rupees '000-----	
Size of the fund	920,027	833,468
Percentage of investments made	97%	94%
Fair value of investments	896,799	783,855

39.1 The cost of above investments amounted to Rs. 246.60 million (2016: Rs. 144.86 million).

39.2 The break-up of fair value of investments is:

Composition of the Fund	2017	2016	2017	2016
	(Percentage)		-----Rupees '000-----	
Term finance certificates	1%	1%	4,994	4,994
Deposits with banks	-	1%	-	9,000
Pakistan Investments Bonds (PIBs)	19%	7%	168,894	58,156
NIT units	12%	10%	105,370	78,790
Investment in mutual fund	5%	5%	43,174	37,639
Share of associated company	63%	76%	574,367	595,276
	100%	100%	896,799	783,855

39.3 SECP has issued "Employees' Provident Fund (Investment in Listed Securities) Rules, 2016" through SRO 770 (1) / 2016, dated August 17, 2016 in relation to investments made out of provident fund. Section 1 (3) of the said rules states that "within two years from the commencement of these rules, all investments from provident funds or trust shall be brought in conformity with the provision of these rules".

40. PLANT CAPACITIES AND ACTUAL PRODUCTION

The capacity and production of the Company's plants are indeterminable as these are multi-product and involve varying processes of manufacture.

41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 Financial risk factors

The Company's activities expose it to variety of financial risks namely market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

41.2 Financial assets and liabilities by category and their respective maturities

	2017			2016		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
Rupees '000						
Financial assets						
Loans and receivables						
Loans, advances and deposits	2,250,772	1,791	2,252,563	295,957	1,949	297,906
Trade debts	2,977,613	-	2,977,613	2,541,056	-	2,541,056
Other receivables	525,159	-	525,159	241,022	-	241,022
Bank balances	89,886	-	89,886	85,404	-	85,404
Cash in hand	2,267	-	2,267	2,484	-	2,484
Available for sale - not at fair value						
Long term investments	-	1,486,186	1,486,186	-	2,636,202	2,636,202
Non-current asset classified as held for sale	600,278	-	600,278	-	-	-
	6,445,975	1,487,977	7,933,952	3,165,923	2,638,151	5,804,074
Financial liabilities						
Long term finance	214,286	214,285	428,571	214,286	428,571	642,857
Trade and other payables	1,515,514	-	1,515,514	1,573,953	-	1,573,953
Short term borrowings	1,208,828	-	1,208,828	475,577	-	475,577
Accrued markup	16,467	-	16,467	11,706	-	11,706
	2,955,095	214,285	3,169,380	2,275,522	428,571	2,704,093
On balance sheet date gap	3,490,880	1,273,692	4,764,572	890,401	2,209,580	3,099,981
Net financial (liabilities) / assets						
Interest bearing	(1,439,571)	(214,285)	(1,653,856)	(701,560)	(428,571)	(1,130,131)
Non-interest bearing	4,930,451	1,487,977	6,418,428	1,591,961	2,638,151	4,230,112

a) Market Risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As per market practices Company borrowings are on variable interest rate exposing company to interest rate risk.

At June 30, 2017, the Company has variable interest bearing financial liabilities of Rs. 1.65 billion (2016: Rs. 1.13 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been approximately Rs. 33 million (2016: Rs. 22.6 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(ii) Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. The Company's exposure to exchange risk comprise mainly due to receivable, payable and bank balance maintained in foreign currency account. At June 30, 2017, trade and other payables of Rs. 217.16 million (2016: Rs. 251.09 million), trade debts of Rs. 135.85 million (2016: Rs. 56.21 million) and bank balance of Rs. 0.35 million (2016: Rs. 0.35 million) are exposed to foreign currency risk.



As at June 30, 2017, if the Pakistani Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 1.62 million (2016: Rs. 3.89 million), as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables, and trade debts.

The sensitivity of foreign exchange rates looks at the outstanding foreign exchange balances of the company only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentages per annum.

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to individual financial instrument company, its issuer, or factors affecting all similar financial instrument traded in the market. The Company has no investment at June 30, 2017 which is subject to change in market price.

b) Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 7,934 million (2016: Rs. 5,804 million) the financial assets exposed to the credit risk amounts to Rs. 5,845 million (2016: Rs. 3,165 million). The carrying values of financial assets are as under:

	2017	2016
	-----Rupees '000-----	
Loans and advances - note 8 & 12	2,203,434	254,040
Trade deposits - notes 9 & 13	49,129	43,866
Trade debts - note 11	2,977,613	2,541,056
Other receivables - note 14	525,159	241,022
Bank balances	89,886	85,404
	5,845,221	<u>3,165,388</u>

Trade debts of the Company are not exposed to significant credit risk as the major amount is due from IBL Operations (Private) Limited - an associated company. However, the Company has established policies and procedures for timely recovery of trade debts. With respect to parties other than affiliates, the Company mitigates its exposure and credit risk by applying credit limits to its customers.

Deposits, loans, advances and other receivables are not exposed to any material credit risk as loans and advances mainly relates to subsidiary companies amounting to Rs. 2,095.83 million (2016: Rs. 198.09 million) and other receivables mainly pertains to related parties amounting to Rs. 464.54 million (2016: Rs. 183.19 million).

Bank balance represent low credit risk as major balances are placed with banks having credit ratings of A or above as assigned by PACRA or JCR-VIS.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management believes that it will be able to fulfill its financial obligations.

d) Fair values of the financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

41.3 Capital Risk Management

The company's objectives when managing capital are to safeguard company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

The debt to capital ratio are as follows:

	2017	2016
	-----Rupees '000-----	
Total borrowings	1,637,399	1,118,434
Cash and bank - note 15	(92,153)	(87,888)
Net debt	1,545,246	1,030,546
Equity	9,924,847	8,180,217
Total capital	11,470,093	9,210,763
Debt to capital ratio	13%	11%

42. NUMBER OF EMPLOYEES

	2017	2016
Number of employees as at the year end	1,893	1,756
Average number of employees during the year	1,838	1,620



43. CORRESPONDING FIGURES

Corresponding figures have been rearranged for better presentation and comparison purpose, wherever considered necessary. These include expenses pertaining to investment property from distribution cost to administrative expenses amounting to Rs 135.11 million. Further, utilities billed to tenant of investment property, previously reported as other income, are also netted off with their respective expense under the head of administrative expenses amounting to Rs. 47.2 million.

44. SUBSEQUENT EVENTS

The Board of Directors of the Company in the meeting held on September 28, 2017 has approved the following appropriation:

	2017 (Rupees in '000)	2016
- Issue of 20 bonus shares for every 100 shares (June 30, 2016: 14 bonus shares for every 100 shares) held	307,863	171,853
- Cash dividend of Rs. 8 (June 30, 2016: Rs. 5) per share	1,231,451	613,761

These would be recognised in the Company's financial statements in the year in which such dividend and distribution are approved.

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors on September 28, 2017.


Chief Executive Officer


Director


Chief Financial Officer








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CONSOLIDATED FINANCIAL STATEMENTS

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DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors take pleasure in presenting the annual report together with the audited consolidated financial statements of the group for the year ended June 30, 2017.

The Directors' Report has been prepared in accordance with section 227 of the Companies Act, 2017 (formerly section 236 of the repealed Companies Ordinance, 1984), regulation 5.19.11 of the Pakistan Stock Exchange Limited and clause xvi of the Code of Corporate Governance 2012.

	2017	2016
	PKR in thousand	
Revenue	13,309,651	11,328,239
Cost of Sales	(6,291,348)	(5,390,280)
Gross profit	7,018,303	5,937,959
Operating expenses	(4,072,270)	(3,073,737)
Other operating expenses	(206,079)	(244,555)
Other income	275,570	194,644
Profit from Operations	3,015,524	2,814,311
Finance Cost	(135,108)	(128,487)
Profit before taxation	2,880,416	2,685,824
Taxation	(487,341)	(620,830)
Profit after taxation	2,393,075	2,064,994
Gross profit percentage	53%	52%
Operating profit percentage	23%	25%
Profit before tax percentage	22%	24%
Profit after tax percentage	18%	18%

This report is to be submitted to the members at the 52nd Annual General Meeting of the holding company to be held on October 27, 2017.

Operating results

Searle group has always focused on improving the lives of patients by offering quality healthcare solutions. We operate on the philosophy that what has already been done is past and what was good before is not good enough now. We monitor the changing business environment on continuous basis and are always ready to broaden our business horizon and diversify our operations to optimize shareholders value.

In pursuance of the above philosophy, we have penetrated further by stepping into Biosimilar medicines and emerging nutritional range. We have also started making our presence prominent in the growing textile sector.

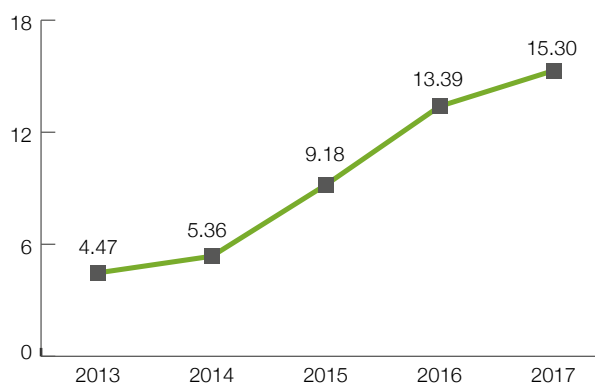
The year 2017 was yet again an infant year for our new portfolio of businesses. However, with every passing day, we are strengthening our footprints and our product market is maturing. We are hopeful that the new product portfolio will start generating value in short time.

Though our conventional business scaled new heights, the consolidated results were diluted after incorporating the financial results of the pre-mature portfolio of biosimilar and textile business. Nevertheless, the holding company reported revenue of 13.3 billion, registering a growth of 17.49% as compared with the preceding year, further, profit after tax of the holding company also increased substantially by 15.89% as compared with prior year.

Earnings per share

Basic earnings per share after taxation were Rs. 15.30 (2016: Rs. 13.39).

There is no dilution effect on the basic earnings per share of the holding company, as the holding company has no convertible dilutive potential ordinary shares outstanding as at June 30, 2017.



Dividend

The board of directors of the holding company has recommended cash and stock dividend of 80% & 20% respectively, for the year ended June 30, 2017; this is in addition to the interim cash and stock dividend of 20% & 10% respectively, issued during the year.

During the year ended June 30, 2016, the holding



company declared cash and stock dividend of 50% & 14% respectively, in addition to the interim bonus shares issued @ 10% during the prior year.

Financial statements and auditors

The present auditors, Messrs A.F. Ferguson & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

The Board of Directors endorses recommendation of the Audit Committee for their reappointment as the auditors of the holding company for the financial year ending June 30, 2018, at a mutually agreed fee.

Holding company

International Brands Limited is the 'ultimate holding company' holding 56.12% of the total paid-up share capital of the holding company i.e. The Searle Company Limited.

The Searle Company Limited is the holding company of IBL HealthCare Limited and Nextar Pharma (Private) Limited having 74.19% and 70.34% shareholding respectively. Further, the holding company also owns four wholly owned subsidiaries namely Searle Pharmaceuticals (Private) Limited, Searle

Laboratories (Private) Limited, Searle Biosciences (Private) Limited and IBL Identity (Private) Limited.

Further, during the year the holding company incorporated a wholly owned subsidiary IBL Future Technologies (Private) Limited, however no investment has been made in the subsidiary company during the year ended June 30, 2017.

Pattern of shareholding

The pattern of shareholding along with categories of shareholders as at June 30, 2017 as required under section 227 of the Companies Act, 2017 (formerly section 236 of the repealed Companies Ordinance, 1984) and Listing Regulations is presented on pages 161 to 164 of the annual report 2017.

Trading of shares by Directors, CFO, Company Secretary etc.

The holding company's shares are traded on Pakistan Stock Exchange Limited. The Directors, CEO, Company Secretary and CFO and executives, their spouses and minor children did not carry out any trade in the shares of the holding Company except the following:

Name	Status	Shares Purchased	Shares Disposed
Mrs. Shakila Rashid	Spouse of Mr. Rashid Abdulla (Director)	7,000	-
Mr. Shahid Abdulla	Director	21,200	-
International Brands Limited	Substantial shareholder	1,512,850	-

The board was apprised with the transactions accordingly.

The threshold set by the directors, for disclosure of the term 'executive', in annual report, constitutes employee whose annual basic salary exceeds Rs.10 million in a year.

Business Conduct

Since its inception, Searle group's business practices are based on integrity, transparency and compliance with applicable laws and regulations. Searle group's employees work their fingers to the bone to contribute to our mission of providing customers with the best possible products and services in healthcare and consumer industry.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Reputation, trust and confidence are essential elements which we seek to protect and enhance, to the benefit of all, with whom we have a relationship. The holding company seeks to understand and meet its customers' needs, whilst seeking continuous improvement in all spheres of business operations.

Product quality

Consumers trust and confidence on Searle group's products is our most valuable asset. We recognize that pharmaceutical manufacturing bears many inherent risks and that any mistake in product design or production can be severe, even fatal, therefore, the maintenance of quality is our utmost priority and moral responsibility.

We are committed to our duty towards safeguarding the patient's well-being, by assuring that all operations associated with the manufacture of a medicinal product are of a standard that assures the patient's expectations of safety and efficacy.

Corporate and social responsibility

The horizon of our duties does not end up with creation of wealth for our stakeholders. At Searle group, our aim has always been to make useful contributions to the economy we operate in. One of the primary areas of focus has been the creation of employment opportunities to support a large industrial and sales workforce.

The holding company operates in a socially responsible manner. Accordingly, the holding company's CSR program has a wide scope encompassing initiatives in the areas of healthcare, education, child welfare and other social welfare activities.

Occupational health and safety

We at Searle group recognize the importance of safe and secure environment and consider it our duty to ensure that people who work for us know how to work safely and without risks to health. The health and safety of our employees and visitors is a high priority for the Group. Therefore, hazards associated with operations are continuously identified, assessed and managed to eliminate or reduce risks.

Information technology

To cater the growing business needs of the group, and in line with our continuous endeavors to regularly upgrade information systems we continued with our policy to invest more and more in information technology. The major investment which we are working on is the implementation of most powerful business management system 'SAP'.

Website

All our stakeholders and general public can visit the holding company's website, www.searlecompany.com, which has a dedicated section for investors containing information related to annual, half yearly and quarterly financial statements.

Related party transactions

All related party transactions, during the year 2017, were placed before the audit committee and the board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the board previously. The Group also maintains a full record of all such transactions, along with the terms and conditions. For further details, please refer note 38 to the consolidated financial statements.

Compliance with the Code of Corporate Governance

The stock exchange has included in their Listing Rules, the Code of Corporate Governance (Code) issued by the Securities & Exchange Commission of Pakistan. The holding company has adopted the code and is implementing the same in letter and spirit.

Directors' training program

Board of directors training helps the board fulfill its role and make a real difference to the company's performance. As per the requirements of the Code of Corporate Governance, all the directors on the board are required to obtain the status of certified directors by attending the directors' training program from any of the specified institution by Securities & Exchange Commission of Pakistan by 2018.

In line with the requirements of code, majority of the



directors, other than those that are exempt have already attended the directors' training program conducted by Institute of Chartered Accountants of Pakistan.

Code of conduct

The Board of Directors of the holding company has adopted a code of conduct. All employees are informed and aware of this and are required to observe these rules of conduct in relation to business and regulations

Corporate and financial reporting framework

- The financial statements, prepared by the management of the holding company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the holding company have been maintained.
- Appropriate accounting policies have been

consistently applied in preparation of the consolidated financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the consolidated financial statements.
- The holding company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
- There are no significant doubts upon the holding company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- There has been no departure from the best practices of transfer pricing.
- The key operating and financial data for the six years is tabulated as follows:

	2017	2016	2015	2014	2013	2012
	-----PKR in thousand-----					
ASSETS EMPLOYED						
Property, plant and equipment	2,254,788	1,528,607	688,354	560,152	584,168	2,672,448
Intangible assets	397,709	254,473	39,845	47,782	74,071	86,570
Investment property	2,584,202	2,607,507	2,614,906	2,516,865	2,312,986	120,952
Long-term investment	-	-	187,792	124,500	-	-
Long-term loans, advances, deposits & prepayments	1,020,405	325,560	100,300	2,476	7,212	7,273
Deferred taxation	1,894	-	-	-	-	-
Net current assets	3,817,731	3,956,256	2,397,902	1,342,194	1,030,267	580,193
Total assets employed	10,076,729	8,672,403	6,029,099	4,593,969	4,008,704	3,467,436
FINANCED BY						
Issued, subscribed and paid-up capital	1,539,314	1,227,523	858,407	613,148	471,652	336,895
Reserves and Unappropriated profit	7,335,404	6,185,481	3,842,263	2,800,929	2,221,285	1,703,731
Shareholder's equity	8,874,718	7,413,004	4,700,670	3,414,077	2,692,937	2,040,626
Non-controlling interest	416,935	390,725	318,627	260,847	201,428	176,119
Surplus on revaluation of fixed assets	499,011	296,961	296,961	168,163	185,020	201,589
Long-term and deferred liabilities	286,065	571,713	712,841	750,882	929,319	1,049,102
Total capital employed	10,076,729	8,672,403	6,029,099	4,593,969	4,008,704	3,467,436
Turnover	13,309,651	11,328,239	9,048,041	7,608,594	6,013,544	5,659,437
Profit before tax	2,880,416	2,685,824	1,908,819	1,165,879	981,603	620,703
Profit after tax	2,393,075	2,064,994	1,452,391	876,057	719,066	431,751
Profit after tax as % of turnover	17.98	18.23	16.05	11.51	11.96	7.63
Profit after tax as % of capital employed	23.75	23.81	24.09	19.07	17.94	12.45
Dividends						
Cash (%)	100	50	20	-	35	35
Stock (%)	30	24	20	40	45	40

DIRECTORS' REPORT TO THE SHAREHOLDERS

Meetings of the board of directors

During the year, four meetings of the Board of Directors were held. The attendance at meetings of the board, by the members is summarized as under:

Name of director	Meetings attended
Mr. Rashid Abdulla	4
Mr. S. Nadeem Ahmed	4
Mr. Zubair Palwala	3
Mr. Shahid Abdulla	3
Mr. Ayaz Abdulla	4
Mr. Adnan Asdar Ali	3
Mr. Husain Lawai	1
Mr. Arshad Anis	4
Mr. Mufti Zia Ul Islam	4

Election of directors was held on July 31, 2017 and the following seven directors were elected on the board:

- Mr. Adnan Asdar Ali
- Mr. Rashid Abdulla
- Mr. Husain Lawai
- Mr. S. Nadeem Ahmed
- Mr. Zubair Razzak Palwala
- Mr. Ayaz Abdulla
- Mr. Asad Abdulla

Subsequent to the election, Mr. Adnan Asdar Ali was re-elected as the Chairman of the board and Mr. S. Nadeem Ahmed was re-elected as the Chief Executive Officer of the holding company.

Audit committee

The Committee comprises of three non-executive directors. The chairman of the committee is an independent director.

During the year, four meetings of audit committee were held, the details of which are as follows:

Name of director	Meetings attended
Mr. Husain Lawai	1
Mr. Ayaz Abdulla	3
Mr. Shahid Abdulla	1
Mr. Arshad Anis	4

Subsequent to the election, audit committee was reconstituted by the board of directors and the following members amongst non-executive directors,

including an independent director, were selected for the Committee. The Chairman is an independent director:

- Mr. Husain Lawai – Chairman
- Mr. Adnan Asdar Ali
- Mr. Asad Abdulla

Human resource and remuneration committee

The Committee comprises of three non-executive members. Subsequent to the election, HR&R committee was reconstituted by the board of directors and the following members amongst non-executive directors were selected for the Committee:

- Mr. Rashid Abdulla – Chairman
- Mr. Adnan Asdar Ali
- Mr. Ayaz Abdulla

Subsequent events

No material changes or commitments affecting the financial position of the holding company have occurred between the end of the financial year of the holding company and the date of this report.

Value of investments

The value of investment of provident fund based on their un-audited / audited consolidated accounts as on June 30, 2017 and June 30, 2016 respectively was as follows:

	2017	2016
	PKR in thousand	
Provident Fund	922,653	808,136

Future outlook

In order to enhance long-term shareholder value and to drive future growth and profitability, Searle group has embarked on multiple initiatives both locally & globally. We are strengthening with every passing day and are on our way to attain leadership position in key markets and business segments.

In Pakistan market, the therapeutic areas which Searle group has over the years strengthened



include cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics. Moving forward, we are focusing on enhancing the share of specialty generic branded portfolio and targeting differentiated products.

By acquisition of the state of art facility of Nextar, we anticipate overall profitability to improve substantially as our biosciences venture, is now at the verge of delivering strong results. Further, Searle has also submitted Drug Master File (DMF) to USFDA and received acknowledgment in this regard. This approval will open new avenues of success for domestic and global markets. To address therapeutic areas of Oncology, Virology and Blood related diseases; we have signed agreements with some of the leading Bio-Similar companies of the developed world, which will expedite the progress of our biosciences venture in Pakistan.

Quality of products is a concern of paramount importance to us; therefore, our key priority is to ensure continuous CGMP compliance by continuously improving system, processes and human capabilities to meet global regulatory standards, at all manufacturing facilities.

Keeping future into perspective and to seize benefits of fast information management, increased control over inventories and better decision making, we have implemented the robust enterprise resource planning system, SAP.

For the longer run, Searle group is focusing on emerging portfolios including, stem cells, bio-engineering, medical devices, nutraceuticals and genome sciences. Recently, we have signed exclusive agreement with the only genome research centre in Pakistan established by Dr. Atta-ur- Rehman, known as Jamil-ur-Rehman Center for Genome Research, part of International Center for Chemical and Biological Sciences, University of Karachi.

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

For and on behalf of the board

Karachi:
September 28, 2017

Syed Wadeem Ahmed
Chief Executive Officer



مستقبل بعید کیلئے سرل گروپ ابھرتے ہوئے پورٹ فولیوز بشمول اسٹیم سیلز، بائیو انجینئرنگ، میڈیکل ڈیوائسز، نیوٹرا سیوٹیکلز اور جینوم سائنسز پر توجہ دے رہا ہے۔ حال ہی میں ہم نے ڈاکٹر عطاء الرحمن کی جانب سے پاکستان میں قائم شدہ واحد جینوم ریسرچ سینٹر، بنام جمیل الرحمن سینٹر برائے جینوم ریسرچ پارٹ آف انٹرنیشنل سینٹر برائے کیمیکل اینڈ بائیولوجیکل سائنسز، جامعہ کراچی کے ساتھ خصوصی معاہدے پر دستخط کئے ہیں۔

سرل گروپ میں ہم سب جذباتی طور پر ملحوظ و متحرک ہیں اور مستقل بنیاد پر پُر عزم شراکت کر رہے ہیں۔ یہی شیوہ ہمارے شراکت کار، سپلائرز اور صارفین کا بھی ہے، جس کیلئے ہم ان کے شکر گزار ہیں اور توقع کرتے ہیں کہ اسی لگن کے ساتھ وہ مستقبل میں بھی شریک کار رہیں گے۔ ہم یقین دلاتے ہیں کہ سرل گروپ اپنی کوششیں جاری رکھے گا اور ہم سے منسلک تمام شراکت کاروں کے لئے طویل المدتی ترقی فراہم کرے گا۔

بحکم بورڈ

(Signature)

سید ندیم احمد
چیف ایگزیکٹو آفیسر

کراچی

28 ستمبر 2017

پاکستانی مارکیٹ میں وہ بنیادی علاج معالجے کے شعبے، جن میں سرل گروپ گزشتہ سالوں کے دوران مستحکم ہوا ہے، کارڈیوویسکولر، کولڈ وکف، ذیابیطس، شیرخوار بچوں کا فارمولا، پرو بائیونک اور اینٹی بائیونک شامل ہیں۔ مستقبل میں ہم اسپیشلسٹی جنیرک برانڈڈ پورٹ فولیو میں اپنا حصہ بڑھانے اور منفرد مصنوعات کی طرف اپنی توجہ کو مرکوز کئے ہوئے ہیں۔

نیکسٹ کی جدید ترین فیسیلٹی کے حصول کے ذریعے ہمیں توقع ہے کہ مجموعی منافع جات میں کثیر اضافہ ہوگا۔ مزید برآں ہمارا بائیو سائنسز ویٹنری بھی مستحکم نتائج دینے کے لئے تیار ہے۔ مزید برآں سرل نے یو ایس ایف ڈی اے (USFDA) کو ڈرگ ماسٹر فائل (DMF) بھی جمع کرادی ہے اور اس سلسلے میں ایکناجمنٹ موصول ہوگئی ہے۔ یہ منظوری مقامی اور عالمی مارکیٹوں کیلئے کامیابی کے نئے دروازے کھول دے گی۔ آنکالوجی، وائرولوجی اور خون سے متعلق امراض کے علاج و معالجے کے شعبوں سے نمٹنے کیلئے ہم نے ترقی یافتہ دنیا کی چند معروف بائیو سیمیلر کمپنیوں کے ساتھ معاہدے کئے ہیں جو پاکستان میں ہمارے بائیو سائنسز ویٹنری کی پیش رفت کو مزید تیز کریں گے۔

پروڈکٹس کا معیار ہمارے لئے بڑی اہمیت کا حامل ہے۔ ہم اپنی تمام مینوفیکچرنگ فیسیلٹیز پر عالمی ریگولیٹری اسٹنڈرڈز کی تعمیل کو یقینی بنانے اور مستقل CGMP کمپلائنس کے لئے سسٹم، پراسسز اور انسانی صلاحیتوں کی بہتری کے لئے ہمیشہ کوشاں رہتے ہیں۔

مستقبل کو تصورات میں رکھتے ہوئے اور تیز ترین انفارمیشن مینجمنٹ کے فوائد سے مستفید ہونے، انونٹری پر مزید کنٹرول اور بہتر فیصلہ سازی کے لئے، ہم نے مضبوط انٹریپرائز ریسورس پلاننگ سسٹم، SAP کو لاگو کیا ہے۔

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

آفیسر کی حیثیت سے دوبارہ تقرری کی گئی۔

منتخب کیا گیا:

- جناب راشد عبداللہ
- جناب عدنان اسدر علی
- جناب ایاز عبداللہ

آڈٹ کمیٹی

کمیٹی 3 غیر-ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمیٹی کے چیئرمین ایک آزاد ڈائریکٹر ہیں۔

سال کے دوران آڈٹ کمیٹی کے 4 اجلاس منعقد ہوئے جس کی تفصیلات درج ذیل کے مطابق ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
جناب حسین لوائی	1
جناب ایاز عبداللہ	3
جناب شاہد عبداللہ	1
جناب ارشد انیس	4

ایکشن کے بعد آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کی جانب سے دوبارہ تشکیل دی گئی اور غیر-ایگزیکٹو ڈائریکٹرز میں سے درج ذیل ممبران بشمول ایک آزاد ڈائریکٹر کا کمیٹی کے لئے انتخاب کیا گیا۔ چیئرمین ایک آزاد ڈائریکٹر ہے:

- جناب حسین لوائی۔ چیئرمین
- جناب عدنان اسدر علی
- جناب اسد عبداللہ

ہیومن ریسورس اور ریمیویشن کمیٹی

کمیٹی 3 غیر-ایگزیکٹو ممبران پر مشتمل ہے۔ ایکشن کے بعد ایچ آر اینڈ آر کمیٹی کو بورڈ آف ڈائریکٹرز کی جانب سے دوبارہ تشکیل دیا گیا اور غیر-ایگزیکٹو ڈائریکٹرز میں درج ذیل ممبران کو کمیٹی کیلئے

بعد ازاں ہونے والے واقعات

ہولڈنگ کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان ایسی کوئی نمایاں تبدیلیاں یا معاہدے نہیں ہوئے جو کمپنی کی مالیاتی حیثیت پر اثر انداز ہوں۔

سرمایہ کاریوں کی قدر و قیمت

30 جون 2017 اور 30 جون 2016 کو پراویڈنڈ فنڈ کی سرمایہ کاری کی قدر و قیمت ان کے غیر آڈٹ شدہ / آڈٹ شدہ حسابات کی بنیاد پر بالترتیب درج ذیل کے مطابق تھی:

2016	2017	پراویڈنڈ فنڈ
808,136	922,653	پاک روپے ہزاروں میں

مستقبل پر ایک نظر

طویل المدتی شیئر ہولڈر ویلیو میں اضافے اور مستقبل کی ترقی اور منافع جات کی غرض سے سرل گروپ مقامی اور عالمی دونوں سطح پر کثیر اقدامات انجام دے رہا ہے۔ ہم گزرتے ہوئے ہر دن کے ساتھ مضبوط ہو رہے ہیں اور اہم مارکیٹوں اور کاروباری شعبوں میں سرکردہ پوزیشن کے حصول کی طرف گامزن ہیں۔



2012 2013 2014 2015 2016 2017

2012	2013	2014	2015	2016	2017	
336,895	471,652	613,148	858,407	1,227,523	1,539,314	سرمایہ کاری کا ذریعہ
1,703,731	2,221,285	2,800,929	3,842,263	6,185,481	7,335,404	شیرنگ کمپنیل
2,040,626	2,692,937	3,414,077	4,700,670	7,413,004	8,874,718	ریزرو
176,119	201,428	260,847	318,627	390,725	416,935	لیٹرٹیو ٹیل ٹو اونرز آف ڈی سرل کمپنی لمیٹڈ
201,589	185,020	168,163	296,961	296,961	499,011	نان کنٹروولنگ انٹرسٹ
1,049,102	929,319	750,882	712,841	571,713	286,065	فکسڈ اثاثہ جات کی دوبارہ قدر قیمت پر اضافہ
3,467,436	4,008,704	4,593,969	6,029,099	8,672,403	10,076,729	غیر موجودہ ذمہ داریاں
5,659,437	6,013,544	7,608,594	9,048,041	11,328,239	13,309,651	مجموعی لاگو شدہ سرمایہ
620,703	981,603	1,165,879	1,908,819	2,685,824	2,880,416	ٹرن اوور
431,751	719,066	876,057	1,452,391	2,064,994	2,393,075	منافع قبل از ٹیکس
7.63	11.96	11.51	16.05	18.23	17.98	منافع بعد از ٹیکس کی فیصد شرح، ٹرن اوور کے حوالے سے
12.45	17.94	19.07	24.09	23.81	23.75	منافع بعد از ٹیکس کی فیصد شرح، زیر عمل سرمائے کے حوالے سے
35	35	-	20	50	100	منافع منقسمہ
40	45	40	20	24	30	نقد (فیصد)
						اسٹاک (فیصد)

ڈائریکٹرز کے انتخابات 31 جولائی 2017 کو منعقد ہوئے اور بورڈ

کے درج ذیل 7 ڈائریکٹرز کا انتخاب کیا گیا:

- جناب عدنان اسدر علی
- جناب راشد عبداللہ
- جناب حسین لوئی
- جناب ہلس۔ ندیم احمد
- جناب زبیر رزاق پال والا
- جناب ایاز عبداللہ
- جناب اسد عبداللہ

بعد ازاں انتخابات جناب عدنان اسدر علی کو دوبارہ چیئرمین منتخب کیا گیا اور جناب ہلس۔ ندیم احمد کی کمپنی کے چیف ایگزیکٹو

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے۔ ان اجلاسوں میں بورڈ ممبران کی شرکت درج ذیل کے مطابق ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
جناب راشد عبداللہ	4
جناب ہلس۔ ندیم احمد	4
جناب زبیر پال والا	3
جناب شاہد عبداللہ	3
جناب ایاز عبداللہ	4
جناب عدنان اسدر علی	3
جناب حسین لوئی	1
جناب ارشد انیس	4
جناب مفتی ضیا الاسلام	4

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ڈائریکٹرز کا تربیتی پروگرام

- بورڈ آف ڈائریکٹرز کی تربیت بورڈ کو اس کا کردار ادا کرنے اور کمپنی کی کارکردگی میں نمایاں تبدیلی لانے کا موجب بنتی ہے۔ کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق بورڈ میں موجود تمام ڈائریکٹرز کیلئے یہ ضروری ہے کہ وہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے مقرر کردہ کسی ادارے سے 2018 تک ڈائریکٹرز کے تربیتی پروگرام میں شرکت کر کے سرٹیفائیڈ ڈائریکٹرز کا درجہ حاصل کریں۔

کوڈ کی شرائط پر عمل کرتے ہوئے ڈائریکٹرز کی اکثریت، ماسوائے وہ جو اس شرط سے مستثنیٰ ہیں، پہلے ہی انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان کی جانب سے منعقدہ ڈائریکٹرز کے تربیتی پروگرام میں شرکت کر چکے ہیں۔

ضابطہ اخلاق

بورڈ آف ڈائریکٹرز نے ایک ضابطہ اخلاق رائج کیا ہوا ہے۔ تمام ملازمین اس کے بارے میں علم اور آگاہی رکھتے ہیں اور کاروبار کے اصول و ضوابط سے متعلق امور میں اس ضابطہ اخلاق کے قوانین پر عمل کرتے ہیں۔

- کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک
- ہولڈنگ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات، اس کے کاروباری امور، آپریشنز کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلی کو، شفاف انداز میں پیش کیا گیا ہے۔
- ہولڈنگ کمپنی کے حسابات کی باقاعدہ کتب موجود ہیں۔
- مالیاتی حسابات کی تیاری میں درست اور موزوں اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ حسابات موزوں اور محتاط فیصلوں پر مبنی ہیں۔
- مالیاتی حسابات پاکستان میں نافذ العمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز کے مطابق تیار کئے گئے ہیں۔
- ہولڈنگ کمپنی ایک مستحکم انٹرنل کنٹرول سسٹم برقرار رکھتی ہے جو کسی بھی غلطی یا نقصان کے خلاف تحفظ فراہم کرتا ہے۔ انٹرنل کنٹرول سسٹم کا باقاعدگی سے جائزہ لیا جاتا ہے۔
- اس امر میں کوئی شبہ نہیں کہ ہولڈنگ کمپنی میں مستقل انداز میں قائم رہنے کی بھرپور صلاحیت موجود ہے۔
- لسٹنگ ریگولیشنز میں درج کارپوریٹ گورننس کی بیسٹ پریکٹسز سے قطعی انحراف نہیں کیا گیا ہے۔
- ٹرانسفر پرائیسینگ کی بیسٹ پریکٹسز سے کوئی روگردانی نہیں کی گئی ہے۔
- 6 سالوں کی اہم آپریشننگ اور مالیاتی تفصیل درج ذیل کے مطابق ہے:

2012	2013	2014	2015	2016	2017
2,672,448	584,168	560,152	688,354	1,528,607	2,254,788
86,570	74,071	47,782	39,845	254,473	397,709
120,952	2,312,986	2,516,865	2,614,906	2,607,507	2,584,202
-	-	124,500	187,792	-	-
-	-	-	-	-	1,894
7,273	7,212	2,476	100,300	325,560	1,020,405
580,193	1,030,267	1,342,194	2,397,902	3,956,256	3,817,731
3,467,436	4,008,704	4,593,969	6,029,099	8,672,403	10,076,729

لاگو کردہ اثاثہ جات
املاک، پلائنٹس اور ایکویٹی
غیر محسوس اثاثہ جات
انویسٹمنٹ پراپرٹی
طویل المدتی سرمایہ کاری
ڈیفرڈ ٹیکسیشن
طویل المدتی لون، ڈپازٹس، پری پیمنٹس اور ڈیفرڈ کاسٹ
خالص موجودہ اثاثہ جات
کل لاگو شدہ اثاثہ جات



ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عوام الناس ہولڈنگ کمپنی کی ویب سائٹ www.searlecompany.com ملاحظہ کر سکتے ہیں جس پر سرمایہ کاروں کے لئے ایک حصہ مختص ہے جس میں سالانہ، ششماہی اور سہ ماہی مالیاتی حسابات کے متعلق معلومات درج ہیں۔

متعلقہ پارٹیوں کی لین دین

سال 2017 کے دوران تمام متعلقہ پارٹی ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ کے جائزے اور منظوری کے لئے پیش کر دی گئی تھیں۔ متعلقہ پارٹیوں میں لین دین کی یہ سرگرمیاں آڈٹ کمیٹی اور بورڈ کی جانب سے ان کے متعلقہ اجلاسوں میں باقاعدہ منظور کی گئی ہیں۔

یہ تمام ٹرانزیکشنز، ٹرانسفر پرائسنگ کے طریقہ کار اور ماضی میں بورڈ کی جانب سے منظور شدہ متعلقہ پارٹیوں کے ساتھ پالیسی کے مطابق تھیں۔ ہولڈنگ کمپنی ان تمام ٹرانزیکشنز کا مکمل ریکارڈ، بشمول ان کے شرائط و ضوابط بھی اپنے پاس رکھتی ہے۔ مزید تفصیلات کے لئے براہ مہربانی مالیاتی حسابات کا حوالہ نوٹ 38 دیکھیں۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد

اسٹاک ایکسچینج کے لسٹنگ قوانین، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ کوڈ آف کارپوریٹ گورننس (کوڈ) میں شامل کردیئے گئے ہیں۔ ہولڈنگ کمپنی نے کوڈ کو نافذ کر رکھا ہے اور اس پر عملدرآمد کیا جا رہا ہے۔

مقصد اس معیشت کو مستحکم بنانا بھی ہے جس میں ہم کاروبار کر رہے ہیں۔ جن بنیادی شعبوں پر ہم خصوصی توجہ دیتے ہیں ان میں سے ایک روزگار کے لئے مواقع پیدا کرنا ہے تاکہ وسیع تر صنعتی اور سیلز کی افرادی قوت تیار کی جاسکے۔

سرل گروپ سماجی طور پر بھی ذمے داری سے کام کر رہا ہے۔ ہولڈنگ کمپنی کا CSR پروگرام ایک وسیع پیمانے پر مبنی ہے جس میں طبی دیکھ بھال، تعلیم، بچوں کی فلاح اور دیگر سماجی بہبود کی سرگرمیوں سے منسلک اقدامات شامل ہیں۔

آئیو اینیٹیٹیو ہیلتھ اور سیفٹی

ہم سرل گروپ میں تحفظ اور محفوظ ماحول کی اہمیت کو تسلیم کرتے ہیں اور سمجھتے ہیں کہ اس امر کو یقینی بنانا ہماری ذمہ داری ہے کہ اپنے ملازمین اور ان کے کام کرنے کے ماحول کو محفوظ بنانے کے ساتھ ان کی صحت کو درپیش خطرات کو بھی ختم کریں۔ ہمارے ملازمین اور یہاں آنے والے مہمانوں کی صحت اور تحفظ ہولڈنگ کمپنی کی اہم ترجیح ہے لہذا آپریشنز سے منسلک مہلک اثرات کی مستقل طور پر نشاندہی، ان کا جائزہ اور ان خطرات کو کم کرنے یا ختم کرنے کے انتظامات کئے جاتے ہیں۔

انفارمیشن ٹیکنالوجی

گروپ کی بڑھتی ہوئی بنیادی ضروریات کو پورا کرنے اور انفارمیشن سسٹم کو باقاعدگی سے اپ گریڈ کرنے کی ہماری مسلسل کوششوں کے ساتھ انفارمیشن ٹیکنالوجی میں زیادہ سے زیادہ سرمایہ کاری ہماری پالیسی رہی ہے۔ اہم منصوبہ جس پر ہم کام کر رہے ہیں، وہ مضبوط بزنس مینجمنٹ سسٹم (SAP) کا نفاذ ہے۔

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری وغیرہ کی جانب سے شیئرز کی تجارت

ہولڈنگ کمپنی کے شیئرز کی خرید و فروخت پاکستان اسٹاک ایکسچینج لمیٹڈ میں کی جاتی ہے۔ ڈائریکٹرز، سی ای او، کمپنی سیکریٹری، سی ایف او اور ایگزیکٹوز اور ان تمام حضرات کی شریک حیات اور نابالغ بچوں نے، ماسوائے درج ذیل افراد کے، ہولڈنگ کمپنی کے شیئرز میں کسی قسم کا کاروبار نہیں کیا:

نام	حیثیت	خریدے گئے شیئرز	فروخت کئے گئے شیئرز
مسز شکلیہ راشد	بیگم جناب راشد عبداللہ صاحب	7,000	-
جناب شاہد عبداللہ	ڈائریکٹر	21,200	-
انٹرنیشنل برانڈز لمیٹڈ	سبزٹینشل شیئر ہولڈر	1,512,850	-

پروڈکٹ کا معیار

بورڈ کو اس لین دین کے بارے میں آگاہ کر دیا گیا تھا۔

سرل گروپ کی مصنوعات پر صارفین کا بھروسہ اور اعتماد ہمارا انتہائی قیمتی اثاثہ ہے۔ ہم تسلیم کرتے ہیں کہ دوا سازی کی صنعت میں کئی فطری خطرات بھی موجود ہوتے ہیں اور پروڈکٹ کو ڈیزائن کرنے یا تیاری میں کوئی بھی غلطی نہ صرف مہلک بلکہ خطرناک بھی ہو سکتی ہے لہذا معیار کی دیکھ بھال اور مستقل بہتری ہماری اولین ترجیح اور اخلاقی ذمہ داری ہے۔

ایگزیکٹوز کی مذکورہ بالا ٹرانزیکشنز کو اس سالانہ رپورٹ میں شامل کرنے کے حوالے سے، ڈائریکٹرز نے ایگزیکٹوز اُن ملازمین کو قرار دیا ہے جن کی سالانہ بنیادی تنخواہ 10 ملین سے زائد ہو۔

کاروباری ضوابط

اپنے قیام سے سرل گروپ کا کاروباری طریقہ کار ایمانداری، شفافیت اور نافذ العمل قوانین اور ضوابط کی پاسداری پر مبنی رہا ہے۔ ہمارے ملازمین ہیلتھ کیئر اور کنزیومر انڈسٹری میں بہترین مصنوعات اور خدمات، کی فراہمی کے ہمارے مشن کو پورا کرنے میں پوری لگن کے ساتھ کارفرما ہیں۔

ہم مریضوں کی صحت و دیکھ بھال کے تحفظ کے ضمن میں اپنی ذمہ داری پوری کرنے پر کاربند ہیں اور یقین دلاتے ہیں کہ طبی مصنوعات کی تیاری سے منسلک سرگرمیوں پر سمجھوتہ نہیں کیا جاتا اور تمام سرگرمیاں اس معیار کی ہوتی ہیں جو مریضوں کی توقعات کے مطابق ہوں۔

ساکھ، بھروسہ اور اعتماد وہ ضروری عناصر ہیں جن کی توسیع اور تحفظ ہماری ذمہ داری ہے تاکہ سب کو فائدہ پہنچے اور ہم بہتر باہمی تعلقات قائم کر سکیں۔ ہولڈنگ کمپنی اپنے صارفین کی ضروریات کو سمجھتی ہے اور اس بات کو ملحوظ خاطر رکھتے ہوئے کاروباری سرگرمیوں کے تمام دائرہ کار میں مستقل بہتری کی خواہاں ہے۔

کارپوریٹ اور سماجی ذمہ داری

ہمارے فرائض اور ذمہ داری کا دائرہ کار اپنے اسٹیک ہولڈرز کیلئے منافع بڑھانے پر ہی ختم نہیں ہو جاتا۔ سرل گروپ میں ہمارا



2018 کو ختم ہونے والے مالی سال کیلئے باہمی طے شدہ معاوضے پر ہولڈنگ کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی توثیق کر دی ہے۔

ہولڈنگ کمپنی

انٹرنیشنل برانڈز لمیٹڈ، حتمی ہولڈنگ کمپنی کی حیثیت سے سرل کمپنی کے 56.12 فیصد شیئرز کی حامل ہیں۔

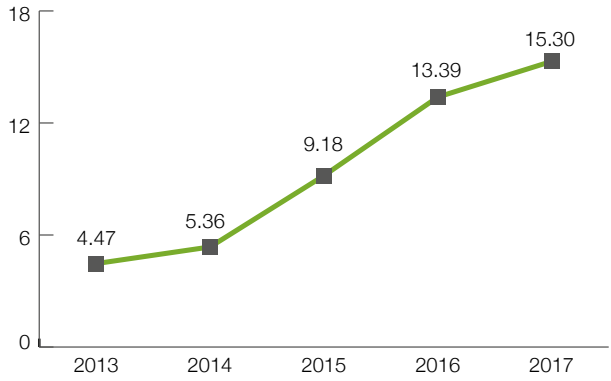
دی سرل کمپنی لمیٹڈ، آئی بی ایل ہیلتھ کیئر لمیٹڈ اور نیکسٹر فارما (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی ہے اور بالترتیب 74.19 فیصد اور 70.34 فیصد شیئرز ہولڈنگ کی حامل ہے۔ مزید برآں ہولڈنگ کمپنی 4 مکمل ملکیتی ذیلی اداروں بنام سرل فارما سیوٹیکلز (پرائیویٹ) لمیٹڈ، سرل لیبارمیٹریز (پرائیویٹ) لمیٹڈ، سرل بائیوسائنسز (پرائیویٹ) لمیٹڈ اور آئی بی ایل آئیڈیٹیٹی (پرائیویٹ) لمیٹڈ کی بھی حامل ہے۔

مزید برآں سال کے دوران ہولڈنگ کمپنی نے ایک مکمل ملکیتی ذیلی ادارہ آئی بی ایل فیوچر ٹیکنالوجیز (پرائیویٹ) لمیٹڈ تشکیل دیا، تاہم 30 جون 2017 کو ختم ہونے والے سال کے دوران ذیلی کمپنی میں کوئی سرمایہ کاری نہیں کی گئی تھی۔

پیٹرن آف شیئرز ہولڈنگ

30 جون 2017 کو پیٹرن آف شیئرز ہولڈنگ بشمول شیئرز ہولڈرز کی کیلگریز، جیسا کہ کمپنیز ایکٹ 2017 کی شق 227 (متروک) کمپنیز آرڈیننس 1984 کی سابق دفعہ 236) اور لسٹنگ ریگولیشنز کے تحت ضروری ہے، مالیاتی رپورٹ کے صفحہ نمبر 161 تا 164 پر پیش کی گئی ہیں۔

ہولڈنگ کمپنی کی بنیادی آمدنی فی حصص پر ڈائیلیوشن کا کوئی اثر نہیں پڑا کیونکہ ہولڈنگ کمپنی کے 30 جون 2017 کو کوئی کنورٹبل ڈائیلیٹیو پوٹینشل آرڈینری شیئرز باقی نہیں تھے۔



منافع منقسمہ

ہولڈنگ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2017 کو ختم ہونے والے سال کے لئے نقد اور اسٹاک منافع منقسمہ بالترتیب 80 اور 20 فیصد کی سفارش کی ہے۔ یہ دوران سال جاری کردہ نقد اور اسٹاک منافع منقسمہ بالترتیب 20 اور 10 فیصد کے علاوہ ہے۔

30 جون 2016 کو ختم ہونے والے سال کے دوران ہولڈنگ کمپنی نے نقد اور اسٹاک منافع منقسمہ میں بالترتیب 50 فیصد اور 50 فیصد کا اعلان کیا تھا جو گزشتہ سال کے دوران جاری کردہ عبوری بونس شیئرز بشرح 10 فیصد کے علاوہ تھا۔

مالیاتی حسابات اور آڈیٹرز

موجودہ آڈیٹرز میسرز اے۔ایف۔فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سبکدوش ہو رہے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر 30 جون

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

آپریٹنگ نتائج

سرل گروپ نے معیاری ہیلتھ کیئر سہولیات کے ذریعے مریضوں کی زندگی کو بہتر بنانے پر ہمیشہ توجہ دی ہے۔ ہم اس فلسفے پر کام کرتے ہیں کہ جو کیا جا چکا وہ ماضی تھا اور جو پہلے کافی تھا اب کافی نہیں۔ ہم مستقل بنیاد پر کاروباری ماحول میں تبدیلیوں پر نگاہ رکھتے ہیں اور ہمیشہ اپنے کاروباری دائرہ کار اور آپریشنز کو توسیع دینے کے لئے تیار رہتے ہیں تاکہ شیئر ہولڈرز کو زیادہ سے زیادہ فائدہ پہنچے۔

اس فلسفے کے تحت ہم نے بائیوسمیٹر ادویات اور ابھرتی ہوئی غذائی رتج کے شعبے میں قدم اور جمائے ہیں۔ ہم نے تیزی سے بڑھتے ہوئے ٹیکسٹائل کے شعبے میں بھی اپنی موجودگی واضح کر دی ہے۔

اگرچہ ہمارے روایتی کاروبار نے نئی بلندیاں حاصل کیں لیکن مجموعی مالیاتی نتائج ہمارے ٹیکسٹائل شعبے کے پری میچور پورٹ فولیو کے مالیاتی حسابات شامل کرنے کی وجہ سے پستی کا شکار رہے۔ ہم ہر گزرتے ہوئے دن کے ساتھ اپنے قدم جما رہے ہیں اور ہماری پراڈکٹ مارکیٹ میچور ہوتی جا رہی ہے۔ ہم پر امید ہیں کہ ہماری نئی کاروباری سرگرمیاں مختصر عرصے میں مثبت نتائج دیں گی۔

بہر حال ہولڈنگ کمپنی نے 13.30 ارب روپے کارینویو ظاہر کیا، جو کہ گزشتہ سال کے مقابلے میں 17.49 فیصد اضافی رہا۔ مزید برآں ہولڈنگ کمپنی کے بعد از ٹیکس منافع میں بھی گزشتہ سال کے مقابلے میں 15.89 فیصد تک اضافہ ہوا۔

آمدنی فی شیئر

بنیادی آمدنی فی شیئر بعد از ٹیکس 15.30 روپے تھی (13.39 روپے: 2016)۔

ڈائریکٹرز 30 جون 2017 کے آڈٹ شدہ مالیاتی حسابات کے ساتھ گروپ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ڈائریکٹرز کی یہ رپورٹ کمپنیز ایکٹ 2017 کی دفعہ 227 (متروک کمپنیز آرڈیننس 1984 کی سابق دفعہ 236) پاکستان اسٹاک ایکسچینج لمیٹڈ کی ریگولیشن 5.19.11 اور کوڈ آف کارپوریٹ گورننس 2012 کی شق xvi کے مطابق تیاری کی گئی ہے۔

یہ رپورٹ کمپنی کے 52 ویں سالانہ اجلاس عام منعقدہ 27 اکتوبر 2017 میں ممبران کو پیش کی جائے گی۔

2016	2017	پاک روپے ہزاروں میں
11,328,239	13,309,651	آمدنی
(5,390,280)	(6,291,348)	فروخت کے اخراجات
5,937,959	7,018,303	مجموعی آمدنی
(3,073,737)	(4,072,270)	آپریٹنگ اخراجات
(244,555)	(206,079)	دیگر آپریٹنگ اخراجات
194,644	275,570	دیگر آمدنی
2,814,311	3,015,524	آپریٹنگ سے آمدنی
(128,487)	(135,108)	فنانس کی لاگت
2,685,824	2,880,416	آمدنی قبل از ٹیکس
(620,830)	(487,341)	ٹیکسیشن
2,064,994	2,393,075	آمدنی بعد از ٹیکس
52%	53%	مجموعی منافع کی فیصد شرح
25%	23%	آپریٹنگ منافع جات کی فیصد شرح
24%	22%	آمدنی قبل از ٹیکس کی فیصد شرح
18%	18%	آمدنی بعد از ٹیکس کی فیصد شرح

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of The Searle Company Limited (the Holding Company) and its subsidiary companies as at June 30, 2017 and the related consolidated Profit and Loss account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and the subsidiary companies, whereas, financial statements of Nextar Pharma (Private) Limited was audited by another firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

*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 ■ ISLAMABAD

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at June 30, 2017 and the results of their operations for the year then ended.

Other Matter

The consolidated financial statements of the Holding Company for the year ended June 30, 2016 were audited by another firm of Chartered Accountants whose report dated September 28, 2016, expressed an unmodified opinion thereon.

Karachi
Dated: October 06, 2017


Chartered Accountants

Engagement Partner: Farrukh Rehman

CONSOLIDATED BALANCE SHEET

As at June 30, 2017

	Note	2017 -----Rupees '000-----	(Restated) 2016
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,254,788	1,528,607
Investment properties	5	2,584,202	2,607,507
Intangibles	6	397,709	254,473
Deferred taxation	19	1,894	-
Long term loans and advances	7	1,015,379	320,534
Long term deposits	8	5,026	5,026
		6,258,998	4,716,147
Current assets			
Stores and spares		1,842	1,004
Stock-in-trade	9	1,508,401	1,533,770
Trade debts	10	3,609,434	2,951,854
Loans and advances	11	705,694	882,701
Trade deposits and short-term prepayments	12	82,297	176,133
Interest accrued		6,743	3,045
Other receivables	13	378,595	410,383
Investments - at fair value through profit or loss	14	160,884	99,593
Tax refunds due from government - Sales tax		16,490	8,527
Taxation - payments less provision		679,131	570,593
Cash and bank balances	15	157,375	136,001
		7,306,886	6,773,604
Total assets		13,565,884	11,489,751
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	1,539,314	1,227,523
Reserves		7,335,404	6,185,481
Attributable to owners of The Searle Company Limited - Holding Company		8,874,718	7,413,004
Non-controlling interests		416,935	390,725
		9,291,653	7,803,729
Surplus on revaluation of fixed assets	17	499,011	296,961
LIABILITIES			
Non-current liabilities			
Long term financing	18	239,033	486,953
Deferred taxation	19	-	42,513
Retirement benefits obligations	20	47,032	42,247
		286,065	571,713
Current liabilities			
Trade and other payables	21	2,049,574	2,115,779
Accrued mark-up	22	16,467	11,706
Short-term borrowings	23	1,208,828	475,577
Current portion of long term financing	18	214,286	214,286
		3,489,155	2,817,348
Total liabilities		3,775,220	3,389,061
Contingencies and commitments	24		
Total equity and liabilities		13,565,884	11,489,751

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer



CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2017

	Note	2017 -----Rupees '000-----	(Restated) 2016
Revenue	25	13,309,651	11,328,239
Cost of sales	26	(6,291,348)	(5,390,280)
Gross profit		7,018,303	5,937,959
Distribution cost	27	(3,139,747)	(2,475,409)
Administrative expenses	28	(932,523)	(598,328)
Other operating expenses	29	(206,079)	(244,555)
Other income	30	275,570	194,644
Operating profit		3,015,524	2,814,311
Finance cost	31	(135,108)	(128,487)
Profit before taxation		2,880,416	2,685,824
Taxation	32	(487,341)	(620,830)
Profit after taxation		2,393,075	2,064,994
Profit is attributable to:			
Owners of The Searle Company Limited - Holding Company		2,355,829	2,031,653
Non-controlling interests		37,246	33,341
		2,393,075	2,064,994
			(Restated)
Earnings per share - basic and diluted (Rupees)	33	15.30	13.39

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

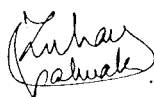
For the year ended June 30, 2017

	2017	(Restated) 2016
	Rupees '000	
Profit for the year	2,393,075	2,064,994
Other comprehensive income:		
Items that will not be reclassified to profit and loss account	-	-
Remeasurement of retirement benefits obligations	(479)	(1,982)
Total comprehensive income for the year	2,392,596	2,063,012
Total comprehensive income is attributable to:		
Owners of The Searle Company Limited - Holding Company	2,355,350	2,029,671
Non-controlling interests	37,246	33,341
	2,392,596	2,063,012

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer



CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2017

	Note	2017 Rupees '000	(Restated) 2016
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	34	2,672,880	1,764,328
Retirement benefits obligations paid		(510)	(4,973)
Finance cost paid		(68,539)	(98,574)
Income taxes paid		(643,200)	(992,154)
Interest income received		19,153	9,455
Increase in long-term loans		(760,845)	(221,832)
Net cash generated from operating activities		1,218,939	456,250
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(580,332)	(225,860)
Sale proceeds on disposal of property, plant and equipment		16,479	7,589
Payments for investment property		(25,187)	(40,330)
Purchase of intangibles		(171,405)	(50,590)
Acquisition of subsidiary, net of cash acquired - Nextar Pharma (Private) Limited		-	(598,464)
Acquisition of subsidiary, net of cash acquired - IBL Identity (Private) Limited		-	(42,914)
Acquisition of non-controlling interest		-	(1,029,345)
Long term investments		-	187,792
Additions to investments - at fair value through profit or loss		(456,814)	(481,464)
Proceeds from redemption of investments - at fair value through profit or loss		401,244	518,572
Net cash used in investing activities		(816,015)	(1,755,014)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(866,881)	(194,033)
Proceeds from issue of shares		-	1,789,467
Proceeds from export refinance		44,000	2,000
Long-term finance paid		(247,920)	(106,788)
Net cash (used in) / generated from financing activities		(1,070,801)	1,490,646
Net (decrease) / increase in cash and cash equivalents		(667,877)	191,882
Cash and cash equivalents at beginning of the year		(319,576)	(511,458)
Cash and cash equivalents at end of the year	35	(987,453)	(319,576)

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017

	Attributable to the owners of the Holding Company							Total
	Capital reserves			Revenue reserves			Non-controlling interests	
	Share capital	Share premium	Issue of bonus shares	General reserve	Unappropriated profits	Sub - Total reserves		
	-----Rupees '000-----							
Balance as at June 30, 2015	858,407	-	-	280,251	3,562,012	3,842,263	318,627	5,019,297
Total comprehensive income for the year ended June 30, 2016 - restated								
Profit for the year	-	-	-	-	2,031,653	2,031,653	33,341	2,064,994
Other comprehensive loss	-	-	-	-	(1,982)	(1,982)	-	(1,982)
	-	-	-	-	2,029,671	2,029,671	33,341	2,063,012
Transaction with owners in their capacity as owners - restated								
Transfer to reserve for issuance of bonus shares	-	-	283,273	-	(283,273)	-	-	-
Bonus shares issued during the year in the ratio of 20 shares for every 100 shares held	171,681	-	(171,681)	-	-	(171,681)	-	-
Final dividend for the year ended June 30, 2015 @ Rs. 2 per share	-	-	-	-	(171,681)	(171,681)	-	(171,681)
Right shares issued during the year in the ratio of 10 shares for every 100 shares held	85,843	1,630,974	-	-	-	1,630,974	-	1,716,817
Interim bonus shares issued during the year in the ratio of 10 shares for every 100 shares held	111,592	-	(111,592)	-	-	(111,592)	-	-
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(29,062)	(29,062)
Right issue of subsidiaries to non-controlling interests	-	-	-	-	-	-	72,650	72,650
Acquisition of subsidiaries	-	-	-	-	-	-	162,041	162,041
Transactions with non-controlling interests	-	-	-	-	(862,473)	(862,473)	(166,872)	(1,029,345)
	369,116	1,630,974	-	-	(1,317,427)	313,547	38,757	721,420
Balance as at June 30, 2016	1,227,523	1,630,974	-	280,251	4,274,256	6,185,481	390,725	7,803,729
Total comprehensive income for the year ended June 30, 2017								
Profit for the year	-	-	-	-	2,355,829	2,355,829	37,246	2,393,075
Other comprehensive loss	-	-	-	-	(479)	(479)	-	(479)
	-	-	-	-	2,355,350	2,355,350	37,246	2,392,596
Transaction with owners in their capacity as owners								
Transfer to reserve for issuance of bonus shares	-	-	311,791	-	(311,791)	-	-	-
Bonus shares issued during the year in the ratio of 14 shares for every 100 shares held	171,853	-	(171,853)	-	-	(171,853)	-	-
Final dividend for the year ended June 30, 2016 @ Rs. 5 per share	-	-	-	-	(613,761)	(613,761)	-	(613,761)
Bonus shares issued during the year in the ratio of 10 shares for every 100 shares held	139,938	-	(139,938)	-	-	(139,938)	-	-
Interim dividend for the year ended June 30, 2017 @ Rs. 2 per share	-	-	-	-	(279,875)	(279,875)	-	(279,875)
Dividend pertaining to non-controlling interests	-	-	-	-	-	-	(11,036)	(11,036)
	311,791	-	-	-	(1,205,427)	(1,205,427)	(11,036)	(904,672)
Balance as at June 30, 2017	1,539,314	1,630,974	-	280,251	5,424,179	7,335,404	416,935	9,291,653

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.


Chief Executive Officer


Director


Chief Financial Officer



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

1. LEGAL STATUS AND OPERATIONS

1.1 Holding Company

The Searle Company Limited (the Holding Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Holding Company was converted into a public limited company. Its shares are quoted on the Pakistan Stock Exchange. The Holding Company is principally engaged in the manufacture of pharmaceutical and other consumer products. The registered office of the Holding Company is situated at 1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

International Brands Limited is the Ultimate Parent Company, which holds 56.12% shareholding in the Holding Company.

1.2 The “Group” consists of:

Holding Company - The Searle Company Limited

Subsidiary companies - Companies in which the Holding Company owns over 50% of voting rights or companies directly or indirectly controlled by Holding Company.

	Principal place of business	%age of effective holding	
		2017	2016
Listed Companies			
- IBL HealthCare Limited (note 1.3.1)		74.19%	74.19%
Unlisted Companies			
- Searle Pharmaceuticals (Private) Limited (note 1.3.2)	Pakistan	100.00%	100.00%
- Searle Laboratories (Private) Limited (note 1.3.3)		100.00%	100.00%
- Searle Biosciences (Private) Limited (note 1.3.4)		100.00%	100.00%
- IBL Identity (Private) Limited (note 1.3.5)		100.00%	100.00%
- Nextar Pharma (Private) Limited (note 1.3.6)		70.34%	70.34%

In June 2016, the Holding Company incorporated a wholly owned subsidiary IBL Future Technologies (Private) Limited, however no share has been issued to date.

1.3 Subsidiary companies

1.3.1 IBL HealthCare Limited

IBL HealthCare Limited (IBLHC) was incorporated in Pakistan as a private limited company on July 14, 1997. In November 2008, IBLHC was converted into public limited company with its liability limited by shares. The shares of the Company are quoted on the Pakistan Stock Exchange. The principal business activities of the company includes marketing, selling and distribution of health care products. The registered office of IBLHC is situated on 9th Floor, N. I. C. Building, Abbasi Shaheed Road, Karachi.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

1.3.2 Searle Pharmaceuticals (Private) Limited

The Searle Pharmaceutical (Private) Limited (SPPL) is a private limited company, incorporated in Pakistan on December 18, 2012 under the Companies Ordinance, 1984. The Company is principally engaged in the facilitation of manufacturing of pharmaceutical products. The registered office of the Company is situated at 1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi.

1.3.3 Searle Laboratories (Private) Limited

The Searle Laboratories (Private) Limited (SLPL) is a private limited company, incorporated in Pakistan on December 26, 2012 under the Companies Ordinance, 1984. The principal business activities of the Company includes marketing, selling and distribution of pharmaceutical products. The registered office of the Company is situated at 1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi.

1.3.4 Searle Biosciences (Private) Limited

The Searle Biosciences (Private) Limited (SBPL) is a private limited company, incorporated in Pakistan on August 17, 2013 under the Companies Ordinance, 1984. The principal business activities of the Company includes marketing, selling and distribution of pharmaceutical products. The Company commenced its commercial operations from July 28, 2016. The registered office of the Company is situated at 1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi.

1.3.5 IBL Identity (Private) Limited

IBL Identity (Private) Limited (IBLIPL) was incorporated in Pakistan on April 23, 1986 as a private limited company under the Companies Ordinance, 1984. The Company is principally engaged in the business of designing, manufacturing, producing, marketing, distributing and selling textile products under the brand name 'Tarzz'. The registered office of the Company is located at 1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi.

1.3.6 Nextar Pharma (Private) Limited

Nextar Pharma (Private) Limited (NPPL) was incorporated in Pakistan in February 2003 as a private limited company. The main objective of NPPL is the business of manufacturing and trading of pharmaceutical products. The registered office of the Company is situated at Plot No. E-58, N.W.I.Z. Port Qasim, Karachi.

1.3.7 IBL Future Technologies (Private) Limited

IBL Future Technologies (Private) Limited is a private limited Company incorporated in Pakistan on June 15, 2016 under the Companies Ordinance, 1984. The principal business activities of the Company are marketing, selling and distribution of electronic goods. The registered office of the Company is situated at First Floor, N.I.C Building, Abbasi Shaheed Road, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.



2.1 Basis of preparation

2.1.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies, the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 prevail.

2.1.2 Critical Accounting Estimates And Judgements

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Staff retirement benefits - note 2.17
- b) Taxation - note 2.16
- c) Revaluation of assets - note 2.4

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the consolidated financial statements.

No critical judgment has been used in applying the accounting policies.

2.1.3 Changes in accounting standards, interpretations and pronouncements

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

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provide clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity’s financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Group’s financial statements and hence have not been detailed here.

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

IAS 7, ‘Statement of cash flows’ amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

In addition to the foregoing, the Companies Act 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

2.2 Overall valuation policy

These consolidated financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2.3 Basis of consolidation

i. Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated financial statements include The Searle Company Limited (the Holding Company) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise



has power to elect and appoint more than 50% of its directors (the Subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in consolidated profit and loss account.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the proportionate net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised in consolidated profit and loss account.

The financial statements of the subsidiaries have been consolidated on a line by line basis. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

ii. Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.4 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except leasehold land, building on leasehold land, plant and machinery, vehicles and airconditioning systems, which are stated at revalued amount less accumulated depreciation and impairment losses, if any, and capital work-in-progress which is stated at cost.

Depreciation is charged to profit and loss account applying the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The revalued amount of building on leasehold land, plant and machinery, vehicles and airconditioning systems is depreciated equally over the remaining life from the date of valuation. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Surplus arising on revaluation of the above mentioned assets is disclosed as surplus on revaluation. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

Disposal of asset is recognised when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expense / income' in the consolidated profit and loss account.

Gain or loss on disposal or retirement of property, plant and equipment is included in the consolidated profit and loss account.

The Group reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation.

2.5 Intangibles

An intangible asset is recognised if it is probable that future economic benefits attributable to the asset will flow to the Group and that the cost of such asset can be measured reliably. These are stated at cost less accumulated amortisation and impairment, if any.

Distribution rights, brand name & logo and licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangibles having infinite life are carried at cost less impairment, if any.

Amortisation is calculated using the straight line method to allocate the cost of trademarks and licenses over the useful lives.

Goodwill represents the difference between the consideration paid for acquiring interests in a company and the value of the Group's share of its net assets at the date of acquisition.

2.6 Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in consolidated profit and loss account.

2.7 Investments in associates

Associates are all entities over which the Holding Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or common directorship. Investments in associates are initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognised as expense in the profit and loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in profit and loss account. Investment in associates are accounted for using the equity method of accounting in the consolidated financial statements.

2.8 Investment properties

The Group carries investment properties at their respective costs under the cost model in accordance with IAS 40 'Investment Property'. The fair values are determined by the independent valuation experts



and such valuations are carried out every year to determine the recoverable amount.

Assets classified investment property is carried at its respective cost less accumulated depreciation and accumulated impairment losses, if any.

The Group carries investment property under work in progress at their respective costs less accumulated impairment losses, if any. Depreciation is charged on such property after it is completed as per IAS 40 'Investment Property'.

2.9 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

Financial assets and liabilities are off set and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Stores and spares

These are valued at lower of cost, determined using first-in-first-out method less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

2.11 Stock-in-trade

These are valued at the lower of cost and net realisable value except goods-in-transit which are valued at invoice value plus other charges incurred thereon. Cost signifies standard cost adjusted by variances.

Cost of raw and packing material comprises purchase price including directly related expenses less trade discounts. Cost of work-in-process and finished goods includes cost of raw material, direct labor and related production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessarily to be incurred in order to make the sales.

2.12 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at invoice value less a provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written-off.

2.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, balances with banks on current and deposit accounts and finance under mark-up arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

2.14 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.15 Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.16 Taxation

i. Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any.

ii. Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.17 Staff retirement benefits

i. Defined contribution plan

The Group operates a recognised provident fund scheme for all employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 10% per annum of the basic salary. The contributions are recognised as employee benefit expense when they are due.

ii. Defined benefit plan

Defined benefit plans define an amount of pension or gratuity or medical benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.



The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bonds. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related benefit obligation.

The Holding Company operates an unfunded gratuity scheme covering all unionised employees with five or more years of service with the Holding Company. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2017 using the projected unit credit method.

2.18 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Revenue from sale of goods is recognised on despatch of goods to customers, export sales are recorded when the goods are shipped i.e. when the significant risks and rewards of ownership have been transferred to the customer.
- Income from toll manufacturing is recognised when services are rendered.
- Dividend income, other than those from investments measured using equity method, is recognised when the Group's right of receipts is established.
- Interest income and rental income is recognised on accrual basis.

2.19 Borrowings and their cost

Borrowings are initially recognised at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are recognised at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

2.20 Foreign currency transactions and translation

The financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

Transactions in foreign currencies are converted into Pak Rupees using the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using the exchange rates prevailing on the balance sheet date. Exchange differences are taken to unconsolidated profit and loss account.

2.21 Research and development costs

Research and development cost except to the extent that an intangible asset is recognised, is charged in the year in which it is incurred. Development costs previously charged to profit and loss account are not recognised as an asset in the subsequent period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

2.22 Operating lease

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight-line basis over the period of the lease.

2.23 Dividend distribution

Dividend distribution to shareholders is recognised as liability in the financial statements in the period in which the dividend is declared / approved.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

3. Business Combinations

3.1 Acquisition of Nextar Pharma (Private) Limited

During the year ended June 2016, the Holding Company increased its holding in NPPL by 43.1% resulting in NPPL becoming subsidiary of the Holding Company w.e.f. December 2015.

IFRS 3, Business Combinations, requires that all identified assets (including intangible assets) and liabilities acquired in a business combination should be carried at their fair values on the acquirer's balance sheet and any intangible assets acquired in the business combination should be separately recognised and carried at their fair values. IFRS - 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the determination of the fair values of the assets and liabilities and to determine the value of any intangibles separately identified.

During the year ended June 30, 2017, in compliance of the requirement specified in IFRS 3, the fair valuation exercise of the recorded assets and liabilities was completed by the management as a result necessary adjustments to the provisional amounts of assets and liabilities initially estimated have been made.

Accordingly, retrospective adjustments have been made in these consolidated financial statements and comparatives have been revised as follows:



	Fair values provisionally determined as at December 31, 2015	Adjustments as a result of finalisation of fair value exercise	Fair values finalised and adjusted retrospectively
	-----Rupees '000-----		
ASSETS			
Non-current assets			
Property, plant and equipment	578,837	56,492	635,329
Deferred cost	66,680	(66,680)	-
Long-term deposits	3,428	-	3,428
	<u>648,945</u>	<u>(10,188)</u>	<u>638,757</u>
Current assets			
Trade debts	489	-	489
Taxation - payments less provision	564	-	564
Other receivables	677	-	677
Cash and bank balances	1,815	-	1,815
	3,545	-	3,545
Total assets	<u>652,490</u>	<u>(10,188)</u>	<u>642,302</u>
LIABILITIES			
Non-current liabilities			
Bills payable	52,620	-	52,620
Deferred taxation	-	4,909	4,909
Other liabilities	5,407	-	5,407
	58,027	4,909	62,936
Current liabilities			
Trade and other payables	33,037	-	33,037
Total liabilities	<u>91,064</u>	<u>4,909</u>	<u>95,973</u>
Fair value of net assets as at December 31, 2015			<u>546,329</u>
Percentage of net assets acquired			<u>70.34%</u>
Fair value of net assets acquired			<u>384,288</u>
Goodwill on acquisition			
Total purchase consideration paid in cash			411,302
Fair value of investment previously held under equity method			<u>148,602</u>
			559,904
Fair value of net assets acquired			(384,288)
Goodwill on acquisition			<u>175,616</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

3.2 Acquisition of IBL Identity (Private) Limited

During the year ended June 2016, the Holding Company acquired 100% shares of IBLIPL resulting in IBLIPL becoming subsidiary of the Holding Company w.e.f. August 2015.

IFRS 3, Business Combinations, requires that all identified assets (including intangible assets) and liabilities acquired in a business combination should be carried at their fair values on the acquirer's balance sheet and any intangible assets acquired in the business combination should be separately recognised and carried at their fair values. IFRS - 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the determination of the fair values of the assets and liabilities and to determine the value of any intangibles separately identified.

During the year ended June 30, 2017, in compliance of the requirement specified in IFRS 3, the fair valuation exercise of the recorded assets and liabilities was completed by the management as a result necessary adjustments to the provisional amounts of assets and liabilities initially estimated have been made.

Accordingly, retrospective adjustments have been made in these consolidated financial statements and comparatives have been revised as follows:

	Fair values provisionally determined as at August 26, 2015	Adjustments as a result of finalisation of fair value exercise	Fair values finalised and adjusted retrospectively
-----Rupees '000-----			
ASSETS			
Non-current assets			
Property, plant and equipment	23,167	35,073	58,240
Intangibles	498	-	498
	23,665	35,073	58,738
Current assets			
Stock-in-trade	4,037	-	4,037
Trade debts	263	-	263
Trade deposits and short term prepayments	28,646	-	28,646
Other receivables	842	-	842
Cash and bank balances	6,961	-	6,961
	40,749	-	40,749
Total assets	64,414	35,073	99,487
Current liabilities			
Trade and other payables	297	-	297
Total liabilities	297	-	297



The acquisition of IBL Identity (Private) Limited is a bargain purchase as the value of the net assets acquired at the acquisition date exceeds the consideration paid by the Holding Company. The details of the fair values of the net assets as at August 26, 2015, purchase consideration agreed and gain arising on bargain purchase are as follows:

	August 26, 2015 Rupees '000
Fair values of net assets acquired	99,190
Purchase consideration	49,875
Gain on bargain purchase	<u>49,315</u>

	2017	2016
	-----Rupees '000-----	-----Rupees '000-----
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 4.1	1,433,281	901,266
Capital work in progress - note 4.9	821,507	627,341
	<u>2,254,788</u>	<u>1,528,607</u>

4.1 Operating assets

OWNED ASSETS							Total
Leasehold land - notes 4.2, 4.3, 4.4 & 4.5	Building on leasehold land / rented office premises - notes 4.3, 4.4 & 4.5	Plant and machinery 4.3, 4.4 & 4.5	Office equipment	Furniture and fixtures	Vehicles - note 4.3, 4.4 & 4.5	Air - conditioning - note 4.3, 4.4 & 4.5	
-----Rupees '000-----							

Net carrying value basis

Year ended June 30, 2017

Opening net book value (NBV)	504,348	56,021	230,618	46,187	10,474	47,971	5,647	901,266
Additions (at cost) - note 4.7	74,552	150,028	158,807	36,413	14,131	1,903	16,332	452,166
Revaluation	195,252	4,896	2,307	-	-	2,159	350	204,964
Disposals (at NBV)	-	-	(2,201)	(305)	-	(12,205)	-	(14,711)
Depreciation charge	(518)	(16,904)	(47,846)	(23,987)	(1,660)	(10,226)	(1,884)	(103,025)
Impairment loss	-	-	(6,969)	(410)	-	-	-	(7,379)
Closing net book value (NBV)	773,634	194,041	334,716	57,898	22,945	29,602	20,445	1,433,281

Gross carrying value basis

At June 30, 2017

Cost / revalued amount	774,152	343,030	805,025	119,957	44,222	54,073	75,606	2,216,065
Accumulated depreciation	(518)	(148,989)	(463,049)	(60,654)	(17,675)	(24,471)	(55,161)	(770,517)
Accumulated impairment	-	-	(7,260)	(1,405)	(3,602)	-	-	(12,267)
Net book value (NBV)	773,634	194,041	334,716	57,898	22,945	29,602	20,445	1,433,281

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

OWNED ASSETS							
Leasehold land - notes 4.2, 4.3, 4.4 & 4.5	Building on leasehold land / rented office premises - notes 4.3, 4.4 & 4.5	Plant and machinery 4.3, 4.4 & 4.5	Office equipment	Furniture and fixtures	Vehicles - note 4.3, 4.4 & 4.5	Air - conditioning- note 4.3, 4.4 & 4.5	Total

-----Rupees '000-----

Net carrying value basis

Year ended June 30, 2016 -
restated

Opening net book value (NBV)	420,847	55,173	169,883	22,241	4,088	13,607	2,515	688,354
Additions (at cost)	-	1,940	91,743	30,434	1,717	43,750	4,158	173,742
Subsidiary acquisition	83,501	4,398	8,657	9,328	10,180	2,388	-	118,452
Disposals (at NBV)	-	-	(1,223)	(155)	(4)	(2,242)	-	(3,624)
Depreciation charge	-	(5,490)	(38,151)	(14,665)	(1,905)	(9,532)	(1,026)	(70,769)
Impairment loss	-	-	(291)	(996)	(3,602)	-	-	(4,889)
Closing net book value (NBV)	504,348	56,021	230,618	46,187	10,474	47,971	5,647	901,266

Gross carrying value basis

At June 30, 2016 - restated

Cost / revalued amount	504,348	188,106	660,942	90,311	30,091	65,984	58,924	1,598,706
Accumulated depreciation	-	(132,085)	(430,033)	(43,128)	(16,015)	(18,013)	(53,277)	(692,551)
Accumulated impairment	-	-	(291)	(996)	(3,602)	-	-	(4,889)
Net book value (NBV)	504,348	56,021	230,618	46,187	10,474	47,971	5,647	901,266

Depreciation rate

-	5% & 20%	10%, 20% & 33%	10%, 20% & 33%	10%, 20% & 33%	20%	10% & 20%
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- 4.2** Leasehold land includes land having market value / fair value of Rs. 91.4 million (2016: Rs. 88.375 million) for which lease in name of Holding Company has not been finalised.
- 4.3** During the year, the Group revalued its operating assets classified under leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems resulting in revaluation surplus of Rs. 195.25 million, Rs. 4.89 million, Rs. 2.31 million, Rs. 2.16 million and Rs. 0.35 million respectively.
- 4.4** The valuation of leasehold land bearing no. 5-B, Block - 7 & 8, Delhi Mercantile Muslim Co-operative Housing Society Limited, Karachi measuring 505 square yards and leasehold land bearing no. E-58A, North Western Industrial Zone, Port Qasim Authority, Karachi measuring 1.522 acres, was carried out by an independent valuer M/s. Pee Dee & Associates on June 30, 2017 on the basis of present market values for similar sized plots in the vicinity for land (level 2). The valuation of leasehold land bearing no. F-319, situated at S.I.T.E area, Karachi measuring 5.24 acres, leasehold land bearing no. E-58, North Western Industrial Zone, Port Qasim Authority, Karachi measuring 1.5 acres, and leasehold land bearing no. B-168, S.I.T.E, Nooriabad, District Jamshoro, Sindh measuring 25 acres, building on leasehold land, plant and machinery, vehicles and air-conditioning systems was carried out by an independent valuer, M/s. A. J. Associates on June 30, 2017 on the basis of present market values for similar sized plots in the vicinity for land and replacement values of similar type of buildings, plant and machinery, vehicles and air-conditioning systems (level 2).
- 4.5** The previous valuation was carried out by an independent valuer M/s. Anderson Consulting (Private) Limited on April 26, 2015.

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).



- Inputs other than quoted prices included with in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs e.g. estimated future cash flows) (level 3).

4.6 Had there been no revaluation of leasehold land, building on leasehold land, plant and machinery, vehicles and air conditioners, cost and written down value of revalued assets would have been as follows:

	Leasehold land	Buildings on leasehold land / rented office premises	Plant and machinery	Air conditioners	Vehicles	Total
-----Rupees '000-----						
Cost - restated	281,939	338,134	802,718	75,256	51,914	1,549,961
Accumulated depreciation / impairment	(518)	(148,989)	(470,309)	(55,161)	(24,471)	(699,448)
NBV as at June 30, 2017	281,421	189,145	332,409	20,095	27,443	850,513
NBV as at June 30, 2016	207,387	56,021	230,618	5,647	47,971	547,644

4.7 This includes land purchased from IBL Operations (Private) Limited - an associated company situated at S.I.T.E. Area, Karachi, measuring 0.46 acres. Purchase of land was approved in the extra ordinary general meeting held of IBLHC on January 14, 2015.

4.8 Following items of property, plant and equipment having net book value in excess of Rs. 50,000 each were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
-----Rupees '000-----						
Motor Vehicle	1,663	277	1,386	1,592	Advertisement / Bid / Negotiation	Mr. Ather Iqbal - Executive
"	1,828	548	1,280	1,775	"	Mr. Sajid Hussain - Executive
"	1,663	222	1,441	1,585	"	Mr. S. Khurram Ali - House No. 1060, EDB Building, Hyderabad Colony, Karachi.
"	1,663	277	1,386	1,592	"	Mr. Rashid Abdulla - Executive Director
"	1,663	416	1,247	1,540	"	Mr. M. Atif Ismail - Non Executive
"	683	91	592	495	"	Mr. Diamond Peerani - House No. C-21, Block E, North Nazimabad, Karachi.
"	683	159	524	550	"	Ms. Farida Sahwani - House No. A-552, Block A, North Nazimabad, Karachi.
"	683	102	581	693	"	Ms. Tabinda Naseer - House No. A-526, Block 15, Gulistan-e-Jauhar, Karachi.
"	1,663	443	1,220	1,620	"	Mr. Haroon Naseer - Flat no. B-11, Hill Park Apartment, K.M.C.H.S, Karachi.
"	1,663	360	1,303	1,600	"	Ms. Farida Sahwani - House No. A-552, Block A, North Nazimabad, Karachi
"	1,661	416	1,245	1,625	"	Mr. M. Saleem - House No. A-291, Gujjar Naala, Nazimabad, Karachi.
Plant and Machinery	17,031	14,830	2,201	1,450	Negotiation	Maintenance Plus - House No. 183-B, Block 2, P.E.C.H.S, Karachi.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017	(Restated) 2016
	-----Rupees '000-----	
4.9 Capital work-in-progress		
Civil works	252,893	225,000
Plant & machinery - note 4.9.1	447,795	371,117
Advance against purchase of land - note 4.9.2	86,052	-
Shop fitouts	-	31,224
Advances to suppliers	34,767	-
	821,507	<u>627,341</u>

4.9.1 It represents plant and machinery that has not been commissioned yet.

4.9.2 This includes Rs. 38 million (29% advance) paid for acquisition of property situated at Tipu Sultan Road, Karachi, measuring 1,004 square yards.

	2017	2016
	-----Rupees '000-----	
5. INVESTMENT PROPERTIES		
Operating assets - note 5.1	2,577,560	2,604,406
Investment property under work in progress - at cost - note 5.4	6,642	3,101
	2,584,202	<u>2,607,507</u>

5.1 Operating assets

	Owned Assets								
	Leasehold land	Building on leasehold land	Office equipment	Electrical equipment	Lifts & elevators	Generators	Furniture & fittings	Air- conditioning	Total
	-----Rupees '000-----								
Year ended June 30, 2017									
Opening net book value	2,039,459	336,705	5,497	51,424	34,677	18,631	37,919	80,094	2,604,406
Additions	-	1,927	14,340	-	-	-	1,806	3,573	21,646
Depreciation charge	-	(18,535)	(2,524)	(6,110)	(4,120)	(2,214)	(4,574)	(10,415)	(48,492)
Closing net book value	2,039,459	320,097	17,313	45,314	30,557	16,417	35,151	73,252	2,577,560
As at June 30, 2017									
Cost	2,039,459	367,290	22,251	61,098	41,200	22,136	46,790	98,507	2,698,731
Accumulated depreciation	-	(47,193)	(4,938)	(15,784)	(10,643)	(5,719)	(11,639)	(25,255)	(121,171)
Net book value	2,039,459	320,097	17,313	45,314	30,557	16,417	35,151	73,252	2,577,560
Year ended June 30, 2016									
Opening net book value	2,039,459	343,117	6,711	49,345	38,797	20,845	35,988	80,644	2,614,906
Additions	-	12,109	314	8,696	-	-	6,816	9,294	37,229
Depreciation charge	-	(18,521)	(1,528)	(6,617)	(4,120)	(2,214)	(4,885)	(9,844)	(47,729)
Closing net book value	2,039,459	336,705	5,497	51,424	34,677	18,631	37,919	80,094	2,604,406
As at June 30, 2016									
Cost	2,039,459	365,363	7,911	61,098	41,200	22,136	44,984	94,934	2,677,085
Accumulated depreciation	-	(28,658)	(2,414)	(9,674)	(6,523)	(3,505)	(7,065)	(14,840)	(72,679)
Net book value	2,039,459	336,705	5,497	51,424	34,677	18,631	37,919	80,094	2,604,406
Depreciation rate	-	5%	20%	10%	10%	10%	10%	10%	



5.2 Leasehold land, held by the Holding Company, classified under investment property had been valued under the market value basis by an independent valuer, M/s. Pee Dee & Associates. Market value of the leasehold land and other assets based on the valuation as of June 30, 2017 was Rs. 1.984 billion (2016: Rs. 1.905 billion) and Rs. 0.688 billion (2016: Rs. 0.7 billion) respectively.

5.3 Valuation of property held by a subsidiary, IBLHC, has also been carried out by M/s. PEE DEE & Associates, an independent valuer. Market value of the investment property as on June 30, 2017 is Rs. 161.92 million (2016: Rs. 151.99 million).

5.4 Movement in investment properties under work in progress - at cost

	2017	2016
	-----Rupees '000-----	
Balance at beginning of the year	3,101	-
Addition during the year	5,315	40,330
Transfer to operating assets - investment property	(1,173)	(37,229)
Refund from supplier	(601)	-
Balance at the end of the year	<u>6,642</u>	<u>3,101</u>

6. INTANGIBLES

Operating intangibles - note 6.1
Capital work-in-progress - at cost

	2017	2016
	-----Rupees '000-----	
		(Restated)
		2016
		-----Rupees '000-----
Operating intangibles - note 6.1	386,127	207,927
Capital work-in-progress - at cost	11,582	46,546
	<u>397,709</u>	<u>254,473</u>

6.1 Operating intangibles

	Distribution rights	Brand name and logo	Product license - note 6.1.1	Software licenses - note 6.1.2	Goodwill - note 6.1.3	Total
	-----Rupees '000-----					
Net carrying value basis						
Year ended June 30, 2017						
Opening net book value (NBV)	4,363	22,916	-	5,032	175,616	207,927
Additions (at cost)	-	-	111,623	94,746	-	206,369
Amortisation charge	(4,363)	(5,000)	(11,162)	(7,644)	-	(28,169)
Closing net book value (NBV)	-	17,916	100,461	92,134	175,616	386,127
Gross carrying value basis						
At June 30, 2017						
Cost	268,475	74,703	111,623	114,687	175,616	745,104
Accumulated amortisation	(256,346)	(56,787)	(11,162)	(22,553)	-	(346,848)
Accumulated impairment	(12,129)	-	-	-	-	(12,129)
Net book value	-	17,916	100,461	92,134	175,616	386,127

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Distribution rights	Brand name and logo	Product license - note 6.1.1	Software licenses - note 6.1.2	Goodwill - note 6.1.3	Total
	-----Rupees '000-----					
Net carrying value basis						
Year ended June 30, 2016 - restated						
Opening net book value (NBV)	9,187	27,916	-	2,742	-	39,845
Additions (at cost)	-	-	-	4,044	-	4,044
Subsidiary acquisition	-	-	-	498	175,616	176,114
Amortisation charge	(4,824)	(5,000)	-	(2,252)	-	(12,076)
Closing net book value (NBV)	4,363	22,916	-	5,032	175,616	207,927
Gross carrying value basis						
At June 30, 2016 - restated						
Cost	268,475	74,703	-	19,941	175,616	538,735
Accumulated amortisation	(251,983)	(51,787)	-	(14,909)	-	(318,679)
Accumulated impairment	(12,129)	-	-	-	-	(12,129)
Net book value	4,363	22,916	-	5,032	175,616	207,927
Amortisation rate	10%	10%	10%	20% and 33.33%		

6.1.1 This represents license obtained during the year for the production of product "Tramal", amounting to Rs. 111.6 million from Grunenthal GMBH, Germany, for the period of 10 years.

6.1.2 Software licenses include various licenses and enterprise resources planning software.

6.1.3 This represents goodwill recognised on the acquisition of the controlling interest in NPPL during the year ended June 30, 2016.

2017 2016
-----Rupees '000-----

7. LONG TERM LOANS AND ADVANCES - unsecured

Loans - considered good

- Ultimate Parent Company - note 7.1	75,076	98,000
Less: current portion of long term loan	(22,972)	(22,184)
	52,104	75,816
- Loan to Habitt - Related party - note 7.2	963,000	228,000
- Employees - note 7.3	2,103	1,747
Less: current portion employee loan	(1,828)	(1,029)
	275	718
- Others	-	16,000
	1,015,379	320,534



- 7.1** This represents loan to International Brands Limited. The tenure of this loan is 5 years with a grace period of 1 year payable in equal semi-annual installments. The rate of mark-up is 12 months KIBOR+1% per annum. The said loan was approved in the extra ordinary general meeting of IBLHC held on January 14, 2015 as per the requirements of section 208 of the Companies Ordinance, 1984.
- 7.2** IBLIPL has provided financing to an associate Habitt (a sole proprietorship) for establishment of outlets at Dolmen Mall Clifton, Lucky One mall, Karachi and Packages mall, Lahore under musharika agreement. The repayment will start after 3 years from the date of disbursement. According to the terms of the agreement, 25% profitability of the arrangement will be shared with the Group.
- 7.3** This represents interest-free loans for automobiles to employees other than executives. These are secured against provident fund balances of respective employees.

2017 2016
-----Rupees '000-----

8. LONG TERM DEPOSITS

Deposit:

Against rent

Utilities - note 8.1

	1,598	1,598
	3,428	3,428
	5,026	<u>5,026</u>

- 8.1** This represents amount deposited for electricity and gas amounting to Rs. 0.75 million (2016 : Rs. 0.75 million) and Rs. 2.68 million (2016 : Rs. 2.68 million) respectively.

2017 2016
-----Rupees '000-----

9. STOCK-IN-TRADE

Raw material

Packing material

Work in process

Finished goods - note 9.2

	541,024	584,897
	132,495	120,242
	180,068	118,455
	654,814	710,176
	1,508,401	<u>1,533,770</u>

- 9.1** Stock-in-trade includes material in transit amounting to Rs. 200.66 million (2016: Rs. 214.78 million).
- 9.2** These are net of provision against expired / obsolete stock amounting to Nil (2016: Rs. 2.88 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017	2016
	-----Rupees '000-----	
10. TRADE DEBTS		
Considered good		
- Export debtor, secured	135,850	56,211
- Due from related parties, unsecured - note 10.1 & 10.2	2,748,682	2,406,638
- Others, unsecured	724,902	489,005
	<u>3,609,434</u>	<u>2,951,854</u>
Considered doubtful	165,430	39,202
Less: Provision for doubtful debts	(165,430)	(39,202)
	-	-
	<u>3,609,434</u>	<u>2,951,854</u>

10.1 Due from related parties, unsecured

Associated companies - note 10.2

- IBL Operations (Private) Limited	2,677,694	2,398,832
- United Brands Limited	40,172	-
- International Franchises (Private) Limited	20	40
- IBL Frontier Markets (Private) Limited	29	-
Habitt	30,732	7,766
Director	35	-
	<u>2,748,682</u>	<u>2,406,638</u>

10.2 The receivable is stated net of amount payable to IBL Operations (Private) Limited and United Brands Limited - associated companies amounting to Rs. 29.47 million (2016: Rs. 615.34 million) and Rs. 3.07 million (2016: Nil) respectively.

10.3 As at June 30, 2017, the age analysis of these trade debts is as follows:

	2017	2016
	-----Rupees '000-----	
Not yet due	2,095,492	1,894,032
Past due but not yet impaired		
- 1 to 3 months	956,022	840,622
- 3 to 6 months	396,289	84,709
- 6 to 12 months	144,906	53,084
- older than 12 months	16,725	79,407
	<u>3,609,434</u>	<u>2,951,854</u>



10.4 Competition Commission of Pakistan (CCP) through its order dated September 13, 2007 instructed the Holding Company to reduce terms of trade credit with IBL Operations (Private) Limited, an associated concern, re-negotiate the offered rate of commission and conduct audit of the transactions. The Holding Company filed a counter case in Honorable High Court of Sindh to revert the order. The Holding Company, based on the opinion of its legal advisor, believes that it has a strong case and the matter would be decided in the favor of the Holding Company.

2017 2016
-----Rupees '000-----

11. LOANS AND ADVANCES

Loans to International Brands Limited

- Current portion of long term loan - note 7.1
- Short term loan - note 11.1

	22,972	22,184
	200,000	200,000
	222,972	222,184

Current portion of employee loan

	1,828	1,029
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Advances to:

- Employees - note 11.2
- Against imports - note 11.4
- Suppliers
- Others

	77,204	56,755
	93,429	-
	310,261	595,179
	-	7,554
	480,894	659,488
	705,694	882,701

11.1 This loan is repayable within 1 year and carries mark-up at the rate of 12 months KIBOR + 2% per annum. The said loan was approved in the extra ordinary general meeting of IBLHC, held on May 18, 2016 as per the requirements of section 208 of the Companies Ordinance, 1984. The loan has been further extended for a period of one year effective July 01, 2017.

11.2 These mainly include advances for operating activities and also includes personal advances against salary. These are interest free and repayable on monthly basis. The reconciliation of amounts due from executives and non-executives of the Group is given as follows:

	2017			2016		
	Executives	Non-executives	Total	Executives	Non-executives	Total
	-----Rupees '000-----					
Opening balance	18,762	37,993	56,755	20,225	29,319	49,544
Add: Disbursements	81,186	230,579	311,765	63,325	167,700	231,025
Less: Repayments	(69,207)	(222,109)	(291,316)	(64,788)	(159,026)	(223,814)
Closing balance	30,741	46,463	77,204	18,762	37,993	56,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 11.3** The maximum aggregate amount of these advances outstanding at any time during the year was Rs. 77.2 million (2016: Rs. 66.189 million). Such maximum amount is calculated by reference to the month-end balance.
- 11.4** This represents Rs. 84.95 million kept with scheduled banks in accordance with the requirement of Circular No. 02 of 2017 of Banking Policy & Regulations Department issued by the State Bank of Pakistan, requiring 100% cash margin on the import of specified items.

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2017	2016
	-----Rupees '000-----	
Considered good:		
Trade deposits	57,134	52,468
Others	1,004	-
	58,138	52,468
Considered doubtful:		
Trade deposits	2,640	2,640
Less: provision for doubtful deposits	(2,640)	(2,640)
	-	-
Prepayments	24,159	123,665
	82,297	176,133

13. OTHER RECEIVABLES

Receivables from related parties

Due from associated companies:

- IBL Operations (Private) Limited against:

- mark-up on over due balance - notes 13.1 & 13.2
- sale of assets
- International Brands Limited against expenses - note 13.3

- International Franchises Limited against :

- rental income
- expenses

- IBL Future Technologies (Private) Limited against expenses

Due from other related party:

- Habitt against:

- rental income
- expenses

Surplus arising under retirement benefit - fund - note 13.4

Receivables from other than related parties

Others, considered good - note 13.5

	26,642	39,642
	-	45
	89,789	143,078
	3,422	5,558
	-	8,000
	-	749
	28,023	10,838
	34,933	2,082
	5,250	5,250
	190,536	195,141
	378,595	410,383



- 13.1** The receivable represents mark-up charged on cash collected at the rate of 6-months KIBOR plus 3% per annum as late payment liquidated damages with an exception of transaction delay. On January 15, 2011, the Holding Company has amended the distribution agreement, accordingly no mark-up has been charged since then.
- 13.2** This amount is past due but not impaired and outstanding for more than three years.
- 13.3** This represents amount receivable on account of expenses incurred on behalf of ultimate parent company.
- 13.4** This represents surplus on funded gratuity scheme discontinued by the Holding Company with effect from December 31, 2012.
- 13.5** This includes Rs. 107.2 million (2016: Rs. 127.8 million) receivable from Searle IV Solution (Private) Limited and Rs. 23 million (2016: Nil) receivable from Mediflow Pharmaceutical (Private) Limited.

14. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

2017	2016		2017	2016
Number of units			-----Rupees '000-----	
291,942	-	Meezan Islamic Income Fund	15,003	-
345,910	1,536,775	Meezan Sovereign Fund	17,780	78,073
13,469,704	2,269,207	NAFA Islamic Aggressive Income Fund	128,101	21,520
14,107,556	3,805,982		160,884	99,593

- 14.1** The rating of Meezan Sovereign Fund is 'AA+' and Meezan Islamic Income Fund and NAFA Islamic Aggressive Income Fund is 'A-' as per the credit rating agency JCR-VIS and PACRA respectively.
- 14.2** The fair value of these investments is the Net Asset Value (NAV) as assessed by the respective Asset Management Company.

15. CASH AND BANK BALANCES

	2017	2016
	-----Rupees '000-----	
Cheques in hand	1,358	10,000
Cash in hand	3,472	2,998
	4,830	12,998
Balance with banks in:		
- Current accounts	150,553	122,977
- Savings accounts - note 15.1	1,992	26
	152,545	123,003
	157,375	136,001

- 15.1** At June 30, 2017 the rates of mark-up on PLS accounts is 2.17% (2016: 2.14%) per annum respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

16. SHARE CAPITAL

Authorised share capital

2017 (Number of shares)	2016		2017 -----Rupees '000-----	2016
200,000,000	140,000,000	Ordinary shares of Rs. 10 each	2,000,000	1,400,000

Issued, subscribed and paid up capital

2017 (Number of shares)	2016		2017	2016
12,553,074	12,553,074	Shares allotted for consideration paid in cash	125,531	125,531
24,000	24,000	Shares allotted for consideration other than cash	240	240
141,354,264	110,175,190	Shares allotted as bonus shares	1,413,543	1,101,752
153,931,338	122,752,264		1,539,314	1,227,523

16.1 During the year, the Holding Company increased its authorised share capital for ordinary shares from Rs. 1.4 billion to Rs. 2 billion in its annual general meeting held on October 28, 2016.

16.2 Movement in issued, subscribed and paid-up capital

2017 (Number of shares)	2016		2017 -----Rupees '000-----	2016
122,752,264	85,840,745	Opening shares outstanding	1,227,523	858,407
31,179,074	28,327,445	Shares allotted as bonus shares	311,791	283,275
-	8,584,074	Shares allotted as right shares	-	85,841
153,931,338	122,752,264		1,539,314	1,227,523

17. SURPLUS ON REVALUATION OF FIXED ASSETS

	2017 -----Rupees '000-----	2016
Opening balance	296,961	296,961
Surplus arising on revaluation during the year - net of deferred tax	202,050	-
Closing balance	499,011	296,961

18. LONG TERM FINANCING - SECURED

	2017	2016
Long term loan utilised under mark-up arrangement - note 18.1 & 18.2	428,571	642,857
Less: Current portion of long term finances shown under current liabilities	(214,286)	(214,286)
	214,285	428,571
Bills payable - note 18.3	20,084	53,718
Other liabilities	4,664	4,664
	239,033	486,953



- 18.1** The Holding Company has arranged syndicate term finance facilities of Rs. 900 million (2016: Rs. 900 million) for a tenure of five years from Standard Chartered Bank (Pakistan) Limited (lead bank), Habib Bank Limited and The Bank of Punjab. In the year 2015, the Holding Company has swapped the aforesaid syndicate finance facility into Dubai Islamic Bank limited to the extent of balance amount payable of Rs. 750 million. The facilities are repayable by May 2019.
- 18.2** The mark-up on above facility is 6-months KIBOR plus 0.9% (2016: 6 months KIBOR plus 0.9%) per annum, payable semi-annually in arrears. The facility is secured by 1st exclusive charge with 25% security margin over land and building located at Plot No. 24/A1 & 2A, Delhi Mercantile Muslim Co-operative Housing Society, Block 7 & 8, Main Shahrah-e-Faisal, Karachi amounting to Rs. 1,233.34 million (2016: Rs. 1,233.34 million).
- 18.3** This represents Euro 174,647 (2016: Euro 360,000) payable to M/s. Pooyesh Darou Pharmaceutical Co. - Iran and M/s. Osvah Pharmaceutical Co. - Iran, respectively by NPPL.

19. DEFERRED TAXATION

Debit balances arising in respect of:

- decelerated tax amortisation
- provision for doubtful debts
- provision for trade deposits
- net effect of consolidation adjustment

Credit balances arising in respect of:

- accelerated tax depreciation allowances
- surplus on revaluation

	2017	(Restated) 2016
	-----Rupees '000-----	
	2,276	1,024
	43,682	745
	697	165
	6,360	-
	53,015	1,934
	(48,207)	(44,447)
	(2,914)	-
	(51,121)	(44,447)
	1,894	(42,513)

- 19.1** Deferred tax liability is restricted to 88.02% (2016: 89.06%) of the total deferred tax liability based on the assumptions that export sales and sales as commercial importer will continue to fall under Final Tax Regime and historical trend of export, local and sales as commercial importer ratio will continue to be the same in foreseeable future.

20. RETIREMENT BENEFITS OBLIGATIONS

Staff retirement gratuity - unfunded - note 20.1

	2017	2016
	-----Rupees '000-----	
	47,032	42,247

20.1 Gratuity scheme - unfunded

20.1.1 General description

As stated in note 2.17, the Holding Company operates unfunded gratuity scheme for eligible employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. The latest actuarial valuation was carried out as at June 30, 2017 using the Project Unit Credit method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017	2016	
	-----Rupees '000-----		
20.1.2 Balance sheet reconciliation			
Present value of defined benefit obligation	47,032	42,247	
20.1.3 Movement in the present value of defined benefit obligation			
Obligation as at July 01	42,247	39,810	
Current service cost	1,772	1,695	
Interest cost	3,044	3,733	
Remeasurement on obligation	479	1,982	
Benefits paid	(510)	(4,973)	
Obligation as at June 30	47,032	42,247	
20.1.4 Expense recognised in profit and loss account			
Current service cost	(1,772)	(1,695)	
Interest expense	(3,044)	(3,733)	
	(4,816)	(5,428)	
20.1.5 Remeasurement recognised in other comprehensive income			
Experience losses	(479)	(1,982)	
20.1.6 Net recognised liability			
Balance as at July 01	42,247	39,810	
Expense for the year	4,816	5,428	
Benefits paid	(510)	(4,973)	
Remeasurement loss recognised in other comprehensive income	479	1,982	
Balance as at June 30	47,032	42,247	
	2017	2016	
20.1.7 Principal actuarial assumptions			
Discount rate used for year end obligation	8.00%	7.25%	
Expected rate of increase in salaries	8.00%	7.25%	
Retirement age (years)	60 years	60 years	
20.1.8 The sensitivity of the defined benefit obligation to changes in the weighted average principal assumption is:			
	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
- Discount rate at June 30	1%	(5,042)	2,678
- Future salary increase	1%	3,098	(5,462)
20.1.9 If longevity increases by 1 year, the resultant increase in obligation is insignificant.			



20.1.10 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the balance sheet.

20.1.11 As per actuarial advice, the Holding Company is expected to recognise a service cost of Rs. 5.71 million in 2018.

20.1.12 The weighted average service duration of employees is 9.69 years.

	2017	2016
	-----Rupees '000-----	
21. TRADE AND OTHER PAYABLES		
Creditors - note 21.1	561,863	477,938
Bills payable in foreign currency	333,245	331,147
Accrued liabilities	699,695	833,534
Advance from customers	82,758	57,633
Taxes deducted at source and payable to statutory authorities	44,165	60,938
Unclaimed dividend	58,095	20,304
Workers' Profit Participation Fund - note 21.2	160,139	135,159
Workers' Welfare Fund	34,740	96,848
Staff retirement benefit payable	-	2,566
Other liabilities - note 21.3	74,874	99,712
	2,049,574	2,115,779

21.1 This includes payable to IBL-Unisys (Private) Limited, MyCart (Private) Limited and Multinet Pakistan (Private) Limited - related parties amounting to Rs. 47.59 million (2016: Nil), Rs. 0.58 million (2016: Nil) and Rs. 0.46 million (2016: Nil) respectively.

	2017	2016
	-----Rupees '000-----	
21.2 Workers' Profit Participation Fund		
Balance at beginning of the year	135,159	95,736
Charge for the year - note 29	152,690	134,229
	287,849	229,965
Interest on funds utilised in the Holding Company's business - note 31	15,204	6,268
	303,053	236,233
Payments made during the year	(142,914)	(101,074)
	160,139	135,159

21.3 This includes payable to associated companies, IBL Operations (Private) Limited and United Distributors Pakistan Limited, amounting to Rs. 3.01 million (2016: Rs. 13.86 million) and Rs. 0.13 million (2016: Rs. 0.73 million) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017	2016
	-----Rupees '000-----	
22. ACCRUED MARK-UP		
Accrued mark-up on:		
- Long term financing	3,000	7,298
- Short term financing	13,467	4,408
	16,467	11,706
23. SHORT-TERM BORROWINGS - secured		
Running finance under mark-up arrangement - note 23.1	1,144,828	455,577
Export refinance - note 23.2	64,000	20,000
	1,208,828	475,577

23.1 The Holding Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 1,445 million (2016: Rs. 1,463 million). The arrangements are secured jointly by registered mortgage of Rs. 210.5 million (2016: Rs. 210.5 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 1,859 million (2016: Rs. 1,859 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

23.2 The rates of mark-up ranged between 4% to 8.1% (2016: 4% to 9.14%) per annum.

24. CONTINGENCIES AND COMMITMENTS

Contingencies

24.1 During the year ended June 30, 2014, Sindh Revenue Board (SRB) has imposed sales tax on toll manufacturing at the rate of 16% of sales value. The Holding Company has contested the imposition in the High Court of Sindh and the matter is at the stage of pre-admission hearing. The cumulative such sales tax amounts to Rs. 172.48 million.

24.2 Section 5A of Income Tax Ordinance 2001 inserted through Section 5(3) of the Finance Act 2015 requires Holding Company and IBLHC to charge income tax @ 10% on the reserves of the Company where they exceed an amount equivalent to the paid up capital. The Companies has filed a suit for declaration and permanent injunction before the High Court of Sindh challenging the vires of the above said section. The Court passed ad interim orders restraining the defendants from taking any coercive action as prayed. The case is at the stage of hearing of applications. The charge for the tax year 2016 amounts to Rs. 283.08 million.

24.3 The Holding Company and IBLHC have challenged the levy of Sindh Sales Tax on services of renting of immovable property which has been categorised as renting services by the SRB. The Companies have challenged the levy on constitutional grounds taking the stance that renting of immovable property is not a "service" and therefore does not fall within the competence of SRB to tax through the Sindh Sales Tax on Services Act, 2011. Further, the Companies have also taken the stance that the collection mechanism is ultra vires the Act and therefore no coercive measures can be adopted against the Companies for the collection of the impugned levy.

The High Court of Sindh, on the basis of Companies' representations made, has been pleased to grant an ad interim order to the Companies restraining the defendants from taking any coercive action against the Companies. The matter is presently pending on hearing of the case. The cumulative amount of such sales tax is Rs. 31.1 million.



24.4 A suit was filed to challenge the imposition of Sales Tax under Sales Tax Act 1990 with respect to raw material being used for manufacturing pharmaceutical products in spite of such raw material being exempt in view of Entry No. 105 of the sixth (6th) schedule of the Act. The Court issued interim orders restraining the defendants from collecting sales tax on raw material imported by the Holding Company. It has been further asserted that the term “manufacture”, as stated in Subsection (16) of Section 2 of the Act 1990, adequately covers the present activity and exempts the Holding Company from payment of Sales Tax on the Packaging utilised in the manufacture of drugs/pharmaceuticals. The case is at the stage of hearing of applications. The cumulative impact of this levy amounts to Rs. 20.49 million.

24.5 Section 236 M of the Income tax Ordinance, 2001 (inserted through Finance Act, 2014), specifies that every company, quoted on stock exchange, while issuing bonus shares shall withhold five percent of the bonus shares to be issued. Bonus shares withheld shall only be issued to a shareholder, if the company collects tax equal to five percent of the value of the bonus shares issued including bonus share withheld, determined on the basis of day-end price on the first day of closure of books. The tax is to be collected within fifteen days of the first day of closure of books, after which company is required to deposit shares withheld to Central Depository Company, in favour of the Federal Government.

Based on the requirement mentioned above, Holding Company is exposed to tax liability of approximately Rs. 52.8 million, on account of bonus shares received from IBLHC from 2015 onwards. The Holding Company has filed a petition in respect of tax on bonus shares in Honourable High Court of Sindh, and expects a favourable outcome, based on a legal advice. Further, pending decision of the Honourable High Court of Sindh, IBLHC has withheld 853,869 shares (2016: 539,139 shares) with Central Depository Company of Pakistan Limited.

24.6 The Holding Company has filed petition against imposition of super tax in the High Court of Sindh and expects a favourable outcome. For further detail, refer note 32.1 of these financial statements.

24.7 Exemption provided to the companies falling under Group Relief (section 59B of Income Tax Ordinance, 2001), from tax on intercorporate dividend as mentioned under Clause (103A) of Part I of the Second Schedule of the Income Tax Ordinance, 2001, is not applicable now on account of deletion of Section 59B from the said clause, through the Finance Act, 2016. The Holding Company has filed petition against withholding tax on dividend received from the subsidiary companies in the Honorable High Court of Sindh and has obtained a stay order against the same. The total exposure amounts to Rs. 266.29 million.

24.8 SPPL's declared version of return of income, for tax years 2014, 2015 and 2016, have been rejected by the respective Tax Officers and the amounts deemed to be assessed under the Final Tax Regime (FTR) of the provisions of section 169 read with section 153(1)(c) of the Income Tax Ordinance, 2001 (the Ordinance) have been subjected to tax under the normal provisions of the law.

Consequently, net profit as per audited financial statements have been considered as taxable income for the respective years and tax liability at normal rate determined along with super tax and Workers' Welfare Fund (WWF) aggregating to Rs. 783.34 million. Appeals against the above orders were filed before the Appellate Tribunal Inland Revenue (ATIR) for tax years 2014 and 2015 which have been decided against the Company vide order dated September 18, 2017 whereas, appeal for the tax year 2016 is pending before the ATIR.

The management has decided to challenge the decision of the ATIR before the Honourable High Court and anticipates a positive outcome, therefore no provision has been made in the financial statements.

24.9 The Officer Inland Revenue (OIR) vide order No. 5/61 dated November 9, 2016, raised a demand on SPPL amounting Rs 73.75 million on account of failure to withhold tax on payment of dividend to its holding company for tax year 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

An appeal against the said order, after being maintained by the CIR(A), has been filed before the ATIR, which was heard on July 31, 2017 and is now reserved for order. The management anticipates a positive outcome, therefore, no provision has been made in the financial statements.

24.10 The deemed assessed version of the return of income of SLPL for tax year 2014 was amended by the Additional Commissioner Inland Revenue (ACIR) vide the order dated January 13, 2016 under section 122(5A) of the Income Tax Ordinance, 2001 ('the Ordinance'). The main issue involved in the case was due to the addition made under the section 111 of the Ordinance and consequential effect thereof raising the demand of Rs 9.15 million.

SLPL filed an appeal before the Commissioner (Appeals) against the said order whereby main issue along with consequential effect thereof has been decided in favor of the Company vide appellate order dated May 27, 2016.

The department has filed an appeal before the ATIR against the said appellate order of the CIR(A) which has not been fixed for hearing as yet.

24.11 The management, based on legal / tax advices, is confident that the ultimate decisions in the above cases (note 24.1 to 24.10) will be in favor of the Group, hence, no provision has been made in respect of the aforementioned litigations.

Commitments

24.12 Future rentals payable against operating lease arrangements

The Holding Company has entered into lease arrangements with Myplan Pharmaceuticals (Private) Limited and S. A. Pharma, a pharmaceutical concern, respectively, for a period of 20 years for land, building and plant and machinery located at Lahore.

	2017	2016
	-----Rupees '000-----	
The details of future rentals over the lease period are as follows:		
- not later than one year	15,072	20,523
- later than one year and not later than five years	86,506	83,136
- later than five years	133,953	150,394
	235,531	254,053

24.13 The facility for opening letters of credit and guarantees for the Holding Company as at June 30, 2017 amounted to Rs. 1,644 million (2016: Rs. 1,255 million) of which the amount remaining unutilised as at the year amounted to Rs. 1,152 million (2016: Rs. 652 million).

24.14 The facility for opening Letters of credit and guarantees for IBLHC as at June 30, 2017 amounted to Rs. 258 million (2016: Rs. 265 million) of which the amount remained unutilised as at balance sheet date amounted to Rs. 111.6 million (2016: Rs. 98.874 million).



25. REVENUE	2017	2016
	-----Rupees '000-----	
Gross sales		
Local sales - note 25.1	13,537,013	11,285,203
Export sales	1,039,147	864,649
	14,576,160	12,149,852
Toll manufacturing	318,110	290,506
	14,894,270	12,440,358
Sales tax	(147,613)	(135,335)
	14,746,657	12,305,023
Less:		
Discounts, rebates and allowances	1,285,872	924,847
Sales returns	151,134	51,937
	1,437,006	976,784
	13,309,651	11,328,239

25.1 In respect of pricing of pharmaceutical products, the Holding Company has instituted legal proceedings against the Drug Regulatory Authority of Pakistan relating to the upward revision of the maximum retail prices of certain products. These legal proceedings are presently pending before the High Court of Sindh and the Court has issued orders that no adverse action shall be taken against the Company until disposal of the matters. Based upon legal advice rendered, the Holding Company is optimistic of a favourable outcome in these legal proceedings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017	2016
	-----Rupees '000-----	
26. COST OF SALES		
Raw and packing material consumed	2,902,120	2,588,333
Processing charges paid to third parties	349,519	360,260
Printing and processing charges	147,253	14,347
Salaries, wages and benefits	411,552	248,313
Provision for staff gratuity (unfunded)	2,395	3,127
Provident fund contribution	14,096	7,855
Stock written off - note 26.1	44,514	11,317
Carriage and duties	23,383	15,132
Fuel, water and power	100,780	92,500
Rent, rate and taxes	26,772	27,318
Canteen expenses	19,561	16,642
Stationery and supplies	15,513	11,284
Travelling	21,308	21,937
Repairs and maintenance	157,770	98,803
Security expenses	5,974	5,344
Vehicle expenses	6,740	7,132
Insurance	9,748	3,286
Legal and professional charges	4,507	3,643
Depreciation	59,516	45,887
Medical expenses	4,743	3,503
Research cost	5,425	11,485
Others	15,668	15,410
Manufacturing cost	4,348,857	3,612,858
Add: Opening stock of work-in-progress	118,455	100,148
Less: Closing stock of work-in-progress	(180,068)	(118,455)
	(61,613)	(18,307)
Cost of goods manufactured	4,287,244	3,594,551
Add: Opening stock of finished goods	710,176	396,370
Purchases of finished goods	2,033,608	2,168,835
Less: Cost of samples	(84,866)	(59,300)
Closing stock of finished goods	(654,814)	(710,176)
	2,004,104	1,795,729
Cost of sales	6,291,348	5,390,280

26.1 This includes stock of Rs. 15.25 million written off on account of a fire incident occurred at one of the Company's third party warehouse located at main Hawke's bay Road, Karachi (refer note 30).



27. DISTRIBUTION COST

	2017	2016
	-----Rupees '000-----	
Salaries, wages and benefits	888,958	688,143
Provision for staff gratuity (unfunded)	1,873	4,162
Provident fund contribution	27,957	22,028
Samples	156,638	82,366
Bonus to salesmen	182,812	198,745
Medical expenses	6,734	6,230
Replacement products	27,167	28,136
Royalty	14,496	7,284
Carriage and duties	223,843	191,609
Fuel, water and power	11,150	13,917
Rent, rate and taxes	40,833	31,188
Communication	24,850	19,265
Canteen expenses	2,574	1,306
Stationery and printed materials	69,916	68,172
Advertising and promotion	659,563	481,743
Travelling and related	511,083	358,269
Repairs and maintenance	13,465	9,933
Security	2,657	584
Personal training and selection	66,229	59,047
Vehicle running	64,674	60,391
Fees & subscription	22,571	20,173
Insurance	16,677	13,793
Legal and professional	36,597	40,510
Depreciation	21,162	12,103
Amortisation	4,402	4,352
Services charges	29,721	31,299
Others	11,145	20,661
	3,139,747	<u>2,475,409</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

28. ADMINISTRATIVE EXPENSES	2017	2016
	-----Rupees '000-----	-----Rupees '000-----
Salaries, wages and benefits	275,139	193,444
Provision for staff gratuity (unfunded)	548	1,489
Provident fund contribution	9,623	4,496
Provision for doubtful debts	129,002	36,915
Fuel, water and power	12,958	9,732
Rent, rate and taxes	20,119	13,028
Communication	10,451	6,533
Canteen expenses	2,199	1,207
Stationery and supplies	15,108	8,043
Travelling	10,989	9,277
Repairs and maintenance	33,523	33,099
Security expenses	8,384	5,644
Personal training and selection	1,261	1,998
Vehicle expenses	7,054	5,373
Fees & subscription	21,600	17,899
Insurance	4,390	4,398
Legal and professional charges	37,297	39,479
Depreciation	70,599	60,508
Amortisation	23,767	7,725
Auditors' remuneration - note 28.1	18,206	5,321
Donation - notes 28.2 & 28.3	139,243	50,430
Corporate services charged by ultimate parent company	72,000	72,000
Others	9,063	10,290
	932,523	598,328
28.1 Auditors' remuneration		
The aggregate amount charged in respect of auditors' remuneration is as follows:		
Annual audit	4,950	3,285
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	1,150	645
Tax services	10,796	-
Other certifications, attestations and other services	400	846
Out of pocket expenses	910	545
	18,206	5,321

28.2 This includes Rs. 25 million (2016: Rs. 20 million) paid to The Citizens Foundation. The Chairman of the Holding Company is on the board of directors of the donee.

28.3 This includes Rs. 49.98 million paid to AKAR Hospital, which is now being managed by the management of the Holding Company.



	2017	(Restated) 2016
	-----Rupees '000-----	
29. OTHER OPERATING EXPENSES		
Workers' Profit Participation Fund - note 21.2	152,690	134,229
Workers' Welfare Fund	18,462	55,567
Central Research Fund	7,724	9,886
Fair value measurement	-	39,980
Loss on revaluation of investments-at fair value through profit and loss	-	4
Impairment of fixed asset	7,379	4,889
Amount no longer recoverable - note 29.1	19,824	-
	206,079	244,555

29.1 This includes interest free loan amounting to Rs. 16 million given to Mr.Naseem Akhtar - a former director of AI- Abid Exports (Private) Limited and advance given to NCEL Building management amounting to Rs. 2.5 million and other brought forward deposits and receivable considered irrecoverable.

	2017	(Restated) 2016
	-----Rupees '000-----	
30. OTHER INCOME		
Income from financial assets		
Realised gain on investments - at fair value through profit or loss	5,424	9,776
Unrealised gain on investments - at fair value through profit or loss	297	-
Return on PLS accounts	17	-
Exchange gain - net	1,418	-
Interest on loans from International Brands Limited	22,834	8,022
	29,990	17,798
Income from non-financial assets		
Gain on disposal of property, plant and equipment - net	1,768	3,965
Gain on bargain purchase - note 30.1	-	49,315
Rental income from investment properties - note 30.2	97,497	109,732
Other rental income - note 30.3	3,332	3,143
Scrap sales	7,783	4,844
	110,380	170,999
Others		
Insurance claim recovery - 30.4	18,874	-
Liability no longer payable written back - note 30.5	113,206	-
Others	3,120	5,847
	135,200	5,847
	275,570	194,644

30.1 This represents gain arising on acquisition of IBL Identity (Private) Limited. Also refer note 3.2 of these consolidated financial statements.

30.2 This includes rental income from Habitt and International Franchises (Private) Limited - Related parties amounting to Rs. 34.73 million (2016: Rs. 34.73 million) and Rs. 9.76 million (2016: Rs. 7.62 million) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- 30.3** This represents income from International Franchises (Private) Limited - Related party for use of operating assets of the Holding Company.
- 30.4** This represents claim amount received against a fire incident occurred on June 24, 2016 at one of the Holding Company's third party warehouse located at main Hawke's bay Road, Karachi.
- 30.5** This includes reversal of Workers' Welfare Fund (WWF) liability amounting to Rs. 61.92 million that has been booked in the prior years by SPPL on the basis of amendments brought vide Finance Acts, 2006 and 2008 which are considered as inapplicable based on the recent decisions of Lahore and Peshawar High Courts.

	2017	2016
	-----Rupees '000-----	
31. FINANCE COST		
Interest / mark-up on :		
- long term financing	38,283	57,765
- short term financing	35,017	37,858
Bank charges	12,491	11,005
Exchange loss - net	34,113	15,591
Interest on Workers' Profit Participation Fund - note 21.2	15,204	6,268
	135,108	128,487
32. TAXATION		
Current		
for the year	537,685	500,344
for prior year	(3,023)	113,056
	534,662	613,400
Deferred tax (income) / expense - note 19	(47,321)	7,430
	487,341	620,830

- 32.1** The Holding Company has not made provision for super tax, for tax years 2015 - 2017 amounting to Rs. 94.93 million, imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001, as the Holding Company has filed petition against the same in High Court of Sindh, decision of which is pending. The Holding Company expects a favourable outcome based on a legal advice and therefore has not made any provision against the same in these consolidated financial statements.



	2017	(Restated) 2016
	-----Rupees '000-----	
32.2 Relationship between tax expense and accounting profit		
Profit before taxation	2,880,416	2,685,824
Tax at the applicable rate of 31% (2016: 32%)	892,929	859,464
Effect of temporary difference	(8,394)	(13,397)
Effect of reduced rate of tax	(21,364)	(15,956)
Effect of applicability of final tax	(504,791)	(372,521)
Effect of applicability of minimum tax	15,947	-
Effect of applicability of taxable loss	117,113	-
Effect of consolidation adjustment	6,360	(9,909)
Effect of prior period charge	(3,023)	110,028
Effect of permanent differences	-	62,718
Others	(7,436)	403
Tax expense for the year	487,341	620,830

32.3 Current status of tax assessments

Tax Years 2009 – 2013 (Holding Company)

Deemed order under section 120 of the Income Tax Ordinance, 2001 for the above tax years were amended, where certain expenses / benefits were disallowed which mainly include disallowance due to non-deduction of tax on Distributors' margin, eligibility of claim made for Group Relief, Finance cost on long term loan as not being related to business income, advertisement expenses, salesman bonuses and other expenses meeting the criteria of section 21(c) with reference to deduction of tax.

Appeals against the above orders are pending before Appellate Tribunal Inland Revenue (ATIR) except for, Tax Years 2008 which is decided and the year 2011 which is pending before Commissioner Appeals.

Out of the above, majority of the issues have been decided in favor of the Holding Company either by Commissioner Appeals or by ATIR in their recent decision for Tax Year 2008. Considering this position and in consultation with its tax advisors, the management is of the view that above issues will also be decided in favor of the Holding Company. The impact of the above mentioned orders pending resolution amounts to approximately Rs. 197.5 million.

	2017	(Restated) 2016
33. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation (Rupees '000)	2,355,829	2,031,653
Weighted average number of outstanding shares at the end of year (in thousands)	153,931	151,729
Basic and diluted earnings per share (Rupees)	15.30	13.39

33.1 A diluted earnings per share has not been presented as the group did not have any convertible instruments in issue as at June 30, 2017 and 2016 which would have any effect on the earnings per share if the option to convert is exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

34. CASH GENERATED FROM OPERATIONS	2017	(Restated) 2016
	-----Rupees '000-----	
Profit before taxation	2,880,416	2,685,824
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	151,517	118,498
Gain on disposal of property, plant and equipment - net	(1,768)	(3,965)
Amortisation	28,169	12,076
Impairment	7,379	4,889
Provision for retirement benefits obligation	4,816	5,428
Unrealised (gain) / loss on investments - at fair value through profit or loss	(297)	4
Realised gain on investments - at fair value through profit or loss	(5,424)	(9,776)
Gain on bargain purchase	-	(49,315)
Fair value measurement - Nextar Pharma (Private) Limited	-	39,980
Interest income	(22,851)	(8,022)
Finance cost	73,300	95,623
	234,841	205,420
Profit before changes in working capital	3,115,257	2,891,244
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(838)	-
Stock-in-trade	25,369	(308,498)
Trade debts	(657,580)	(553,502)
Loans and advances	177,007	(568,041)
Trade deposits and short term prepayments	93,836	(47,270)
Other receivables	31,788	(206,057)
Refunds due from Government - Sales tax	(7,963)	(10,695)
	(338,381)	(1,694,063)
(Decrease) / increase in trade and other payables	(103,996)	567,147
Cash generated from operations	2,672,880	1,764,328



	2017	2016
	-----Rupees '000-----	
35. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 15	157,375	136,001
Short term running finances - note 23	(1,144,828)	(455,577)
	(987,453)	(319,576)

36. SEGMENT INFORMATION

Management has determined the operating segments based on the information that is presented to the chief operation decision-maker of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure the Group is organised into the following two operating segments:

- Pharmaceutical
- Consumer

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Previously, Investment property was also considered a separate segment.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

36.1 The financial information regarding operating segments is as follows:

	Pharmaceutical		Consumer		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	(Restated) June 30, 2016
	-----Rupees in '000-----					
Segment revenue	11,581,245	10,001,432	1,728,406	1,326,807	13,309,651	11,328,239
Cost of sales	(4,951,490)	(4,426,661)	(1,339,858)	(963,619)	(6,291,348)	(5,390,280)
Distribution cost	(2,653,279)	(2,211,165)	(486,468)	(264,244)	(3,139,747)	(2,475,409)
	(7,604,769)	(6,637,826)	(1,826,326)	(1,227,863)	(9,431,095)	(7,865,689)
Segment result	3,976,476	3,363,606	(97,920)	98,944	3,878,556	3,462,550
Unallocated income and expenses						
Administrative expenses					(932,523)	(598,328)
Other operating expenses					(206,079)	(244,555)
Other income					275,570	194,644
Finance cost					(135,108)	(128,487)
Profit before taxation					2,880,416	2,685,824
Taxation					(487,341)	(620,830)
Profit after taxation					2,393,075	2,064,994

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

36.2 Analysis of segments' assets and liabilities and their reconciliation to total assets and liabilities:

	Pharmaceutical		Consumer		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	(Restated) June 30, 2016
	------(Rupees in '000)-----					
Segment assets and liabilities						
Segment assets	294,899	217,840	41,208	14,164	336,107	232,004
Unallocated assets					13,229,777	11,257,747
Total assets					13,565,884	11,489,751
Segment liabilities	-	-	-	-	428,571	642,857
Unallocated liabilities	-	-	-	-	3,346,649	2,746,204
Total liabilities					3,775,220	3,389,061

36.3 There were no inter-segment transactions during the year (2016: None).

36.4 Geographical segments

Net sales by region

	2017	2016
	-----Rupees '000-----	
Pakistan	12,275,882	10,463,620
South Asia	767,227	624,689
East Africa	9,144	8,819
South-East Asia	257,398	231,111
	13,309,651	11,328,239

36.5 The geographical segment has been categorised using United Nation's composition of macro geographical (continental) regions.

36.6 The Group has earned major revenue from one of the customer, which amounts to Rs. 10.72 billion (2016: Rs. 9.25 billion) out of the total revenue.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts in respect of remuneration, including all benefits, to the Chief Executive and Directors of the Holding Company and Executives of the Group are as follows:

	Chief Executive		Executive Directors		Executives	
	2017	2016	2017	2016	2017	2016
	------(Rupees in '000)-----					
Managerial remuneration	15,565	9,560	28,322	17,776	286,837	148,618
Housing allowance	7,004	4,302	12,745	7,999	89,855	62,915
Utility allowance	1,557	956	2,832	1,778	19,969	13,980
Bonus	2,471	631	4,643	2,601	43,935	26,530
Retirement benefits	1,557	956	2,832	1,778	25,363	13,897
Others	347	126	945	460	49,501	19,131
	28,501	16,531	52,319	32,392	515,460	285,071
Number of persons	1	1	3	3	196	114



37.1 In addition to the above, the chief executive officer and some of the executives have been provided with free use of the Group maintained cars. Further, medical expenses are reimbursed in accordance with the Group's policies.

37.2 During the year, the Holding Company has paid to five non-executive directors (2016: five) an aggregate amount of Rs. 21 thousand (2016: Rs. 26 thousand) as fee for attending board meetings.

38. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	2017	2016
		-----Rupees '000-----	-----
Ultimate parent:	- Interest income	22,834	8,022
	- Corporate service charges	72,000	72,000
Associates:	- Revenue	10,777,071	9,228,754
	- Purchases	33,135	2,053
	- Purchase of ERP software	45,034	42,426
	- Purchases of computer hardware	5,706	11,440
	- Rental income	47,816	45,492
	- Income from provision of amenities	31,871	30,439
	- Rent expense	9,822	7,676
	- Donations	74,989	20,000
	- Architect fee	5,636	11,058
	- Internet and IT services	5,580	4,443
	- Salaries and wages	12,859	4,581
	- Stock claims	259,215	154,300
	- Discounts claimed	527,978	344,510
	- Payment under group tax relief	1,558	-
	- Royalty expense claimed	7,119	16,374
	- Carriage and duties	36,685	32,018
- Investment in shares	-	195,699	
- Incentives to field force staff	6,814	6,140	
- Others	14,252	15,135	
Post employment staff benefit plans:	- Contributions to provident fund	51,676	34,379
Key management employees compensation:	- Salaries and other employee benefits	76,431	46,189
	- Contributions to Provident Fund	4,389	2,734
	- Sales of goods	100	78
	- Sale of vehicle	1,592	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

38.2 The status of outstanding balances with related parties as at June 30, 2017 is included in the respective notes to the consolidated financial statements. These are settled in the ordinary course of business.

39. PROVIDENT FUND RELATED DISCLOSURES

39.1 The employees of the Group participate in a provident fund maintained by the Holding Company and respective subsidiary companies. Monthly contribution are made both by companies in the Group and employees to the fund maintained at the rate of 10% of basic salary.

39.2 The following information is based on latest financial statements of the Fund:

Fund position	(Un- Audited) 2017	(Audited) 2016
	-----Rupees '000-----	
Size of the fund	947,322	858,551
Percentage of investments made	97.40%	94.13%
Fair value of investments	922,653	808,136

39.3 The cost of above investments amounted to Rs. 270.61 million (2016: Rs. 168.65 million).

39.4 The break-up of investments is as follows:

Composition of the Fund	2017	2016	2017	2016
	(Percentage)		-----Rupees '000-----	
Term finance certificates	1%	1%	4,994	4,994
Deposits with banks	-	1%	-	9,000
Pakistan Investments Bonds (PIBs)	18%	7%	168,894	58,156
NIT units	12%	10%	105,370	78,790
Investment in mutual fund	5%	5%	48,202	42,620
Government securities	2%	2%	20,826	19,300
Share of associated company	62%	74%	574,367	595,276
	100%	100%	922,653	808,136

39.5 SECP has issued "Employees' Provident Fund (Investment in Listed Securities) Rules, 2016" through SRO 770 (1) / 2016, dated August 17, 2016 in relation to investments made out of provident fund. Section 1 (3) of the said rules states that "within two years from the commencement of these rules, all investments from provident funds or trust shall be brought in conformity with the provision of these rules".

40. PRODUCTION CAPACITY

Plant capacities and actual production

The capacity and production of the Group's plants are indeterminable as these are multi-product and involve varying processes of manufacture.



41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 Financial risk factors

The Group's activities expose it to variety of financial risks namely market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimise earnings volatility and provide maximum return to shareholders.

41.2 Financial assets and liabilities

	2017			2016		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
----- Rupees '000 -----						
Financial assets						
Loans and receivables						
Loans, advances and deposits	453,571	1,020,405	1,473,976	339,990	325,560	665,550
Trade debts	3,609,434	-	3,609,434	2,951,854	-	2,951,854
Interest accrued	6,743	-	6,743	3,045	-	3,045
Other receivables	378,595	-	378,595	410,383	-	410,383
Investments - at fair value through profit or loss	160,884	-	160,884	99,593	-	99,593
Bank balances	152,545	-	152,545	123,003	-	123,003
Cash in hand	4,830	-	4,830	12,998	-	12,998
	4,766,602	1,020,405	5,787,007	3,940,866	325,560	4,266,426
Financial liabilities						
Long term finance	214,286	239,033	453,319	214,286	486,953	701,239
Trade and other payables	1,727,772	-	1,727,772	1,765,201	-	1,765,201
Short term borrowings	1,208,828	-	1,208,828	475,577	-	475,577
Accrued markup	16,467	-	16,467	11,706	-	11,706
	3,167,353	239,033	3,406,386	2,466,770	486,953	2,953,723
On balance sheet date gap	1,599,249	781,372	2,380,621	1,474,096	(161,393)	1,312,703
Net financial (liabilities) / assets						
Interest bearing	(1,207,874)	(186,929)	(1,394,803)	(476,314)	(411,137)	(887,451)
Non-interest bearing	2,807,123	968,301	3,775,424	1,950,410	249,744	2,200,154

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Financial assets and liabilities obtained at variable rates expose the Group to cash flow interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

At June 30, 2017, the Group has variable interest bearing financial liabilities of Rs. 1.39 billion (2016: Rs. 0.89 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been approximately Rs. 27.9 million (2016: Rs. 17.75 million) higher / lower, mainly as a result of lower / higher interest expense on floating rate borrowings respectively.

(ii) Currency risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. The Group's exposure to exchange risk comprise mainly due to receivable, payable and bank balance in foreign currency. At June 30, 2017, trade and other payables of Rs. 387.85 million (2016: Rs. 414.63 million), bills payable of Rs. 20.98 million (2016: Rs. 41.871 million), trade debts of Rs. 135.85 million (2016: Rs. 56.21 million) and bank balance of Rs. 0.35 million (2016: Rs. 0.35 million) are exposed to foreign currency risk.

As at June 30, 2017, if the Pakistan Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 5.03 million (2016: Rs. 7.16 million), mainly as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables, bills payable, trade debts and cash and bank.

As at June 30, 2017, if the Pakistan Rupee had weakened / strengthened by 2% against Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.42 million (2016: Rs. 0.84 million), mainly as a result of foreign exchange gains / losses on translation of Euro trade and other payables.

The sensitivity of foreign exchange rates looks at the outstanding foreign exchange balances of the company only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentages per annum.

(iii) Price risk

Price risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the fund or it's management company.

The Group limits price risk by maintaining a diversified portfolio and by continuous monitoring of developments in open ended income funds. In addition, the Group actively monitors the key factors that affect the open ended income funds. The maximum exposure to price risk as at June 30, 2017 amounts to Rs. 160.88 million (2016: Rs. 99.59 million).

(b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 5,787 million (2016: Rs. 4,266 million) the financial assets exposed to the credit risk amount to Rs. 5,775 million (2016: Rs. 4,250 million). The carrying values of financial assets are as under:



	2017	2016
	-----Rupees '000-----	
Loans and advances - note 7 & 11	1,410,812	608,056
Trade deposits - notes 8 & 12	63,164	57,494
Trade debts - note 10	3,609,434	2,951,854
Other receivables - note 13	378,595	410,383
Investments - at fair value through profit or loss	160,884	99,593
Bank balances	152,545	123,003
	<u>5,775,434</u>	<u>4,250,383</u>

Trade debts of the Group are not exposed to significant credit risk as the major amount is due from IBL Operations (Private) Limited - an associated company. However, the Group has established policies and procedures for timely recovery of trade debts. With respect to parties other than affiliates, the Group mitigates its exposure and credit risk by applying credit limits to its customers. Loans and advances include Rs. 222.97 million (2016: Rs. 222.18 million) due from International Brands Limited - Ultimate Parent Company.

The fair value through profit and loss investments represent investments in open end mutual funds. The Group manages its credit and price risk by investing in income based diversified mutual funds.

Bank balance represent low credit risk as major balances are placed with banks having credit ratings of A or above as assigned by PACRA or JCR-VIS.

(c) Liquidity risk

Liquidity risk reflects the Group's inability in raising funds to meet commitments. The management closely monitors the Group's liquidity and cash flow position. The Group's approach to manage liquidity risk is to maintain sufficient level of liquidity based on expected cash flow by holding highly liquid assets, creditor concentration and maintaining sufficient reserve borrowing facilities.

41.3 Fair values of the financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2017, all financial assets and financial liabilities are carried at cost except for investment in held for trading securities which are being carried at fair value.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b) Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Group's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The valuation technique used is as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on the market value of the shares and Net Asset Value (NAVs) of the unit of mutual funds at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information is on an ongoing basis.

The following table analyses within the fair value hierarchy of the Group's financial assets (by class) measured at fair value at June 30, 2017:

Financial assets	2017			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Investment at fair value through profit or loss	160,884	-	-	160,884

Financial assets	2016			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Investment at fair value through profit or loss	99,593	-	-	99,593

42. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide adequate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.



The debt to capital ratio is as follows:

	2017	2016
	-----Rupees '000-----	
Total borrowings	1,662,147	1,176,816
Cash and bank - note 15	(157,375)	(136,001)
Net debt	1,504,772	1,040,815
Equity	9,291,653	7,803,729
Total capital	10,796,425	8,844,544
Debt to capital ratio	14%	12%

43. NUMBER OF EMPLOYEES

	2017	2016
Number of employees as at the year end	2,324	2,117
Average number of employees during the year	2,238	1,969

44. LISTING OF SUBSIDIARY COMPANIES

Name of Subsidiary	Financial year end
- IBL HealthCare Limited	June 30
- Searle Pharmaceuticals (Private) Limited	June 30
- Searle Laboratories (Private) Limited	June 30
- Searle Biosciences (Private) Limited	June 30
- IBL Identity (Private) Limited	June 30
- Nextar Pharma (Private) Limited	June 30

44.1 Set out below is summarised financial information for each subsidiary that has Non-Controlling Interests (NCI).

Name of Subsidiaries	IBLHC	NPPL
Percentage Holding	25.81%	29.66%
Total Assets	1,317,120	652,760
Total Liabilities	228,538	196,680
Total Comprehensive Income / (loss)	198,418	(47,083)
Allocated to NCI	51,212	(13,966)
Accumulated NCI	281,576	135,359
Cash and Cash Equivalent	16,104	297
Cash (utilised in) / generated from		
- operating activities	144,506	47,015
- investing activities	(105,019)	(16,139)
- financing activities	(41,570)	(33,634)
Dividend paid to NCI	11,036	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

45. CORRESPONDING FIGURES

Corresponding figures have been rearranged for better presentation and comparison purpose, wherever considered necessary. These include expenses pertaining to investment property from distribution cost to administrative expenses amounting to Rs. 135.11 million. Further, utilities billed to tenant of investment property, previously reported as other income, are also netted off with their respective expense under the head of administrative expenses amounting to Rs. 47.2 million. In addition to reclassifications, corresponding figures have also been restated as disclosed in note 3 to these consolidated financial statements.

46. SUBSEQUENT EVENTS

The Board of Directors of the Holding Company in the meeting held on September 28, 2017 has approved the following appropriation:

	2017	2016
	-----Rupees '000-----	
- Issue of 20 bonus shares for every 100 shares (June 30, 2016: 14 bonus shares for every 100 shares) held	307,863	171,853
- Cash dividend of Rs. 8 (June 30, 2016: Rs. 5) per share	1,231,451	613,761

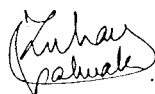
These would be recognised in the Group's consolidated financial statements in the year in which such dividend and distribution are approved.

47. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved by the Board of Directors of the Holding Company and authorised for issue on September 28, 2017.



Chief Executive Officer



Director



Chief Financial Officer



PATTERN OF SHAREHOLDING

As of June 30, 2017

No. of Shareholders	Shareholdings' Slab			Total Shares Held
2997	1	to	100	97,512
2636	101	to	500	727,526
1098	501	to	1000	824,396
1953	1001	to	5000	4,751,269
362	5001	to	10000	2,551,120
135	10001	to	15000	1,670,327
91	15001	to	20000	1,558,984
42	20001	to	25000	946,291
34	25001	to	30000	927,223
17	30001	to	35000	560,876
18	35001	to	40000	679,831
15	40001	to	45000	638,347
13	45001	to	50000	616,520
8	50001	to	55000	419,556
13	55001	to	60000	742,381
9	60001	to	65000	562,747
11	65001	to	70000	733,747
6	70001	to	75000	440,733
6	75001	to	80000	468,167
4	80001	to	85000	330,576
5	85001	to	90000	434,153
1	90001	to	95000	91,078
9	95001	to	100000	880,874
6	100001	to	105000	615,781
1	105001	to	110000	108,100
4	110001	to	115000	454,245
1	115001	to	120000	116,138
2	120001	to	125000	245,577
2	125001	to	130000	254,945
5	130001	to	135000	662,601
2	135001	to	140000	274,239
1	140001	to	145000	143,454
1	150001	to	155000	152,909
4	160001	to	165000	654,673
2	170001	to	175000	344,567
3	175001	to	180000	531,029
2	180001	to	185000	368,236
1	190001	to	195000	194,654
1	205001	to	210000	207,926
3	220001	to	225000	668,135
2	230001	to	235000	464,083
2	235001	to	240000	476,219
1	240001	to	245000	244,615
2	245001	to	250000	494,554
1	255001	to	260000	258,775

PATTERN OF SHAREHOLDING

As of June 30, 2017

No. of Shareholders	Shareholdings' Slab			Total Shares Held
2	260001	to	265000	526,738
4	280001	to	285000	1,131,820
1	285001	to	290000	286,000
1	295001	to	300000	296,913
1	315001	to	320000	315,333
1	325001	to	330000	328,726
3	330001	to	335000	999,323
2	340001	to	345000	689,062
1	355001	to	360000	355,476
2	360001	to	365000	725,532
2	365001	to	370000	734,248
2	370001	to	375000	743,045
1	380001	to	385000	380,282
2	385001	to	390000	778,426
1	390001	to	395000	394,406
1	400001	to	405000	403,365
1	425001	to	430000	428,226
1	455001	to	460000	458,682
1	465001	to	470000	468,529
1	510001	to	515000	510,792
1	550001	to	555000	550,816
1	575001	to	580000	577,003
1	580001	to	585000	584,214
1	595001	to	600000	599,050
3	610001	to	615000	1,838,866
1	675001	to	680000	679,500
1	685001	to	690000	685,659
1	765001	to	770000	765,507
1	805001	to	810000	807,990
1	820001	to	825000	820,548
1	1140001	to	1145000	1,144,410
1	1205001	to	1210000	1,207,210
1	1220001	to	1225000	1,220,869
1	1280001	to	1285000	1,283,794
1	1835001	to	1840000	1,838,498
1	2485001	to	2490000	2,485,701
1	2655001	to	2660000	2,655,227
1	2720001	to	2725000	2,722,707
1	3385001	to	3390000	3,385,091
1	3460001	to	3465000	3,461,488
1	84070001	to	84075000	84,072,577
9586				153,931,338



Categories of Shareholders	Shareholders Folios/Accounts	Shares Held	Percentage
Directors and their spouse(s) and minor children			
SYED NADEEM AHMED	1	2,775	0.00
ADNAN ASDAR ALI	1	2,418	0.00
RASHID ABDULLA	2	34,722	0.02
HUSAIN LAWAI	2	3,651	0.00
ZUBAIR RAZZAK PALWALA	1	2,899	0.00
AYAZ ABDULLA	1	14,520	0.01
SHAHID ABDULLA	4	283,434	0.18
ARSHAD ANIS	1	627	0.00
MUFTI ZIA UL ISLAM	2	1,671	0.00
SHAKILA RASHID	2	276,926	0.18
FATIMA HYDER	1	14,520	0.01
CONSUELO G. ABDULLA	1	1,236	0.00
Associated Companies, undertakings and related parties			
IBL OPS (Pvt) Ltd.	1	42,735	0.03
TRUSTEE SEARLE PAKISTAN LIMITED PROVIDENT FUND	1	807,990	0.52
ARSHAD SHAHID ABDULLA (PRIVATE) LIMITED	2	16,500	0.01
INTERNATIONAL BRANDS LTD.	3	86,385,042	56.12
INTERNATIONAL FRANCHISES (PRIVATE) LIMITED	1	62,020	0.04
IMPERIAL BRANDS (PRIVATE) LIMITED	1	19,150	0.01
IBL UNISYS (PRIVATE) LIMITED	1	72,500	0.05
Executives			
	3	7,194	0.00
Public Sector Companies and Corporations			
	7	2,863,033	1.86
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	67	8,309,001	5.40
Mutual Funds			
FIRST CAPITAL MUTUAL FUND LTD.	1	37,881	0.02
CDC - TRUSTEE MEEZAN BALANCED FUND	1	344,281	0.22
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	15,242	0.01
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	380,282	0.25
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	2,655,227	1.72
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	221,204	0.14
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	245,192	0.16
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	84,604	0.05
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	82,856	0.05
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	53,043	0.03
CDC - TRUSTEE ABL STOCK FUND	1	328,726	0.21
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	15,943	0.01
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	143,454	0.09
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	26,212	0.02
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	162,749	0.11
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	13,645	0.01
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	6,078	0.00
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	19,936	0.01
CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	56,850	0.04
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	55,996	0.04
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	3,461,488	2.25
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	48,059	0.03
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	10,790	0.01
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	355,476	0.23
CDC - TRUSTEE UBL CAPITAL PROTECTED FUND-III	1	3,537	0.00
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	382	0.00

PATTERN OF SHAREHOLDING

As of June 30, 2017

Categories of Shareholders	Shareholders Folios/Accounts	Shares Held	Percentage
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	284	0.00
CDC - TRUSTEE PICIC INVESTMENT FUND	1	85,700	0.06
CDC - TRUSTEE PICIC GROWTH FUND	1	178,650	0.12
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	503	0.00
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	75	0.00
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	2,000	0.00
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	1	10,235	0.01
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	66,265	0.04
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	66,750	0.04
CDC - TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	13	0.00
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	23,500	0.02
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	137	0.00
CDC - TRUSTEE NAFA STOCK FUND	1	29,946	0.02
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	5,482	0.00
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	3,000	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	344,781	0.22
CDC - TRUSTEE HBL - STOCK FUND	1	334,131	0.22
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	34,152	0.02
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	25	0.00
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	49,560	0.03
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	7,380	0.00
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	9,024	0.01
CDC - TRUSTEE HBL ISLAMIC STOCK FUND	1	96,557	0.06
CDC - TRUSTEE PICIC STOCK FUND	1	40,264	0.03
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	14,550	0.01
CDC - TRUSTEE ASKARI EQUITY FUND	1	6,410	0.00
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	22,440	0.01
CDC - TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	10,946	0.01
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	26,923	0.02
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	82,679	0.05
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	1	22	0.00
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1	52,717	0.03
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	3	0.00
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	28,500	0.02
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	394,406	0.26
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	1	21,000	0.01
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	73,421	0.05
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	49,029	0.03
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	176,379	0.11
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	134,320	0.09
General Public			
a. Local	9104	23,155,734	15.04
b. Foreign	9	2,777,588	1.80
Foreign Companies	89	13,359,812	8.68
Others	212	4,102,348	2.67
Totals	9586	153,931,338	100.00

Share holders holding 5% or more	Shares Held	Percentage
	86,385,042	56.12

* This includes 2,294,248 shares which are freezed in the CDC account in lieu of 5% withholding tax under section 236M of the Income Tax Ordinance, 2001. The Shareholder has filed a petition against such provision and the case is pending before the Hon'ble High Court.

SEARLE

Proxy Form

The Secretary
The Searle Company Limited
First Floor, NIC Building, Abbasi Shaheed Road,
Karachi-75530

I/We _____ son/daughter/wife/husband of _____, shareholder of The Searle Company Limited, holding _____ ordinary shares hereby appoint _____ who is my _____ [state relationship (if any) with the proxy; required by Government regulations] and the son/daughter/wife/husband of _____, (holding _____ ordinary shares in the Company under Folio No. _____)[required by Government; delete if proxy is not the Company's shareholder] as my/our proxy, to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 27, 2017 and/or any adjournment thereof.

Signed this _____ day of _____ 2017

Witness 1:

Signature: _____
Name: _____
CNIC #: _____
Address: _____

[Signature should agree with the specimen signature registered with the Company]

Sign across Rs.5/-
Revenue Stamp

Signature of Member(s)

Witness 2:

Signature: _____
Name: _____
CNIC #: _____
Address: _____

Shareholder's Folio No.: _____
and/or CDC Participant I.D. No.: _____
and Sub-Account No.: _____
Shareholder's CNIC #: _____

Note:

- The member is requested:
 - To affix revenue stamp of Rs.5/- at the place indicated above.
 - To sign across the revenue stamp in the same style of signature as is registered with the Company.
 - To write down his/her/their folio number.
 - Attach an attested photocopy of their valid Computerized National Identity Card/ Passport/Board Resolution and the copy of CNIC of the proxy, with this proxy form before submission.
- In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the meeting, duly completed in all respects.
- CDS Shareholders or their proxies should bring their original computerized national identity card or passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the notes to the notice of AGM.

SEARLE

AFFIX
CORRECT
POSTAGE

The Company Secretary
The Searle Company Limited
1st Floor, N.I.C. Building
Abbasi Shaheed Road
Off: Shahrah-e-Faisal
Karachi - 75530

SEARLE

Consent to receive annual financial statements electronically

The Manager
Share Department
Central Depository Company of Pakistan
Share Registrar – THE SEARLE Company LIMITED
99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal
Karachi

CONSENT TO RECEIVE ANNUAL FINANCIAL STATEMENTS ELECTRONICALLY

I/we _____ of _____ being a member of the Searle Company Limited holder of _____ ordinary shares under folio # _____ opt for receiving financial statements of your Company through email instead of receiving by post.

My current email address is as under: _____

Regards,

Signature of Member

SEARLE

AFFIX
CORRECT
POSTAGE

The Manager
Share Department
Central Depository Company of Pakistan
Share Registrar – THE SEARLE Company LIMITED
99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal
Karachi

SEARLE

AFFIX
CORRECT
POSTAGE

The Company Secretary
The Searle Company Limited
1st Floor, N.I.C. Building
Abbasi Shaheed Road
Off: Shahrah-e-Faisal
Karachi - 75530

SEARLE

THE SEARLE COMPANY LIMITED

1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi-75530
URL: www.searlecompany.com