SEARLE

Research in the service of mankind

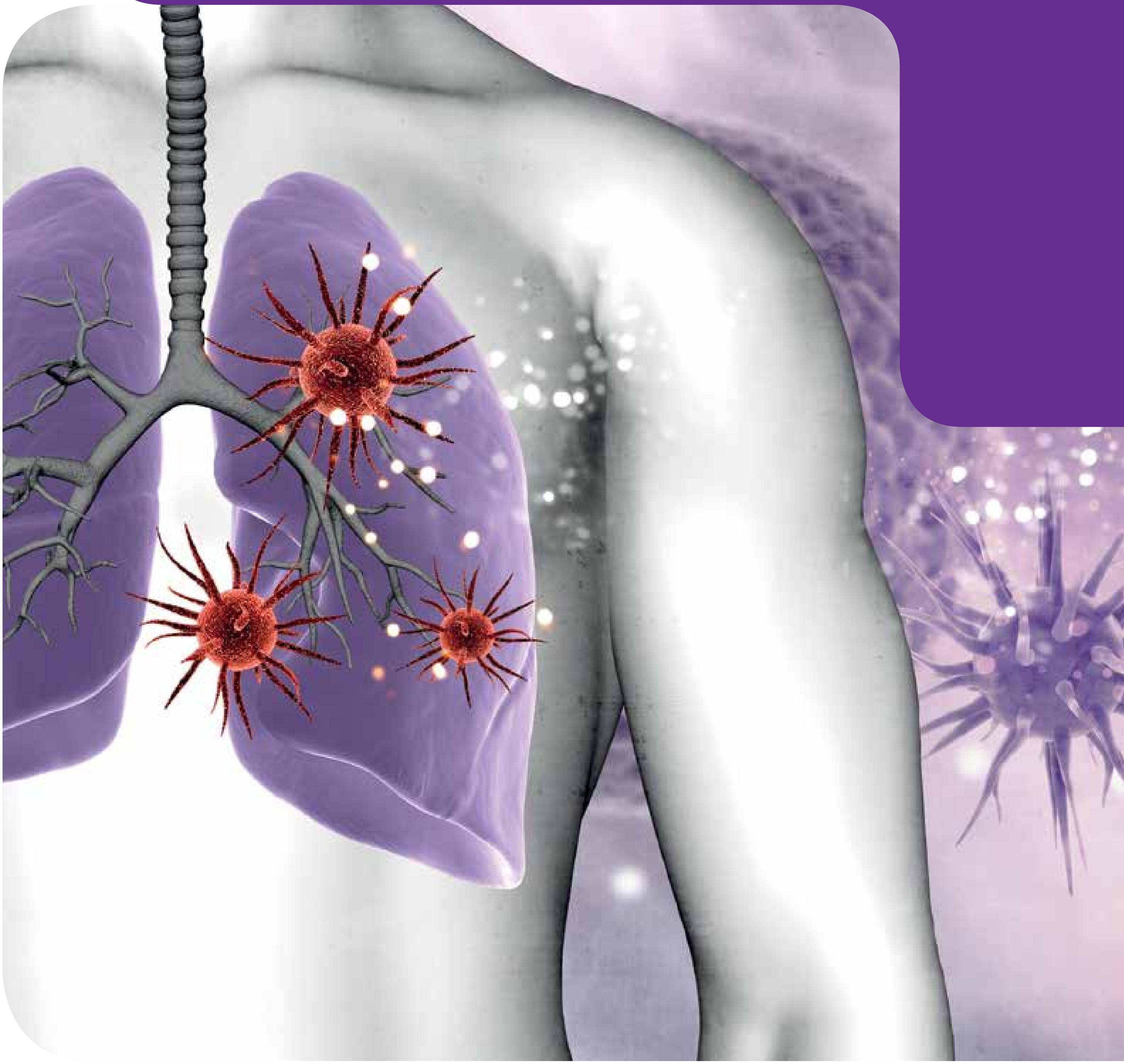
MEDICAL SCIENCE OF TOMORROW

We at Searle are proud to be at the forefront of most modern research in medicine. Both Genome sciences and Stem cell research are being held at our R&D center at University of Karachi. This is going to change the quality of Human life in a revolutionary way, in the coming times. As a theme of our annual report this year, we have selected some interesting facts about Genome Science and Stem Cell research and therapy. Let us discover some of the fascinating potential of modern science that will change the way we live.

Contents

OUR VISION

To lead in improving the quality of human life



OUR MISSION

Provide its customers with the best possible products and services in the healthcare and consumer industry

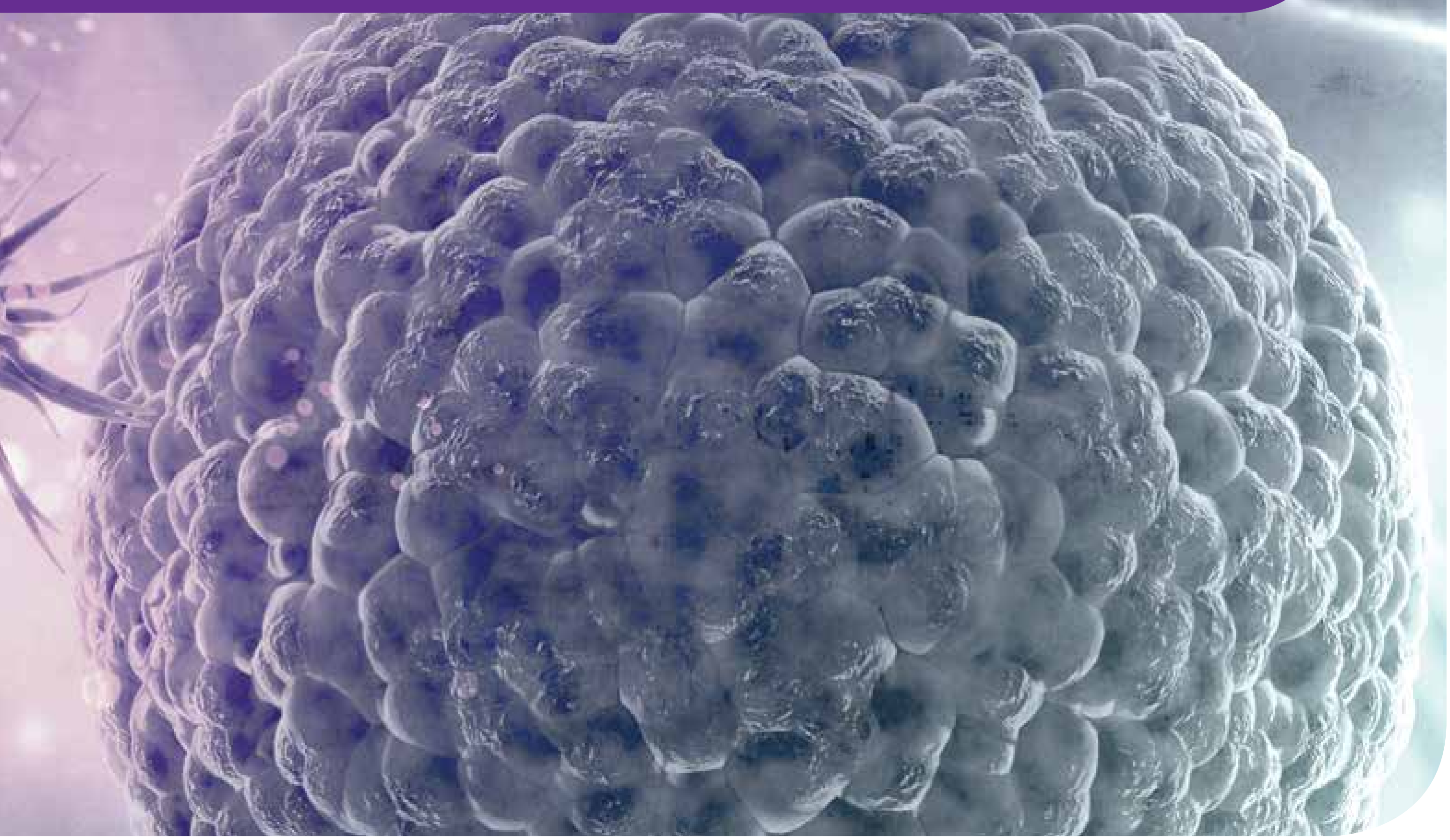
Ever evolving in-step with the changing market place to maintain its leadership role

Being responsible corporate citizen contributing to society and protecting the environment

Promote 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

Care for its employees and shares in their dreams

Work 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



VALUES

Passion

- Source of energy in the workplace
- Demonstrates entrepreneurial drive
- Shows grit

Integrity

- Creates transparency
- Acts fairly & honestly

Partnership

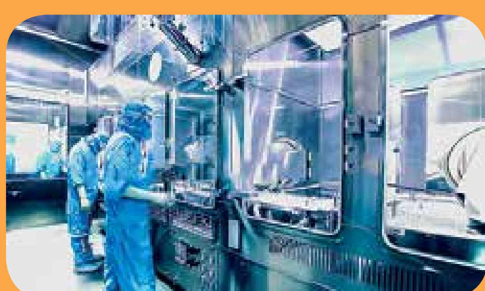
- Collaborates selflessly
- Behaves respectfully
- Seeks to create value for IBL Group, its partners and society

Excellence

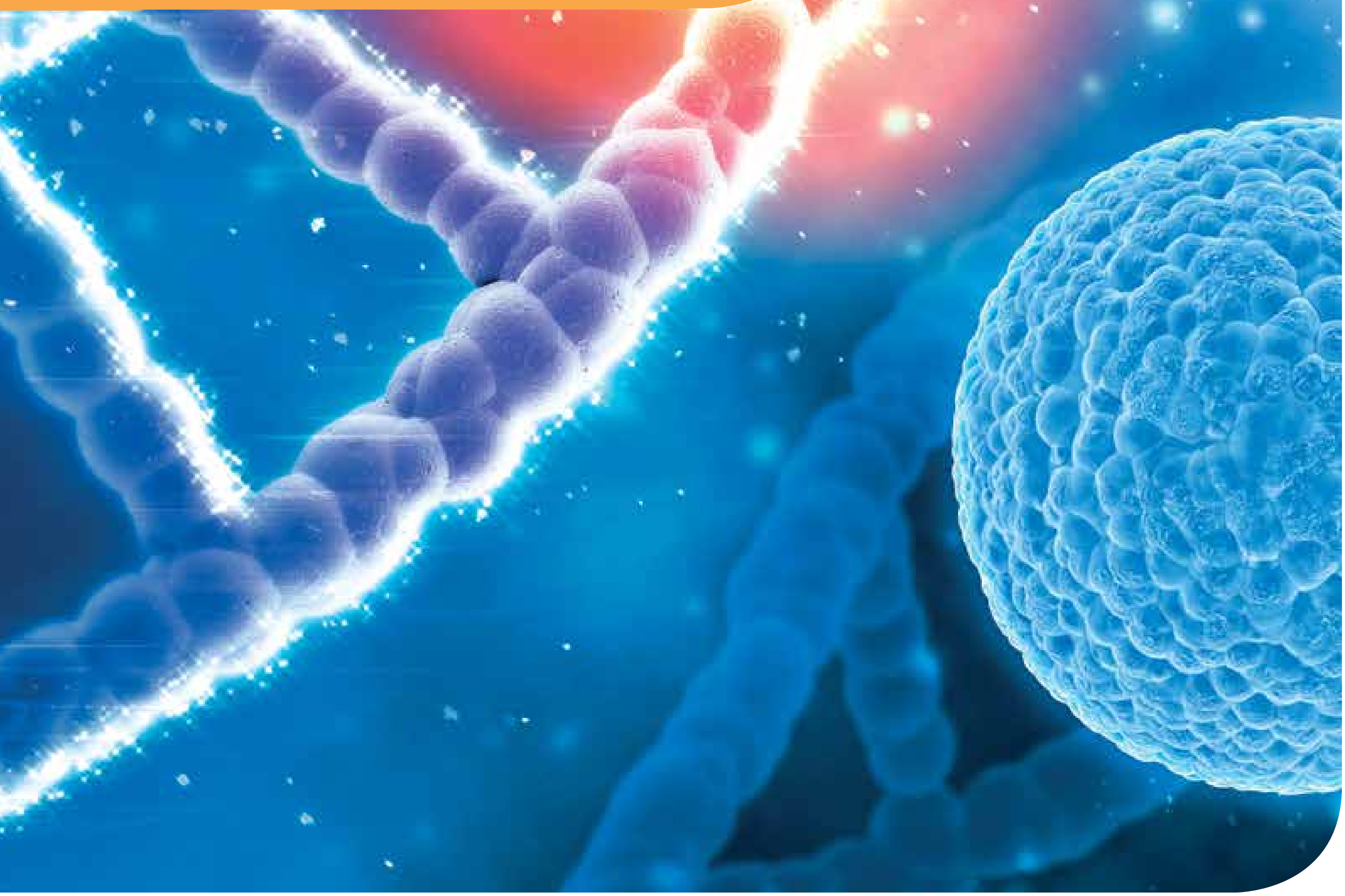
- Takes ownership of current role and beyond
- Delivers quality work
- Strives for continuous improvement


-INTERNET
-LIVE CHAT
-MEDIA
-PHOTOS
-VIDEOS
-MUSIC
-SHOW BUSINESS
-NETWORK
-MUSIC
-CINEMA
-BUSINESS/FINANCE
-WORLD NEWS

GENOME IS MEASURABLE



The Human Genome Project (HGP), which began officially in 1990, was the largest international collaboration ever undertaken in biology and involved thousands of scientists. There are between 30,000 and 40,000 genes in the human genome. Some previous estimates suggested there could be 100,000 or more human genes.



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


IBL
Building
Center
IBL
Building
Center
Sunon
AMRELI STEELS
Building for Life
FRAMEZ
TEXTURES
CORIAN
CORIAN

NOTICE OF 53RD ANNUAL GENERAL MEETING

Notice is hereby given that the 53rd annual general meeting of the shareholders of The Searle Company Limited will be held on Thursday, November 22, 2018 at 04:00 p.m. at the Aquarius Hall, Beach Luxury Hotel, M.T Khan Road, Karachi-74000 to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of annual general meeting held on October 27, 2017.

2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2018 together with the directors' and auditors' reports thereon.

3. To declare and approve final cash dividend for the financial year ended June 30, 2018, at the rate of Rs.5/- per share of Rs.10/- each, equivalent to 50%, as recommended by the board of directors.

4. To appoint auditors and fix their remuneration for the year ending June 30, 2019. The present auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

Ordinary Resolutions:

5. To approve the issue of bonus shares in the ratio of fifteen shares for every hundred shares held i.e. 15% as recommended by the board of directors and, if thought appropriate, to pass with or without modification(s) the following resolutions as **ordinary resolutions:**

"RESOLVED that a sum of Rs.277,076,400/- out of the un-appropriated profits of the Company be capitalized and applied towards the issue of 27,707,640 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 November 15, 2018, in the proportion of fifteen 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, 2018

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 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 95 million which includes allowances and other benefits as per terms of their employment for the year ending June 30, 2019 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:

7. To ratify and approve transactions conducted with related parties for the year ended June 30, 2018 by passing the following special resolution with or without modification:

"RESOLVED that the transactions carried out with related parties as disclosed in the note 39 of the unconsolidated financial statements for the year ended June 30, 2018 and specified in the statement of material information under section 134(3) of the Companies Act, 2017 be and are hereby ratified, approved and confirmed."

8. To authorize the Board of Directors of the Company to approve transactions with related parties for the financial year ending June 30, 2019 by passing the following special resolution with or without modification:

"RESOLVED that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be carried out, in the normal course of business, with the related parties for the financial year ending June 30, 2019.

FURTHER RESOLVED that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

OTHER BUSINESS

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

(Attached to this notice is a statement of Material Facts covering the abovementioned Special Business, as required under section 134(3) of the Companies Act, 2017)

By order of the Board

Zubair Razzak Palwala
Company Secretary

Karachi: November 1, 2018

NOTES:

A. Book closure

The share transfer books will remain closed from November 16, 2018 to November 22, 2018 (both days inclusive). 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 at the close of business on November 15, 2018 shall be treated in time for the purpose of attending the annual general meeting and entitlement of cash dividend and stock dividend, if approved by the members.

B. Participation in General Meeting

All members are entitled to attend, speak and vote at the annual general meeting. A member 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.

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.

C. Payment of Cash Dividend electronically (mandatory requirement)

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividends) Regulation 2017, a listed company, is required to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. In this regard, the Company has already sent letters and Electronic Credit Mandate Forms to the shareholders and various reminders requesting the shareholders to comply with the requirements of providing their International Bank Account Number (IBAN).

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 (in case of shareholding in Physical Form).

NOTICE OF 53RD ANNUAL GENERAL MEETING

Details of Shareholder

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

Details of Bank Account

Title of Bank Account

PK ____ (24 digits)

International Bank Account Number (IBAN) **"Mandatory"**

(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

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

D. Withholding tax on Dividend

I) Pursuant to the provisions of the Finance Act 2018 effective July 1, 2018, the rate of deduction of income tax from dividend payments has been prescribed 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%.

II) 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.

III) 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:

			Principal Shareholder		Joint Shareholder	
Company Name	Folio/CDS Account #	Total Shares	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).

IV) 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.

E. Request for 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 10% 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.

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 ____________________.

____

Signature of Member

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.

F. Change of Address

Members are requested to notify changes in their address, if any, immediately to the 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.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 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 fifteen 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

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 7

All transactions of the Company with the related parties were approved by the Chief Executive Officer on behalf of the Board. Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2017. However, during the year since majority of the Company's Directors were interested in certain transactions due to their common directorships in the group companies, these transactions are being placed for the approval by shareholders in the Annual General Meeting:

NOTICE OF 53RD ANNUAL GENERAL MEETING

All transactions with related parties to be ratified have been disclosed in the note 39 to the unconsolidated financial statements for the year ended June 30, 2018. Party-wise details of such related party transactions are given below;

Name of Related Parties	Nature of Transactions	PKR '000
Akar Hospital	Donation	6,150
Arshad Shahid Abdulla Private Limited	Architect fee	3,424
International Franchise Limited	Revenue	167
	Purchases	43
	Rent income	14,270
	Income from provision of amenities	7,776
Habitt	Rent income	50,283
	Income from provision of amenities	20,070
IBL Frontier Private Limited	Advance against financial assistance	1,952
IBL Future Technologies Private Limited	Advance against financial assistance	1,200
	Investment in subsidiary	200,000
	Short-term borrowing	200,000
IBLHealthCare Limited	Revenue	2,477
	Dividend income	35,625
IBL Identity Private Limited	Purchases of Consumables	1,988
	Short-term loan	1,170,826
IBL Operations Private Limited	Revenue	10,643,395
	Salaries and wages	5,017
	Purchases	922
	Carriage and duties	52,861
	Discounts claimed	638,778
	Rent expense	4,805
	Stock claims	237,783
	Internet services	569
	Incentives to field force staff	10,863
	Others	32,355
IBL-Unisys Private Limited	Purchases	18,772
International Brands Limited	Corporate service charges	168,000
	Consultancy expense	88,950
	Rent income	4,551
	Income from provision of amenities	3,940
Multinet Pakistan Private Limited	Internet services	5,539
Mycart Private Limited	Purchases	1,469
Nextar Pharma Private Limited	Disposal of subsidiary	600,278
Searle Biosciences Private Limited	Revenue	238,806
	Dividend income	307,600
	Advance against financial assistance	109,998
Searle Pharmaceuticals Private Limited	Outside processing charges	3,542,692
	Dividend income	2,767,872
The Citizens Foundation	Donation	20,000
United Brands Limited	Revenue	5,339
	Purchases	104
	Discounts claimed	3,843
United Distributors Pakistan Limted	Rent expense	920
Staff retirement benefits	Contributions to Provident Fund	44,889
Key management employees compensation	Salaries and other employee benefits	52,259
	Contributions to Provident Fund	3,063

The Company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Board of Audit Committee of the Company, which is chaired by an independent director of the Company. Upon the recommendation of the Board of Audit Committee, such transactions are placed before the board of directors for approval.

Transactions entered into with the related parties include, but are not limited to, sale of goods, dividends paid, (in accordance with the approval of shareholders and board where applicable) and salaries and other benefits paid to the key management personnel.

The nature of relationship with these related parties has also been indicated in the note 39 to the unconsolidated financial statements for the year ended June 30, 2018. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

Item 8

The Company shall be conducting transactions with its related parties during the year ending June 30, 2019 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the holding / associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ending June 30, 2019, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

POTENTIAL IN TARGETS

Just 483 existing “targets” in the body account for all the pharmaceutical drugs on the market. The HGP and the SNPs research will provide thousands of extra “doorways” or destinations for new medicines and drugs to work on. Already new ways of tackling asthma, Alzheimer’s disease and depression are being looked at, using new genetic targets.

CHAIRMAN'S REVIEW

For the year ended June 30, 2018

The year 2017-18 for The Searle Company Limited has been a prosperous year on multiple fronts. Being one of the most highly reputed pharmaceutical companies headquartered in Pakistan and despite of the challenging economic conditions, where foreign currency fluctuations impacted the industry as a whole, the Company still managed to achieve impressive 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 positive, which is encouraging for the Company's future aspirations & growth.

The recent economic conditions have raised challenges on the industry as a whole. It is a fact hidden from none that the chemical industry of Pakistan has capacity constraints to develop the basic components required for the manufacturing of drugs. Therefore, the industry resorts to imports of raw materials. Due to this significant dependability, fluctuation in exchange rates coupled with stiff price regulations directly affects the product margins and consequent commercial feasibility. Pakistani rupee has recently experienced double-digit depreciation which has put pharma industry under immense pressure.

Further, due to overly regulated drug pricing mechanism, volatility in retail prices is a concern of paramount importance for us. Delays in new product approvals also poses key threats for the industry as a whole. However, with the change in recent political scenario, we will have to wait to assess the future economic trends and modify our strategies accordingly.

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, 2018 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, 2018 has been an exciting one for Searle, building on the financial performance of the previous years. I am pleased to share the following financial highlights.

- Sales of the company grew to Rs. 12.91 billion, at a growth rate of 20.06%
- The gross profit margins in the current year dropped to 34.35% as compared with 38.86% of the preceding year, mainly on account of foreign currency fluctuation.
- The profit after tax of the company grew by 15.55% to Rs. 3.05 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 years, 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 seven meetings of the Board of Directors held in year ended June 30, 2018. In addition, there were five 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 2018.

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.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. For the longer run, Searle is focusing on emerging portfolios including, bio-similars, medical devices, nutraceuticals and genome sciences.

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.

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.

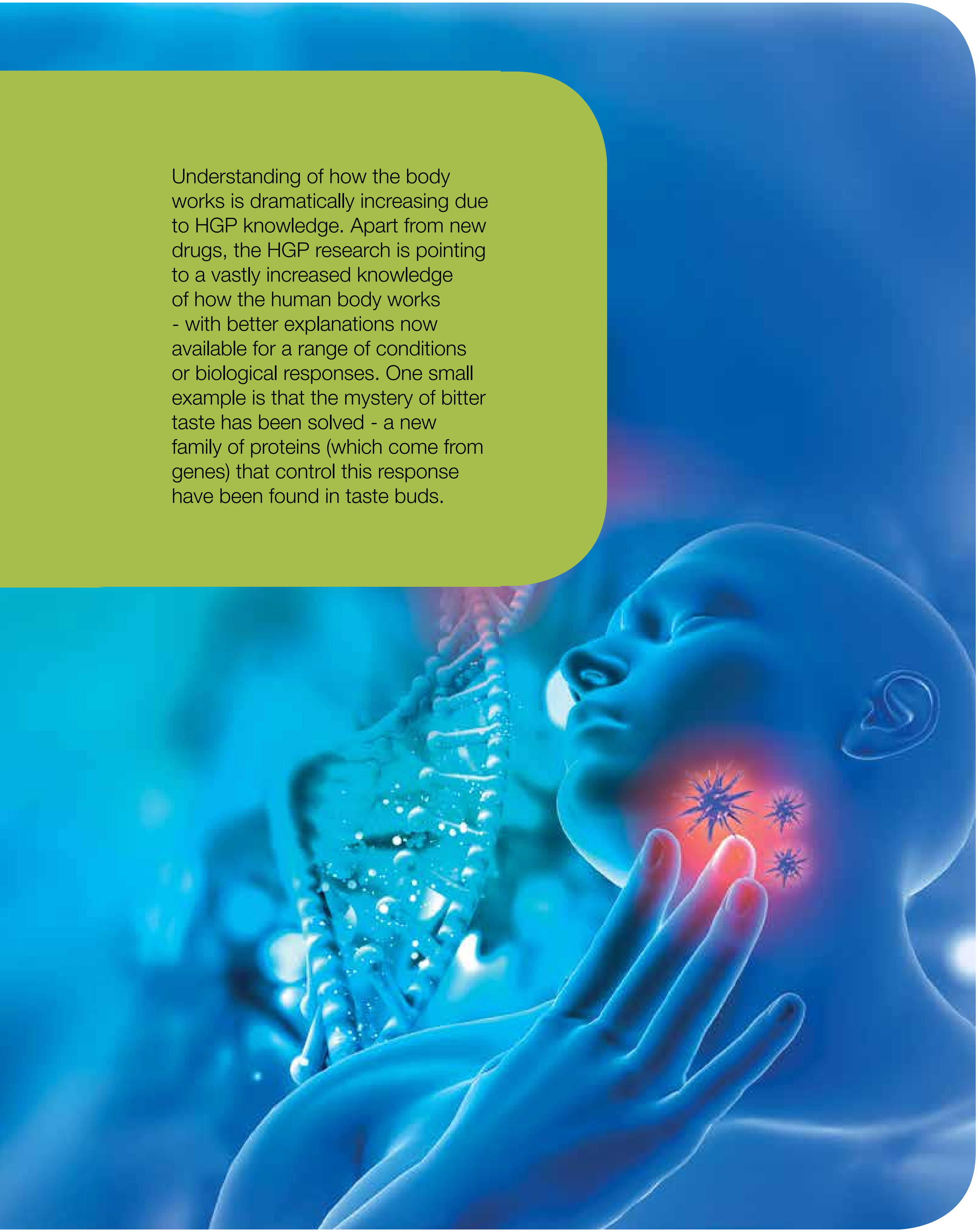
Lastly, I would also like to thank the Board for its hard work and commitment to the Company, and to thank you, our valued shareholders, for your continuing trust in our Company.

Adnan Asdar Ali
Chairman

October 11, 2018

UNDERSTANDING HUMAN BODY MORE

Understanding of how the body works is dramatically increasing due to HGP knowledge. Apart from new drugs, the HGP research is pointing to a vastly increased knowledge of how the human body works - with better explanations now available for a range of conditions or biological responses. One small example is that the mystery of bitter taste has been solved - a new family of proteins (which come from genes) that control this response have been found in taste buds.



DIRECTORS' REPORT

The Directors take pleasure in presenting the annual report together with the audited financial statements of the company for the year ended June 30, 2018.

The Directors' Report has been prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XIII of the Code of Corporate Governance 2017.

This report is to be submitted to the members at the 53rd Annual General Meeting of the Company to be held on October 27, 2018.

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 positive, which is encouraging for the Company's future aspirations & growth.

The therapeutic areas in which Searle exists includes cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics.

Strong dependability on import of raw materials is resulting in declining product margins due to frequent foreign exchange fluctuations and is considered the principal risk facing the company and the industry as a whole.

	2018	2017
	PKR in thousand	
Revenue	**12,911,141**	10,753,751
Cost of Sales	**(8,473,767)**	(6,574,400)
Gross profit	**4,434,374**	4,179,351
Operating expenses	**(4,050,048)**	(3,328,088)
Other operating expenses	**(177,601)**	(178,876)
Other income	**3,228,408**	2,328,810
Profit from operations	**3,438,133**	3,001,197
Finance cost	**(204,910)**	(126,264)
Profit before taxation	**3,233,223**	2,874,933
Taxation	**(184,059)**	(236,188)
Profit after taxation	**3,049,164**	2,638,745
Gross profit percentage	**34%**	39%
Operating profit percentage	**27%**	28%
Profit before tax percentage	**25%**	27%
Profit after tax percentage	**24%**	25%

Operating results

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

We have built a firm growing position by putting the benefit of patients and stakeholders, our fundamental priority and are proud of the impact of our efforts.

Despite challenging economic conditions where foreign currency fluctuation impacted the economy as a whole, Searle managed to perform impressively.

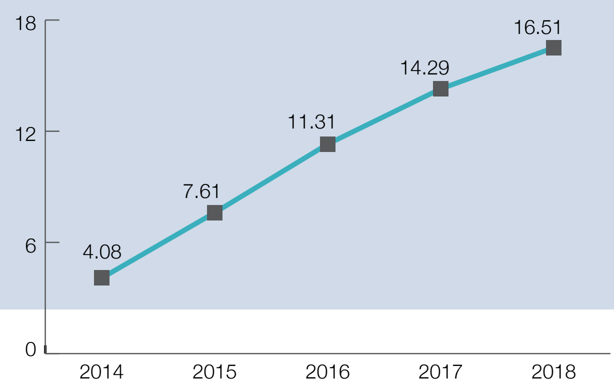
During the year ended June 30, 2018, the company reported revenue of Rs. 12.91 billion, registering a growth of 20.06%. Further, profit after tax of the Company also increased by 15.55%. However, gross margins in the current year dropped to 34.35% as compared to 38.86% in the preceding year, mainly on account of the aforementioned foreign currency fluctuation.

The Company's organic 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 towards improved financial performance of the Company

Earnings per share

Basic earnings per share after taxation were Rs. 16.51 (2017: Rs. 14.29).

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, 2018.



Dividend

The Board of Directors has recommended cash and stock dividend of 50% & 15% respectively, for the year ended June 30, 2018.

During the year ended June 30, 2017, the Company declared cash and stock dividend of 80% & 20% respectively. This was in addition to the interim cash and stock dividend of 20% and 10%, respectively.

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 re-appointment as the Auditors of the Company for the financial year ending June 30, 2019, at a mutually agreed fee.

Holding company

International Brands Limited is the holding company of Searle, which holds 56.60% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding June 30, 2018	Effective %age of holding June 30, 2017
Listed Company			
- IBL HealthCare Limited	Pakistan	**74.19%**	74.19%
Unlisted Companies			
- Searle Pharmaceuticals (Private) Limited	Pakistan	**100.00%**	100.00%
- Searle Laboratories (Private) Limited	Pakistan	**100.00%**	100.00%
- Searle Biosciences (Private) Limited	Pakistan	**100.00%**	100.00%
- IBL Identity (Private) Limited	Pakistan	**100.00%**	100.00%
- IBL Future Technologies (Private) Limited	Pakistan	**100.00%**	-
- Nextar Pharma (Private) Limited *	Pakistan	**85.17%**	70.34%

* During the year, the Company disposed off its entire investment in Nextar Pharma (Private) Limited to Searle Biosciences (Private) Limited - wholly owned subsidiary. The Company now effectively holds 85.17% (2017: 70.34%) shareholding in Nextar Pharma (Private) Limited through Searle Biosciences (Private) Limited. Pattern of shareholding

Pattern of shareholding

The pattern of shareholding along with categories of shareholders as at June 30, 2018 as required under section 227 of the Companies Act, 2017 and Listing Regulations is presented on pages 188 to 192 of the annual report 2018.

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.

Business Conduct

Searle's business practices are based on integrity, transparency and compliance with applicable laws and regulations. Our 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.

DIRECTORS' REPORT

The 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'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, and assure that all operations associated with manufacture of medicinal products are of a standard that ensures the patient's expectations of safety and efficacy.

Corporate and social responsibility

The horizon of our duties does not end with the 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 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, safety and environment

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 any risks to their 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. We have successfully deployed the most powerful business management system 'SAP' to further strengthen our business operations.

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 2018, 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 39 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

The directors either have already attended the directors' training as required in previous years or meet the exemption criteria as contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Adequacy of Internal Financial Controls

In order to ensure that adequate internal controls are deployed by the company for safeguarding of company's assets, compliance with laws and regulations and reliable financial reporting, the Board of Directors 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.

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:

	2018	2017 (Re-stated)	2016	2015	2014	2013
ASSETS EMPLOYED						
Property, plant and equipment	**1,714,141**	1,235,640	808,692	687,332	558,306	576,639
Intangible assets	**189,068**	207,732	69,885	30,642	33,572	39,008
Investment properties-at cost	**2,456,565**	2,460,614	2,483,919	2,491,318	2,393,277	2,189,398
Long-term investments- subsidiaries	**1,686,186**	1,486,186	2,636,202	519,091	359,900	100,800
Long-term loans and deposits	**7,548**	1,791	1,949	2,044	2,100	7,027
Deferred taxation	**-**	443	-	-	-	-
Non-current assets classified as held for sale	**-**	600,278	-	-	-	-
Net current assets	**6,337,546**	4,636,991	2,984,954	1,827,051	715,954	671,708
Total assets employed	**12,391,054**	10,629,675	8,985,601	5,557,478	4,063,109	3,584,580
FINANCED BY						
Issued, subscribed and paid-up capital	**1,847,177**	1,539,314	1,227,523	858,407	613,148	471,652
Reserves and unappropriated profit	**9,893,014**	8,385,533	6,952,694	3,689,268	2,530,916	1,999,685
Shareholder's equity	**11,740,191**	9,924,847	8,180,217	4,547,675	3,144,064	2,471,337
Surplus on revaluation of fixed assets	**574,331**	443,511	296,961	296,961	168,163	185,020
Long-term and deferred liabilities	**76,532**	261,317	508,423	712,842	750,882	928,223
Total capital employed	**12,391,054**	10,629,675	8,985,601	5,557,478	4,063,109	3,584,580

DIRECTORS' REPORT

	2018	2017 (Re-stated)	2016	2015	2014	2013
Turnover	12,911,141	10,753,751	9,561,490	7,582,470	6,071,823	5,149,798
Profit before tax	3,233,223	2,874,933	2,520,295	1,767,664	958,120	752,976
Profit after tax	3,049,164	2,638,745	2,089,388	1,405,413	753,225	523,274
Profit after tax as % of turnover	23.62	24.54	21.85	18.54	12.41	10.16
Profit after tax as % of capital employed	24.61	24.82	23.25	25.29	18.54	14.60
Dividends						
Cash (%)	50	100	50	20	-	20
Stock (%)	15	30	24	20	40	30

Composition of the Board of Directors

There have been seven directors on the Board. The composition of the board throughout the year is as follows:

Category	Names
i Independent Director	Mr. Husain Lawai
ii Non-executive Directors	Mr. Adnan Asdar Ali Mr. Rashid Abdulla Mr. Mr. Ayaz Abdulla Mr. Asad Abdulla
iii Executive Directors	Mr. Syed Nadeem Ahmed Mr. Zubair Razzak Palwala

No person other than those mentioned above, have at any time during the year ended June 30, 2018 served as the director of the company.

Meetings of the Board of Directors

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

Name of director	Meetings attended
Mr. Adnan Asdar Ali	7
Mr. Rashid Abdulla	6
Mr. Husain Lawai	4
Mr. Syed Nadeem Ahmed	7
Mr. Zubair Razzak Palwala	7
Mr. Mr. Ayaz Abdulla	5
Mr. Asad Abdulla	5

Audit committee

The Committee comprises of three non-executive Directors. The Chairman of the committee is an independent director.

During the year, five meetings of audit committee were held, the attendance of which is as follows:

Name of director	Meetings attended
Mr. Husain Lawai	1
Mr. Adnan Asdar Ali	5
Mr. Asad Abdulla	5

Human resource and remuneration committee

The Committee comprises of four non-executive members. The Chairman of the committee is an independent director. During the year, one meeting of the committee was held, the attendance of which is as follows:

Name of director	Meetings attended
Mr. Husain Lawai	-
Mr. Adnan Asdar Ali	1
Mr. Ayaz Abdulla	1
Mr. Asad Abdulla	1

Directors Remuneration

The significant features and key elements of directors' remuneration are as follows:

- Non-executive directors are only entitled to receive fees in lieu of remuneration in respect of the board and committee meetings attended by them.

- The board is authorized to determine the remuneration of its Directors for attending meetings of the board and committee.

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, 2018 and June 30, 2017 respectively was as follows:

	2018	2017
	Rs '000	
Provident Fund	901,108	896,799

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 and globally. We are strengthening with every passing day and are on our way to attain leadership position in key markets and business segments.

In the local 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.

The recent economic conditions have raised challenges on the industry as a whole. It is a fact hidden from none that the chemical industry of Pakistan has capacity constraints to develop basic components required for manufacturing drugs. Therefore, the industry resorts to import of raw materials. Due to this significant dependability, fluctuation in exchange rates coupled with stiff price regulations directly affect the product margins and consequent commercial feasibility. Pakistani rupee has recently experienced double-digit depreciation which has put the pharma industry under immense pressure.

Further, due to overly regulated drug pricing mechanism, volatility in retail prices is a concern of paramount importance for us. Delays in new product approvals also pose key threats for the industry as a whole. However, with the change in recent political scenario, we will have to wait to assess the future economic trends and modify our strategies accordingly.

For the longer run, Searle is focusing on emerging portfolios including, bio-similars, medical devices, nutraceuticals and genome sciences.

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

Syed Nadeem Ahmed
Chief Executive Officer

Zubair Razzak Palwala
Director

Karachi:
October 11, 2018

بعدازاں 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 اثرانداز ہوں۔

سرمایہ کاریوں کی قدروقیمت

30 جون 2018 اور 30 جون 2017 کو پراویڈنٹ فنڈ کی سرمایہ کاری کی قدروقیمت ان کے غیر آڈٹ شدہ / آڈٹ شدہ حسابات کی بنیاد پر بالترتیب درج ذیل کے مطابق تھی:

	2018	2017
	پاک روپے ہزاروں میں	
پراویڈنٹ فنڈ	**901,108**	896,799

مستقبل پر ایک نظر

طویل المدتی شیئرہولڈر 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 ہورہے 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، کولڈوکف، ذیابطیس، شیرخوار بچوں کا فارمولا، پرو بائیوٹک اور اینٹی بائیوٹک شامل ہیں۔ مستقبل میں ہم اسپیشلٹی جنیرک برانڈ کے پورٹ فولیو میں اپنا حصہ بڑھانے اور منفرد مصنوعات کی طرف اپنی توجہ کو مرکوز کئے ہوئے ہیں ۔

حالیہ اقتصادی صورتحال نے مجموعی طور پر صنعت کے لئے مزید چیلنجز کھڑے کردیئے ہیں۔ یہ حقیقت کسی سے پوشیدہ نہیں ہے کہ پاکستان کی کیمیکل انڈسٹری ادویات کی تیاری کے لئے درکار بنیادی اجزاء کو تیار کرنے کے ضمن میں مقررہ گنجائش نہیں رکھتی، لہٰذا صنعت کو خام مال درآمد کرنا پڑتا ہے۔ غیر ملکی درآمدات پر انحصار کے باعث اور زرمبادلہ کے نرخوں میں اتار چڑھاؤ سے قیمتیں برقرار رکھنے میں دشواری کے باعث پروڈکٹس کی شرح منافع اور کمرشل فیزیبلیٹی براہِ راست متاثر ہوتی ہے۔ پاکستانی روپے کی گرتی قدر سے فارما انڈسٹری کو بے پناہ پریشر کا سامنا کرنا پڑا ہے۔

مزیدبراں ادویات کے نرخوں کے غیر منظم میکنزم کے باعث ریٹیل نرخوں میں اتار چڑھاؤ بھی ہمارے لئے تشویش کا ایک بڑا موجب ہے۔ نئی پروڈکٹ کی منظوری میں تاخیر سے بھی مجموعی طور پر صنعت کے لئے کلیدی خطرات سامنے آتے ہیں۔ تاہم حالیہ سیاسی صورتحال کی تبدیلی کے ساتھ ہم آنے والے معاشی رجحانات کا جائزہ لے رہے ہیں اور اس کے مطابق اپنی حکمت عملیوں میں تبدیلی لائیں گے۔

آنے والے سالوں میں سرل ابھرتے ہوئے پورٹ فولیو بشمول بائیو۔سمیلرز، میڈیکل ڈیوائسز، نیوٹرا سیوٹیکلز اور جنیوم سائنسز پر خصوصی توجہ دے رہی ہے۔

سرل میں ہم سب جذباتی طور پر ملحوظ و متحرک ہیں اور مستقل بنیاد پر پرُعزم شراکت کر رہے ہیں۔یہی شیوہ ہمارے شراکت کار، سپلائرز اور صارفین،کا بھی ہے جس کیلئے ہم ان کے شکرگزار 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

زبیر رزاق پال والا
ڈائریکٹر

11 اکتوبر 2018
کراچی

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی تشکیل :

بورڈ میں سات ڈائریکٹرز موجود ہیں۔ سال کے دوران بورڈ کی تشکیل درج ذیل کے مطابق رہی:

	کیٹگری	نام
i	انڈیپینڈنٹ ڈائریکٹر	جناب حسین لوائی
ii	نان۔ایگزیکٹوڈائریکٹرز	جناب عدنان اسدر علی جناب راشد عبداللہ جناب ایاز عبداللہ جناب اسد عبداللہ
iii	ایگزیکٹوڈائریکٹرز	جناب سید ندیم احمد جناب زبیر رزاق پال والا

مذکورہ بالا افراد کے علاوہ کسی بھی فردنے 30 جون 2018 کو ختم ہونے والے سال کے دوران کمپنی کے ڈائریکٹر کی حیثیت سے فرائض انجام نہیں دیئے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے 7 اجلاس منعقد ہوئے۔ اور ان میں بورڈ ممبران کی اجلاسوں میں شرکت درج ذیل کے مطابق ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
جناب عدنان اسدر علی	7
جناب راشد عبداللہ	6
جناب حسین لوائی	4
جناب سید ندیم احمد	7
جناب زبیر رزاق پال والا	7
جناب ایاز عبداللہ	5
جناب اسد عبداللہ	5

آڈٹ کمیٹی

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

سال کے دوران آڈٹ کمیٹی کے 5 اجلاس منعقد ہوئے جس کی تفصیلات درج ذیل کے مطابق ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
جناب حسین لوائی	1
جناب عدنان اسدر علی	5
جناب اسد عبداللہ	5

ہیومن ریسورس اور ریمیونریشن کمیٹی

کمیٹی 4 نان۔ایگزیکٹو ممبران پر مشتمل ہے۔کمیٹی کے چیئرمین ایک انڈیپینڈنٹ ڈائریکٹر ہیں۔ سال کے دوران کمیٹی کا ایک اجلاس منعقد کیا گیا، جس کی تفصیلات ذیل درج ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
جناب حسین لوائی	-
جناب عدنان اسدر علی	1
جناب ایاز عبداللہ	1
جناب اسد عبداللہ	1

ڈائریکٹرز کا معاوضہ:

ڈائریکٹرز کے معاوضے کی نمایاں خصوصیات اور کلیدی عناصر درج ذیل کے مطابق ہیں:

- نان۔ ایگزیکٹو ڈائریکٹرز، بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کے حوالے سے ، بطور معاوضہ صرف ، فیس وصول کرنے کا استحقاق رکھتے ہیں۔
- بورڈ اپنے ڈائریکٹرز کی جانب سے بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کے لیے معاوضے کے تعین کرنے کا مجاز ہے۔

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

2013	2014	2015	2016	2017	**2018**	
						لاگو کردہ اثاثہ جات
576,639	558,306	687,332	808,692	1,235,640	**1,714,141**	املاک، پلانٹس اور ایکوئپمنٹ
39,008	33,572	30,642	69,885	207,732	**189,068**	غیر محسوس اثاثہ جات
2,189,398	2,393,277	2,491,318	2,483,919	2,460,614	**2,456,565**	انویسٹمنٹ پراپرٹی
100,800	359,900	519,091	2,636,202	1,486,186	**1,686,186**	طویل المدتی سرمایہ کاری
7,027	2,100	2,044	1,949	1,791	**7,548**	طویل المدتی لون،ڈپازٹز اور پری پیمنٹز
				443		ڈیفرڈ ٹیکسیشن
				600,278		نان کرنٹ اثاثہ جات کلاسیفائیڈ ایس ہیلڈ فار سیل
671,708	715,954	1,827,051	2,984,954	4,636,991	**6,337,546**	خالص موجودہ اثاثہ جات
3,584,580	4,063,109	5,557,478	8,985,601	10,629,675	**12,391,054**	**کل لاگو شدہ اثاثہ جات**
						سرمایہ کاری کا ذریعہ
471,652	613,148	858,407	1,227,523	1,539,314	**1,847,177**	جاری کردہ، سبسکرائبڈ اور ادا شدہ سرمایہ
1,999,685	2,530,916	3,689,268	6,952,694	8,385,533	**9,893,014**	ریزروز اور ان اپیروپریٹڈ منافع جات
2,471,337	3,144,064	4,547,675	8,180,217	9,924,847	**11,740,191**	شئیر ہولڈرز کی ایکویٹی
185,020	168,163	296,961	296,961	443,511	**574,331**	فکسڈ اثاثہ جات کی دوبارہ قدرو قیمت پر اضافہ
928,223	750,882	712,842	508,423	261,317	**76,532**	طویل المدتی اور ڈیفرڈ ذمہ داریاں
3,584,580	4,063,109	5,557,478	8,985,601	10,629,675	**12,391,054**	**مجموعی لاگو شدہ سرمایہ**
5,149,798	6,071,823	7,582,470	9,561,490	10,753,751	**12,911,141**	ٹرن اوور
752,976	958,120	1,767,664	2,520,295	2,874,933	**3,233,223**	منافع قبل از ٹیکس
523,274	753,225	1,405,413	2,089,388	2,638,745	**3,049,164**	منافع بعد از ٹیکس
10.16	12.41	18.54	21.85	24.53	**23.62**	منافع بعد از ٹیکس کی فیصد شرح، ٹرن اوور کے حوالے سے
14.60	18.54	25.29	23.25	24.82	**24.61**	منافع بعد از ٹیکس کی فیصد شرح، زیر عمل سرمائے کے حوالے سے
						منافع منقسمہ
20		20	50	100	**50**	نقد (فیصد)
30	40	20	24	30	**15**	اسٹاک (فیصد)

ڈائریکٹرز کی رپورٹ

متعلقہ پارٹیوں کی لین دین

سال 2018 کے دوران تمام متعلقہ پارٹی ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ کے جائزے اور منظوری کے لئے پیش کردی گئی تھیں۔ متعلقہ پارٹیوں میں لین دین کی یہ سرگرمیاں آڈٹ 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 کے منظور شدہ متعلقہ پارٹیوں کے ساتھ پالیسی کے مطابق تھیں۔ کمپنی ان تمام ٹرانزیکشنز کا مکمل ریکارڈ، بشمول ان کی شرائط و ضوابط بھی اپنے پاس رکھتی ہے۔ مزید تفصیلات کے لئے برائے مہربانی مالیاتی حسابات کا حوالہ نوٹ 39 دیکھیں۔

کوڈ آف کارپوریٹ گورنینس پر عملدرآمد

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

ڈائریکٹرز کا تربیتی پروگرام

ڈائریکٹرز یا تو پہلے ہی سے ڈائریکٹر ز کے تربیتی پروگرام میں شرکت کرچکے ہیں جیسا کہ گزشتہ برسوں میں یہ ضروری تھا یا اس سے استثنیٰ کی اہلیت کی شرائط پر پورا اترتے ہیں جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنینس) ریگولیشنز 2017 میں درج ہے۔

انٹرنل فنانشل کنٹرولز کی موزونیت

کمپنی کے اثاثہ جات کے تحفظ، قوانین اور ضوابط پر عمل درآمد اور مستند فنانشل رپورٹنگ کو یقینی بنانے کے لیے موزوں انٹرنل کنٹرولز لاگو کیے گئے ہیں، بورڈ آف ڈائریکٹرز نے انٹرنل آڈٹ کے امور آؤٹ سورس کرکے، گرانٹ تھورنٹن انجم رحمٰن، چارٹرڈ اکاؤنٹینٹس کو سونپ دیئے ہیں جن کو موزوں اور کوالیفائیڈ ہونے کے ساتھ اس مقصد کے لیے مناسب تجربے کا حامل تصور کیا جاتا ہے ، اور وہ کمپنی کی پالیسی اور طریقہ کار سے بھی بخوبی واقف ہیں۔

ضابطہ اخلاق

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

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات میں، کاروباری امور ، آپریشنز کے نتائج، نقد بہاؤ اور ایکویٹی 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 پالسیاں 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 گورنینس کی بیسٹ پریکٹسز سے قطعی انحراف نہیں کیا گیا۔
- ٹرانسفر پرائیسنگ کی بیسٹ پریکٹسز سے روگردانی نہیں کی گئی۔

ساکھ، بھروسہ اور اعتماد وہ ضروری عناصر ہیں جن کی توسیع اور تحفظ ہماری زمہ داری ہے تا کہ 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 اثاثہ ہے۔ ہم اس امر کو 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 کی بحالی و بہتری 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۔

کارپوریٹ اور سماجی ذمہ داری

ہمارے فرائض اور ذمہ داری کا دائرۂ کار اپنے اسٹیک ہولڈرز کیلئے منافع بڑھانے پر ہی ختم نہیں ہوجاتا۔ سرل میں ہمارا مقصد اس معیشت کو مستحکم بنانا بھی ہے جس میں ہم کاروبار کررہے 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 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۔

آکیوپیشنل ہیلتھ، سیفٹی اور اینوائرمنٹ

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 کاوشوں کے ساتھ انفارمیشن ٹیکنا لوجی میں زیادہ سے زیادہ سرمایہ کاری ہماری پالیسی رہی ہے۔ہم نے اپنے کاروباری آپریشنز کو مزید مستحکم اور منظم بنانے کے لیے انتہائی پاورفل انتظامی سسٹم 'SAP' کامیابی سے نافذ کر لیا ہے۔

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عوام الناس سرل کمپنی لمیٹڈ کی ویب سائٹ www.searlecompany.com ملاحظہ کرسکتے 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

ہولڈنگ کمپنی

انٹرنیشنل برانڈز لمیٹڈ سرل کی ہولڈنگ کمپنی ہے، جس کی کمپنی میں 56.60 فیصد شیئر ہولڈنگ ہے۔

ذیلی کمپنیاں درج ذیل ہیں:

	کاروبار کا مرکزی مقام	موثرالعمل فیصد ہولڈنگ 30 جون 2018	موثرالعمل فیصد ہولڈنگ 30 جون 2017
لسٹڈ کمپنی			
• آئی بی ایل ہیلتھ کیئر لمیٹڈ	پاکستان	**74.19%**	74.19%
ان لسٹڈ کمپنیاں			
• سرل فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ	پاکستان	**100.00%**	100.00%
• سرل لیبارٹریز(پرائیویٹ) لمیٹڈ	پاکستان	**100.00%**	100.00%
• سرل بائیو سائنسز (پرائیویٹ) لمیٹڈ	پاکستان	**100.00%**	100.00%
• آئی بی ایل آئیڈنٹیٹی (پرائیویٹ) لمیٹڈ	پاکستان	**100.00%**	100.00%
• آئی بی ایل فیوچر ٹیکنالوجیز (پرائیویٹ) لمیٹڈ	پاکستان	**100.00%**	-
• نیکسٹر فارما (پرائیویٹ) لمیٹڈ	پاکستان	**85.17%**	70.34%

سال کے دوران کمپنی نے نیکسٹر فارما (پرائیویٹ) لمیٹڈ میں اپنی تمام تر سرمایہ کاری کو سرل بائیوسائنسز (پرائیویٹ) لمیٹڈ کو فروخت کردیا جو کمپنی کی مکمل ملکیتی ذیلی کمپنی ہے۔ کمپنی اب سرل بائیوسائنسز (پرائیویٹ) لمیٹڈ کے ذریعے نیکسٹر فارما (پرائیویٹ) لمیٹڈ میں موثر طور پر 85.17 فیصد شیئرہولڈنگ کی حامل ہے (2017 : 70.34 فیصد)۔

شیئرہولڈنگ کا طریقہ کار

30 جون 2018 کوپیٹرن آف شیئر ہولڈنگ بشمول شیئرہولڈرز کی کیٹگریز، جیسا کہ کمپنیزایکٹ 2017 کے سیکشن 227 اور لسٹنگ ریگولیشنز کے تحت ضروری ہے،سالانہ رپورٹ 2018 کے صفحہ نمبر188 تا 192 پر پیش کی گئی ہیں۔

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

کمپنی کے شیئر کی خریدوفروخت پاکستان اسٹاک ایکسچینج لمیٹڈ میں کی جاتی ہے۔ ڈائریکٹرز، سی ای او، کمپنی سیکریٹری اور سی ایف او اور ایگز یکٹوز اور ان تمام حضرات کی شریک حیات اور نابالغ بچوں نے کمپنی کے شیئرز میں کسی قسم کا کاروبار نہیں کیا۔

کاروباری ضوابط

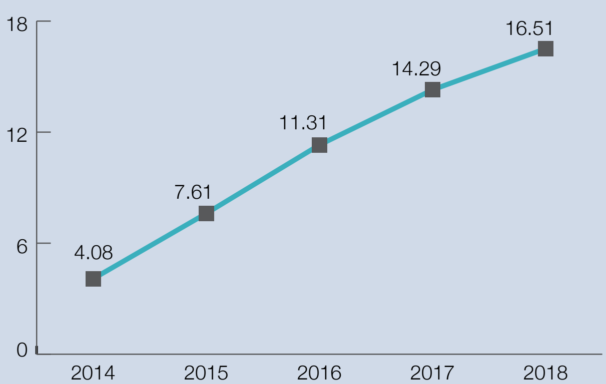
سرل کا کا رو با ری طریقہ کار ایمانداری ، شفافیت اور نافذ العمل قوانین اور ضوابط کی پا سداری پر مبنی رہا ہے۔ ہمارے ملا زمین ہیلتھ کیئر اور کنزیو مر انڈسٹری میں بہترین مصنو عات اور خدمات، کی فراہمی کے ہمارے مشن کو پورا کرنے میں پوری لگن کے ساتھ کار فرما ہیں ۔

ظاہر ہوئی ۔ مزید برآں کمپنی کا منافع بعداز ٹیکس بھی 15.55 فیصدسے بڑھا۔ رواں سال میں مجموعی مارجن کم ہوکر34.35 فیصد ہوگیا جو گزشتہ سال38.86فیصد تھا جس کی بنیادی وجہ پہلے بیان کردہ غیر ملکی کرنسی کی قدر میں اضافہ ہے۔

یہ بہتر شرح ، ڈاکٹرز کوریج میں اضافہ، پروڈکٹ پورٹ فولیو میں پختگی، بلند حجم، شاندار پروڈکٹ مکس، برانڈنگ کی کوششوں اور طلب میں استحکام کی بدولت حاصل ہوئی۔ مزیدبرآں اخراجات پر سخت کنٹرول نے بھی کمپنی کی مالیاتی کارکردگی کو بہتر بنانے میں اپناکردار ادا کیا۔

آمدنی فی شیئر

بنیادی آمدنی فی شیئر بعداز ٹیکس 16.51روپے تھی (2017: 14.29روپے)۔



کمپنی کی بنیادی آمدنی فی حصص پر ڈائیلوشن کا کوئی اثر نہیں پڑا کیونکہ کمپنی کے 30 جون 2018 کو کوئی کنورٹبل ڈائیلیٹیو پوٹینشل آرڈینری شیئرز باقی نہیں تھے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2018 کو ختم ہونے والے سال کے لئے نقد اور اسٹاک منافع منقسمہ بالترتیب 50 اور 15 فیصد کی سفارش کی ہے۔

30 جون 2017 کو ختم ہونے والے سال کے دوران کمپنی نے نقد اور اسٹاک منافع منقسمہ میں بالترتیب 80 فیصد اور 20 فیصد کا اعلان کیا تھا۔ یہ دورانِ سال جاری کر دہ نقد اور اسٹاک منافع منقسمہ بالترتیب 20 فیصد اور 10 فیصد کے علا وہ تھا۔

مالیاتی حسابات اور آڈیٹرز

موجودہ آڈیٹرز میسرز اے۔ایف۔فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سبکدوش ہورہے 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 2019 کو ختم ہونے والے مالی سال کیلئے باہمی طے شدہ معاوضے پر کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی توثیق کردی ہے۔

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 جون 2018 کے آڈٹ شدہ مالیاتی حسابات کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ڈائریکٹرز کی یہ رپورٹ کمپنیزایکٹ 2017 کے سیکشن 227 اور کوڈ آف کارپوریٹ گورنینس 2017 کے باب XIII کے مطابق تیاری کی گئی ہے۔

یہ رپورٹ کمپنی کے 53 ویں سالانہ اجلاس عام منعقدہ 22 نومبر2018 میں ممبران کو پیش کی جائے گی۔

جائزہ

پاکستان میں فارماسیوٹیکل کی صنعت کا حجم موجودہ طور پر لگ بھگ 3.1 بلین امریکی ڈالراور سالانہ شرح نمو تقریباً 15 فیصد ہے۔ پاکستان میں 700 سے زائد فارماسیوٹیکل مینوفیکچرنگ یونٹس ہیں جو کہ 20 سے زائد ممالک میں200 ملین امریکی ڈالر سے زائد مالیت کی مصنوعات درآمد کررہے ہیں۔ انڈسٹری کا مستقبل خوش آئند ہے اور کمپنی کی مستقبل کی توقعات اور شرح نمو کے لئے حوصلہ افزا ہے۔

علاج کے وہ شعبے جہاں سرل کارفرما ہے ان میں کارڈیو ویسکولر، کھانسی، نزلہ، ذیا بطیس، بچوں کے فارمولے، پروبایوٹک اور اینٹی بایو ٹک شامل ہیں۔

غیر ملکی کرنسی کے تبادلے میں مسلسل اُتار چڑھاؤ اور خام مال کی درامدات پر انحصار، پروڈکٹ کے منافع کی شرح میں کمی کا باعث بن رہاہے اور یہ خطرہ کمپنی اور صنعت کو لاحق خطرات کی بنیا دی وجہ ہے۔

آپریٹنگ نتائج

	2018	2017
	پاکستانی روپے ہزاروں میں	
آمدنی	12,911,141	10,753,751
فروخت کے اخراجات	(8,473,767)	(6,574,400)
مجموعی آمدنی	4,434,374	4,179,351
آپریٹنگ اخراجات	(4,050,048)	(3,328,088)
دیگر آپریٹنگ اخراجات	(177,601)	(178,876)
دیگر آمدنی	3,228,408	2,328,810
آپریشنزسے آمدنی	3,438,133	3,001,197
فنانس کی لاگت	(204,910)	(126,264)
آمدنی قبل از ٹیکس	3,233,223	2,874,933
ٹیکسیشن	(184,059)	(236,188)
آمدنی بعد از ٹیکس	3,049,164	2,638,745
مجموعی منافع کی شرح	34%	39%
آپریٹنگ منافع جات کی شرح	27%	28%
آمدنی قبل از ٹیکس کی شرح	25%	27%
آمدنی بعد از ٹیکس کی شرح	24%	25%

سرل ایک ایسی کمپنی ہے کہ جس نے ہمیشہ اعلیٰ معیار کی ہیلتھ کیئر خدمات کے ذریعے مریضوں کی زندگی کو بہتر بنانے کی کوشش کی ہے۔

مریضوں اور شیئر ہولڈرزکے مفا دات 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۔

اقتصادی چیلنجنگ صورتحال کے باوجود، جہاں غیرملکی کرنسی کے اتارچڑھاؤ نے مجموعی معاشی صورتحال پر مضر اثرات مرتب کیے، وہیں سرل نے اپنی شاندار کارکردگی کا سلسلہ بھی برقرار رکھا۔

30 جون 2018کو ختم ہونے والے سال کے دوران کمپنی کی سیلز کا حجم12.91ارب روپے رہا جس سے20.06 فیصد کی شرح نمو

POTENTIAL OF STEM CELLS TREATMENTS

Stem cells can be used in treating diseases by way of stem cell transplant. If embryonic stem cells are made to differentiate to form cells of the desired type, they can then be used to replace the damaged cells in the patient's body. This method may be able to treat brain or spinal cord injuries and other neurological problems by using stem cells to replace the damaged neurons. If stem cells can be used to generate insulin-producing cells, they can serve as a treatment for diabetes. If used to create heart muscle cells, damage after a heart attack could be repaired.

OUR PRODUCTS

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

SELANZ SR
Sustained and fine one for nine

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

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

M-FOLATE
The only bioactive folate with WHO/FAO recommended dosage with economy

TRAMAL
The Original Tramadol- Having opioid and non-opioid actions for moderate to severe pain

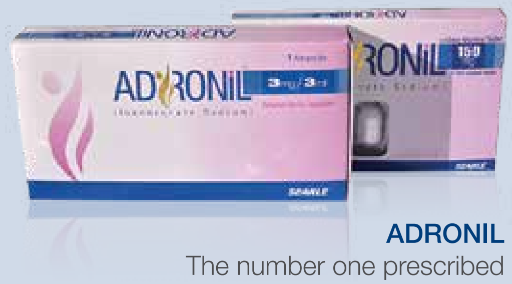
OSTEGEM
Total Bone Care

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

UMBILICAL CORD STEM CELLS

Cord cells are hematopoietic and not pluripotent, which means they can differentiate to form only blood cells and not any other. So their future use can apply to treating blood disorders. However, cord tissue contains mesenchymal stem cells. They are multipotent stromal cells which can differentiate to form cells of the bone, muscle, and cartilage. It may be possible to use these in treating various diseases in animals. A segment of the umbilical cord is stored in the frozen form in cord blood banks. Chances are that stem cells are extracted from the cord tissue to be used for disease treatment.

STATEMENT OF COMPLIANCE

With Listed Companies (Code of Corporate Governance) Regulations, 2017 for the year ended June 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (07) as per the following:

   a. Male: 7
   b. Female: -

2. The composition of board is as follows:

   a) Independent Directors 1
   b) Other Non-executive Directors 4
   c) Executive Directors 2

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. 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.

5. 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.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Two directors of the Company meet the exemption criteria of the Directors' Training Program and four directors have acquired certification under the said program.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

    a) Audit Committee:

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

b) HR and Remuneration Committee:

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

    a) Audit Committee: Five meetings during the financial year ended June, 30, 2018.
    b) HR and Remuneration Committee: One meeting during the financial year ended June, 30, 2018.

15. 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.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Adnan Asdar Ali
Chairman / Director

Syed Nadeem Ahmed
Chief Executive Officer

Karachi:
Dated: October 11, 2018

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REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of The Searle Company Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018:

Chartered Accountants
Karachi

Dated: October 29, 2018

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>

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SEARLE COMPANY LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of The Searle Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2018, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matters:

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	**Companies Act, 2017** ***(Refer note 3.1.2 to the unconsolidated financial statements)*** The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these annexed unconsolidated financial statements. The Act has also brought certain changes with regard to preparation and presentation of annual unconsolidated financial statements of the Company. These changes include recognition of surplus on revaluation of property, plant and equipment in equity and additional disclosures. Particularly, change in the requirement relating to surplus on revaluation of property, plant and equipment is accounted for as change in accounting policy that also required inclusion of an additional statement of financial position at the beginning of the earliest period presented as disclosed in note 4 to the unconsolidated financial statements. In view of the various additional disclosures and change in accounting policy relating to surplus on revaluation of property, plant and equipment in the annexed unconsolidated financial statements due to first time application of the provisions of the Companies Act, 2017, for the preparation of financial statements, we considered this as a key audit matter.	We reviewed and understood the requirements of the Companies Act, 2017 for the preparation of the unconsolidated financial statements. Our audit procedures included the following: • considered the management's process to identify the additional disclosures required in the Company's annexed unconsolidated financial statements. • obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence. • engaged an auditor's expert to test the reasonableness of the assumptions used by the management's property, plant and equipment valuer. • ensured appropriate accounting is carried out with respect to the surplus on revaluation of property, plant and equipment as per IAS 16 'Property Plant and Equipment'. • ensured the presentation and disclosure requirements of accounting and reporting framework relating to change in accounting policy for surplus on revaluation of property, plant and equipment and other additional disclosures.

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S. No.	Key Audit Matter	How the matter was addressed in our audit
(ii)	**Litigation matters** ***(Refer notes 25 and 26.1 to the unconsolidated financial statements)*** The Company has litigation cases in respect of product pricing, income tax and sales tax matters, which are pending at various forums including Honourable High Court of Sindh, Commissioner Inland Revenue (Appeals) (CIR(A)), Appellate Tribunal Inland Revenue (ATIR) and the Drug Regulatory Authority of Pakistan (DRAP). Matters under litigation require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such litigation matters. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered litigation matters relating to product pricing and taxation a key audit matter.	Our audit procedures amongst others, included: • obtained and reviewed details of the pending litigations and discussed the same with the Company's management; • reviewed correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities/ courts of law in relation to the issues involved or matters which have similarities with the issues involved; • obtained confirmations from the Company's external legal and tax counsels for their views on open tax assessments and legal cases; • involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and • reviewed disclosures made in respect of litigations in the financial statements.

S. No.	Key Audit Matter	How the matter was addressed in our audit
(iii)	**Loan to subsidiary** **(Refer note 14 to the unconsolidated financial statements)** The Company has provided loan to its subsidiary – IBL Identity (Private) Limited amounting to Rs 2.9 billion as at 30 June 2018. Considering the accumulated loss of the subsidiary, the management has assessed the recoverability of the amount of loan to subsidiary. The management has determined based on the future projections that no impairment is required to be recognised in respect of the loan provided as sufficient cash flows will be generated by the subsidiary for repayment of the loan. The assessment of recoverability of loan to subsidiary requires application of significant judgement and assumptions in determining future profitability of the subsidiary. In view of the materiality of the loan amount and that the determination of the recoverability of loan provided involved significant management judgement, we consider this as a key audit matter.	Our audit procedures included, among others: • obtained the management's impairment assessment for the recoverability of the loan provided to subsidiary; • evaluated the judgements and assumptions included in the cash flow projections by considering the historical accuracy of forecasts and comparing these to our understanding of the subsidiary's business model; • performed sensitivity analyses on the key assumptions used including growth assumptions; and • assessed the adequacy of disclosures in the company's unconsolidated financial statements.

Information Other than the Unconsolidated Financial Statements and Auditors' Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

Chartered Accountants
Karachi

Date: October 29, 2018

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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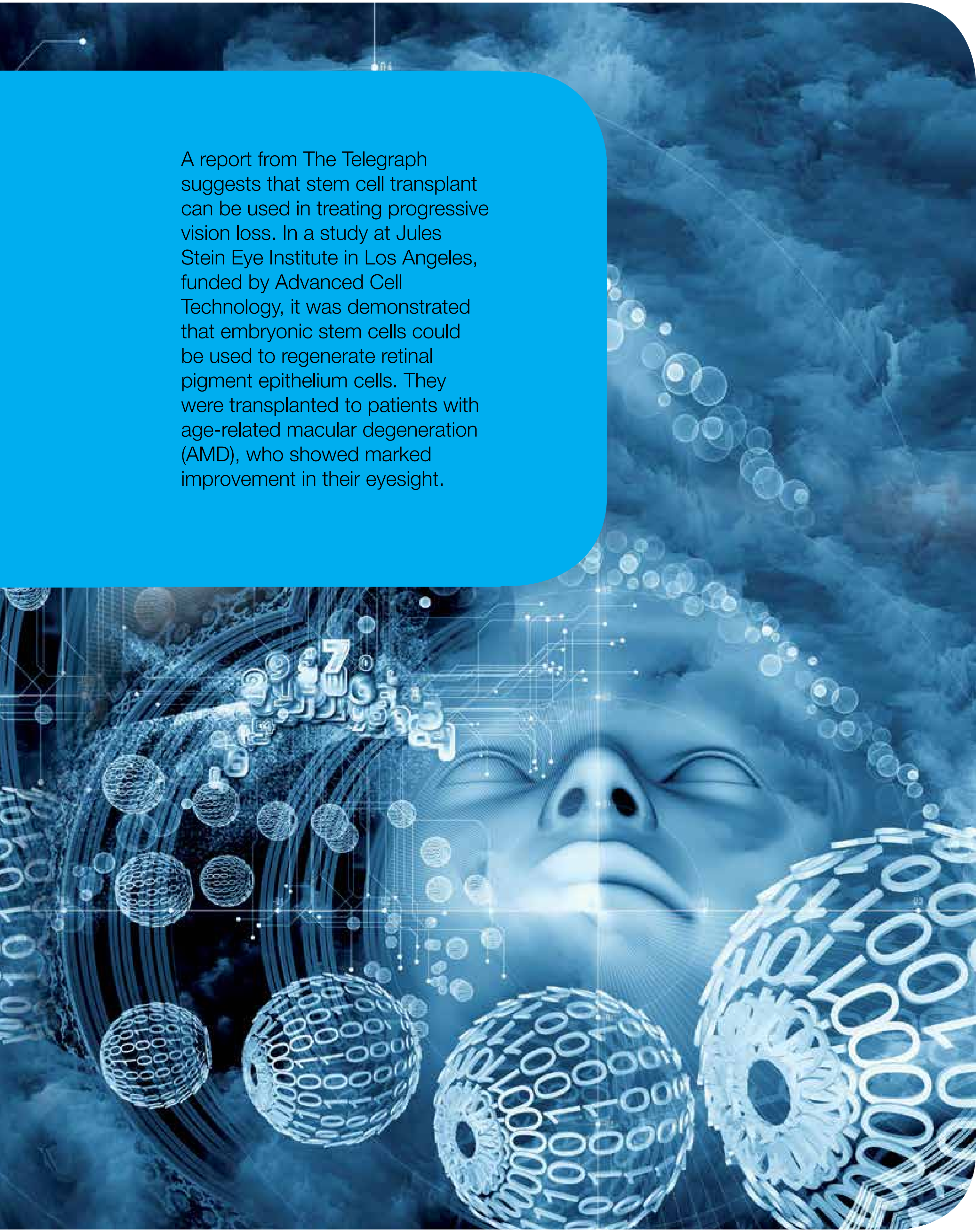
CURING BLINDNESS

A report from The Telegraph suggests that stem cell transplant can be used in treating progressive vision loss. In a study at Jules Stein Eye Institute in Los Angeles, funded by Advanced Cell Technology, it was demonstrated that embryonic stem cells could be used to regenerate retinal pigment epithelium cells. They were transplanted to patients with age-related macular degeneration (AMD), who showed marked improvement in their eyesight.



UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

	Note	2018	(Re-stated) 2017	(Re-stated) July 1, 2016
ASSETS		---Rupees '000---		
Non-current assets				
Property, plant and equipment	5	**1,714,141**	1,235,640	808,692
Investment properties - at cost	6	**2,456,565**	2,460,614	2,483,919
Intangible assets	7	**189,068**	207,732	69,885
Deferred tax assets	8	**-**	443	-
Long-term investments - subsidiaries	9	**1,686,186**	1,486,186	2,636,202
Long-term loans	10	**152**	193	351
Long-term deposits	11	**7,396**	1,598	1,598
		6,053,508	5,392,406	6,000,647
Current assets				
Inventories	12	**2,294,306**	1,052,632	1,167,587
Trade receivables	13	**3,290,016**	2,977,613	2,541,056
Loans and advances	14	**4,327,289**	2,458,745	770,147
Trade deposits and short-term prepayments	15	**72,747**	71,147	130,780
Other receivables	16	**1,030,134**	525,159	241,022
Taxation - payments less provision		**874,169**	675,642	530,456
Tax refunds due from Government - Sales Tax		**14,436**	-	-
Cash and bank balances	17	**137,036**	92,153	87,888
		12,040,133	7,853,091	5,468,936
Non-current asset classified as held for sale	18	**-**	600,278	-
Total assets		**18,093,641**	13,845,775	11,469,583
EQUITY AND LIABILITIES				
EQUITY				
Share capital	19	**1,847,177**	1,539,314	1,227,523
Unappropriated profit		**7,981,789**	6,474,308	5,041,469
General reserve		**280,251**	280,251	280,251
Share premium		**1,630,974**	1,630,974	1,630,974
Revaluation surplus on property, plant and equipment		**574,331**	443,511	296,961
		12,314,522	10,368,358	8,477,178
LIABILITIES				
Non-current liabilities				
Long-term borrowing	20	**-**	214,285	428,571
Deferred tax liabilities	8	**25,902**	-	37,604
Employee benefit obligations	21	**50,630**	47,032	42,248
		76,532	261,317	508,423
Current liabilities				
Trade and other payables	22	**2,861,682**	1,739,638	1,777,915
Borrowings	23	**2,737,763**	1,423,114	689,863
Unpaid dividend	24	**53,654**	20,429	13,681
Unclaimed dividend		**49,488**	32,919	2,523
		5,702,587	3,216,100	2,483,982
Total liabilities		**5,779,119**	3,477,417	2,992,405
Contingencies and commitments	25			
Total equity and liabilities		**18,093,641**	13,845,775	11,469,583

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

Chief Executive Officer | Director | Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2018

	Note	2018	(Re-stated) 2017
		--------Rupees '000--------	
Revenue	26	**12,911,141**	10,753,751
Cost of sales	27	**(8,473,767)**	(6,574,400)
Gross profit		**4,437,374**	4,179,351
Distribution cost	28	**(3,149,899)**	(2,644,535)
Administrative expenses	29	**(900,149)**	(683,553)
Other operating expenses	30	**(177,601)**	(178,876)
Other income	31	**3,228,408**	2,328,810
Profit from operations		**3,438,133**	3,001,197
Finance cost	32	**(204,910)**	(126,264)
Profit before income tax		**3,233,223**	2,874,933
Income tax expense	33	**(184,059)**	(236,188)
Profit for the year		**3,049,164**	2,638,745
Other comprehensive income / (loss):			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	21	**(3,506)**	(479)
Surplus on revaluation of property, plant and equipment - net of deferred tax		**131,957**	146,550
		128,451	146,071
Total comprehensive income for the year		**3,177,615**	2,784,816
Basic and diluted earnings per share (Rupees)	34	**16.51**	14.29

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

Chief Executive Officer | Director | Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2018

	Share capital	Capital reserves: Share premium	Capital reserves: Issue of bonus shares	Capital reserves: Revaluation surplus on Property, plant & equipment	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Total reserves	Total
	--------	--------	--------	Rupees '000	--------	--------	--------	--------
Balance as at July 1, 2016 as previously reported	1,227,523	1,630,974	-	-	280,251	5,041,469	6,952,694	8,180,217
Impact of re-statement - note 4	-	-	-	296,961	-	-	296,961	296,961
Balance as at July 1, 2016 - restated	1,227,523	1,630,974	-	296,961	280,251	5,041,469	7,249,655	8,477,178
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 income / (loss) for the year ended June 30, 2017	-	-	-	146,550	-	(479)	146,071	146,071
	-	-	-	146,550	-	2,638,266	2,784,816	2,784,816
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 July 1, 2017 - restated	1,539,314	1,630,974	-	443,511	280,251	6,474,308	8,829,044	10,368,358
Total comprehensive income for the year ended June 30, 2018								
Profit for the year ended June 30, 2018	**-**	**-**	**-**	**-**	**-**	**3,049,164**	**3,049,164**	**3,049,164**
Other comprehensive income / (loss) for the year ended June 30, 2018	**-**	**-**	**-**	**131,957**	**-**	**(3,506)**	**128,451**	**128,451**
Transfer of incremental depreciation - net of deferred tax	**-**	**-**	**-**	**(1,137)**	**-**	**1,137**	**-**	**-**
	-	**-**	**-**	**130,820**	**-**	**3,046,795**	**3,177,615**	**3,177,615**
Transactions with owners								
Transfer to reserve for issue of bonus shares	**-**	**-**	**307,863**	**-**	**-**	**(307,863)**	**-**	**-**
Bonus shares issued during the year in the ratio of 20 shares for every 100 shares held	**307,863**	**-**	**(307,863)**	**-**	**-**	**-**	**(307,863)**	**-**
Final dividend for the year ended June 30, 2017 @ Rs. 8 per share	**-**	**-**	**-**	**-**	**-**	**(1,231,451)**	**(1,231,451)**	**(1,231,451)**
Balance as at June 30, 2018	**1,847,177**	**1,630,974**	**-**	**574,331**	**280,251**	**7,981,789**	**10,467,345**	**12,314,522**

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 CASH FLOWS

For the year ended June 30, 2018

	Note	2018	2017
		--------Rupees '000--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	**718,632**	1,415,918
Employee benefit obligations paid		**(5,416)**	(511)
Finance cost paid		**(100,276)**	(106,160)
Income tax paid		**(379,229)**	(422,335)
Decrease in long-term loans		**41**	158
Increase in long-term deposit		**(5,798)**	-
Net cash generated from operating activities		**227,954**	887,070
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(447,090)**	(375,332)
Proceeds from disposal of property, plant and equipment		**13,166**	16,467
Purchase of investment properties		**(47,365)**	(25,187)
Purchase of intangible assets		**(20,767)**	(161,226)
Proceeds from disposal of subsidiary company		**600,278**	-
Investment in subsidiary company		**(200,000)**	-
Net cash used in investing activities		**(101,778)**	(545,278)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(1,181,657)**	(856,492)
(Repayment of) / proceeds from export refinance		**(64,000)**	44,000
Proceeds from borrowings - subsidiary		**200,000**	-
Current portion of long-term loan re-paid		**(214,286)**	(214,286)
Net cash used in financing activities		**(1,259,943)**	(1,026,778)
Net decrease in cash and cash equivalents		**(1,133,767)**	(684,986)
Cash and cash equivalents at beginning of the year		**(1,052,675)**	(367,689)
Cash and cash equivalents at end of the year	36	**(2,186,442)**	(1,052,675)

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

Chief Executive Officer | Director | Chief Financial Officer

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

1. THE COMPANY AND ITS OPERATIONS

1.1 The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company. Its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacture of pharmaceutical and other consumer products.

International Brands Limited is the holding company, which holds 56.60% shareholding in the Company.

Following are the subsidiary companies:

	Principal place of business	Effective %age of holding	
		June 30, 2018	June 30, 2017
Listed Company			
- IBL HealthCare Limited	Pakistan	**74.19%**	74.19%
Unlisted Companies			
- Searle Pharmaceuticals (Private) Limited	Pakistan	**100.00%**	100.00%
- Searle Laboratories (Private) Limited	Pakistan	**100.00%**	100.00%
- Searle Biosciences (Private) Limited	Pakistan	**100.00%**	100.00%
- IBL Identity (Private) Limited	Pakistan	**100.00%**	100.00%
- IBL Future Technologies (Private) Limited	Pakistan	**100.00%**	-
- Nextar Pharma (Private) Limited *	Pakistan	**85.17%**	70.34%

** During the year, the Company disposed off its entire investment in Nextar Pharma (Private) Limited to Searle Biosciences (Private) Limited - wholly owned subsidiary. The Company now effectively holds 85.17% (2017: 70.34%) shareholding in Nextar Pharma (Private) Limited through Searle Biosciences (Private) Limited.*

1.2 The geographical locations and addresses of the Company's business units, including plant are as under:

- The registered office of the Company is situated at 1st Floor, N.I.C.L Building, Abbasi Shaheed Road, Karachi.
- The Company's manufacturing plants are located at F-319, S.I.T.E Area, Karachi, and 32-km Multan Road, Lahore.

The warehouses and storage facilities of the Company are situated at:

- Survey 392/1 & 392/2, Sector 3, Deh Phihai Tapoo Ibrahim Hyderi Taluka, Korangi Industrial Area, Karachi.
- Plot 11, Sector 27, Korangi Industrial Area, Karachi.
- Plot No. 21-C, Sector 15/16, Gulshan-e-Mazdoor, Hub River Road, Karachi.
- Raiwind Road, Manga Mandi, Lahore.
- 137, Shahrah-e-Maulana, Jalaluddin Roomi, Lahore.
- Kashtar Street, Opposite Orient Appliances Factory, 26-KM, Multan Road, Lahore.
- Shabab Studio Chung, 19-KM, Multan Road, Lahore.

1.3 During the year, the Company in its Board of Directors meeting held on January 2, 2018 approved an equity investment of 240,000 euros by subscribing 2,400 shares of 100 euros each i.e. 12% equity in SEARLE-BEL (Belgian company) in Belgium. In this regard, a shareholders agreement dated May 14, 2018 has been entered between IBL Group (the Company, International Brands Limited - Holding company and the relative of a Director) and SPRL VINCRA FOOD. The Belgian company is formed for setting up manufacturing unit in Belgium's Wallonia region for production of Nutraceuticals - a food that supplements diet and assists in disease prevention. The Company is in the process of obtaining approval from the State Bank of Pakistan in respect of the proposed investment.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS IN THE CURRENT REPORTING YEAR

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting year:

a) Disbursed short-term loan to IBL Identity (Private) Limited of Rs. 1.17 billion - refer note 14.5.

b) Dividend income from subsidiaries increased by Rs. 949.6 million - refer note 31.

c) Processing charges to subsidiary increased by Rs. 1.19 billion due to increase in production, introduction of new products and revision in rates - refer note 27.

d) Incurred corporate service charges and corporate restructuring charges from Holding company amounting to Rs. 168 million and Rs. 88.95 million respectively - refer notes 29 & 29.1.

e) Obtained running finance facilities - refer note 23.1.

f) Gained revaluation surplus on property, plant and equipment amounting to Rs. 154.95 million - refer note 5.1.

g) Due to applicability of the Companies Act, 2017, amounts reported for the previous years are restated. For detailed information please refer notes 3.1.2 and 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation

3.1.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

3.1.2 The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of financial statements of the Company. These changes also include change in respect of surplus on revaluation of property, plant and equipment as fully explained in note 4, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

Keeping in view of the above, the presentation of these unconsolidated financial statements has been realigned with the provisions contained in the Act along with the impact on the recognition and measurement of the revaluation surplus on property, plant and equipment in equity.

3.1.3 Use of critical accounting estimates and judgements

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

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

a) Income tax - note 3.4

b) Revaluation of property, plant and equipment - note 3.6

Estimates and judgements 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 unconsolidated financial statements.

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

3.1.4 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective in the current year and are 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 the first year of adoption, comparative information need not be provided.

The change has been disclosed in note 20 of these unconsolidated financial statements.

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 July 1, 2017 are considered not to be relevant for the Company's unconsolidated 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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Company.

IFRS 9 'Financial instruments' - This standard is effective for periods beginning from or after July 1, 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - This standard is effective for periods beginning from or after July 1, 2018. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 'Leases' - This standard is effective for periods beginning from or after January 1, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its unconsolidated financial statements.

3.2 Overall valuation policy

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policy notes.

3.3 Staff retirement benefits

3.3.1 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 unconsolidated statement of financial position 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, 2018 using the projected unit credit method.

3.3.2 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.

3.4 Income tax

3.4.1 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.

3.4.2 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 unconsolidated 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 unconsolidated statement of profit or loss and other comprehensive income, 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 unconsolidated statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

3.5 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.

3.6 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 unconsolidated statement of profit or loss and other comprehensive income 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.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in unconsolidated statement of profit or loss and other comprehensive income, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings. 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 statement of profit or loss and other comprehensive income.

3.7 Intangible assets

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.

Intangible assets 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.

3.8 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

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'.

3.9 Investments

3.9.1 Investment in subsidiary companies

Investments in subsidiary companies 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. 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 unconsolidated profit or loss and other comprehensive income.

3.9.2 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 unconsolidated statement of profit or loss and other comprehensive income. 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 unconsolidated statement of profit or loss and other comprehensive income. Investments in associates are accounted for using the equity method of accounting in the unconsolidated financial statements.

3.10 Inventories

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 labour 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.

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

3.11 Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less 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 and other receivables considered irrecoverable are written-off.

3.12 Cash and cash equivalents

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

3.13 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 reporting date. Exchange differences are taken to unconsolidated profit or loss and other comprehensive income.

3.14 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.

3.15 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 unconsolidated statement of profit or loss and other comprehensive income are not recognised as an asset in the subsequent period.

3.16 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 unconsolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

3.17 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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each unconsolidated statement of financial position date and adjusted to reflect the current best estimates.

3.18 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 unconsolidated statement of profit or loss and other comprehensive income.

3.19 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 unconsolidated statement of financial position 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.

3.20 Dividend distribution

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

3.21 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.

4. CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of property, plant and equipment has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of property, plant and equipment, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of property, plant and equipment would now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of property, plant and equipment stands amended as follows:

- Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in unconsolidated statement of profit or loss and other comprehensive income, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to unconsolidated profit or loss and other comprehensive income and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at July 1, 2016		
	As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement
	Rupees '000					
Effect on unconsolidated statement of financial position						
Revaluation surplus on property, plant and equipment	443,511	-	(443,511)	296,961	-	(296,961)
Equity	-	443,511	443,511	-	296,961	296,961
Effect on unconsolidated statement of changes in equity						
Revaluation surplus on property, plant and equipment	-	443,511	443,511	-	296,961	296,961

	For the year ended June 30, 2017		
	As previously reported	As re-stated	Re-statement
	Rupees '000		
Effect on unconsolidated statement of profit or loss and other comprehensive income			
Surplus on revaluation of property, plant and equipment - net of deferred tax	-	146,550	146,550

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

5. PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	--------Rupees '000--------	
Operating assets - note 5.1	**1,412,022**	1,033,870
Capital work-in-progress - at cost - note 5.9	**302,119**	201,770
	1,714,141	1,235,640

5.1 Operating assets:

	Owned assets							
	Leasehold land - notes 5.2, 5.3, 5.4 & 5.5	Building on leasehold land - notes 5.3, 5.4 & 5.5	Plant and machinery - notes 5.3, 5.4 & 5.5	Office equipment	Furniture and fixtures	Vehicles - notes 5.3, 5.4 & 5.5	Air - conditioning systems - notes 5.3, 5.4 & 5.5	Total
	---Rupees '000---							
Net carrying value basis								
Year ended June 30, 2018								
Opening net book value	**560,599**	**86,489**	**298,025**	**31,364**	**10,391**	**29,145**	**17,857**	**1,033,870**
Additions	**-**	**87,600**	**214,057**	**17,390**	**7,119**	**16,560**	**4,015**	**346,741**
Revaluation - notes 5.3 & 5.4	**59,426**	**69,527**	**13,160**	**-**	**-**	**8,550**	**4,283**	**154,946**
Disposal - note 5.8	**-**	**-**	**-**	**-**	**-**	**(6,701)**	**-**	**(6,701)**
Depreciation charge	**-**	**(12,107)**	**(65,628)**	**(20,352)**	**(2,597)**	**(11,379)**	**(4,771)**	**(116,834)**
Closing net book value	**620,025**	**231,509**	**459,614**	**28,402**	**14,913**	**36,175**	**21,384**	**1,412,022**
Gross carrying value basis								
As at June 30, 2018								
Cost or revaluation	**620,025**	**231,509**	**459,614**	**97,457**	**33,399**	**36,175**	**21,384**	**1,499,563**
Accumulated depreciation	**-**	**-**	**-**	**(69,055)**	**(18,486)**	**-**	**-**	**(87,541)**
Net book value	**620,025**	**231,509**	**459,614**	**28,402**	**14,913**	**36,175**	**21,384**	**1,412,022**
Net carrying value basis								
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 5.3 & 5.4	139,752	4,896	2,307	-	-	2,159	350	149,464
Disposal	-	-	(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
Gross carrying value basis								
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
Depreciation rate	**-**	**5% & 20%**	**10%, 20% & 33%**	**10%, 20% & 33%**	**10%, 20% & 33%**	**20%**	**10% & 20%**	

5.2 Leasehold land includes land having market value / fair value of Rs. 93.4 million (2017: Rs. 91.4 million) for which lease in the name of the Company has not been finalised. The land has not been commercialised yet.

5.3 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. This resulted in revaluation surplus on leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems amounting to Rs. 59.43 million (2017: Rs. 139.75 million), Rs. 69.53 million (2017: Rs. 4.89 million), Rs. 13.16 million (2017: Rs. 2.31 million), Rs. 8.6 million (2017: Rs. 2.16 million) and Rs. 4.3 million (2017: Rs. 0.35 million) respectively.

5.4 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, 2018 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 also carried out by M/s. Pee Dee & Associates on June 30, 2018 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).

Forced sale value of the revalued assets as at June 30, 2018 are as follows:

	2018	2017
	--------Rupees ‘000--------	
- Leasehold land	**448,860**	490,400
- Building on leasehold land	**162,057**	77,841
- Plant and machinery	**321,731**	268,223
- Vehicles	**25,323**	26,231
- Air-conditioning systems	**14,968**	16,071

5.5 The previous valuation was carried out by an independent valuer M/s. Pee Dee & Associates Limited and M/s. A.J. Associates on June 30, 2017.

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).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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

	Leasehold land	Building on leasehold land	Plant and machinery	Air-conditioning systems	Vehicles	Total
	Rupees '000					
Cost	123,886	269,888	858,217	40,583	49,121	1,341,695
Accumulated depreciation	-	(112,269)	(413,679)	(23,749)	(23,039)	(572,736)
NBV as at June 30, 2018	**123,886**	**157,619**	**444,538**	**16,834**	**26,082**	**768,959**
NBV as at June 30, 2017	123,886	81,593	295,718	17,507	26,986	545,690

5.7 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage	Total Area (acres)
F-319, situated at S.I.T.E area, Karachi	Manufacturing facility	5.24
E-58-A North Western Industrial Zone, Port Qasim	Land	1.52

5.8 The details of operating assets disposed off, having net book value in excess of Rs. 500,000 each are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
	Rupees '000						
Motor Vehicle	2,335	1,093	1,242	1,775	533	Advertisement / Bid / Negotiation	Mr. Muneer Ahmed - H.No F-4, Block 13-A, Cosy Homes, Gulshan-e-Iqbal, Karachi.
"	2,512	965	1,547	1,850	303	"	Mr. Adnan Ahmed (Employee)
"	1,754	616	1,138	1,550	412	"	Mr. Shehzad Rasheed - H.No 993, Ahmed Pur, Sadiqabad, Rahim Yar Khan.
"	1,930	877	1,053	1,791	738	"	M/S M.A Textiles - 48/8,Sector 12-C, North Karachi Industrial Area, Karachi.
"	2,644	1,377	1,267	2,025	758	"	Syed Aun Bhukhari - Flat No. 18, Site Area, Labor Sq, Block A, Hyderabad Cantt.
	11,175	4,928	6,247	8,991	2,744		

5.9 Capital work-in-progress - at cost

	Balance as at July 1, 2017	Additions during the year	Refund by supplier	Transfers to operating assets	Balance as at June 30, 2018	Balance as at July 1, 2016	Additions during the year	Transfers to operating assets	Balance as at June 30, 2017
	Rupees '000								
Civil works	21,137	156,715	-	(94,719)	83,133	-	21,137	-	21,137
Plant and machinery - note 5.9.1	97,866	203,455	-	(119,660)	181,661	27,319	191,143	(120,596)	97,866
	119,003	360,170	-	(214,379)	264,794	27,319	212,280	(120,596)	119,003
Advances against purchase of land - note 5.9.2	48,000	-	(48,000)	-	-	-	48,000	-	48,000
Advances to suppliers	34,767	5,794	-	(3,236)	37,325	-	34,767	-	34,767
	201,770	365,964	(48,000)	(217,615)	302,119	27,319	295,047	(120,596)	201,770

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

5.9.2 During the year, the Company has received the refund in respect of advance given for the purchase of land in the prior year for which the deal has not been materialised.

6. INVESTMENT PROPERTIES - at cost

	2018	2017
	Rupees '000	
Operating assets - notes 6.1 & 6.2	2,452,127	2,453,972
Investment property under work-in-progress - at cost - note 6.3	4,438	6,642
	2,456,565	2,460,614

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2018

6.1 Operating assets

	Owned assets								
	Leasehold Land	Building on Leasehold Land	Office Equipment	Electrical Equipment	Lifts & Elevators	Generators	Furniture & Fixtures	Air - conditioning	Total
	---------- Rupees '000 ----------								
Gross carrying value basis									
Year ended June 30, 2018									
Opening net book value	**1,915,871**	**320,097**	**17,313**	**45,314**	**30,557**	**16,417**	**35,151**	**73,252**	**2,453,972**
Additions	**-**	**33,079**	**3,496**	**2,453**	**-**	**2,605**	**2,803**	**5,133**	**49,569**
Depreciation charge	**-**	**(18,919)**	**(4,893)**	**(6,192)**	**(4,120)**	**(2,279)**	**(4,790)**	**(10,221)**	**(51,414)**
Closing net book value	**1,915,871**	**334,257**	**15,916**	**41,575**	**26,437**	**16,743**	**33,164**	**68,164**	**2,452,127**
Net carrying value basis									
As at June 30, 2018									
Cost	**1,915,871**	**400,369**	**25,747**	**63,551**	**41,200**	**24,741**	**49,593**	**103,640**	**2,624,712**
Accumulated depreciation	**-**	**(66,112)**	**(9,831)**	**(21,976)**	**(14,763)**	**(7,998)**	**(16,429)**	**(35,476)**	**(172,585)**
Net book value	**1,915,871**	**334,257**	**15,916**	**41,575**	**26,437**	**16,743**	**33,164**	**68,164**	**2,452,127**
Gross carrying value basis									
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
Net carrying value basis									
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
Depreciation rate	**-**	**5%**	**20%**	**10%**	**10%**	**10%**	**10%**	**10%**	

6.2 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 leashold land and other assets based on the valuation as of June 30, 2018 was Rs. 3.175 billion (2017: Rs. 1.984 billion) and Rs. 0.705 billion (2017: Rs. 0.688 billion) respectively. Leasehold land and building on leasehold land represent Building Centre sifuated at Main Shahrah-e-Faisal, Block 7 & 8, Tipu Sultan Road, Delhi Mercantile Co-operative Housing Society having area of 5291 square yards.

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

	2018	2017
	--------Rupees '000--------	
Balance at the beginning of the year	**6,642**	3,101
Additions during the year	**-**	5,315
Transfers to operating assets - investment property	**(2,204)**	(1,173)
Refund from supplier	**-**	(601)
Balance at the end of the year	**4,438**	6,642

7. INTANGIBLE ASSETS

7.1 Operating intangible assets

	Distribu-tion rights	Brand name and logo	Product license - note 7.1.1	Software licenses - note 7.1.2	Total
	----------------------------Rupees '000				----------------------------
Gross carrying value basis					
Year ended June 30, 2018					
Opening net book value	**-**	**17,916**	**100,461**	**89,355**	**207,732**
Additions	**-**	**-**	**-**	**20,767**	**20,767**
Amortisation charge	**-**	**(5,000)**	**(11,162)**	**(23,269)**	**(39,431)**
Closing net book value	**-**	**12,916**	**89,299**	**86,853**	**189,068**
Net carrying value basis					
As at June 30, 2018					
Cost	**76,275**	**74,703**	**111,623**	**131,193**	**393,794**
Accumulated amortisation	**(76,275)**	**(61,787)**	**(22,324)**	**(44,340)**	**(204,726)**
Net book value	**-**	**12,916**	**89,299**	**86,853**	**189,068**
Gross carrying value basis					
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
Net carrying value basis					
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
Amortisation rate	**10%**	**10%**	**10%**	**33.33% & 20%**	

7.1.1 This represents license obtained for the production of product "Tramal".

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

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8. DEFERRED TAX (LIABILITIES) / ASSETS

	Accelerated tax depreciation	Surplus on revaluation	Decelerated tax amortisation	Provision for doubtful receivables	Provision for doubtful trade deposits	Total
	Rupees '000					
July 1, 2017	**(43,298)**	**(2,914)**	**2,276**	**43,682**	**697**	**443**
Credit / (charge) to profit or loss	**43,298**	**-**	**(2,276)**	**(43,682)**	**(697)**	**(3,357)**
Charge to other comprehensive income	**-**	**(22,988)**	**-**	**-**	**-**	**(22,988)**
June 30, 2018	**-**	**(25,902)**	**-**	**-**	**-**	**(25,902)**
July 1, 2016	(39,539)	-	1,024	745	165	(37,605)
(Charge) / credit to profit or loss	(3,759)	-	1,252	42,937	532	40,962
Charge to other comprehensive income	-	(2,914)	-	-	-	(2,914)
July 30, 2017	(43,298)	(2,914)	2,276	43,682	697	443

9. LONG-TERM INVESTMENTS - SUBSIDIARIES

	2018	2017
	Rupees '000	
Subsidiary companies (at cost) - note 9.1	**1,686,186**	1,486,186

9.1 Subsidiary companies

	Note	2018 Equity % held	2018 Investment at cost Rupees '000	2017 Equity % held	2017 Investment at cost Rupees '000
Listed security					
IBL HealthCare Limited 40,126,241 (June 30, 2017: 36,478,401) Ordinary shares of Rs. 10 each Market price as at June 30, 2018: Rs. 80.23 (June 30, 2017: Rs. 122) per share	9.1.1 & 9.1.2	**74.19%**	**1,300,911**	74.19%	1,300,911
			1,300,911		1,300,911
Unlisted securities					
Searle Pharmaceuticals (Private) Limited 40,000 (June 30, 2017: 40,000) Ordinary shares of Rs. 10 each Break up value as at June 30, 2018: Rs. 10.77 (June 30, 2017: Rs. 27.73) per share		**100%**	**400**	100%	400
Searle Laboratories (Private) Limited 12,500,000 (June 30, 2017: 12,500,000) Ordinary shares of Rs. 10 each Break up value as at June 30, 2018: Rs. 3.81 (June 30, 2017: Rs. 5.61) per share		**100%**	**125,000**	100%	125,000

	Note	2018 Equity % held	2018 Investment at cost	2017 Equity % held	2017 Investment at cost
			Rupees '000		Rupees '000
Searle Biosciences (Private) Limited					
1,000,000 (June 30, 2017: 1,000,000)					
Ordinary shares of Rs. 10 each		**100%**	**10,000**	100%	10,000
Break up value as at June 30, 2018: Rs. 13.11					
(June 30, 2017: Rs. 13.73) per share					
IBL Identity (Private) Limited					
9,500,000 (June 30, 2017: 9,500,000)					
Ordinary shares of Rs. 10 each		**100%**	**49,875**	100%	49,875
Break up value as at June 30, 2018: Nil					
(June 30, 2017: Nil) per share					
IBL Future Technologies (Private) Limited					
20,000,000 (June 30, 2017: Nil)					
Ordinary shares of Rs. 10 each		**100%**	**200,000**	-	-
Break up value as at June 30, 2018: Rs. 10					
per share					
			385,275		185,275
			1,686,186		1,486,186

9.1.1 During the current year, IBL HealthCare Limited announced issue of bonus shares in proportion of 10 shares for every 100 shares held (the Company was entitled to 3,647,840 shares).

9.1.2 Section 236M 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 the company is required to deposit shares withheld to Central Depository Company, in favour of the Federal Government.

Based on the requirement mentioned above, the Company is exposed to a tax liability of approximately Rs. 71.8 million (2017: 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 has withheld 1,117,379 shares (2017: 853,869 shares) with Central Depository Company of Pakistan Limited.

9.2 All investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.

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10. LONG-TERM LOANS

	2018	2017
	--------Rupees '000--------	
Secured - considered good - note 10.1	**1,665**	1,961
Less: Current portion - shown under loans and advances	**(1,513)**	(1,768)
	152	193

10.1 This represents interest-free loans for automobiles to employees other than executives, as defined in note 38. These are secured against provident fund balances of respective employees.

11. LONG-TERM DEPOSITS

	2018	2017
	--------Rupees '000--------	
Deposit against rent	**7,396**	1,598

12. INVENTORIES

	2018	2017
Raw materials	**1,192,722**	519,549
Packing materials	**214,044**	132,495
Stores and spares	**65,698**	1,842
Work-in-process	**101,792**	98,427
Finished goods	**720,050**	300,319
	2,294,306	1,052,632

12.1 Inventories include inventory in transit amounting to Rs. 541.04 million (2017: Rs. 141.95 million).

13. TRADE RECEIVABLES

	2018	2017
	--------Rupees '000--------	
Considered good		
- Export receivables, secured - note 13.5	**182,894**	135,850
- Due from related parties, unsecured - note 13.1	**2,392,015**	2,356,033
- Others, unsecured	**715,107**	485,730
	3,290,016	2,977,613
Considered doubtful - others	**154,573**	165,430
Less: Provision for doubtful receivables	**(154,573)**	(165,430)
	-	-
	3,290,016	2,977,613

	2018	2017
	--------Rupees '000--------	

13.1 Due from related parties, unsecured

Subsidiary companies - notes 13.2 & 13.4		
- Searle Biosciences (Private) Limited	**282,982**	268,755
- IBL HealthCare Limited	**203**	-
Group companies - notes 13.3 & 13.4		
- IBL Operations (Private) Limited	**2,060,057**	2,039,256
- United Brands Limited	**40,598**	40,172
- International Franchises (Private) Limited	**380**	20
- IBL Frontier Markets (Private) Limited	**29**	29
The Home Makers (SMC-Private) Limited (formerly Habitt) - note 13.4	**7,766**	7,766
Director - note 13.4	**-**	35
	2,392,015	2,356,033

13.2 The maximum aggregate amount outstanding at any time during the year from Searle Biosciences (Private) Limited and IBL HealthCare Limited was Rs. 536.7 million (2017: Rs. 275.7 million) and Rs. 1.37 million (2017: Nil) respectively.

13.3 These are stated net of amount payable to IBL Operations (Private) Limited and United Brands Limited - associated companies amounting to Rs. 338.60 million (2017: Rs. 29.47 million) and Rs. 5.88 million (2017: Rs. 3.07 million) respectively.

The maximum aggregate amount of receivable outstanding at any time during the year from IBL Operations (Private) Limited, United Brands Limited, International Franchises (Private) Limited and IBL Frontier Markets (Private) Limited was Rs. 2,996.6 million (2017: Rs. 3,256.9 million), Rs. 46.4 million (2017: Rs 52.9 million), Rs. 20 thousand (2017: Rs. 20 thousand) and Rs. 29 thousand (2017: Rs. 29 thousand) respectively.

13.4 As at June 30, 2018, the age analysis of these related party receivables is as follows:

	2018	2017
	--------Rupees '000--------	
Not yet due	**1,072,887**	2,062,653
Past due but not yet impaired		
- 1 to 30 days	**895,953**	7,882
- 30 to 90 days	**118,646**	35,274
- 90 to 180 days	**43,445**	109,841
- 180 to 365 days	**173,040**	132,607
- older than 365 days	**88,044**	7,776
	2,392,015	2,356,033

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

	2018	2017
	--------Rupees '000--------	

13.5 Breakup of export receivables are as follows:

Confirmed letters of credit

	2018	2017
Srilanka	**69,930**	43,479
Cambodia	**49,733**	23,126
Thailand	**33,892**	-
Singapore	**12,722**	17,805
Maldives	**1,190**	1,018
Vietnam	**-**	47,774
	167,467	133,202
Others	**15,427**	2,648
	182,894	135,850

The above receivables are from unrelated parties.

13.6 The 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 favour of the Company.

14. LOANS AND ADVANCES – considered good

	2018	2017
	--------Rupees '000--------	
Advances to:		
- employees for business operations - notes 14.1 & 14.2	**81,069**	63,641
- employees against salary - notes 14.1 & 14.2	**26,751**	6,046
- suppliers	**268,578**	255,504
- against imports - note 14.3	**31,920**	35,952
- related parties - note 14.4	**987,730**	336,932
	1,396,048	698,075
Short-term loan to subsidiary - note 14.5	**2,929,728**	1,758,902
Current portion of long-term loans to employees - note 10	**1,513**	1,768
	4,327,289	2,458,745

14.1 Names of the employees whose outstanding balance is above Rs. 1 million at the end of June 30, 2018 are as follows:

Name of employees	2018	2017
	--------Rupees '000--------	
Advance against business operations		
- Munir Ahmed	**2,936**	396
- Zakir Ullah	**2,103**	200
- Shad Mohammad	**2,099**	1,116
- Adnan Ahmed Khan	**2,057**	99
- Muhammad Shahbaz	**1,975**	239
- Sheraz Nawaz	**1,580**	1,480
- Mazhar Ali	**1,514**	872
- Humayun Mustafa	**1,411**	933
- Abdul Rehman	**1,231**	54
- Muhammad Rehan Akhter Khan	**1,217**	547
- Ghulam Murtaza	**1,215**	-
- Imran Mahmood Butt	**1,089**	604
- Abid Hameed	**1,078**	440
Advance against salary		
- Sajjad Butt	**7,000**	-
- Tahir Ahmed	**5,925**	-
- Athar Iqbal	**4,400**	-
- M. Nisar Ahmed Qureshi	**3,000**	-

14.2 These advances for business operations are adjusted against submission of actual expenses. Advances against salary are repayable on monthly basis. The maximum aggregate amount of these advances outstanding at any time during the year was Rs. 124.48 million (2017: Rs. 69.71 million).

14.3 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.

14.4 This represents advance to Searle Biosciences (Private) Limited and Searle Laboratories (Private) limited - wholly owned subsidiaries and IBL Frontier Markets (Private) Limited - associated company amounting to Rs. 975.5 million (2017: Rs. 265.3 million), Rs. 10.25 million (2017: Rs. 71.63 million) and Rs. 1.98 million (2017: Nil) respectively. These advances are provided for the purpose of financial assistance and are settled in the ordinary course of business. The maximum aggregate amount outstanding at any time during the year from Searle Biosciences (Private) Limited, Searle Laboratories (Private) Limited and IBL Frontier Markets (Private) Limited was Rs. 975.5 million (2017: Rs. 265.3 million), Rs. 10.17 million (2017: 71.63 million) and Rs. 1.98 million (2017: Nil) respectively.

14.5 This represents interest-free loan provided to IBL Identity (Private) Limited - wholly owned subsidiary. The maximum aggregate amount outstanding at any time during the year was Rs. 2.9 billion (2017 : Rs. 1.8 billion).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

	2018	2017
	--------Rupees '000--------	
15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits		
Trade deposits	60,127	50,171
Less: Provision for doubtful deposits	(2,640)	(2,640)
	57,487	47,531
Prepayments	15,260	23,616
	72,747	71,147
16. OTHER RECEIVABLES		
Receivables from related parties		
Due from subsidiary companies:		
- IBL HealthCare Limited against expenses - note 16.1	601	-
- Searle Laboratories (Private) Limited against expenses - note 16.1	425	253
- Searle Biosciences (Private) Limited against:		
• expenses - note 16.1	95,944	53,409
• dividend income - note 16.7	54,000	-
- IBL Future Technologies (Private) Limited against financial assistance - note 16.1	1,200	-
- Searle Pharmaceuticals (Private) Limited against dividend income - note 16.8	669,699	263,000
	821,869	316,662
Due from group companies:		
- IBL Operations (Private) Limited against mark-up on overdue balance - notes 16.2 & 16.3	26,642	26,642
- International Brands Limited against:		
• expenses - note 16.4	11,412	89,789
• rental income - notes 16.4 & 16.5	4,551	-
- International Franchises (Private) Limited against rental income - note 16.5	4,313	3,422
	46,918	119,853
Due from other related party:		
- The Home Makers (SMC-Private) Limited (formerly Habitt) against rental income - note 16.5	98,376	28,023
Surplus arising under retirement benefit fund - note 16.6	5,250	5,250
Receivables from other than related parties		
Others, considered good	57,721	55,371
	1,030,134	525,159

16.1 These are settled in the ordinary course of business without any defined payment terms. The maximum aggregate amount outstanding at any time during the year from IBL HealthCare Limited, Searle Laboratories (Private) Limited, Searle Biosciences (Private) Limited and IBL Future Technologies (Private) Limited are Rs. 0.88 million (2017: Nil), Rs. 0.43 million (2017: 0.25 million), Rs. 252.15 million (2017: Rs. 53.41 million) and Rs. 1.9 million (2017: Nil) respectively.

16.2 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.

16.3 This amount is past due but not impaired and outstanding for more than three years. The maximum aggregate balance at any time of the year was Rs. 26.6 million (2017: Rs. 46.7 million).

16.4 The maximum aggregate amount outstanding at any time during the year was Rs. 15.96 million (2017: Rs. 89.8 million).

16.5 The maximum aggregate amount outstanding at any time during the year from International Franchises (Private) Limited and The Home Makers (SMC-Private) Limited (formerly Habitt) was Rs. 5.2 million (2017: Rs. 6.3 million) and Rs. 98.4 million (2017: Rs. 28 million) respectively. As at June 30, 2018 the age analysis of receivables in respect of rental receivables from International Brands Limited, International Franchises (Private) Limited and Habitt is as follows:

	2018	2017
	--------Rupees '000--------	
Not yet due	**5,865**	10,085
Past due but not yet impaired		
- 1 to 30 days	**4,925**	-
- 30 to 90 days	**24,113**	6,642
- 90 to 180 days	**27,458**	11,577
- 180 to 365 days	**24,050**	-
- older than 365 days	**20,829**	3,141
	107,240	31,445

16.6 This represents surplus on funded gratuity scheme discontinued by the Company with effect from December 31, 2012.

16.7 This represents interim dividend of Rs. 54 per share declared by the Board of Directors of Searle Biosciences (Private) Limited in their meeting held on June 30, 2018.

16.8 This represents interim dividend of Rs. 16,742.48 per share declared by the Board of Directors of Searle Pharmaceuticals (Private) Limited in their meeting held on June 30, 2018.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

17. CASH AND BANK BALANCES

	2018	2017
	--------Rupees '000--------	
Cash in hand	**4,584**	2,267
Balance with banks in:		
- savings accounts - note 17.1	**10**	10
- current accounts	**132,442**	89,876
	137,036	92,153

17.1 These balances carry mark-up at the rate of 2.17 % (2017: 2.17 %) per annum.

18. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

During the year, the Company disposed off investment in Nextar Pharma (Private) Limited to Searle Biosciences (Private) Limited for Rs. 600.3 million. The transaction was approved in the extraordinary general meeting of the Company held on July 31, 2017.

19. SHARE CAPITAL

Authorised share capital

2018	2017		2018	2017
------- (Number of shares) -------			--------Rupees '000--------	
300,000,000	200,000,000	Ordinary shares of Rs. 10 each	**3,000,000**	2,000,000

Issued, subscribed and paid up capital

2018	2017		2018	2017
------- (Number of shares) -------			--------Rupees '000--------	
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
172,140,532	141,354,264	Shares allotted as bonus shares	**1,721,406**	1,413,543
184,717,606	153,931,338		**1,847,177**	1,539,314

19.1 During the year, the Company increased its authorised share capital for ordinary shares from Rs. 2 billion to Rs. 3 billion in its annual general meeting held on October 27, 2017.

19.2 Movement in number of shares

2018	2017		2018	2017
------- (Number of shares) -------			--------Rupees '000--------	
153,931,338	122,752,264	Opening shares outstanding	**1,539,314**	1,227,523
30,786,268	31,179,074	Shares allotted as bonus shares	**307,863**	311,791
184,717,606	153,931,338		**1,847,177**	1,539,314

20. LONG-TERM BORROWING - secured

	2018	2017
Diminishing Musharika - note 20.1	**214,285**	428,571
Less: Current portion of long-term borrowing shown under current liabilities	**(214,285)**	(214,286)
	-	214,285

Following are the changes in the long-term borrowings (i.e. for which cash flows have been classified as financing activities in the statement of cashflows):

	2018	2017
	--------Rupees '000--------	
Balance as at July 1	***428,571**	642,857
Repayment during the year	**(214,286)**	(214,286)
Balance as at June 30	***214,285**	*428,571

* *This includes Rs. 214.29 million pertaining to current portion of long-term borrowing.*

20.1 The Company has arranged syndicate term finance facilities of Rs. 900 million (2017: 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 facilities are repayable by May 2019.

20.2 The mark-up on above facilities is 6-months KIBOR plus 0.9% (2017: 6 months KIBOR plus 0.9%) per annum, payable semi-annually in arrears. The facility is secured by first 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 (2017: Rs. 1,233.34 million).

21. EMPLOYEE BENEFIT OBLIGATIONS

	2018	2017
	--------Rupees '000--------	
Staff retirement gratuity - unfunded - note 21.1	**50,630**	47,032

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2018

21.1 Gratuity scheme - unfunded

21.1.1 General description

As stated in note 3.3.1, 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, 2018 using the Project Unit Credit method.

	2018	2017
	--------Rupees '000--------	
21.1.2 Statement of financial position reconciliation		
Present value of defined benefit obligation	**50,630**	47,032
21.1.3 Movement in the present value of defined benefit obligation		
Obligation as at July 1	**47,032**	42,248
Current service cost	**1,962**	1,772
Interest cost	**3,546**	3,044
Benefits paid	**(5,416)**	(511)
Remeasurements on obligation	**3,506**	479
Obligation as at June 30	**50,630**	47,032
21.1.4 Expense recognised in unconsolidated statement of profit or loss and other comprehensive income		
Current service cost	**(1,962)**	(1,772)
Interest cost	**(3,546)**	(3,044)
	(5,508)	(4,816)
21.1.5 Remeasurement recognised in other comprehensive income		
Experience losses	**(3,506)**	(479)
21.1.6 Net recognised liability		
Balance as at July 1	**47,032**	42,248
Expense for the year	**5,508**	4,816
Benefits paid	**(5,416)**	(511)
Remeasurement loss recognised in other comprehensive income	**3,506**	479
Balance as at June 30	**50,630**	47,032
21.1.7 Actuarial assumptions		
Discount rate used for year end obligation	**8.00%**	8.00%
Expected rate of increase in salaries	**8.00%**	8.00%
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.

21.1.8 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 30 June	1%	**(3,880)**	4,380
Future salary increases	1%	**4,840**	(4,340)

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

21.1.10 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 unconsolidated statement of financial position.

21.1.11 As per actuarial advice, the Company is expected to recognise a service cost of Rs. 6.2 million in 2019.

21.1.12 The weighted average service duration of employees is 9.4 years.

22. TRADE AND OTHER PAYABLES

	2018	2017
	--------Rupees '000--------	
Creditors - notes 22.1 & 22.2	**983,557**	529,284
Bills payable in foreign currency	**677,604**	314,544
Royalty payable - note 28.1	**24,761**	24,867
Accrued liabilities	**778,521**	512,198
Payable to provident fund - note 22.3	**7,915**	-
Advance from customers - unsecured	**29,035**	73,462
Accrued mark-up - note 22.4	**35,459**	16,467
Sales tax payable	**-**	2,322
Taxes deducted at source and payable to statutory authorities	**69,440**	36,094
Workers' Profits Participation Fund - note 22.5	**174,379**	160,139
Workers' Welfare Fund	**14,469**	25,082
Other liabilities - note 22.6	**66,542**	45,179
	2,861,682	1,739,638

22.1 This includes amount payable to Searle Pharmaceutical (Private) Limited - wholly owned subsidiary amounting to Rs. 755.81 million (2017: Rs. 298.01 million) on account of contract manufacturing services. This also includes payable to Searle Laboratories (Private) Limited - wholly owned subsidiary amounting to Rs. 26.87 million (2017: Nil).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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22.2 The creditors also include payable to related parties which are as follows:

	2018	2017
	--------Rupees '000--------	
IBL Identity (Private) Limited	-	5,170
IBL Unisys (Private) Limited	18,144	47,590
MyCart Pakistan (Private) Limited	140	580
Multinet Pakistan (Private) Limited	265	460
International Brands Limited	21,683	-
	40,232	53,800

22.3 The investment in listed equity securities out of the provident fund is in excess of the limit prescribed under the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder. However, the fund is in the process of ensuring compliance with the prescribed limits.

	2018	2017
	--------Rupees '000--------	
22.4 Accrued mark-up		
Accrued mark-up on:		
- long-term borrowing	1,387	3,000
- short-term borrowing	34,072	13,467
	35,459	16,467
22.5 Workers' Profit Participation Fund		
Balance at beginning of the year	160,139	135,159
Charge for the year - note 30	170,541	152,690
	330,680	287,849
Interest on funds utilised in Company's business - note 32	6,630	15,204
Payments made during the year	(162,931)	(142,914)
Balance at end of the year	174,379	160,139

22.6 This includes payable to associated company United Distributors Pakistan Limited amounting to Rs. 0.062 million (2017: Rs. 0.13 million).

	2018	2017
	--------Rupees '000--------	
23. BORROWINGS - secured		
Secured		
Running finance under mark-up arrangements - notes 23.1, 23.2 & 23.3	2,323,478	1,144,828
Export refinance	-	64,000
Current portion of long-term borrowing	214,285	214,286
	2,537,763	1,423,114
Unsecured		
Borrowing from IBL Future Technologies (Private) Limited - note 23.4	200,000	-
	2,737,763	1,423,114

23.1 The Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 2,875 million (2017: Rs. 1,445 million) which include financing facilities obtained under Islamic mode amounting to Rs. 2,725 million (2017: Rs. 675 million). The arrangements are secured jointly by registered mortgage of Rs. 325.9 million (2017: 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. 2,850 million (2017: Rs. 1,859 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

23.2 The amount utilised under the Islamic mode of financing amounted to Rs. 2,014.5 million (2017: Rs. 623.8 million).

23.3 The rates of mark-up ranged between 6.2% to 9% (2017: 4% to 8.1%) per annum.

23.4 This represents interest free loan obtained during the year and is repayable on demand.

24. UNPAID DIVIDEND

This represents dividend on bonus shares withheld pertaining to 125 shareholders, on which stay from the Honorable High Court of Sindh has been obtained.

25. CONTINGENCIES AND COMMITMENTS

Contingencies

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
25.1	High Court of Sindh	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 cumulative such sales tax amounts to Rs. 218.9 million. The matter has been contested in the High Court of Sindh.	The Company and The Federation of Pakistan	2014
25.2	High Court of Sindh	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 Court 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.	The Company and The Federation of Pakistan	2015

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
25.3	High Court of Sindh	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 to 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. 42.9 million.	The Company and Province of Sindh	2016
25.4	High Court of Sindh	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 inspite of such raw material being exempt in view of Entry No. 105 of the Sixth 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 Sub-section 16 of Section 2 of the Sales Tax 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. 31.6 million.	The Company and The Federation of Pakistan	2014

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
25.5	High Court of Sindh	The Company has filed a petition against tax on bonus shares in the High Court of Sindh and expects a favourable outcome. For further detail, refer note 9.1.2 of these unconsolidated financial statements.	The Company and The Federation of Pakistan	2015
25.6	High Court of Sindh	The Company has filed a petition against imposition of super tax in the High Court of Sindh and expects a favourable outcome. For further detail, refer note 33.1 of these unconsolidated financial statements.	The Company and The Federation of Pakistan	2016
25.7	High Court of Sindh	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 cumulative amount of withholding tax is Rs. 650.7 million.	The Company and The Federation of Pakistan	2015, 2016 and 2017

25.8 The management, based on legal advice, is confident that the ultimate decisions in the above cases (notes 25.1 to 25.7) will be in favour of the Company, hence no provision has been made in respect of the aforementioned litigations.

Commitments

25.9 The facility for opening letters of credit and guarantees as at June 30, 2018 amounted to Rs. 1,905 million (2017: Rs. 1,644 million) of which the amount remaining unutilised as at year end amounted to Rs. 1,527 million (2017: Rs. 1,152 million).

25.10 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.

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

	2018	2017
	--------Rupees '000--------	
Not later than one year	**16,368**	15,072
Later than one year but not later than five years	**89,201**	86,506
Later than five years	**114,889**	133,953
	220,458	235,531

26. REVENUE

	2018	2017
Gross sales		
Local sale of goods - note 26.1	**12,215,600**	10,167,717
Export sales	**1,380,267**	1,031,707
	13,595,867	11,199,424
Toll manufacturing	**357,439**	318,110
	13,953,306	11,517,534
Sales tax	**(115,976)**	(127,815)
	13,837,330	11,389,719
Less:		
Discounts, rebates and allowances	**762,253**	563,338
Sales returns	**163,936**	72,630
	926,189	635,968
	12,911,141	10,753,751

26.1 In respect of pricing of pharmaceutical products, the Company has instituted legal proceedings against the Drug Regulatory Authority of Pakistan (DRAP) 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 had issued orders that no adverse action shall be taken against the Company until disposal of the matters. Subsequent to the year end, the Supreme Court of Pakistan has issued a judgement vide its order 4480/2018 dated August 3, 2018 wherein the Maximum Retail Price (MRP) of products under hardship cases shall be frozen till the decision of DRAP regarding pricing matters.

27. COST OF SALES

	2018	2017
	--------Rupees '000--------	
Raw and packing material consumed	**3,317,955**	2,693,689
Processing charges	**3,569,182**	2,375,168
Salaries, wages and benefits	**417,751**	320,778
Provision for staff gratuity (unfunded)	**2,894**	2,395
Provident fund contribution	**12,747**	10,864
Inventory written off - note 27.1	**41,281**	44,514
Carriage and duties	**45,213**	20,623
Fuel, water and power	**131,398**	95,228
Rent, rate and taxes	**37,844**	26,772
Canteen expenses	**25,871**	19,561
Stationery and supplies	**23,051**	15,513
Travelling	**9,814**	9,069
Repairs and maintenance	**163,868**	157,770
Security expenses	**10,387**	5,974
Vehicle expenses	**8,238**	6,740
Insurance	**15,222**	9,748
Legal and professional charges	**2,694**	4,507
Depreciation	**86,710**	56,088
Medical expenses	**7,360**	4,743
Research cost	**35,992**	5,425
Others	**10,555**	10,411
	7,976,027	5,895,580
Add: Opening work-in-process	**98,427**	105,456
Less: Closing work-in-process	**(101,792)**	(98,427)
Cost of goods manufactured	**7,972,662**	5,902,609
Add: Opening inventory of finished goods	**300,319**	457,607
Add: Finished goods purchased	**964,717**	596,585
Less: Closing inventory of finished goods	**(720,050)**	(300,319)
	8,517,648	6,656,482
Less: Cost of samples	**(43,881)**	(82,082)
Cost of sales	**8,473,767**	6,574,400

27.1 This includes expired inventory of Rs. 33.05 million written-off during the year.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

28. DISTRIBUTION COSTS

	2018	2017
	--------Rupees '000--------	
Salaries, wages and benefits	**880,769**	728,081
Advertising and promotion	**583,658**	499,253
Travelling and related	**475,315**	477,456
Carriage and duties	**272,581**	201,783
Bonus to salesmen	**231,300**	182,812
Samples	**153,788**	101,740
Stationery and printed materials	**106,778**	69,021
Vehicle running	**62,231**	61,060
Personal training and selection	**96,449**	66,111
Legal and professional	**39,260**	36,597
Services charges	**36,382**	29,721
Fees and subscription	**28,179**	22,364
Communication	**26,054**	20,617
Provident fund contribution	**25,560**	23,479
Royalty - note 28.1	**20,531**	14,496
Insurance	**13,369**	15,695
Depreciation	**12,489**	12,086
Medical expenses	**10,970**	6,734
Replacement products	**9,188**	27,167
Rent, rate and taxes	**30,936**	25,411
Repairs and maintenance	**22,609**	11,655
Fuel, water and power	**3,802**	4,419
Provision for staff gratuity (unfunded)	**1,979**	1,873
Canteen expenses	**2,773**	2,574
Security	**1,263**	1,162
Others	**1,686**	1,168
	3,149,899	2,644,535

28.1 The Royalty pertains to M/s Sanofi Winthrop Industrie and M/s Marisant Company which are situated in France and Switzerland respectively. The Company only has a relation of licensor and licensee with these entities.

29. ADMINISTRATIVE EXPENSES

	2018	2017
	--------Rupees '000--------	
Salaries, wages and benefits	**205,599**	125,433
Corporate services charged by associated company	**168,000**	72,000
Legal and professional charges - note 29.1	**121,753**	29,801
Donation - notes 29.3 & 29.4	**110,613**	139,183
Depreciation	**69,048**	63,466
(Reversal) / charge of provision against doubtful receivable	**(10,346)**	127,893
Repairs and maintenance	**45,938**	26,763
Rent, rate and taxes	**13,655**	10,624
Stationery and supplies	**28,057**	9,060
Amortisation	**39,431**	23,379
Fuel, water and power	**16,859**	600
Insurance	**15,691**	3,565
Travelling	**13,313**	6,986
Auditors' remuneration - note 29.2	**12,160**	9,575
Fees and subscription	**10,010**	6,225
Vehicle expenses	**7,988**	4,936
Canteen expenses	**7,724**	2,199
Provident fund contribution	**6,582**	4,705
Communication	**6,167**	8,094
Security expenses	**4,051**	5,766
Medical expenses	**4,017**	-
Provision for staff gratuity (unfunded)	**635**	548
Personal training and selection	**775**	1,261
Others	**2,429**	1,491
	900,149	683,553

29.1 This includes Rs. 88.95 million in respect of consultancy services (IBL Group - Growth, Strategy and Governance and Operationalising the corporate center) rendered by McKinsey & Company Pakistan (Private) Limited. This has been cross charged by International Brands Limited - holding company.

29.2 Auditors' remuneration

	2018	2017
	--------Rupees '000--------	
Audit fee (including consolidation)	**2,800**	2,400
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	**850**	800
Taxation services	**7,296**	5,860
Other certifications, attestations and other services	**850**	200
Out-of-pocket expenses	**364**	315
	12,160	9,575

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For the year ended June 30, 2018

29.3 Donations to a single party exceeding Rs. 500,000 are as follows:

	2018	2017
	--------Rupees '000--------	
The National Institute of Cardiovascular Diseases	**30,000**	25,900
The Citizen Foundation	**20,000**	25,000
SIUT Trust	**8,000**	5,000
The Indus Hospital	**8,000**	5,000
AKAR Hospital	**6,150**	49,989
Gulab Devi Hospital	**5,130**	4,350
Afzaal Memorial Thalassemia Foundation	**5,000**	-
The Hunar Foundation	**5,000**	-
Arts Council of Pakistan	**4,700**	-
Prevention of Blindness Trust	**2,500**	2,500
Caravan of Life Pakistan Trust	**1,000**	-

29.4 The Chairman of the Company is on the board of directors of The Citizen Foundation. Moreover AKAR Hospital is being managed by the management of the Company. The Directors or their spouse have no interest in any other donee entity.

	2018	2017
	--------Rupees '000--------	
30. OTHER OPERATING EXPENSES		
- Workers' Profits Participation Fund - note 22.5	**170,541**	152,690
- Workers' Welfare Fund	**5,445**	18,462
- Central Research Fund	**1,615**	7,724
	177,601	178,876
31. OTHER INCOME		
Income from financial assets - related parties		
Dividend income - subsidiary companies		
IBL HealthCare Limited	**35,625**	31,181
Searle Pharmaceuticals (Private) Limited	**2,767,872**	1,897,300
Searle Biosciences (Private) Limited	**307,600**	233,000
	3,111,097	2,161,481
Income from non-financial assets		
Rental income from investment properties - note 31.1	**93,561**	91,997
Other rental income - note 31.2	**3,577**	3,332
Gain on disposal of property, plant and equipment	**6,465**	1,767
Scrap sales	**11,602**	7,285
	115,205	104,381
Others		
Insurance claim recovery	**-**	18,874
Liability considered no longer payable written back	**-**	42,000
Others	**2,106**	2,074
	2,106	62,948
	3,228,408	2,328,810

31.1 This includes rental income from The Home Makers (SMC-Private) Limited (formerly Habitt), International Brands Limited and International Franchises (Private) Limited - Related parties amounting to Rs. 50.28 million (2017: Rs. 34.73 million), Rs. 4.6 million (2017: Nil) and Rs. 14.27 million (2017: Rs. 9.76 million) respectively.

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

32. FINANCE COST

	2018	2017
	--------Rupees '000--------	
Bank charges	**10,876**	8,825
Interest on Workers' Profits Participation Fund - note 22.5	**6,630**	15,204
Exchange loss	**68,136**	28,935
Mark-up on:		
- Long-term borrowing - note 32.1	**24,935**	38,283
- Short-term borrowing - note 32.1	**94,333**	35,017
	204,910	126,264

32.1 The amount of mark-up paid under Islamic mode of financing amounted to Rs. 95.3 million (2017: Rs. 71.4 million).

33. INCOME TAX EXPENSE

	2018	2017
	--------Rupees '000--------	
- Current - for the year	**180,702**	277,149
- Deferred tax expense / (income) - note 8	**3,357**	(40,961)
	184,059	236,188

33.1 The Company has not made provision for super tax for the tax years 2015 to 2018 amounting to Rs. 109.03 million, imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001, as the 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 unconsolidated financial statements.

33.2 In view of the management, sufficient tax provision has been made in the Company's unconsolidated financial statements. Comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2017	* 2016	2015
	-------------- Rupees '000 --------------		
Tax assessed as per most recent tax assessment	764,557	* 276,773	676,453
Provision in accounts for income tax	277,149	313,449	484,484

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

33.2.1 The difference between tax assessed and provision as per accounts for the tax year 2017 is mainly due to certain disallowances, tax on inter corporate dividend and impact of super tax amounting to Rs. 107.94 million, Rs. 268.3 million and Rs. 105.6 million respectively. These have also been disclosed in notes 25.7, 33.1 and 33.4 to these unconsolidated financial statements. Further, the difference in tax year 2015 mainly pertains to tax on bonus shares not witheld amounting to Rs. 156.8 million.

** The tax assessment amount is based on tax return filed by the Company for tax year 2016, which is deemed assessed.*

33.3 Relationship between tax expense and accounting profit

	2018	2017
	--------Rupees '000--------	
Profit before income tax	**3,233,223**	2,874,933
Tax at applicable rate of 30% (2017: 31%)	**969,967**	891,229
Effect of final tax regime	**(890,518)**	(624,250)
Effect of minimum tax	**104,610**	-
Others	**-**	(30,791)
Income tax expense	**184,059**	236,188

33.4 Current status of tax assessments

Tax Years 2009 to 2013 and 2017

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, discount given to group company, deemed interest income on interest-free loan given to group company and other expenses meeting the criteria of Section 21(c) of the Income Tax Ordinance, 2001 with reference to deduction of tax.

Appeals against the above orders are pending before Appellate Tribunal Inland Revenue (ATIR) except for tax year 2008 which is decided and the tax year 2017 which is pending before Commissioner Appeals.

Out of the above, majority of the issues have been decided in favour of the Company either by Commissioner Appeals or by ATIR in its 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 favour of the Company. The impact of the above mentioned orders pending resolution amounts to approximately Rs. 313.8 million.

	2018	(Restated) 2017

34. BASIC AND DILUTED EARNINGS PER SHARE

	2018	(Restated) 2017
Profit for the year (Rupees '000)	**3,049,164**	2,638,745
Weighted average number of outstanding shares at the end of year (in thousands)	**184,718**	184,718
Basic and diluted earnings per share (Rupees)	**16.51**	14.29

34.1 Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2018 and 2017 which would have any effect on the earnings per share if the option to convert is exercised.

35. CASH GENERATED FROM OPERATIONS

	2018	2017
	--------Rupees '000--------	
Profit before income tax	**3,233,223**	2,874,933
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	**168,247**	131,640
Gain on disposal of property, plant and equipment	**(6,465)**	(1,767)
Amortisation	**39,431**	23,379
Provision for retirement benefits obligation	**5,508**	4,816
Finance cost	**119,268**	117,439
Profit before working capital changes	**3,559,212**	3,150,440
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	**(1,241,674)**	114,955
Trade receivables	**(312,403)**	(436,557)
Loans and advances	**(1,868,544)**	(1,138,860)
Trade deposits and short-term prepayments	**(1,600)**	59,633
Other receivables	**(504,975)**	(284,137)
	(3,929,196)	(1,684,966)
Increase / (decrease) in current liabilities		
Trade and other payables	**1,088,616**	(49,556)
	(2,840,580)	(1,734,522)
Cash generated from operations	**718,632**	1,415,918

36. CASH AND CASH EQUIVALENTS

	2018	2017
Cash and bank balances - note 17	**137,036**	92,153
Short-term running finances - note 23	**(2,323,478)**	(1,144,828)
	(2,186,442)	(1,052,675)

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

37. 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.

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

37.1 The financial information regarding operating segments is as follows:

Segment wise operating results

	Pharmaceutical		Consumer		Total	
	2018	2017	**2018**	2017	**2018**	2017
	----- Rupees '000 -----					
Segment revenue	**11,080,489**	9,350,708	**1,830,652**	1,403,043	**12,911,141**	10,753,751
Cost of sales	**(7,051,451)**	(5,519,939)	**(1,422,316)**	(1,054,461)	**(8,473,767)**	(6,574,400)
Distribution cost	**(2,788,851)**	(2,350,495)	**(361,048)**	(294,040)	**(3,149,899)**	(2,644,535)
	(9,840,302)	(7,870,434)	**(1,783,364)**	(1,348,501)	**(11,623,666)**	(9,218,935)
Segment result	**1,240,187**	1,480,274	**47,288**	54,542	**1,287,475**	1,534,816
Unallocated income and expenses						
Administrative expenses					**(900,149)**	(683,553)
Other income					**3,228,408**	2,328,810
Other expenses					**(177,601)**	(178,876)
Finance cost					**(204,910)**	(126,264)
Profit before income tax					**3,233,223**	2,874,933
Income tax expense					**(184,059)**	(236,188)
Profit for the year					**3,049,164**	2,638,745

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

	Pharmaceutical		Consumer		Total	
	2018	2017	**2018**	2017	**2018**	2017
	Rupees '000					
Segment assets and liabilities						
Segment assets	**395,746**	294,899	**63,868**	3,126	**459,614**	298,025
Unallocated assets					**17,634,027**	13,547,750
Total assets					**18,093,641**	13,845,775
Unallocated liabilities					**5,779,119**	3,477,417
Total liabilities					**5,779,119**	3,477,417

37.3 There are no inter-segment transactions during the year (2017: Nil).

37.4 Geographical segments

Net sales by region

	2018	2017
	Rupees '000	
Pakistan	**11,666,851**	9,727,422
South Asia	**863,443**	759,787
East Africa	**8,076**	9,144
South-East Asia	**372,771**	257,398
	12,911,141	10,753,751

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

37.5 The Company has earned major revenue from one of the customers, which amounts to Rs. 10.6 billion (2017: Rs. 9.04 billion) out of the total revenue.

38. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executive Directors		Executives	
	2018	2017	**2018**	2017	**2018**	2017
	Rupees '000					
Managerial remuneration	**19,763**	15,565	**10,869**	28,322	**175,145**	111,557
Housing allowance	**8,893**	7,004	**4,891**	12,745	**78,815**	50,201
Utility allowance	**1,976**	1,557	**1,087**	2,832	**17,515**	11,156
Bonus	**2,718**	2,471	**1,631**	4,643	**26,819**	22,575
Retirement benefits	**1,976**	1,557	**1,087**	2,832	**17,515**	11,156
Others	**252**	347	**179**	945	**7,844**	6,203
	35,578	28,501	**19,744**	52,319	**323,653**	212,848
Number of persons	1	1	1	3	55	48

** Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017.*

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

38.1 In addition to the above, the chief executive 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.

38.2 During the year, the Company has paid to five non-executive directors (2017: five) an aggregate amount of Rs. 39 thousand (2017: Rs. 21 thousand) as fee for attending board meetings.

39. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	2018	2017
		--------Rupees '000--------	
Holding company:	- Corporate service charges	**168,000**	72,000
	- Consultancy expense	**88,950**	-
	- Rent income	**4,551**	-
	- Income from provision of amenities	**3,940**	-
Subsidiaries:	- Revenue	**241,284**	309,052
	- Purchase of consumables	**1,988**	30,791
	- Outside processing charges	**3,542,692**	2,352,592
	- Short-term loan	**1,170,826**	1,209,164
	- Dividend income	**3,111,097**	2,161,481
	- Disposal of subsidiary	**600,278**	-
	- Investment in subsidiary	**200,000**	-
	- Short-term borrowing	**200,000**	-
	- Advance against financial assistance	**111,198**	-
Associates:	- Revenue	**10,648,901**	9,074,214
	- Salaries and wages	**5,017**	12,859
	- Purchases	**21,309**	33,135
	- Carriage and duties	**52,861**	36,685
	- Discounts claimed	**642,621**	485,640
	- Rent expense	**5,726**	6,995
	- Rent income	**64,553**	47,816
	- Income from provision of amenities	**27,846**	31,871
	- Stock claims	**237,783**	231,326
	- Internet services	**6,108**	5,580
	- Architect fee	**3,424**	5,636
	- Advance against financial assistance	**1,952**	-
	- Payment under group tax relief	**-**	1,558
	- Royalty expense claimed	**-**	7,119
	- Purchase of ERP software	**-**	45,034
	- Purchases of computer hardware	**-**	5,706
	- Donation	**26,150**	74,989
	- Incentives to field force staff	**10,863**	6,814
	- Others	**32,355**	14,252
Staff retirement benefits:			
	- Contributions to Provident Fund	**44,889**	39,048
Key management employees compensation:	- Salaries and other employee benefits	**52,259**	76,431
	- Contributions to Provident Fund	**3,063**	4,389
	- Sale of goods	**-**	100
	- Sale of vehicle	**-**	1,592

39.1 The status of outstanding balances with related parties as at June 30, 2018 is included in the respective notes to the unconsolidated financial statements. These are settled in the ordinary course of business.

39.2 Following are the related parties including associated companies with whom the Company had entered into transactions or have arrangements / agreements in place:

S. No.	Company name	Basis of Relationship	Aggregate % of shareholding
1.	International Brands Limited	Parent	56.60%
2.	Searle Pharmaceuticals (Private) Limited	Subsidiary	100%
3.	Searle Biosciences (Private) Limited	Subsidiary	100%
4.	Searle Laboratories (Private) Limited	Subsidiary	100%
5.	IBL Identity (Private) Limited	Subsidiary	100%
6.	IBL Future Technologies (Private) Limited	Subsidiary	100%
7.	IBL HealthCare Limited	Subsidiary	74.19%
8.	United Distributors Pakistan Limited	Group Company	N/A
9.	International Franchises (Private) Limited	Group Company	N/A
10.	IBL Operations (Private) Limited	Group Company	N/A
11.	IBL Unisys (Private) Limited	Group Company	N/A
12.	Multinet (Private) Limited	Common Directorship	N/A
13.	MyCart (Private) Limited	Group Company	N/A
14.	United Brands Limited	Group Company	N/A
15.	IBL Frontier Markets (Private) Limited	Group Company	N/A
16.	Arshad Shahid Abdulla (Private) Limited	Close relative of Director	N/A
17.	The Home Makers (SMC-Private) Limited (formerly Habitt)	Close relative of Director	N/A
18.	AKAR Hospital	Managing Company	N/A
19.	The Citizen Foundation	Common Directorship	N/A

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.

41.2 Financial assets and liabilities by category and their respective maturities

	2018			2017		
	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	4,008,378	7,548	4,015,926	2,250,772	1,791	2,252,563
Trade receivables	3,290,016	-	3,290,016	2,977,613	-	2,977,613
Other receivables	1,030,134	-	1,030,134	525,159	-	525,159
Bank balances	132,452	-	132,452	89,886	-	89,886
Cash in hand	4,584	-	4,584	2,267	-	2,267
Available for sale - not at fair value						
Long term investments	-	1,686,186	1,686,186	-	1,486,186	1,486,186
Non-current asset classified as held for sale	-	-	-	600,278	-	600,278
	8,465,564	1,693,734	10,159,298	6,445,975	1,487,977	7,933,952
Financial liabilities						
Long term borrowing	214,285	-	214,285	214,286	214,285	428,571
Trade and other payables	2,574,359	-	2,574,359	1,442,539	-	1,442,539
Borrowings	2,737,763	-	2,737,763	1,208,828	-	1,208,828
Unpaid dividend	53,654	-	53,654	20,429	-	20,429
Unclaimed dividend	49,488	-	49,488	32,919	-	32,919
	5,629,549	-	5,629,549	2,919,001	214,285	3,133,286
On reporting date gap	2,836,015	1,693,734	4,529,749	3,526,974	1,273,692	4,800,666
Net financial (liabilities) / assets						
Interest bearing	(2,537,763)	-	(2,537,763)	(1,439,571)	(214,285)	(1,653,856)
Non-interest bearing	5,373,778	1,693,734	7,067,512	4,966,545	1,487,977	6,454,522

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's borrowings are on variable interest rate exposing the Company to interest rate risk.

At June 30, 2018, the Company has variable interest bearing financial liabilities of Rs. 2.54 billion (2017: Rs. 1.65 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before income tax for the year would have been approximately Rs. 50.8 million (2017: Rs. 33 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, 2018, trade and other payables of Rs. 677.6 million (2017: Rs. 314.54 million), trade receivables of Rs. 182.89 million (2017: Rs. 135.85 million) and bank balance of Rs. 0.35 million (2017: Rs. 0.35 million) are exposed to foreign currency risk.

As at June 30, 2018, if the Pakistan Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, profit before income tax for the year would have been lower / higher by Rs. 9.88 million (2017: Rs. 3.56 million), as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables, and trade receivables.

The sensitivity of foreign exchange rates looks at the outstanding foreign exchange balances of the Company only as at the unconsolidated statement of financial position 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 instruments company, its issuer, or factors affecting all similar financial instrument traded in the market. The Company has no investment as at June 30, 2018 which is subject to a change in market price.

b) Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties 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. 10,159 million (2017: Rs. 7,934 million) the financial assets exposed to credit risk amounts to Rs. 8,670 million (2017: Rs. 5,845 million). The carrying values of financial assets are as under:

	2018	2017
	--------Rupees '000--------	
Loans and advances - notes 10 & 14	**3,951,043**	2,203,434
Trade deposits - notes 11 & 15	**64,883**	49,129
Trade receivables - note 13	**3,290,016**	2,977,613
Other receivables - note 16	**1,030,134**	525,159
Bank balances	**132,452**	89,886
	8,468,528	5,845,221

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

Trade receivables 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 receivables. 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. 3,917.46 million (2017: Rs. 2,095.83 million) and other receivables mainly pertains to related parties amounting to Rs. 967.16 million (2017: Rs. 464.54 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.

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 is as follows:

	2018	(Restated) 2017
	--------Rupees '000--------	
Total borrowings	**2,737,763**	1,637,399
Cash and bank - note 17	**(137,036)**	(92,153)
Net debt	**2,600,727**	1,545,246
Equity	**12,314,522**	10,368,358
Total capital	**14,915,249**	11,913,604
Debt to capital ratio	**17%**	13%

42. NUMBER OF EMPLOYEES

	2018	2017
42.1 Number of employees as at June 30		
Permanent	**1,987**	1,849
Contractual	**46**	44
	***2,033**	*1,893

** This includes 74 (2017: 75) number of factory employees*

	2018	2017
41.2 Average number of employees during the year		
Permanent	**1,925**	1,790
Contractual	**43**	48
	****1,968**	**1,838

*** This includes 73 (2017:75) number of factory employees*

43. CORRESPONDING FIGURES

Due to revision in Fourth Schedule to Companies Act, 2017, following required changes have been made:

- Unclaimed dividend which was previously classified under trade and other payables has been separately disclosed as unclaimed dividend and unpaid dividend on the face of the unconsolidated statement of financial position.
- Stores and spares which was separately classified on the face of the unconsolidated statement of financial position has been presented under inventories.
- Revaluation surplus on property, plant and equipment which was separately disclosed on the face of the unconsolidated statement of financial position has been presented under equity.
- Short-term borrowings and current portion of long-term borrowing which were previously classified separately on the face of unconsolidated statement of financial position have now been classified under borrowings.
- Sales tax payable and accrued mark-up which were previously classified separately on the face of unconsolidated statement of financial position have now been classified under trade and other payables.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

44. SUBSEQUENT EVENTS

44.1 The Board of Directors of the Company in the meeting held on October 11, 2018 has approved the following appropriation:

	2018	2017
	--------Rupees '000--------	
- Issue of 15 bonus shares for every 100 shares (June 30, 2017: 20 bonus shares for every 100 shares) held	**277,076**	307,863
- Cash dividend of Rs. 5 (June 30, 2017: Rs. 8) per share	**923,588**	1,231,451

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

44.2 Subsequent to the year end, certain batches of the Company's finished product "Extor" amounting to Rs. 157.95 million was re-called from the markets in consequence to a review triggered by the European Medicine Agency (EMA). The EMA in its review had detected an impurity in the Active Pharmaceutical Ingredient (API) of the raw material used in Extor supplied by a certain manufacturer in China. In this regard, the Company has immediately replaced the product recalled from the market by new products and is expected to lodge claims to the manufacturer in China in respect of any damages that the Company might suffer.

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors on October 11, 2018

Chief Executive Officer   Director   Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' REPORT

The Directors take pleasure in presenting the annual report together with the audited consolidated financial statements of the holding company for the year ended June 30, 2018.

The Directors' Report has been prepared in accordance with section 227 of the Companies Act, 2017 and Chapter XIII of the Code of Corporate Governance 2017.

This report is to be submitted to the members at the 53rd Annual General Meeting of the Company to be held on October 27, 2018.

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 positive, which is encouraging for the Company's future aspirations & growth.

The therapeutic areas in which Searle group mainly exists includes cardiovascular, cold & cough, diabetes, infant formula, pro-biotic and antibiotics.

Strong dependability on import of raw materials is resulting in declining product margins due to frequent foreign exchange fluctuations and is considered the principal risk facing the holding company and the industry as a whole.

	2018	2017
	PKR in thousand	
Revenue	**16,395,639**	13,309,651
Cost of Sales	**(8,064,675)**	(6,291,348)
Gross profit	**8,330,964**	7,018,303
Operating expenses	**(4,820,791)**	(4,072,270)
Other operating expenses	**(195,407)**	(206,079)
Other income	**156,393**	275,570
Profit from operations	**3,471,159**	3,015,524
Finance cost	**(216,736)**	(135,108)
Profit before taxation	**3,254,423**	2,880,416
Taxation	**(537,823)**	(487,341)
Profit after taxation	**2,716,600**	2,393,075
Gross profit percentage	**51%**	53%
Operating profit percentage	**21%**	23%
Profit before tax percentage	**20%**	22%
Profit after tax percentage	**17%**	18%

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.

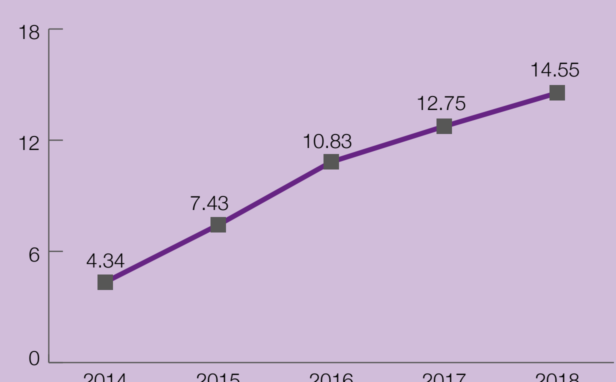
In pursuance of the above philosophy, we have penetrated further, by stepping into biosimilar medicines and emerging nutritional range. We have also started making our presence prominent in the growing textile sector.

Though our conventional business scaled new heights, the consolidated results were diluted after incorporating the financial results of the pre-mature portfolio textile business. 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.

Nevertheless, the holding company reported revenue of 16.39 billion, registering a growth of 23.19% as compared with the preceding year, further, profit after tax of the holding company also increased substantially by 13.52% as compared with prior year.

Earnings per share

Basic earnings per share after taxation were Rs. 14.55 (2017: Rs. 12.75).



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, 2018.

Dividend

The Board of Directors has recommended cash and stock dividend of 50% & 15% respectively, for the year ended June 30, 2018.

During the year ended June 30, 2017, the holding company declared cash and stock dividend of 80% & 20% respectively. This was in addition to the interim cash and stock dividend of 20% and 10%, respectively.

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 re-appointment as the Auditors of the Company for the financial year ending June 30, 2019, at a mutually agreed fee.

Holding company

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.

International Brands Limited is the ultimate holding company (the 'Ultimate Holding Company') as it holds 56.60% of the total paid-up share capital of the Holding Company

The registered office of the Holding Company is situated at 1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi

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

	Principal place of business	Effective %age of holding	
		June 30, 2018	June 30, 2017
Listed Company			
- IBL HealthCare Limited	Pakistan	**74.19%**	74.19%
Unlisted Companies			
- Searle Pharmaceuticals (Private) Limited	Pakistan	**100.00%**	100.00%
- Searle Laboratories (Private) Limited	Pakistan	**100.00%**	100.00%
- Searle Biosciences (Private) Limited	Pakistan	**100.00%**	100.00%
- IBL Identity (Private) Limited	Pakistan	**100.00%**	-
- IBL Future Technologies (Private) Limited	Pakistan	**100.00%**	-
- Nextar Pharma (Private) Limited	Pakistan	**85.17%**	70.34%

Pattern of shareholding

The pattern of shareholding along with categories of shareholders as at June 30, 2018 as required under section 227 of the Companies Act, 2017 and Listing Regulations is presented on pages 188 to 192 of the annual report 2018.

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.

DIRECTORS' REPORT

Business Conduct

Searle groups business practices are based on integrity, transparency and compliance with applicable laws and regulations. Our 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. 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 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, and assure that all operations associated with manufacture of medicinal products are of a standard that ensures the patient's expectations of safety and efficacy.

Corporate and social responsibility

The horizon of our duties does not end with the 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 creation of employment opportunities to support a large industrial and sales workforce.

The holding 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, safety and environment

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 any risks to their health. The health and safety of our employees and visitors is a high priority for the holding 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 holding 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. We have successfully deployed the most powerful business management system 'SAP' to further strengthen our business operations.

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 2018, 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 holding company has adopted the code and is implementing the same in letter and spirit.

Directors' training program

The directors either have already attended the directors' training as required in previous years or meet the exemption criteria as contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Adequacy of Internal Financial Controls

In order to ensure that adequate internal controls are deployed by the holding company for safeguarding of company's assets, compliance with laws and regulations and reliable financial reporting, the Board of Directors 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.

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 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 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 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:

	2018	2017 (Re-stated)	2016	2015	2014	2013
ASSETS EMPLOYED						
Property, plant and equipment	**2,692,524**	2,254,788	1,528,607	688,354	560,152	584,168
Intangible assets	**384,661**	397,709	254,473	39,845	47,782	74,071
Investment properties-at cost	**2,871,818**	2,584,202	2,607,507	2,614,906	2,516,865	2,312,986
Long-term investments- subsidiaries	**-**	-	-	187,792	124,500	-
Long-term loans and deposits	**1,682,189**	1,020,405	325,560	100,300	2,476	7,212
Deferred taxation	**-**	1,894	-	-	-	-
Net current assets	**3,897,703**	3,817,731	3,956,256	2,397,902	1,342,194	1,030,267
Total assets employed	**11,528,895**	10,076,729	8,672,403	6,029,099	4,593,969	4,008,704
FINANCED BY						
Issued, subscribed and paid-up capital	**1,847,177**	1,539,314	1,227,523	858,407	613,148	471,652
Reserves and unappropriated profit	**8,477,432**	7,335,404	6,185,481	3,842,263	2,800,929	2,221,285
Shareholder's equity	**10,324,609**	8,874,718	7,413,004	4,700,670	3,414,077	2,692,937
Surplus on revaluation of fixed assets	**675,001**	493,079	296,961	296,961	168,163	185,020
Non-controlling Interest	**451,963**	422,867	390,725	318,627	260,847	201,428
Long-term and deferred liabilities	**77,322**	286,065	571,713	712,841	750,882	929,319
Total capital employed	**11,528,895**	10,076,729	8,672,403	6,029,099	4,593,969	4,008,704

DIRECTORS' REPORT

	2018	2017 (Re-stated)	2016	2015	2014	2013
Turnover	16,395,639	13,309,651	11,328,239	9,048,041	7,608,594	6,013,544
Profit before tax	3,254,423	2,880,416	2,685,824	1,908,819	1,165,879	981,603
Profit after tax	2,716,600	2,393,075	2,064,994	1,452,391	876,057	719,066
Profit after tax as % of turnover	16.57	17.98	18.23	16.05	11.51	11.96
Profit after tax as % of capital employed	23.56	23.75	23.81	24.09	19.07	17.94
Dividends						
Cash (%)	50	100	50	20	-	35
Stock (%)	15	30	24	20	40	45

Composition of the Board of Directors

There have been seven directors on the Board. The composition of the board throughout the year is as follows:

Category	Names
i Independent Director	Mr. Husain Lawai
ii Non-executive Directors	Mr. Adnan Asdar Ali Mr. Rashid Abdulla Mr. Mr. Ayaz Abdulla Mr. Asad Abdulla
iii Executive Directors	Mr. Syed Nadeem Ahmed Mr. Zubair Razzak Palwala

No person other than those mentioned above, have at any time during the year ended June 30, 2018 served as the director of the holding company.

Meetings of the Board of Directors

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

Name of director	Meetings attended
Mr. Adnan Asdar Ali	7
Mr. Rashid Abdulla	6
Mr. Husain Lawai	4
Mr. Syed Nadeem Ahmed	7
Mr. Zubair Razzak Palwala	7
Mr. Mr. Ayaz Abdulla	5
Mr. Asad Abdulla	5

Audit committee

The Committee comprises of three non-executive Directors. The Chairman of the committee is an independent director.

During the year, five meetings of audit committee were held, the attendance of which is as follows:

Name of director	Meetings attended
Mr. Husain Lawai	1
Mr. Adnan Asdar Ali	5
Mr. Asad Abdulla	5

Human resource and remuneration committee

The Committee comprises of four non-executive members. The Chairman of the committee is an independent director. During the year, one meeting of the committee was held, the attendance of which is as follows:

Name of director	Meetings attended
Mr. Husain Lawai	-
Mr. Adnan Asdar Ali	1
Mr. Ayaz Abdulla	1
Mr. Asad Abdulla	1

Directors Remuneration

The significant features and key elements of directors' remuneration are as follows:

- Non-executive directors are only entitled to receive fees in lieu of remuneration in respect of the board and committee meetings attended by them.
- The board is authorized to determine the remuneration of its Directors for attending meetings of the board and committee.

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 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, 2018 and June 30, 2017 respectively was as follows:

	2018	2017
	Rs '000	
Provident Fund	901,108	896,799

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 and globally. We are strengthening with every passing day and are on our way to attain leadership position in key markets and business segments.

In the local 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.

The recent economic conditions have raised challenges on the industry as a whole. It is a fact hidden from none that the chemical industry of Pakistan has capacity constraints to develop basic components required for manufacturing drugs. Therefore, the industry resorts to import of raw materials. Due to this significant dependability, fluctuation in exchange rates coupled with stiff price regulations directly affect the product margins and consequent commercial feasibility. Pakistani rupee has recently experienced double-digit depreciation which has put the pharma industry under immense pressure.

Further, due to overly regulated drug pricing mechanism, volatility in retail prices is a concern of paramount importance for us. Delays in new product approvals also pose key threats for the industry as a whole. However, with the change in recent political scenario, we will have to wait to assess the future economic trends and modify our strategies accordingly.

For the longer run, Searle group is focusing on emerging portfolios including, bio-similar, medical devices, nutraceuticals and genome sciences.

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 will continue to work hard to provide long term sustainable growth to everyone associated with us.

For and on behalf of the Board

Syed Nadeem Ahmed	**Zubair Razzak Palwala**
Chief Executive Officer	Director

Karachi:
October 11, 2018

بعدازاں 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 ہولڈنگ کمپنی کی مالیاتی حیثیت پر اثرانداز ہوں۔

سرمایہ کاریوں کی قدروقیمت

30 جون 2018 اور 30 جون 2017 کو پراویڈنٹ فنڈ کی سرمایہ کاری کی قدروقیمت ان کے غیر آڈٹ شدہ/آڈٹ شدہ حسابات کی بنیاد پر بالترتیب درج ذیل کے مطابق تھی:

	2018	2017
	پاک روپے ہزاروں میں	
پراویڈنٹ فنڈ	901,108	896,799

مستقبل پر ایک نظر

طویل المدتی شیئرہولڈر 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 ہورہے 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 گروپ گزشتہ سالوں کے دوران مستحکم ہوا ہے، کارڈیوویسکولر، کولڈ وکف، ذیابطیس، شیرخوار بچوں کا فارمولا، پروبائیوٹک اور اینٹی بائیوٹک شامل ہیں۔ مستقبل میں ہم اسپیشلٹی جنیرک برانڈ کے پورٹ فولیو میں اپنا حصہ بڑھانے اور منفرد مصنوعات کی طرف اپنی توجہ کو مرکوز کئے ہوئے ہیں ۔

حالیہ اقتصادی صورتحال نے مجموعی طور پر صنعت کے لئے مزید چیلنجز کھڑے کردیئے ہیں۔ یہ حقیقت کسی سے پوشیدہ نہیں ہے کہ پاکستان کی کیمیکل انڈسٹری ادویات کی تیاری کے لئے درکار بنیادی اجزاء کو تیار کرنے کے ضمن میں مقررہ گنجائش نہیں رکھتی، لہٰذا صنعت کو خام مال درآمد کرنا پڑتا ہے۔ غیر ملکی درآمدات پر انحصار کے باعث اور زرمبادلہ کے نرخوں میں اتار چڑھاؤ سے قیمتیں برقرار رکھنے میں دشواری کے باعث پروڈکٹس کی شرح منافع اور کمرشل فیزیبلیٹی براہِ راست متاثرہوتی ہے۔ پاکستانی روپے کی گرتی قدر سے فارما انڈسٹری کو بے پناہ پریشر کا سامنا کرنا پڑا ہے۔

مزیدبرآں ادویات کے نرخوں کے غیر منظم میکنزم کے باعث ریٹیل نرخوں میں اتار چڑھاؤ بھی ہمارے لئے تشویش کا ایک بڑا موجب ہے۔ نئی پروڈکٹ کی منظوری میں تاخیر سے بھی مجموعی طور پر صنعت کے لئے کلیدی خطرات سامنے آتے ہیں۔ تاہم حالیہ سیاسی صورتحال کی تبدیلی کے ساتھ ہم آنے والے معاشی رجحانات کا جائزہ لے رہے ہیں اور اس کے مطابق اپنی حکمت عملیوں میں تبدیلی لائیں گے۔

آنے والے سالوں میں سرل گروپ ابھرتے ہوئے پورٹ فولیو بشمول بائیوسمیلرز، میڈیکل ڈیوائسز، نیوٹرا سیوٹیکلز اور جنیوم سائنسز پر خصوصی توجہ دے رہا ہے۔

سرل گروپ میں ہم سب جذباتی طور پر ملحوظ و متحرک ہیں اور مستقل بنیاد پر پُرعزم شراکت کر رہے ہیں۔یہی شیوہ ہمارے شراکت کار، سپلائرز اور صارفین،کا بھی ہے جس کیلئے ہم ان کے شکرگزار 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

سید ندیم احمد
چیف ایگزیکٹو آفیسر

زبیر رزاق پال والا
ڈائریکٹر

11 اکتوبر 2018
کراچی

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی تشکیل :

بورڈ میں سات ڈائریکٹرز موجود ہیں۔ سال کے دوران بورڈ کی تشکیل درج ذیل کے مطابق رہی:

	کیٹگری	نام
i	انڈیپینڈنٹ ڈائریکٹر	جناب حسین لوائی
ii	نان۔ایگزیکٹوڈائریکٹرز	جناب عدنان اسدر علی جناب راشد عبداللہ جناب ایاز عبداللہ جناب اسد عبداللہ
iii	ایگزیکٹوڈائریکٹرز	جناب سید ندیم احمد جناب زبیر رزاق پال والا

مذکورہ بالا افراد کے علاوہ کسی بھی فرد نے 30 جون 2018 کو ختم ہونے والے سال کے دوران ہولڈنگ کمپنی کے ڈائریکٹر کی حیثیت سے فرائض انجام نہیں دیئے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے 7 اجلاس منعقد ہوئے۔ اور ان میں بورڈ ممبران کی اجلاسوں میں شرکت درج ذیل کے مطابق ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
جناب عدنان اسدر علی	7
جناب راشد عبداللہ	6
جناب حسین لوائی	4
جناب سید ندیم احمد	7
جناب زبیر رزاق پال والا	7
جناب ایاز عبداللہ	5
جناب اسد عبداللہ	5

آڈٹ کمیٹی

کمیٹی 3 نان۔ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ کمیٹی کے چیئرمین ایک آزاد ڈائریکٹر ہیں۔
سال کے دوران آڈٹ کمیٹی کے 5 اجلاس منعقد ہوئے جس کی تفصیلات درج ذیل کے مطابق ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
جناب حسین لوائی	1
جناب عدنان اسدر علی	5
جناب اسد عبداللہ	5

ہیومن ریسورس اور ریمیونریشن کمیٹی

کمیٹی 4 نان۔ایگزیکٹو ممبران پر مشتمل ہے۔کمیٹی کے چیئرمین ایک انڈیپینڈنٹ ڈائریکٹر ہیں۔ سال کے دوران کمیٹی کا ایک اجلاس منعقد کیا گیا، جس کی تفصیلات ذیل درج ہیں:

ڈائریکٹرز کے نام	شرکت کردہ اجلاس
جناب حسین لوائی	-
جناب عدنان اسدر علی	1
جناب ایاز عبداللہ	1
جناب اسد عبداللہ	1

ڈائریکٹرز کا معاوضہ:

ڈائریکٹرز کے معاوضے کی نمایاں خصوصیات اور کلیدی عناصر درج ذیل کے مطابق ہیں:

- نان۔ ایگزیکٹو ڈائریکٹرز، بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کے حوالے سے ، بطور معاوضہ صرف ، فیس وصول کرنے کا استحقاق رکھتے ہیں۔
- بورڈ اپنے ڈائریکٹرز کی جانب سے بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کے لیے معاوضے کا تعین کرنے کا مجاز ہے۔

٦ سالوں کی اہم آپریٹنگ اور ماحولیاتی تفصیل درج ذیل کے مطابق ہے:

	2018	2017	2016	2015	2014	2013
لاگو کردہ اثاثہ جات						
املاک، پلانٹس اور ایکوئپمنٹ	**2,692,524**	2,254,788	1,528,607	688,354	560,152	584,168
غیر محسوس اثاثہ جات	**384,661**	397,709	254,473	39,845	47,782	74,071
انویسٹمنٹ پراپرٹی	**2,871,818**	2,584,202	2,607,507	2,614,906	2,516,865	2,312,986
طویل المدتی سرمایہ کاری	**-**	-	-	187,792	124,500	-
طویل المدتی لون،ڈپازٹز اور پری پیمنٹز	**1,682,189**	1,020,405	325,560	100,300	2,476	7,212
ڈیفرڈ ٹیکسیشن	**-**	1,894	-	-	-	-
خالص موجودہ اثاثہ جات	**3,897,703**	3,817,731	3,956,256	2,397,902	1,342,194	1,030,267
کل لاگو شدہ اثاثہ جات	**11,528,895**	10,076,729	8,672,403	6,029,099	4,593,969	4,008,704
سرمایہ کاری کا ذریعہ						
جاری کردہ، سبسکرائبڈ اور ادا شدہ سرمایہ	**1,847,177**	1,539,314	1,227,523	858,407	613,148	471,652
ریزروز اور ان اپیروپریٹڈ منافع جات	**8,477,432**	7,335,404	6,185,481	3,842,263	2,800,929	2,221,285
شیئر ہولڈرز کی ایکویٹی	**10,324,609**	8.874,718	7,413,004	4,700,670	3,414,077	2,692,937
فکسڈ اثاثہ جات کی دوبارہ قدرو قیمت پر اضافہ	**675,001**	493,079	296,961	296,961	168,163	185,020
نان کنٹرولنگ انٹرسٹ	**451,963**	422,867	390,725	318,627	260,847	201,428
طویل المدتی اور ڈیفرڈ ذمہ داریاں	**77,322**	286,065	571,713	712,841	750,882	929,319
مجموعی لاگو شدہ سرمایہ	**11,528,895**	10,076,729	8,672,403	6,029,099	4,593,969	4,008,704
ٹرن اوور	**16,395,639**	13,309,651	11,328,239	9,048,041	7,608,594	6,013,544
منافع قبل از ٹیکس	**3,254,423**	2,880,416	2,685,824	1,908,819	1,165,879	981,603
منافع بعد از ٹیکس	**2,716,600**	2,393,075	2,064,994	1,452,391	876,057	719,066
منافع بعد از ٹیکس کی فیصد شرح، ٹرن اوور کے حوالے سے	**16.57**	17.98	18.23	16.05	11.51	11.96
منافع بعد از ٹیکس کی فیصد شرح، زیر عمل سرمائے کے حوالے سے	**23.56**	23.75	23.81	24.09	19.07	17.94
منافع منقسمہ						
نقد (فیصد)	**50**	100	50	20	-	35
اسٹاک (فیصد)	**15**	30	24	20	40	45

ڈائریکٹرز کی رپورٹ

مزید تفصیلات کے لئے براہِ مہربانی مالیاتی حسابات کا حوالہ نوٹ 38دیکھیں۔

کوڈ آف کارپوریٹ گورنینس پر عملدرآمد

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

ڈائریکٹرز کا تربیتی پروگرام

ڈائریکٹرز یا تو پہلے ہی سے ڈائریکٹر ز کے تربیتی پروگرام میں شرکت کرچکے ہیں جیسا کہ گزشتہ برسوں میں یہ ضروری تھا یا اس سے استثنٰی کی اہلیت کی شرائط پر پورا اترتے ہیں جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنینس) ریگولیشنز 2017 میں درج ہے۔

انٹرنل فنانشل کنٹرولز کی موزونیت

ہولڈنگ کمپنی کے اثاثہ جات کے تحفظ، قوانین اور ضوابط پر عمل درآمد اور مستند فنانشل رپورٹنگ کو یقینی بنانے کے لیے موزوں انٹرنل کنٹرولز لاگو کیے گئے ہیں، بورڈ آف ڈائریکٹرز نے انٹرنل آڈٹ کے امور آؤٹ سورس کرکے، گرانٹ تھورنٹن انجم رحمٰن، چارٹرڈ اکاؤنٹینٹس کو سونپ دیئے ہیں جن کو موزوں اور کوالیفائیڈ ہونے کے ساتھ اس مقصد کے لیے مناسب تجربے کا حامل تصور کیا جاتا ہے ، اور وہ ہولڈنگ کمپنی کی پالیسی اور طریقہ کار سے بھی بخوبی واقف ہیں۔

ضابطہ اخلاق

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

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- ہولڈنگ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات میں، 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 پالسیاں 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 گورنینس کی بیسٹ پریکٹسز سے قطعی انحراف نہیں کیا گیا۔
- ٹرانسفر پرائیسنگ کی بیسٹ پریکٹسز سے روگردانی نہیں کی گئی۔

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 ہوسکتی ہے لہذا معیار کی دیکھ بھال اور مستقل بہتری ہماری اولین ترجیح اور اخلاقی ذمہ داری ہے۔

ہم مریضوں کی صحت کی بحالی و بہتری 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۔

کارپوریٹ اور سماجی ذمہ داری

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

سرل گروپ سماجی طور پر بھی ذمےداری سے کام کر رہی 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۔

آکیوپیشنل ہیلتھ، سیفٹی اور اینوائرمنٹ

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 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 گروپ کی بڑھتی ہوئی بنیادی ضروریات کو پورا کرنے اور انفارمیشن سسٹم کو باقاعدگی سے اپ گریڈ کرنے کی ہماری مسلسل کاوشوں کے ساتھ انفارمیشن ٹیکنالوجی میں زیادہ سے زیادہ سرمایہ کاری ہماری پالیسی رہی ہے۔ہم نے اپنے کاروباری آپریشنز کو مزید مستحکم اور منظم بنانے کے لیے انتہائی پاورفل انتظامی سسٹم 'SAP' کامیابی سے نافذ کر لیا ہے۔

ویب سائٹ

ہمارے تمام اسٹیک ہولڈرز اور عوام الناس ہولڈنگ کمپنی کی ویب سائٹ www.searlecompany.com ملاحظہ کرسکتے 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 2018 کے دوران تمام متعلقہ پارٹی ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ کے جائزے اور منظوری کے لئے پیش کردی گئی تھیں۔ متعلقہ پارٹیوں میں لین دین کی یہ سرگرمیاں آڈٹ اور بورڈ کی جانب سے ان کے متعلقہ اجلاسوں میں باقاعدہ منظور کی گئی ہیں۔

یہ تمام ٹرانزیکشنز ٹرانسفر پرائسینگ کے طریقہ کار اور ماضی میں بورڈ کی جانب سےمنظور شدہ متعلقہ پارٹیوں کے ساتھ پالیسی کے مطابق تھیں۔ ہولڈنگ کمپنی ان تمام ٹرانزیکشنز کا مکمل ریکارڈ ،بشمول ان کی شرائط و ضوابط بھی اپنے پاس رکھتی ہے۔

ڈائریکٹرز کی رپورٹ

وہ کمپنیاں جن میں ہولڈنگ کمپنی 50 فیصد سے زائد شیئر ہولڈنگ کی بالواسطہ یا بلاواسطہ حامل ہے درجہ ذیل ہیں۔

	کاروبار کا مرکزی مقام	موثرالعمل فیصد ہولڈنگ 30 جون 2018	موثرالعمل فیصد ہولڈنگ 30 جون 2017
لسٹڈ کمپنی			
• آئی بی ایل ہیلتھ کیئر لمیٹڈ	پاکستان	**74.19%**	74.19%
ان لسٹڈ کمپنیاں			
• سرل فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ	پاکستان	**100.00%**	100.00%
• سرل لیبارٹریز(پرائیویٹ) لمیٹڈ	پاکستان	**100.00%**	100.00%
• سرل بائیو سائنسز (پرائیویٹ) لمیٹڈ	پاکستان	**100.00%**	100.00%
• آئی بی ایل آئیڈنٹیٹی (پرائیویٹ) لمیٹڈ	پاکستان	**100.00%**	100.00%
• آئی بی ایل فیوچر ٹیکنالوجیز (پرائیویٹ) لمیٹڈ	پاکستان	**100.00%**	-
• نیکسٹر فارما (پرائیویٹ) لمیٹڈ	پاکستان	**85.17%**	70.34%

شیئرہولڈنگ کا طریقہ کار

30 جون 2018 کو پیٹرن آف شیئر ہولڈنگ بشمول شیئرہولڈرز کی کیٹگریز، جیسا کہ کمپنیزایکٹ 2017 کے سیکشن 227 اور لسٹنگ ریگولیشنز کے تحت ضروری ہے،سالانہ رپورٹ 2018 کے صفحہ نمبر188 تا 192پر پیش کی گئی ہیں۔

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

ہولڈنگ کمپنی کے شیئر کی خریدوفروخت پاکستان اسٹاک ایکسچینج لمیٹڈ میں کی جاتی ہے۔ ڈائریکٹرز، سی ای او، کمپنی سیکریٹری اور سی ایف او اور ایگز یکٹوز ا ور ان تمام حضرات کی شریک حیات اور نابالغ بچوں نے ہولڈنگ کمپنی کے شیئرز میں کسی قسم کا کاروبار نہیں کیا۔

کاروباری ضوابط

سرل گروپ کا کا رو با ری طریقہ کار ایمانداری ، شفافیت اور نافذا لعمل قوانین اور ضوابط کی پا سداری پر مبنی رہا ہے۔ ہمارے ملا زمین ہیلتھ کیئر اور کنزیو مر انڈسٹری میں بہترین مصنو عات اور خدمات، کی فراہمی کے ہمارے مشن کو پورا کرنے میں پوری لگن کے ساتھ کار فرما ہیں ۔

ساکھ، بھروسہ اور اعتماد وہ ضروری عناصر ہیں جن کی تو سیع اور تحفظ ہماری ذمہ داری ہے تا کہ سب کو فا ئدہ پہنچے اور ہم بہتر با ہمی تعلقات قائم کر سکیں۔ ہولڈنگ کمپنی اپنے صارفین کی ضروریات کو سمجھتی ہے اور اس بات کو ملحوظ خاطر رکھتے ہوئے کاروباری سر گر میوں کے تمام دائرہ کار میں مستقل بہتری کی خواہاں ہے۔

پروڈکٹ کا معیار

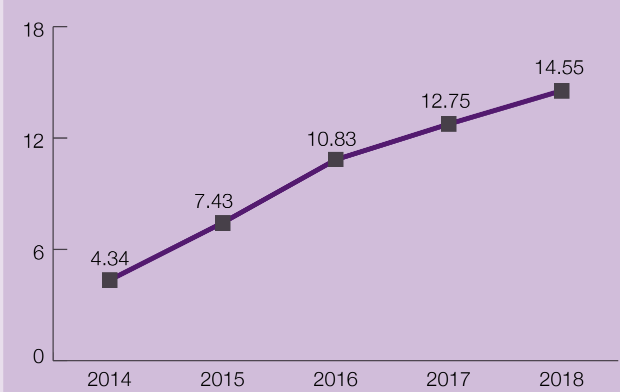
سرل گروپ کی مصنوعات پر صارفین کا بھروسہ اور اعتماد ہمارا انتہائی قیمتی اثاثہ ہے۔ ہم اس امر کو تسلیم کرتے ہیں کہ دوا سازی

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 جمارہے ہیں اور ہماری پراڈکٹ مارکیٹ میچور ہوتی جارہی ہے۔ ہم پر امید ہیں کہ ہماری نئی کاروباری سرگرمیاں مختصر عرصے میں مثبت نتائج دیں گی۔

بہرحال ہولڈنگ کمپنی نے 16.39 ارب روپے کا ریونیو ظاہر کیا، جوکہ گزشتہ سال کے مقابلے میں 23.19 فیصد اضافی رہا۔ مزید برآں ہولڈنگ کمپنی کے بعد از ٹیکس منافع میں بھی گزشتہ سال کے مقابلے میں 13.52 فیصد تک اضافہ ہوا۔

آمدنی فی شیئر

بنیادی آمدنی فی شیئر بعداز ٹیکس 14.55 روپے تھی (12.75روپے: 2017)۔



ہولڈنگ کمپنی کی بنیادی آمدنی فی حصص پر ڈائلیوشن کا کوئی اثر نہیں پڑا کیونکہ ہولڈنگ کمپنی کے 30 جون 2018 کو کوئی کنورٹبل ڈائیلیٹیو پوٹینشل آرڈیزی شیئرز باقی نہیں تھے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 30 جون 2018 کو ختم ہونے والے سال کے لئے نقد اور اسٹاک منافع منقسمہ بالترتیب 50 اور 15 فیصد کی سفارش کی ہے۔

30 جون 2017 کو ختم ہونے والے سال کے دوران ہولڈنگ کمپنی نے نقد اور اسٹاک منافع منقسمہ میں بالترتیب 80 فیصد اور 20 فیصد کا اعلان کیا تھا۔ یہ دورانِ سال جاری کردہ نقد اور اسٹاک منافع منقسمہ بالترتیب 20 فیصد اور 10 فیصد کے علاوہ تھا۔

مالیاتی حسابات اور آڈیٹرز

موجودہ آڈیٹرز میسرز اے۔ایف۔فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سبکدوش ہورہے 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 2019 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 کردی ہے۔

ہولڈنگ کمپنی

ہولڈنگ کمپنی پاکستان میں اکتوبر 1965 میں ایک پرائیوٹ لمیٹڈ کمپنی کے طور پر تشکیل پائی اور نومبر 1993 میں پبلک لمیٹڈ کمپنی میں تبدیل ہوئی. ہولڈنگ کمپنی کے شیئرز کی تجارت پاکستان اسٹاک ایکسچینج پر کی جاتی ہے۔ ہولڈنگ کمپنی کا کاروبار بنیادی طور پر دواسازی اور دوسرے کنزیومر پروڈکٹس کی تیاری پر منحصر ہے۔

انٹرنیشنل برانڈز لمیٹڈ ہولڈنگ کمپنی کی الٹیمیٹ ہولڈنگ کمپنی ہے جس کی ہولڈنگ کمپنی میں 56.60 فیصد شیئر ہولڈنگ ہے۔

ہولڈنگ کمپنی کا رجسٹرڈ دفتر 1st فلور، NIC بلڈنگ، عباسی شہید روڈ، کراچی پر واقع ہے۔

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز 30 جون 2018 کے آڈٹ شدہ مجموعی مالیاتی حسابات کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ڈائریکٹرز کی یہ رپورٹ کمپنیزایکٹ 2017 کے سیکشن 227 اور کوڈ آف کارپوریٹ گورنینس 2017 کے باب XIII کے مطابق تیار کی گئی ہے۔

یہ رپورٹ ہولڈنگ کمپنی کے 53 ویں سالانہ اجلاس عام منعقدہ 22 نومبر2018 میں ممبران کو پیش کی جائے گی۔

جائزہ

پاکستان میں فارماسیوٹیکل کی صنعت کا حجم موجودہ طور پر لگ بھگ 3.1 بلین امریکی ڈالراور سالانہ شرح نمو تقریباً 15 فیصد ہے۔ پاکستان میں 700 سے زائد فارماسیوٹیکل مینوفیکچرنگ یونٹس ہیں جو کہ 20 سے زائد ممالک میں200 ملین امریکی ڈالر سے زائد مالیت کی مصنوعات درآمد کررہے ہیں۔ انڈسٹری کا مستقبل خوش آئند ہے اور کمپنی کی مستقبل کی توقعات اور شرح نمو کے لئے حوصلہ افزا ہے۔

علاج کے وہ شعبے جہاں سرل گروپ کارفرما ہے ان میں کارڈیو ویسکولر، کھانسی، نزلہ، ذیابطیس، بچوں کے فارمولے، پروبایوٹک اور اینٹی بایوٹک شامل ہیں۔

غیر ملکی کرنسی کے تبادلے میں مسلسل اُتار چڑھاؤ اور خام مال کی درامدات پر انحصار، پروڈکٹ کے منافع کی شرح میں کمی کا باعث بن رہا ہے اور یہ خطرہ ہولڈنگ کمپنی اور صنعت کو لاحق خطرات کی بنیادی وجہ ہے۔

آپریٹنگ نتائج

	2018	2017
	پاکستانی روپے ہزاروں میں	
آمدنی	**16,395,639**	13,309,651
فروخت کے اخراجات	**(8,064,675)**	(6,291,348)
مجموعی آمدنی	**8,330,964**	7,018,303
آپریٹنگ اخراجات	**(4,820,791)**	(4,072,270)
دیگر آپریٹنگ اخراجات	**(195,407)**	(206,079)
دیگر آمدنی	**156,393**	275,570
آپریشنزسے آمدنی	**3,471,159**	3,015,524
فنانس کی لاگت	**(216,736)**	(135,108)
آمدنی قبل از ٹیکس	**3,254,423**	2,880,416
ٹیکسیشن	**(537,823)**	(487,341)
آمدنی بعد از ٹیکس	**2,716,600**	2,393,075
مجموعی منافع کی شرح	**51%**	53%
آپریٹنگ منافع جات کی شرح	**21%**	23%
آمدنی قبل از ٹیکس کی شرح	**20%**	22%
آمدنی بعد از ٹیکس کی شرح	**17%**	18%

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 جاچکا 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 شئیر ہولڈرز کو زیادہ سے زیادہ فائدہ پہنچے۔

اس فلسفے کے تحت ہم نے بائیوسمیلر ادویات اور ابھرتی ہوئی غذائی رینج کے شعبے میں قدم اور جمالئے ہیں۔ ہم نے تیزی سے بڑھتے ہوئے ٹیکسٹائل کے شعبے میں بھی اپنی موجودگی واضح کردی ہے۔

اگرچہ ہمارے روایتی کاروبار نے نئی بلندیاں حاصل کیں لیکن

pwc A·F·FERGUSON&Co.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

We have audited the annexed consolidated financial statements of The Searle Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2018, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

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KARACHI ▪ LAHORE ▪ ISLAMABAD

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	**Companies Act, 2017** **(Refer note 3.1.2 to the consolidated financial statements)** The fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of these annexed consolidated financial statements. The Act has also brought certain changes with regard to preparation and presentation of annual consolidated financial statements of the Company. These changes include recognition of surplus on revaluation of property, plant and equipment in equity and additional disclosures. Particularly, change in the requirement relating to surplus on revaluation of property, plant and equipment is accounted for as change in accounting policy that also required inclusion of an additional statement of financial position at the beginning of the earliest period presented as disclosed in note 4 to the consolidated financial statements. In view of the various additional disclosures and change in accounting policy relating to surplus on revaluation of property, plant and equipment in the annexed consolidated financial statements due to first time application of the provisions of the Companies Act, 2017, for the preparation of financial statements, we considered this as a key audit matter.	We reviewed and understood the requirements of the Companies Act, 2017 for the preparation of the consolidated financial statements. Our audit procedures included the following: • considered the management's process to identify the additional disclosures required in the Group's annexed consolidated financial statements. • obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence. • engaged an auditor's expert to test the reasonableness of the assumptions used by the Group management's property, plant and equipment valuer. • ensured appropriate accounting is carried out with respect to the surplus on revaluation of property, plant and equipment as per IAS 16 "Property, Plant and Equipment". • ensured the presentation and disclosure requirements of accounting and reporting framework relating to change in accounting policy for surplus on revaluation of property, plant and equipment and other additional disclosures.

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KARACHI ▪ LAHORE ▪ ISLAMABAD

S. No.	Key Audit Matter	How the matter was addressed in our audit
(ii)	**Litigation matters** **(Refer notes 24 and 25.1 to the consolidated financial statements)** The Group has litigation cases in respect of product pricing, income tax and sales tax matters, which are pending at various forums including Honourable High Court of Sindh, Commissioner Inland Revenue (Appeals) (CIR(A)), Appellate Tribunal Inland Revenue (ATIR) and the Drug Regulatory Authority of Pakistan (DRAP). Matters under litigation require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provisions that may be required against such litigation matters. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered litigation matters relating to product pricing and taxation a key audit matter.	Our audit procedures amongst others, included: • obtained and reviewed details of the pending litigations and discussed the same with the Group's management; • reviewed correspondence of the Group with the relevant authorities including judgments or orders passed by the competent authorities/ courts of law in relation to the issues involved or matters which have similarities with the issues involved; • obtained confirmations from the Group's external legal and tax counsels for their views on open tax assessments and legal cases; • involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Group; and • reviewed disclosures made in respect of litigations in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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KARACHI ▪ LAHORE ▪ ISLAMABAD

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

Chartered Accountants
Karachi

Date: October 29, 2018

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KARACHI ▪ LAHORE ▪ ISLAMABAD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

	Note	2018	(Re-stated) 2017	(Re-stated) July 1, 2016
		--------Rupees '000--------		
ASSETS				
Non-current assets				
Property, plant and equipment	5	**2,692,524**	2,254,788	1,528,607
Investment properties - at cost	6	**2,871,818**	2,584,202	2,607,507
Intangible assets	7	**384,661**	397,709	254,473
Deferred tax assets	19	**-**	1,894	-
Long-term loans and advances	8	**1,657,012**	1,015,379	320,534
Long-term deposits	9	**25,177**	5,026	5,026
		7,631,192	6,258,998	4,716,147
Current assets				
Inventories	10	**2,831,232**	1,510,243	1,534,774
Trade receivables	11	**4,359,858**	3,609,434	2,951,854
Loans and advances	12	**883,167**	705,694	882,701
Trade deposits and short-term prepayments	13	**80,409**	82,297	176,133
Interest accrued		**16,208**	6,743	3,045
Other receivables	14	**318,467**	378,595	410,383
Investments - at fair value through profit or loss	15	**55,782**	160,884	99,593
Taxation - payments less provision		**846,554**	679,131	570,593
Tax refunds due from Government - Sales tax		**21,723**	14,168	8,527
Cash and bank balances	16	**204,660**	157,375	136,001
		9,618,060	7,304,564	6,773,604
Total assets		**17,249,252**	13,563,562	11,489,751
EQUITY AND LIABILITIES				
EQUITY				
Share capital	17	**1,847,177**	1,539,314	1,227,523
Unappropriated profit		**6,566,207**	5,424,179	4,274,256
General reserve		**280,251**	280,251	280,251
Share premium		**1,630,974**	1,630,974	1,630,974
Revaluation surplus on property, plant and equipment		**675,001**	493,079	296,961
Attributable to owners of The Searle Company Limited - Holding Company		**10,999,610**	9,367,797	7,709,965
Non-controlling interests		**451,963**	422,867	390,725
		11,451,573	9,790,664	8,100,690
LIABILITIES				
Non-current liabilities				
Long-term borrowings	18	**4,664**	239,033	486,953
Deferred tax liabilities	19	**22,028**	-	42,513
Employee benefit obligations	20	**50,630**	47,032	42,247
		77,322	286,065	571,713
Current liabilities				
Trade and other payables	21	**3,073,659**	2,005,624	2,107,181
Borrowings	22	**2,537,763**	1,423,114	689,863
Unpaid dividend	23	**52,259**	20,429	13,681
Unclaimed dividend		**56,676**	37,666	6,623
		5,720,357	3,486,833	2,817,348
Total liabilities		**5,797,679**	3,772,898	3,389,061
Contingencies and commitments	24			
Total equity and liabilities		**17,249,252**	13,563,562	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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2018

	Note	2018	2017
		--------Rupees '000--------	
Revenue	25	**16,395,639**	13,309,651
Cost of sales	26	**(8,064,675)**	(6,291,348)
Gross profit		**8,330,964**	7,018,303
Distribution costs	27	**(3,742,496)**	(3,139,747)
Administrative expenses	28	**(1,078,295)**	(932,523)
Other operating expenses	29	**(195,407)**	(206,079)
Other income	30	**156,393**	275,570
Profit from operations		**3,471,159**	3,015,524
Finance cost	31	**(216,736)**	(135,108)
Profit before income tax		**3,254,423**	2,880,416
Income tax expense	32	**(537,823)**	(487,341)
Profit for the year		**2,716,600**	2,393,075
Profit is attributable to:			
Owners of The Searle Company Limited - Holding Company		**2,687,216**	2,355,829
Non-controlling interests		**29,384**	37,246
		2,716,600	2,393,075
			(Re-stated)
Basic and diluted earnings per share (Rupees)	33	**14.55**	12.75

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2018

	2018	(Re-stated) 2017
	--------Rupees '000--------	
Profit for the year	**2,716,600**	2,393,075
Other comprehensive (loss) / income:		
Items that will not be reclassified to profit or loss		
Remeasurements of post employment benefit obligations	**(3,506)**	(479)
Surplus on revaluation of property, plant and equipment - net of deferred tax	**191,957**	202,050
	188,451	201,571
Total comprehensive income for the year	**2,905,051**	2,594,646
Total comprehensive income is attributable to:		
Owners of The Searle Company Limited - Holding Company	**2,866,769**	2,551,468
Non-controlling interests	**38,282**	43,178
	2,905,051	2,594,646

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, 2018

	Attributable to the owners of the Holding Company								
		Capital reserves			Revenue reserves				
	Share capital	Share premium	Issue of bonus shares	Revaluation surplus on property, plant & equipment	General reserve	Unappropriated profits	Sub - Total reserves	Non-controlling interests	Total
	Rupees '000								
Balance as at July 1, 2016 as previously	1,227,523	1,630,974	-	-	280,251	4,274,256	6,185,481	390,725	7,803,729
Impact of re-statement - note 4	-	-	-	296,961	-	-	296,961	-	296,961
Balance as at July 1, 2016 - restated	1,227,523	1,630,974	-	296,961	280,251	4,274,256	6,482,442	390,725	8,100,690
Total comprehensive income for the year ended June 30, 2017									
Profit for the year ended June 30, 2017	-	-	-	-	-	2,355,829	2,355,829	37,246	2,393,075
Other comprehensive income / (loss) for the year ended June 30, 2017	-	-	-	196,118	-	(479)	195,639	5,932	201,571
	-	-	-	196,118	-	2,355,350	2,551,468	43,178	2,594,646
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 July 1, 2017 - restated	1,539,314	1,630,974	-	493,079	280,251	5,424,179	7,828,483	422,867	9,790,664
Total comprehensive income for the year ended June 30, 2018									
Profit for the year ended June 30, 2018	**-**	**-**	**-**	**-**	**-**	**2,687,216**	**2,687,216**	**29,384**	**2,716,600**
Other comprehensive income / (loss) for the year ended June 30, 2018	**-**	**-**	**-**	**183,059**	**-**	**(3,506)**	**179,553**	**8,898**	**188,451**
Transfer of incremental	**-**	**-**	**-**	**(1,137)**	**-**	**1,137**	**-**	**-**	**-**
	-	**-**	**-**	**181,922**	**-**	**2,684,847**	**2,866,769**	**38,282**	**2,905,051**
Transaction with owners in their capacity as owners									
Transfer to reserve for issue of bonus shares	**-**	**-**	**307,863**	**-**	**-**	**(307,863)**	**-**	**-**	**-**
Bonus shares issued during the year in the ratio of 20 shares for every 100 shares held	**307,863**	**-**	**(307,863)**	**-**	**-**	**-**	**(307,863)**	**-**	**-**
Final dividend for the year ended June 30, 2017 @ Rs. 8 per share	**-**	**-**	**-**	**-**	**-**	**(1,231,451)**	**(1,231,451)**	**-**	**(1,231,451)**
Dividend pertaining to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(12,691)**	**(12,691)**
Transactions with non-controlling interests						**(3,505)**	**(3,505)**	**3,505**	**-**
	307,863	**-**	**-**	**-**	**-**	**(1,542,819)**	**(1,542,819)**	**(9,186)**	**(1,244,142)**
Balance as at June 30, 2018	**1,847,177**	**1,630,974**	**-**	**675,001**	**280,251**	**6,566,207**	**9,152,433**	**451,963**	**11,451,573**

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 CASH FLOWS

For the year ended June 30, 2018

	Note	2018	2017
		--------Rupees '000--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	**2,449,174**	2,672,880
Employee benefit obligations paid		**(5,416)**	(510)
Finance cost paid		**(100,276)**	(68,539)
Income taxes paid		**(704,312)**	(643,200)
Interest income received		**11,001**	19,153
Increase in long-term deposits		**(20,151)**	-
Increase in long-term loans and advances		**(641,633)**	(760,845)
Net cash generated from operating activities		**988,387**	1,218,939
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(530,464)**	(580,332)
Proceeds from disposal of property, plant and equipment		**13,166**	16,479
Purchase of investment properties		**(190,303)**	(25,187)
Purchase of intangible assets		**(27,289)**	(171,405)
Purchase of investments - at fair value through profit or loss		**(213,576)**	(456,814)
Proceeds from redemption of investments - at fair value through profit or loss		**320,386**	401,244
Net cash used in investing activities		**(628,080)**	(816,015)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(1,193,302)**	(866,881)
(Repayment of) / proceeds from export refinance		**(64,000)**	44,000
Current portion of long-term loan repaid		**(214,286)**	(247,920)
Long-term bills paid		**(20,084)**	-
Net cash used in financing activities		**(1,491,672)**	(1,070,801)
Net decrease in cash and cash equivalents		**(1,131,365)**	(667,877)
Cash and cash equivalents at beginning of the year		**(987,453)**	(319,576)
Cash and cash equivalents at end of the year	35	**(2,118,818)**	(987,453)

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 AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

1. LEGAL STATUS AND OPERATIONS

1.1 The Group consists of:

Holding company - The Searle Company Limited (the 'Holding Company')

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.

International Brands Limited is the ultimate holding company (the 'Ultimate Holding Company') as it holds 56.60% of the total paid-up share capital of the Holding Company.

The registered office of the Holding Company is situated at 1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi.

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

	Principal place of business	% age of effective holding	
		2018	2017
Listed Companies			
- IBL HealthCare Limited (note 1.2.1)	Pakistan	**74.19%**	74.19%
Unlisted Companies			
- Searle Pharmaceuticals (Private) Limited (note 1.2.2)	Pakistan	**100.00%**	100.00%
- Searle Laboratories (Private) Limited (note 1.2.3)	Pakistan	**100.00%**	100.00%
- Searle Biosciences (Private) Limited (note 1.2.4)	Pakistan	**100.00%**	100.00%
- Nextar Pharma (Private) Limited (note 1.2.4.1)	Pakistan	**85.17%**	70.34%
- IBL Identity (Private) Limited (note 1.2.5)	Pakistan	**100.00%**	100.00%
- IBL Future Technologies (Private) Limited (note 1.2.6)	Pakistan	**100.00%**	-

1.2 Subsidiary Companies

1.2.1 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 IBLHC are quoted on the Pakistan Stock Exchange. Its principal business activities include marketing, selling and distribution of health care products. The registered office of IBLHC is located at 9th Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

1.2.2 Searle Pharmaceuticals (Private) Limited

Searle Pharmaceuticals (Private) Limited (SPPL) was incorporated in Pakistan on December 18, 2012 as a private limited company. It is principally engaged in the facilitation of manufacturing of pharmaceutical products. The registered office of SPPL is located at 1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

1.2.3 Searle Laboratories (Private) Limited

Searle Laboratories (Private) Limited (SLPL) was incorporated in Pakistan on December 26, 2012 as a private limited company. Its principal business activities include marketing, selling and distribution of pharmaceutical products. The registered office of SLPL is located at 1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

1.2.4 Searle Biosciences (Private) Limited

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

1.2.4.1 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 the Company is the business of manufacturing and trading of pharmaceutical products. The registered office of NPPL is situated at Plot No. E-58, N.W.I.Z. Port Qasim, Karachi.

1.2.5 IBL Identity (Private) Limited

IBL Identity (Private) Limited (IBLIPL) was incorporated in Pakistan on April 23, 1986 as a private limited company. It 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 IBLIPL is located at 1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi.

1.2.6 IBL Future Technologies (Private) Limited

IBL Future Technologies (Private) Limited (IBLFT) was incorporated in Pakistan on June 15, 2016 as a private limited company. Its principal business activities are marketing, selling and distribution of electronic goods. The registered office of IBLFT is located at 1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi.

1.3 The geographical location and address of the Group business units, including plant are detailed in note 44.

1.4 During the year, the Holding Company in its Board of Directors meeting held on January 2, 2018 approved an equity investment of 240,000 Euros by subscribing 2,400 shares of 100 Euros each i.e. 12% equity in SEARLE-BEL (Belgian company) in Belgium. In this regard, a shareholders agreement dated May 14, 2018 has been entered between IBL Group (the Holding Company, International Brands Limited - Ultimate Holding Company and the relative of a Director) and SPRL VINCRA FOOD. The Belgian company is formed for setting up manufacturing unit in Belgium's Wallonia region for

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

production of Nutraceuticals - a food that supplements diet and assists in disease prevention. The Holding Company is in the process of obtaining approval from the State Bank of Pakistan in respect of the proposed investment.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS IN THE CURRENT REPORTING YEAR

The Group's financial position and performance was particularly affected by the following events and transactions during the reporting year:

a) Incurred corporate service charges and corporate restructuring charges amounting to Rs. 182.4 million and Rs. 88.95 million respectively - refer notes 28 & 28.1;

b) Obtained running finance facilities - refer note 22.1;

c) Gained revaluation surplus on property, plant and equipment amounting to Rs. 214.95 million - refer note 5.1;

d) IBLHC purchased land measuring 1,004 square yards in D.M.C.H.S., Karachi which has been classified as investment property - refer note 6.1;

e) IBLIPL increased its market penetration by launching nine new outlets during the year resulting in increased revenue by Rs. 153 million from the new outlets; and

f) Due to applicability of the Companies Act, 2017, amounts reported for the previous years are restated. For detailed information please refer notes 3.1.2 & 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation

3.1.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.1.2 The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of the consolidated financial statements of the Holding Company. These changes also include change in respect of revaluation surplus on property, plant and equipment as more carefully explained in note 4, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the Fourth Schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

Keeping in view of the above, the presentation of these consolidated financial statements has been realigned with the provisions contained in the Act along with the impact on the recognition and measurement of the revaluation surplus on property, plant and equipment in equity.

3.2 Use of critical accounting estimates and judgements

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

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

a) Income tax - note 3.17
b) Revaluation of property, plant and equipment - note 3.6

Estimates and judgements 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 judgement has been used in applying the accounting policies.

3.3 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective in the current year and are 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 the first year of adoption, comparative information need not be provided.

The change has been disclosed in note 18 of these consolidated financial statements.

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 July 1, 2017 but are considered not to be relevant for the Holding Company's consolidated financial statements and hence have not been detailed here.

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018, that may have an impact on the financial statements of the Company.

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts', and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 'Leases'. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its consolidated financial statements.

3.4 Overall valuation policy

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated below in the respective accounting policy notes.

3.5 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 statement of profit or loss.

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 statement of profit or loss.

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.

3.6 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 air-conditioning 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 the consolidated statement of profit or loss 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 air-conditioning 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.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in the consolidated statement of profit or loss and comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in consolidated statement of profit or loss, the increase is first recognised in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in consolidated statement of profit or loss and other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to consolidated statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings. 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.

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 statement of profit or loss.

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

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

3.7 Intangible assets

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.

3.8 Impairment of non-financial assets

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

3.9 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 consolidated statement of profit or 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 the consolidated statement of profit or loss. Investment in associates are accounted for using the equity method of accounting in the consolidated financial statements.

3.10 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.

Asset classified as 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’.

3.11 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 statement of financial position 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.

3.12 Inventories

Inventories 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 labour 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.

Stores and spares 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.

3.13 Trade and other receivables

Trade 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 and other receivables considered irrecoverable are written-off.

3.14 Cash and cash equivalents

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

3.15 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.

3.16 Provisions

Provisions are recognised when the Group 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 reporting date and adjusted to reflect the current best estimates.

3.17 Income tax

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 consolidated 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 consolidated statement of profit or loss, 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 reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

3.18 Employee retirement benefits

The Group operates various post-employment schemes, including both defined contribution and defined benefit plans.

3.18.1 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.

3.18.2 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 consolidated statement of financial position 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, 2018 using the projected unit credit method.

3.19 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 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 Group's right of receipts is established.
- Interest income and rental income are recognised on accrual basis.

3.20 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.

3.21 Foreign currency transactions and translation

The consolidated 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 reporting date. Exchange differences are taken to consolidated statement of profit or loss.

3.22 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 in the consolidated statement of profit or loss are not recognised as an asset in the subsequent period.

3.23 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 in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

3.24 Dividend distribution

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

3.25 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.

4. CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the revaluation surplus on property, plant and equipment has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed ordinance specified the accounting treatment and presentation of the surplus on revaluation of property, plant and equipment, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of property, plant and equipment would now be presented under equity.

Following the application of IAS 16, the Group's policy for surplus on revaluation of property, plant and equipment stands amended as follows:

- Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in consolidated statement of profit or loss and other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in consolidated statement of profit or loss, the increase is first recognised in consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in consolidated statement of other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to consolidated statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to consolidated statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to retained earnings.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at July 1, 2016		
	As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement
	Rupees '000					
Effect on consolidated statement of financial position						
Revaluation surplus on property, plant and equipment	499,011	-	(499,011)	296,961	-	(296,961)
Equity:						
- Revaluation surplus on property, plant and equipment	-	493,079	493,079	-	296,961	296,961
- Non-controlling interests	-	5,932	5,932	-	-	-
Effect on consolidated statement of changes in equity						
Revaluation surplus on property, plant and equipment	-	493,079	493,079	-	296,961	296,961
- Non-controlling interests	-	5,932	5,932	-	-	-

	For the year ended June 30, 2017		
	As previously	As re-stated	Re-statement
	Rupees '000		
Effect on consolidated statement of other comprehensive income			
Surplus on revaluation of property, plant and equipment - net of deferred tax	-	202,050	202,050

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

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For the year ended June 30, 2018

5. PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	--------Rupees '000--------	
Operating assets - note 5.1	**1,792,837**	1,433,281
Capital work in progress - note 5.10	**899,687**	821,507
	2,692,524	2,254,788

5.1 Operating assets:

	OWNED ASSETS							
	Leasehold land - notes 5.2, 5.3, 5.4 & 5.5	Buildings on leasehold land / rented office premises- notes 5.3, 5.4 & 5.5	Plant and machinery - notes 5.3, 5.4 & 5.5	Office equipment	Furniture and fixtures	Vehicles - notes 5.3, 5.4 & 5.5	Air - conditioning systems - notes 5.3, 5.4 & 5.5	Total
	---Rupees '000---							
Net carrying value basis								
Year ended June 30, 2018								
Opening net book value	**773,634**	**194,041**	**334,716**	**57,898**	**22,945**	**29,602**	**20,445**	**1,433,281**
Additions	**694**	**148,812**	**224,282**	**46,119**	**11,802**	**16,560**	**4,015**	**452,284**
Revaluation - notes 5.3 & 5.4	**119,426**	**69,527**	**13,160**	**-**	**-**	**8,550**	**4,283**	**214,946**
Disposal - note 5.8	**-**	**-**	**-**	**-**	**-**	**(7,402)**	**-**	**(7,402)**
Transfer to investment property	**(148,728)**	**-**	**-**	**-**	**-**	**-**	**-**	**(148,728)**
Depreciation charge	**-**	**(33,258)**	**(69,727)**	**(28,881)**	**(3,525)**	**(11,382)**	**(4,771)**	**(151,544)**
Closing net book value	**745,026**	**379,122**	**502,431**	**75,136**	**31,222**	**35,928**	**23,972**	**1,792,837**
Gross carrying value basis								
As at June 30, 2018								
Cost or revaluation	**745,026**	**561,369**	**1,042,467**	**166,063**	**56,024**	**57,460**	**83,817**	**2,712,226**
Accumulated depreciation	**-**	**(182,247)**	**(532,776)**	**(89,522)**	**(21,200)**	**(21,532)**	**(59,845)**	**(907,122)**
Accumulated impairment	**-**	**-**	**(7,260)**	**(1,405)**	**(3,602)**	**-**	**-**	**(12,267)**
Net book value	**745,026**	**379,122**	**502,431**	**75,136**	**31,222**	**35,928**	**23,972**	**1,792,837**
Net carrying value basis								
Year ended June 30, 2017								
Opening net book value	504,348	56,021	230,618	46,187	10,474	47,971	5,647	901,266
Additions	74,552	150,028	158,807	36,413	14,131	1,903	16,332	452,166
Revaluation - notes 5.3 & 5.4	195,252	4,896	2,307	-	-	2,159	350	204,964
Disposals	-	-	(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	**773,634**	**194,041**	**334,716**	**57,898**	**22,945**	**29,602**	**20,445**	**1,433,281**
Gross carrying value basis								
As at June 30, 2017								
Cost or revaluation	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	**773,634**	**194,041**	**334,716**	**57,898**	**22,945**	**29,602**	**20,445**	**1,433,281**
Depreciation rate	**-**	**5% & 20%**	**10%, 20% & 33%**	**10%, 20% & 33%**	**10%, 20% & 33%**	**20%**	**10% & 20%**	

5.2 Leasehold land includes land having market value / fair value of Rs. 93.4 million (2017: Rs. 91.4 million) for which lease in name of Holding Company has not been finalised. The land has not been commercialised yet.

5.3 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. This resulted in revaluation surplus on leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems amounting to Rs. 119.43 million (2017: Rs. 195.25 million), Rs. 69.53 million (2017:Rs. 4.89 million), Rs. 13.16 million (2017: Rs. 2.31 million), Rs. 8.6 million (2017: Rs. 2.16 million) and Rs. 4.3 million (2017: Rs. 0.35 million) respectively.

5.4 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, 2018 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. Pee Dee & Associates on June 30, 2018 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).

Forced sale value of the revalued assets as at June 30, 2018 are as follows:

	2018	2017
	--------Rupees ‘000--------	
- Leasehold land	**542,610**	581,625
- Building on leasehold land	**162,057**	77,841
- Plant and machinery	**321,731**	268,223
- Vehicles	**25,323**	26,231
- Air-conditioning systems	**14,968**	16,071

5.5 The previous valuation was carried out by independent valuers M/s. Pee Dee & Associates Limited and M/s. A.J. Associates on June 30, 2017.

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).

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5.6 Had there been no revaluation of leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning systems, 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	203,960	435,959	1,016,775	79,184	49,400	1,785,278
Accumulated depreciation / impairment	-	(164,658)	(535,546)	(59,761)	(23,458)	(783,423)
NBV as at June 30, 2018	**203,960**	**271,301**	**481,229**	**19,423**	**25,942**	**1,001,855**
NBV as at June 30, 2017	281,421	189,145	332,409	20,095	27,443	850,513

5.7 Particulars of immovable property (i.e. land and building) in the name of the Group are as follows:

Location	Usage	Total Area (acres / sqr.yd)
F-319, situated at S.I.T.E area, Karachi	Manufacturing facility	5.24 acres
E-58-A North Western Industrial Zone, Port Qasim	Land	1.52 acres
Plot no. 24/3, Block 7 & 8, D.M.C.H.S., Karachi	Rented property	754 sqr yrds
Plot no. 4-A, Block 7 & 8, D.M.C.H.S., Karachi	Vacant plot	1,004 sqr yrds
F/2-A-1, situated at S.I.T.E area, Karachi	Vacant plot	2,226 sqr yrds
Plot no. B-168, S.I.T.E area, Nooriabad, District Jamshoro	Vacant plot	25 acres
E-58 North Western Industrial Zone, Port Qasim	Land	1.5 acres

5.8 The details of operating assets disposed off, having net book value in excess of Rs. 500,000 each are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
	Rupees '000						
Motor Vehicle	2,335	1,093	1,242	1,775	533	Advertisement / Bid / Negotiation	Mr. Muneer Ahmed - H.No F-4, Block 13-A, Cosy Homes, Gulshan-e-Iqbal, Karachi.
"	2,512	965	1,547	1,850	303	"	Mr. Adnan Ahmed (Employee)
"	1,754	616	1,138	1,550	412	"	Mr. Shehzad Rasheed - H.No 993, Ahmed Pur, Sadiqabad, Rahim Yar Khan.
"	1,930	877	1,053	1,791	738	"	M/S M.A Textiles - 48/8,Sector 12-C, North Karachi Industrial Area, Karachi.
"	2,644	1,377	1,267	2,025	758	"	Syed Aun Bhukhari - Flat No. 18, Site Area, Labor Sq, Block A, Hyderabad Cantt.
	11,175	**4,928**	**6,247**	**8,991**	**2,744**		

5.9 Capital work-in-progress - at cost

	Balance as at July 1, 2017	Additions during the year	Refund by supplier	Transfers to operating assets	Balance as at June 30, 2018	Balance as at July 1, 2016	Additions during the year	Transfers to operating assets	Balance as at June 30, 2017
	------------	------------	------------	------------	Rupees '000	------------	------------	------------	------------
Civil works	**252,893**	**170,202**	**-**	**(95,999)**	**327,096**	225,000	27,893	-	252,893
Shop fitouts	**-**	**42**	**-**	**-**	**42**	31,224	-	(31,224)	-
Plant and machinery - note 5.9.1	**447,795**	**210,703**	**-**	**(123,274)**	**535,224**	371,117	197,274	(120,596)	447,795
	700,688	**380,947**	**-**	**(219,273)**	**862,362**	627,341	225,167	(151,820)	700,688
Advances against purchase of land - note 5.9.2	**86,052**	**-**	**(48,000)**	**(38,052)**	**-**	-	86,052	-	86,052
Advances to suppliers	**34,767**	**5,794**	**-**	**(3,236)**	**37,325**	-	34,767	-	34,767
	821,507	**386,741**	**(48,000)**	**(260,561)**	**899,687**	627,341	345,986	(151,820)	821,507

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

5.9.2 During the year, the Holding Company has received the refund in respect of advance given for the purchase of land in the prior year for which the deal has not been materialised.

6. INVESTMENT PROPERTIES - at cost

	2018	2017
	--------Rupees '000	--------
Operating assets - note 6.1	**2,867,380**	2,577,560
Investment property under work-in-progress-at cost-note 6.7	**4,438**	6,642
	2,871,818	2,584,202

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For the year ended June 30, 2018

6.1 Operating assets

	Owned assets								
	Leasehold land	Building on leasehold land	Office equipment	Electrical equipment	Lifts & elevators	Generators	Furniture & fixtures	Air - conditioning	Total
	Rupees '000								
Year ended June 30, 2018									
Opening net book value	**2,039,459**	**320,097**	**17,313**	**45,314**	**30,557**	**16,417**	**35,151**	**73,252**	**2,577,560**
Additions - notes 6.2 & 6.3	**142,938**	**33,079**	**3,496**	**2,453**	**-**	**2,605**	**2,803**	**5,133**	**192,507**
Transfer from property, plant and equipment - note 6.3	**148,727**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**148,727**
Depreciation charge	**-**	**(18,919)**	**(4,893)**	**(6,192)**	**(4,120)**	**(2,279)**	**(4,790)**	**(10,221)**	**(51,414)**
Closing net book value	**2,331,124**	**334,257**	**15,916**	**41,575**	**26,437**	**16,743**	**33,164**	**68,164**	**2,867,380**
As at June 30, 2018									
Cost	**2,331,124**	**400,369**	**25,747**	**63,551**	**41,200**	**24,741**	**49,593**	**103,640**	**3,039,965**
Accumulated depreciation	**-**	**(66,112)**	**(9,831)**	**(21,976)**	**(14,763)**	**(7,998)**	**(16,429)**	**(35,476)**	**(172,585)**
Net book value	**2,331,124**	**334,257**	**15,916**	**41,575**	**26,437**	**16,743**	**33,164**	**68,164**	**2,867,380**
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
Depreciation rate	**-**	**5%**	**20%**	**10%**	**10%**	**10%**	**10%**	**10%**	

6.2 This includes leasehold land, held by a subsidiary, IBLHC, which is held for capital appreciation.

6.3 The plot of land has been rented to IBL Identity (Private) Limited, an associated company, Espresso Coffee Houses (Private) Limited and J.B. Saeed Home and Hardware in consideration for monthly rentals.

6.4 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, 2018 was Rs. 3.175 billion (2017: Rs. 1.984 billion) and Rs. 0.705 billion (2017: Rs. 0.688 billion) respectively. Leasehold land and building on leasehold land represent Building Centre situated at Main Shahrah-e-Faisal, Block 7 & 8, Tipu Sultan Road, Delhi Mercantile Co-operative Housing Society having area of 5291 square yards.

6.5 Leasehold land, held by a subsidiary, IBLHC, classified under investment property had also been valued under the market value basis by an independent valuer, M/s. Pee Dee & Associates. Market value of these investment properties as on June 30, 2018 is Rs. 454.84 million (2017: Rs. 161.92 million).

6.6 Leasehold land, held by a subsidiary, IBLIPL, classified under investment property had also been valued under the market value basis by an independent valuer, M/s. Pee Dee & Associates. Market value of these investment properties as on June 30, 2018 is Rs. 125 million (2017: Nil).

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

	2018	2017
	--------Rupees '000--------	
Balance at the beginning of the year	6,642	3,101
Additions during the year	-	5,315
Transfers to operating assets - investment property	(2,204)	(1,173)
Refund from supplier	-	(601)
Balance at the end of the year	4,438	6,642

7. INTANGIBLE ASSETS

	2018	2017
Operating intangible assets - note 7.1	373,206	386,127
Capital work-in-progress - at cost	11,455	11,582
	384,661	397,709

7.1 Operating intangible

	Distribution rights	Brand name and logo	Product license - note 7.2	Software licenses - note 7.3	Goodwill - note 7.4	Total
	---------- Rupees '000 ----------					
Net carrying value basis						
Year ended June 30, 2018						
Opening net book value	-	17,916	100,461	92,134	175,616	386,127
Additions	-	-	-	27,416	-	27,416
Amortisation charge	-	(5,000)	(11,162)	(24,175)	-	(40,337)
Closing net book value	-	12,916	89,299	95,375	175,616	373,206
Gross carrying value basis						
As at June 30, 2018						
Cost	268,475	74,703	111,623	142,103	175,616	772,520
Accumulated amortisation	(256,346)	(61,787)	(22,324)	(46,728)	-	(387,185)
Accumulated impairment	(12,129)	-	-	-	-	(12,129)
Net book value	-	12,916	89,299	95,375	175,616	373,206
Net carrying value basis						
Year ended June 30, 2017						
Opening net book value	4,363	22,916	-	5,032	175,616	207,927
Additions	-	-	111,623	94,746	-	206,369
Amortisation charge	(4,363)	(5,000)	(11,162)	(7,644)	-	(28,169)
Closing net book value	-	17,916	100,461	92,134	175,616	386,127
Gross carrying value basis						
As 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
Amortisation rate	10%	10%	10%	20% & 33.33%		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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7.2 This represents license obtained for the production of product "Tramal".

7.3 Software licenses include various licenses and enterprise resources planning software and cost of implementation and license of SAP in collaboration with IBL Unisys (Private) Limited, an associated company. The software has a remaining useful life of 9.5 years.

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

8. LONG-TERM LOANS AND ADVANCES

	2018	2017
	--------Rupees '000--------	
Loans - considered good		
- To related parties - note 8.1	**1,656,838**	1,015,104
- To others - note 8.6	**174**	275
	1,657,012	1,015,379

8.1 Related parties

	2018	2017
Ultimate Holding Company - notes 8.2 & 8.3	**62,750**	75,076
Loan provided under Musharika arrangements - notes 8.4 & 8.5	**1,630,600**	963,000
Less: Current portion of long-term loans	**(36,512)**	(22,972)
	1,656,838	1,015,104

8.2 This represents loan to the Ultimate Holding Company. 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%. The said loan was approved in an extra ordinary meeting of IBLHC held on January 14, 2015 as per the requirements of section 208 of the repealed Companies Ordinance, 1984.

8.3 The maximum amount due as at the end of any month during the year was Rs. 62.75 million (2017: Rs. 75.08 million)

8.4 IBLIPL has provided financing to an associate, The Home Makers (SMC - Private) Limited (formerly Habitt) 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% profit and loss of the arrangement will be shared with the Company.

8.5 The maximum amount due as at the end of any month during the year was Rs. 1.63 billion (2017: Rs. 0.96 billion).

8.6 Others

	2018	2017
	--------Rupees '000--------	
Employees - note 8.6.1	**1,747**	2,103
Less: current portion employee loan	**(1,573)**	(1,828)
	174	275

8.6.1 This represents interest-free loans for automobiles to employees other than executives. These are secured against provident fund balances of respective employees.

9. LONG TERM DEPOSITS

	2018	2017
	--------Rupees '000--------	
Deposit against:		
- rent - note 9.1	**21,749**	1,598
- utilities - note 9.2	**3,428**	3,428
	25,177	5,026

9.1 This represents deposits by IBLIPL in respect of rented premises including factory warehouse and retail outlets.

9.2 This represents amount deposited for electricity and gas amounting to Rs. 0.75 million (2017: Rs. 0.75 million) and Rs. 2.68 million (2017: Rs. 2.68 million) respectively. It does not carry any mark up arrangement.

10. INVENTORIES

	2018	2017
	--------Rupees '000--------	
Raw materials	**1,240,918**	541,024
Packing materials	**214,044**	132,495
Stores and spares	**65,698**	1,842
Work-in-process - note 10.2	**217,129**	180,068
Finished goods - notes 10.2 & 10.3	**1,093,443**	654,814
	2,831,232	1,510,243

10.1 Inventories includes inventory in transit amounting to Rs. 546.84 million (2017: Rs. 200.66 million).

10.2 Work in process and finished goods includes inventories amounting to Rs. 91.95 million (2017: Rs. 61 million) held with third parties.

10.3 These are net of provision against expired / obsolete stock amounting to Rs. 4.28 million (2017: Nil).

11. TRADE RECEIVABLES

	2018	2017
	--------Rupees '000--------	
Considered good		
- Export receivables, secured - note 11.5	**182,894**	135,850
- Due from related parties, unsecured - note 11.2, 11.3 & 11.4	**3,157,294**	2,748,682
- Others, unsecured - note 11.1	**1,019,670**	724,902
	4,359,858	3,609,434
Considered doubtful - others	**155,173**	165,430
Less: Provision for doubtful receivables	**(155,173)**	(165,430)
	-	-
	4,359,858	3,609,434

11.1 This includes Rs. 1.66 million (2017: Rs. 0.5 million) in respect of IBLIPL sales, payment of which is made through payment cards and Rs. 2.4 million (2017: Rs. 1.3 million) in respect of online sales.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	2018	2017
	--------Rupees '000--------	
11.2 Due from related parties, unsecured		
Group companies - note 11.3		
- IBL Operations (Private) Limited	**2,977,192**	2,677,694
- United Brands Limited	**40,598**	40,172
- International Franchises (Private) Limited	**380**	20
- IBL Frontier Markets (Private) Limited	**29**	29
The Home Makers (SMC-Private) Limited (formerly Habitt)	**139,095**	30,732
Director	**-**	35
	3,157,294	2,748,682

11.3 These are stated net of amount payable to IBL Operations (Private) Limited and United Brands Limited - associated companies amounting to Rs. 338.6 million (2017: Rs. 29.47 million) and Rs. 5.88 million (2017: Rs. 3.07 million) respectively.

The maximum aggregate amount of receivable outstanding at any time during the year from IBL Operations (Private) Limited, United Brands Limited, International Franchises (Private) Limited, IBL Frontier Markets (Private) Limited and The Home Makers (SMC - Private) Limited (formerly Habitt) was Rs. 3021.81 million (2017: Rs. 3,257.09 million), Rs. 46.4 million (2017: Rs 52.9 million), Rs. 20 thousand (2017: Rs. 20 thousand), Rs. 29 thousand (2017: Rs. 29 thousand) and Rs. 131.33 million (2017: Rs. 22.97 million) respectively.

11.4 As at June 30, 2018, the age analysis of these related party receivables is as follows:

	2018	2017
	--------Rupees '000--------	
Not yet due	**1,243,687**	2,086,494
Past due but not yet impaired		
- 1 to 30 days	**1,051,456**	177,700
- 30 to 90 days	**352,438**	232,041
- 90 to 180 days	**129,085**	211,205
- 180 to 365 days	**301,474**	33,389
- older than 365 days	**79,154**	7,853
	3,157,294	2,748,682

11.5 Breakup of export receivables are as follows:

	2018	2017
Confirmed letters of credit		
Srilanka	**69,930**	43,479
Cambodia	**49,733**	23,126
Thailand	**33,892**	-
Singapore	**12,722**	17,805
Maldives	**1,190**	1,018
Vietnam	**-**	47,774
	167,467	133,202
Others	**15,427**	2,648
	182,894	135,850

The above receivables are from unrelated parties.

11.6 The 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 favour of the Holding Company.

12. LOANS AND ADVANCES – considered good

	2018	2017
	--------Rupees '000--------	
Advances to:		
- employees for operating activities - notes 12.1 & 12.2	81,069	63,641
- employees against salaries - notes 12.1 & 12.2	31,013	13,563
- suppliers	459,474	310,261
- against imports - note 12.3	71,546	93,429
- related party - notes 12.4	1,980	-
	645,082	480,894
Loans to International Brands Limited:		
- Short term loan - note 12.5	200,000	200,000
- Current portion of long term loan - note 8.2	36,512	22,972
	236,512	222,972
Current portion long-term loans to employee - note 8.6	1,573	1,828
	883,167	705,694

12.1 Names of the employees whose outstanding balance is above Rs. 1 million at the end of June 30, 2018 are as follows:

Name of employees	2018	2017
	--------Rupees '000--------	
Advance against business operations		
- Munir Ahmed	2,936	396
- Zakir Ullah	2,103	200
- Shad Mohammad	2,099	1,116
- Adnan Ahmed Khan	2,057	99
- Muhammad Shahbaz	1,975	239
- Sheraz Nawaz	1,580	1,480
- Mazhar Ali	1,514	872
- Humayun Mustafa	1,411	933
- Abdul Rehman	1,231	54
- Muhammad Rehan Akhter Khan	1,217	547
- Ghulam Murtaza	1,215	-
- Imran Mahmood Butt	1,089	604
- Abid Hameed	1,078	440
Advance against salary		
- Sajjad Butt	7,000	-
- Tahir Ahmed	5,925	-
- Athar Iqbal	4,400	-
- Nisar Ahmed Qureshi	3,000	-

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12.2 The maximum aggregate amount of these advances outstanding at any time during the year was Rs. 124.48 million (2017: Rs. 69.71 million). Such maximum amount is calculated by reference to the month-end balance.

12.3 This includes Rs. 67.73 million (2017: Rs. 84.95 million) 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 IBL Frontier Markets (Private) Limited - associated company amounting to Rs. 1.98 million (2017: Nil). This is provided for the purpose of financial assistance and is settled in the ordinary course of business. The maximum aggregate amount outstanding at any time during the year was Rs. 1.98 million (2017: Nil).

12.5 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 repealed Companies Ordinance, 1984.

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	2018	2017
	--------Rupees ‘000--------	
Deposits		
Trade deposits	**62,342**	57,134
Others	**1,972**	1,004
	64,314	58,138
Considered doubtful:		
Trade deposits	**3,240**	2,640
Less: provision for doubtful deposits	**(3,240)**	(2,640)
	-	-
Prepayments	**16,095**	24,159
	80,409	82,297

14. OTHER RECEIVABLES

	2018	2017
	--------Rupees '000--------	
Receivables from related parties		
Due from group companies:		
- IBL Operations (Private) Limited against mark-up on over due balance - notes 14.1 & 14.2	**26,642**	26,642
- International Brands Limited against:		
expenses - note 14.3	**11,412**	89,789
rental income - notes 14.3 & 14.4	**4,551**	-
- International Franchises (Private) Limited against rental income - note 14.4	**4,313**	3,422
- The Home Makers (SMC-Private) Limited (formerly Habitt) against:		
rental income - note 14.4	**98,376**	28,023
expenses - note 14.5	**80,723**	34,933
- United Franchises (SMC-Private) Limited against expenses - note 14.6	**634**	-
	226,651	182,809
Due from other related parties:		
Surplus arising under retirement benefit - fund - note 14.7	**5,250**	5,250
	231,901	188,059
Receivables from other than related parties		
Others, considered good - note 14.8	**86,566**	190,536
	318,467	378,595

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 Holding Company has amended the distribution agreement, accordingly no mark-up has been charged since then.

14.2 This amount is past due but not impaired and outstanding for more than three years. The maximum aggregate balance at any time of the year was Rs. 26.6 million (2017: Rs. 46.7 million).

14.3 The maximum aggregate amount outstanding at any time during the year was Rs. 15.96 million (2017: Rs. 89.8 million).

14.4 The maximum aggregate amount outstanding at any time during the year from International Franchises (Private) Limited and The Home Makers (SMC-Private) Limited (formerly Habitt) was Rs. 5.2 million (2017: Rs. 6.3 million) and Rs. 98.4 million (2017: Rs. 28 million) respectively. As at June 30, 2018 the age analysis of receivables in respect of rental receivables from International Brands Limited, International Franchises (Private) Limited and Habitt is as follows:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

	2018	2017
	--------Rupees '000--------	
Not yet due	**5,865**	10,085
Past due but not yet impaired		
- 1 to 30 days	**4,925**	-
- 30 to 90 days	**24,113**	6,642
- 90 to 180 days	**27,458**	11,577
- 180 to 365 days	**24,050**	-
- older than 365 days	**20,829**	3,141
	107,240	31,445

14.5 As at June 30, 2018, the age analysis of other receivables from related parties is as follows:

	2018	2017
	--------Rupees '000--------	
Past due but not impaired		
- 1 to 90 days	**80,679**	8,308
- 90 to 180 days	**44**	7,741
- 180 to 365 days	**-**	18,884
	80,723	34,933

14.5.1 This represents receivable by IBLIPL from The Home Makers (SMC - Private) Limited (formerly Habitt) against various shared expenses paid by the Company as per expense sharing agreement.

14.6 The maximum aggregate amount outstanding at any time during the year was Rs. 0.63 million (2017: Nil).

14.7 This represents surplus on funded gratuity scheme discontinued by the Holding Company with effect from December 31, 2012.

14.8 This represents amount claimed from Nestle Health Sciences in respect of certain claimable expenses related to trade.

15. INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

2018	2017		2018	2017
------- Number of units -------			--------Rupees '000--------	
-	291,942	Meezan Islamic Income Fund	**-**	15,003
-	345,910	Meezan Sovereign Fund	**-**	17,780
5,505,230	13,469,704	NAFA Islamic Aggressive Income Fund	**55,008**	128,101
14,709	-	Meezan Cash Fund	**774**	-
5,519,939	14,107,556		**55,782**	160,884

15.1 The rating of Meezan Cash Fund is 'AA' and NAFA Islamic Aggressive Income Fund is 'A-' as per the credit rating agency JCR-VIS and PACRA respectively.

15.2 The fair value of these investments is the Net Asset Value (NAV) as assessed by the respective Asset Management Company.

16. CASH AND BANK BALANCES

	2018	2017
	--------Rupees '000--------	
Cheques in hand	8,900	1,358
Cash in hand	13,918	3,472
	22,818	4,830
Balance with banks in:		
- current accounts	175,376	150,553
- saving accounts - note 16.1	6,466	1,992
	181,842	152,545
	204,660	157,375

16.1 At June 30, 2018 the rates of mark-up on PLS accounts is 2.17% (2017: 2.17%) per annum respectively.

16.2 This includes Rs. 6.46 million (Rs. 1.98 million) maintained with Islamic Bank.

17. SHARE CAPITAL

Authorised share capital

2018	2017		2018	2017
------- (Number of shares) -------			--------Rupees '000--------	
300,000,000	200,000,000	Ordinary shares of Rs. 10 each	3,000,000	2,000,000

Issued, subscribed and paid up capital

2018	2017		2018	2017
------- (Number of shares) -------				
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
172,140,532	141,354,264	Shares allotted as bonus shares	1,721,406	1,413,543
184,717,606	153,931,338		1,847,177	1,539,314

17.1 During the year, the Holding Company increased its authorised share capital for ordinary shares from Rs. 2 billion to Rs. 3 billion in its annual general meeting held on October 27, 2017.

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17.2 Movement in number of shares

2018	2017		2018	2017
------- (Number of shares) -------			--------Rupees '000--------	
153,931,338	122,752,264	Opening shares outstanding	**1,539,314**	1,227,523
30,786,268	31,179,074	Shares allotted as bonus shares	**307,863**	311,791
184,717,606	153,931,338		**1,847,177**	1,539,314

18. LONG TERM BORROWINGS - secured

	2018	2017
Diminishing Musharika - notes 18.1 & 18.2	**214,285**	428,571
Less: Current portion of long-term borrowing shown under current liabilities	**(214,285)**	(214,286)
	-	214,285
Bills payable	**-**	20,084
Other liabilities	**4,664**	4,664
	4,664	239,033

Following are the changes in the long-term borrowing (i.e. for which cash flows have been classified as financing activities in the statement of cashflows):

	2018	2017
	--------Rupees '000--------	
Balance as at July 1	***428,571**	642,857
Repayment during the year	**(214,286)**	(214,286)
Balance as at June 30	***214,285**	*428,571

* *This includes Rs. 214.29 million pertaining to current portion of long-term borrowing.*

18.1 The Holding Company has arranged syndicate term finance facilities of Rs. 900 million (2017: 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% (2017: 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 (2017: Rs. 1,233.34 million).

19. DEFERRED TAX ASSETS / (LIABILITIES)

	Accelerated tax depreciation	Surplus on revaluation	Decelerated tax amortisation	Provision for doubtful receivables	Provision for trade deposits	Net effect of consolidation adjustment	Total
	Rupees '000						
July 1, 2017	**(48,207)**	**(2,914)**	**2,276**	**43,682**	**697**	**6,360**	**1,894**
Credit / (charge) to profit or loss	**43,298**	**-**	**(2,276)**	**(43,682)**	**(697)**	**2,423**	**(934)**
Charge to other comprehensive income	**-**	**(22,988)**	**-**	**-**	**-**	**-**	**(22,988)**
June 30, 2018	**(4,909)**	**(25,902)**	**-**	**-**	**-**	**8,783**	**(22,028)**
July 1, 2016	(44,447)	-	1,024	745	165	-	(42,513)
(Charge) / credit to profit or loss	(3,760)	-	1,252	42,937	532	6,360	47,321
Charge to other comprehensive income	-	(2,914)	-	-	-	-	(2,914)
June 30, 2017	(48,207)	(2,914)	2,276	43,682	697	6,360	1,894

20. EMPLOYEE BENEFIT OBLIGATIONS

	2018	2017
	--------Rupees '000--------	
Staff retirement gratuity - unfunded - note 20.1	**50,630**	47,032

20.1 Gratuity scheme - unfunded

20.1.1 General description

As stated in note 3.18, 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, 2018 using the Project Unit Credit method.

	2018	2017
	--------Rupees '000--------	
20.1.2 Consolidated statement of financial position reconciliation		
Present value of defined benefit obligation	**50,630**	47,032
20.1.3 Movement in the present value of defined benefit obligation		
Obligation as at July 1	**47,032**	42,248
Current service cost	**1,962**	1,772
Interest cost	**3,546**	3,044
Benefits paid	**(5,416)**	(511)
Remeasurement on obligation	**3,506**	479
Obligation as at June 30	**50,630**	47,032

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For the year ended June 30, 2018

		2018	2017
		--------Rupees '000--------	
20.1.4	**Expense recognised in the consolidated statement of profit or loss**		
	Current service cost	**(1,962)**	(1,772)
	Interest expense	**(3,546)**	(3,044)
		(5,508)	(4,816)
20.1.5	**Remeasurement recognised in consolidated statement of other comprehensive income**		
	Experience losses	**(3,506)**	(479)
20.1.6	**Net recognised liability**		
	Balance as at July 1	**47,032**	42,248
	Expense for the year	**5,508**	4,816
	Benefits paid	**(5,416)**	(511)
	Remeasurement loss recognised in consolidated statement of profit and loss and other comprehensive income	**3,506**	479
	Balance as at June 30	**50,630**	47,032

		2018	2017
20.1.7	**Actuarial assumptions**		
	Discount rate used for year end obligation	**8.00%**	8.00%
	Expected rate of increase in salaries	**8.00%**	8.00%
	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:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	Decrease in assumption
- Discount rate at June 30	**1%**	**(3,881)**	4,379
- Future salary increase	**1%**	**4,839**	(4,341)

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 consolidated statement of financial position.

20.1.11 As per actuarial advice, the Holding Company is expected to recognise a service cost of Rs. 6.2 million in 2019.

20.1.12 The weighted average service duration of employees is 9.4 years.

21. TRADE AND OTHER PAYABLES

	2018	2017
	--------Rupees '000--------	
Creditors - note 21.1	**1,000,419**	561,863
Bills payable in foreign currency	**683,284**	333,245
Royalty payable - note 27.1	**24,761**	24,867
Accrued liabilities - note 21.2	**866,232**	674,828
Payable to provident fund - notes 21.3, 21.4 & 21.5	**33,850**	-
Advance from customers - unsecured	**40,217**	82,758
Accrued mark-up - note 21.6	**35,460**	16,467
Taxes deducted at source and payable to statutory authorities	**82,682**	44,165
Workers' Profit Participation Fund - note 21.7	**174,379**	160,139
Workers' Welfare Fund	**24,128**	34,740
Other liabilities - note 21.8	**108,247**	72,552
	3,073,659	2,005,624

21.1 The creditors include payable to related parties which are as follows:

	2018	2017
	--------Rupees '000--------	
IBL-Unisys (Private) Limited	**18,144**	47,590
MyCart Pakistan (Private) Limited	**140**	580
Multinet Pakistan (Private) Limited	**265**	460
International Brands Limited	**21,688**	-
IBL Operations (Private) Limited	**162,425**	-
	202,662	48,630

21.2 This includes payable to associated company, IBL Operations (Private) Limited, amounting to Rs. 2.02 million (2017: Nil) on account of merchandise expense incurred on behalf of SBPL.

21.3 The investment in listed equity securities out of the provident fund of the Holding Company is in excess of the limit prescribed under the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder. However, the fund is in the process of ensuring compliance with the prescribed limits.

21.4 The investments in collective investment schemes, listed equity and listed debt securities out of the provident fund of IBLHC have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

21.5 This includes Rs. 25.32 million (2017: Rs. 13.89 million) amount deducted by IBLIPL from the salaries of employees and its contributions in respect of provident fund. IBLIPL is in the process of formation of recognised provident fund and has applied for required regulatory approvals.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

	2018	2017
	--------Rupees '000--------	
21.6 Accrued mark-up		
Accrued mark-up on:		
- long-term borrowing	1,387	3,000
- short-term borrowing	34,073	13,467
	35,460	16,467
21.7 Workers' Profit Participation Fund		
Balance at beginning of the year	160,139	135,159
Charge for the year - note 29	170,541	152,690
	330,680	287,849
Interest on funds utilised in the Holding Company's business - note 31	6,630	15,204
Payments made during the year	(162,931)	(142,914)
Balance at end of the year	174,379	160,139

21.8 This includes payable to associated companies, IBL Operations (Private) Limited and United Distributors Pakistan Limited, amounting to Nil (2017: 3.01 million) and Rs. 0.062 million (2017: Rs. 0.13 million) respectively, and euro 40 thousand payable to M/s. Osvah Pharmaceuticals Co. - Iran.

	2018	2017
22. BORROWINGS - secured	--------Rupees '000--------	
Running finance under mark-up arrangements - notes 22.1 & 22.2	2,323,478	1,144,828
Export refinance - note 22.2	-	64,000
Current portion of long term borrowing	214,285	214,286
	2,537,763	1,423,114

22.1 The Holding Company has entered into running finance under mark-up arrangements from various banks amounting to Rs. 2,875 million (2017: Rs. 1,445 million) which include financing facilities obtained under Islamic mode amounting to Rs. 2,725 million (2017: Rs. 675 million). The arrangements are secured jointly by registered mortgage of Rs. 325.9 million (2017: Rs. 210.5 million) of immovable property together with joint pari passu charge on all current assets of the Holding Company to the extent of Rs. 2,850 million (2017: Rs. 1,859 million) in favour of Standard Chartered Bank (Pakistan) Limited (the lead bank).

22.2 The amount utilised under the Islamic mode of financing amounted to Rs. 2,014.5 million (2017: Rs. 623.8 million).

22.3 The rates of mark-up ranged between 6.2% to 9% (2017: 4% to 8.1%) per annum.

23. UNPAID DIVIDEND

This represents dividend on bonus shares withheld pertaining to 125 shareholders of the Holding Company, on which stay from the Honorable High Court of Sindh has been obtained.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
24.1.1	High Court of Sindh	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 cumulative such sales tax amounts to Rs. 218.9 million. The matter has been contested in the High Court of Sindh.	The Holding Company and The Federation of Pakistan	2014
24.1.2	High Court of Sindh	Section 5A of Income Tax Ordinance, 2001 inserted through Section 5(3) of the Finance Act, 2015 requires the Holding Company to charge income tax @ 10% on the reserves of the companies where they exceed an amount equivalent to the paid up capital. The Company has filed a suit for declaration and permanent injunction before the Court 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.	The Holding Company and The Federation of Pakistan	2015
24.1.3	High Court of Sindh	The Holding Company and IBLHC 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 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 to 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 the 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. 43.48 million.	The Holding Company, IBLHC and Province of Sindh	2016

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
24.1.4	High Court of Sindh	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 inspite of such raw material being exempt in view of Entry No. 105 of the Sixth 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 Sub-section 16 of Section 2 of the Sales Tax 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. 31.6 million.	The Holding Company and The Federation of Pakistan	2014
24.1.5	High Court of Sindh	Section 236 M of the Income Tax Ordinance, 2001 (the ‘Ordinance’), 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, the Holding Company is exposed to tax liability of approximately Rs. 71.8 million (2017: 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 1,117,379 shares (2017: 853,869 shares) with Central Depository Company of Pakistan Limited.	The Holding Company and The Federation of Pakistan	2015

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
24.1.6	High Court of Sindh	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 consolidated financial statements.	The Holding Company and The Federation of Pakistan	2016
24.1.7	High Court of Sindh	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 High Court of Sindh and has obtained a stay order against the same. The total cumulative amount of withholding tax is Rs. 650.7 million.	The Holding Company and The Federation of Pakistan	2015, 2016 and 2017
24.1.8	Appellate Tribunal Inland Revenue (ATIR)	SPPL's declared version of return of income, for tax years 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 SPPL's 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 aggregating to Rs. 646.9 million. Appeal against the above orders were filed before the Appellate Tribunal Inland Revenue (ATIR) which have been decided against SPPL vide order dated September 18, 2017 against which an appeal before the Honorable High Court of Sindh has been filed whereas, appeal for the tax year 2016 is pending before the ATIR. SPPL's management has obtained a stay order from the High Court against the recovery of demand and expects a positive outcome. Therefore, no provision has been made in SPPL's financial statements.	SPPL, Commissioner Inland Revenue, CIRA and ATIR	2017

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
24.1.9	Commissioner Inland Revenue (Appeals)	SPPL's declared version for return of income for tax year 2017 has been rejected by the Additional Commissioner Inland Revenue (ACIR) and the amounts deemed to be assessed under FTR of provision of section 169 read with section 153(1)(c) of the Ordinance has been subjected to tax under the normal provision of the law. Consequently, net profit as per SPPL's audited financial statements has been considered as taxable income and tax liability at normal rate was determined along with super tax aggregating to Rs. 542,414,253. An appeal against the order of ACIR was filed with Commissioner Inland Revenue (Appeals) which is still pending. The management has obtained a stay order from the High Court against the recovery of demand and expects a positive outcome. Therefore, no provision has been made in the financial statements.	SPPL, ACIR and CIRA	2018
24.1.10	Appellate Tribunal Inland Revenue (ATIR)	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 favour of SLPL 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.	SLPL, ACIR, Commissioner (Appeals) and ATIR	2016

24.1.11 The management, based on legal / tax advices, is confident that the ultimate decisions in the above cases (notes 24.1.1 to 24.1.10) will be in favour of the Group, hence, no provision has been made in respect of the aforementioned litigations.

24.2 Commitments

24.2.1 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.

The detail of future rentals over the lease period is as follows:

	2018	2017
	--------Rupees '000--------	
Not later than one year	16,368	15,072
Later than one year but not later than five years	89,201	86,506
Later than five years	114,889	133,953
	220,458	235,531

24.2.2 The facility for opening letters of credit and guarantees for the Holding Company as at June 30, 2018 amounted to Rs. 1,905 million (2017: Rs. 1,644 million) of which the amount remaining unutilised as at year end amounted to Rs. 1,527 million (2017: Rs. 1,152 million).

24.2.3 The facility for opening Letters of credit and guarantees for IBLHC as at June 30, 2018 amounted to Rs. 383 million (2017: Rs. 258 million) of which the amount remained unutilised as at the reporting date amounted to Rs. 163.09 million (2017: Rs. 111.6 million).

25. REVENUE

	2018	2017
	--------Rupees '000--------	
Gross sales		
Local sale of goods - note 25.1	16,935,430	13,537,013
Export sales	1,380,267	1,039,147
	18,315,697	14,576,160
Toll manufacturing	357,439	318,110
	18,673,136	14,894,270
Sales tax	(182,810)	(147,613)
	18,490,326	14,746,657
Less:		
Discounts, rebates and allowances	1,896,942	1,285,872
Sales returns	197,745	151,134
	2,094,687	1,437,006
	16,395,639	13,309,651

25.1 In respect of pricing of pharmaceutical products, the Holding Company has instituted legal proceedings against the Drug Regulatory Authority of Pakistan (DRAP) 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 had issued orders that no adverse action shall be taken

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against the Holding Company until disposal of the matters. Subsequent to the year end, the Supreme Court of Pakistan has issued a judgement vide its order 4480/2018 dated August 3, 2018 wherein the Maximum Retail Price (MRP) of products under hardship cases shall be frozen till the decision of DRAP regarding pricing matters.

26. COST OF SALES

	2018	2017
	--------Rupees '000--------	
Raw and packing material consumed	**3,691,301**	2,902,120
Processing charges	**524,425**	349,519
Printing and processing charges	**305,093**	147,253
Salaries, wages and benefits	**553,305**	411,552
Provision for staff gratuity (unfunded)	**2,894**	2,395
Provident fund contribution	**16,888**	14,096
Inventory written off - note 26.1	**45,457**	44,514
Provision for slow-moving inventory	**4,283**	-
Carriage and duties	**65,718**	23,383
Fuel, water and power	**140,961**	100,780
Rent, rate and taxes	**37,844**	26,772
Canteen expenses	**25,871**	19,561
Stationery and supplies	**23,051**	15,513
Travelling	**26,428**	21,308
Repairs and maintenance	**168,713**	157,770
Security expenses	**10,387**	5,974
Vehicle expenses	**8,238**	6,740
Insurance	**15,222**	9,748
Legal and professional charges	**2,694**	4,507
Depreciation	**90,805**	59,516
Medical expenses	**7,360**	4,743
Research cost	**35,992**	5,425
Others	**24,731**	15,668
	5,827,661	4,348,857
Add: Opening work-in-process	**180,068**	118,455
Less: Closing work-in-process	**(217,129)**	(180,068)
	(37,061)	(61,613)
Cost of goods manufactured	**5,790,600**	4,287,244
Add: Opening inventory of finished goods	**654,814**	710,176
Add: Finished goods purchased	**2,723,892**	2,033,608
Add: Free of cost goods	**38,211**	-
Less: Closing inventory of finished goods	**(1,093,443)**	(654,814)
	8,114,074	6,376,214
Less: Cost of samples	**(49,399)**	(84,866)
Cost of sales	**8,064,675**	6,291,348

26.1 This includes expired inventory of Rs. 33.05 million written-off during the year.

27. DISTRIBUTION COSTS

	2018	2017
	--------Rupees '000--------	
Salaries, wages and benefits	**1,099,569**	887,268
Provision for staff gratuity (unfunded)	**1,979**	1,873
Provident fund contribution	**29,911**	29,647
Samples	**160,189**	156,638
Bonus to salesmen	**231,300**	182,812
Medical expenses	**10,970**	6,734
Replacement products	**9,188**	27,167
Royalty - note 27.1	**20,531**	14,496
Carriage and duties	**291,576**	223,843
Fuel, water and power	**15,399**	11,150
Rent, rate and taxes	**68,171**	40,833
Communication	**26,943**	24,850
Canteen expenses	**2,773**	2,574
Stationery and printed materials	**107,117**	69,916
Advertising and promotion	**784,688**	659,563
Travelling and related	**521,046**	511,083
Repairs and maintenance	**27,759**	13,465
Security	**3,853**	2,657
Personal training and selection	**96,449**	66,229
Vehicle running	**68,228**	64,674
Fees and subscription	**29,015**	22,571
Insurance	**14,160**	16,677
Legal and professional	**42,692**	36,597
Depreciation	**30,154**	21,162
Amortisation	**-**	4,402
Service charges	**36,382**	29,721
Provision for claims	**4,176**	2,528
Others	**8,278**	8,617
	3,742,496	3,139,747

27.1 The Royalty pertains to M/s Sanofi Winthrop Industrie and M/s Marisant Company which are situated in France and Switzerland respectively. The Holding Company only has a relation of licensor and licensee with these entities.

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28. ADMINISTRATIVE EXPENSES

	2018	2017
	--------Rupees '000--------	
Salaries, wages and benefits	**281,235**	274,019
Provision for staff gratuity (unfunded)	**635**	548
Provident fund contribution	**10,951**	10,743
(Reversal) / charge of provision against doubtful receivables	**(9,746)**	129,002
Provision against doubtful deposits	**600**	-
Fuel, water and power	**26,318**	12,958
Rent, rate and taxes	**14,879**	20,119
Communication	**8,097**	10,451
Canteen expenses	**7,257**	2,199
Stationery and supplies	**29,938**	15,108
Travelling	**15,888**	10,989
Repairs and maintenance	**48,805**	33,523
Security expenses	**5,514**	8,384
Personal training and selection	**775**	1,261
Vehicle expenses	**11,035**	7,054
Fees and subscription	**16,186**	21,600
Insurance	**16,520**	4,390
Legal and professional charges - note 28.1	**131,084**	37,297
Depreciation	**81,999**	70,599
Amortisation	**40,337**	23,767
Auditors' remuneration - note 28.2	**22,717**	18,206
Donation - notes 28.3 & 28.4	**117,663**	139,243
Corporate services charged by ultimate parent company	**182,400**	72,000
Others	**17,208**	9,063
	1,078,295	932,523

28.1 This includes Rs. 88.95 million in respect of consultancy services (IBL Group - Growth, Strategy and Governance and Operationalising the corporate center) rendered by McKinsey & Company Pakistan (Private) Limited. This has been cross charged by International Brands Limited - ultimate holding company.

28.2 Auditors' remuneration

Audit fee	**5,790**	4,950
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	**1,250**	1,150
Taxation services	**13,532**	10,796
Other certifications, attestations and other services	**650**	400
Out-of-pocket expenses	**995**	910
	22,217	18,206

28.3 Donations to a single party exceeding Rs. 500,000 are as follows:

	2018	2017
	--------Rupees '000--------	
The National Institute of Cardiovascular Diseases	**30,000**	25,900
The Citizen Foundation	**20,000**	25,000
The Hunar Foundation	**8,850**	-
SIUT Trust	**8,000**	5,000
The Indus Hospital	**8,000**	5,000
AKAR Hospital	**6,150**	49,989
Gulab Devi Hospital	**5,130**	4,350
Afzaal Memorial Thalassemia Foundation	**5,000**	-
Arts Council	**4,700**	-
Prevention of Blindness Trust	**2,500**	2,500
Various individuals	**3,200**	-
Caravan of Life Pakistan Trust	**1,000**	-

28.4 The Chairman of the Holding Company is on the board of directors of The Citizen Foundation. Moreover, AKAR Hospital is being managed by the management of the Holding Company. The Directors or their spouse has no interest in any other donee entity.

29. OTHER OPERATING EXPENSES

	2018	2017
	--------Rupees '000--------	
Workers' Profit Participation Fund - note 21.7	**170,541**	152,690
Workers' Welfare Fund	**5,445**	18,462
Central Research Fund	**1,615**	7,724
Loss on revaluation of investments - at fair value through profit and loss	**1,564**	-
Impairment of fixed asset	**-**	7,379
Amount no longer recoverable	**-**	19,824
Exchange loss	**16,242**	-
	195,407	206,079

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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30. OTHER INCOME

	2018	2017
	--------Rupees '000--------	
Income from financial assets		
Realised gain on investments - at fair value through profit or loss	**3,272**	5,424
Unrealised gain on investments - at fair value through profit or loss	**-**	297
Return on PLS accounts	**99**	17
Exchange gain - net	**-**	1,418
Interest on loans from International Brands Limited	**20,367**	22,834
Dividend income	**6**	-
	23,744	29,990
Income from non-financial assets		
Gain on disposal of property, plant and equipment - net	**5,763**	1,768
Rental income from investment properties - note 30.1	**107,596**	97,497
Other rental income - note 30.2	**3,577**	3,332
Scrap sales	**11,637**	7,783
	128,573	110,380
Others		
Insurance claim recovery	**1,060**	18,874
Liability no longer payable written back	**-**	113,206
Others	**3,016**	3,120
	4,076	135,200
	156,393	275,570

30.1 This includes rental income from The Home Makers (SMC-Private) Limited (formerly Habitt), International Brands Limited and International Franchises (Private) Limited - related parties amounting to Rs. 50.28 million (2017: Rs. 34.73 million), Rs. 4.6 million (2017: Nil) and Rs. 14.27 million (2017: Rs. 9.76 million) respectively.

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

31. FINANCE COST

	2018	2017
	--------Rupees '000--------	
Mark-up on:		
- Long-term borrowing - note 31.1	**24,935**	38,283
- Short-term borrowing - note 31.1	**94,333**	35,017
Bank charges	**16,739**	12,491
Exchange loss	**74,099**	34,113
Interest on Workers' Profit Participation Fund - note 21.7	**6,630**	15,204
	216,736	135,108

31.1 The amount of mark-up paid under Islamic mode of financing amounted to Rs. 95.3 million (2017: Rs. 71.4 million).

32. INCOME TAX EXPENSE

	2018	2017
	--------Rupees '000--------	
Current		
- for the year	**541,484**	537,685
- for prior years	**(4,595)**	(3,023)
	536,889	534,662
Deferred tax expense / (income) - note 19	**934**	(47,321)
	537,823	487,341

32.1 The Holding Company has not made provision for super tax for the tax years 2015 to 2018 amounting to Rs. 109.03 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.

32.2 In view of the Management, sufficient tax provision has been made in the Group's financial statements. Comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2017	2016	2015
	------------------- Rupees '000 -------------------		
Tax assessed as per most recent tax assessment	1,541,702	931,789	963,351
Provision in accounts for income tax	553,090	498,236	581,408

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32.3 Relationship between tax expense and accounting profit

	2018	(Re-stated) 2017
	--------Rupees '000--------	
Profit before income tax	**3,254,423**	2,880,416
Tax at the applicable rate of 30% (2017: 31%)	**976,327**	892,929
Effect of temporary difference	**851**	(8,394)
Effect of reduced rate of tax	**(22)**	(21,364)
Effect of applicability of final tax	**(678,839)**	(504,791)
Effect of applicability of minimum tax	**113,243**	15,947
Effect of applicability of taxable loss	**130,151**	117,113
Effect of consolidation adjustment	**1,756**	6,360
Effect of prior period charge	**(4,595)**	(3,023)
Others	**(1,049)**	(7,436)
Tax expense for the year	**537,823**	487,341

32.4 Current status of tax assessments

Tax Years 2009 to 2013 and 2017 (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 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, discount given to group company, deemed interest income on interest-free loan given to group company and other expenses meeting the criteria of Section 21(c) of the Income Tax Ordinance, 2001 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 tax year 2017 which is pending before Commissioner Appeals.

Out of the above, majority of the issues have been decided in favour of the Holding Company either by Commissioner Appeals or by ATIR in its 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 favour of the Holding Company. The impact of the above mentioned orders pending resolution amounts to approximately Rs. 313.8 million.

	2018	(Re-stated) 2017

33. EARNINGS PER SHARE - BASIC AND DILUTED

	2018	(Re-stated) 2017
Profit for the year (Rupees '000)	**2,687,216**	2,355,829
Weighted average number of outstanding shares at the end of year (in thousands)	**184,718**	184,718
Basic and diluted earnings per share (Rupees)	**14.55**	12.75

33.1 Diluted earnings per share has not been presented as the Group did not have any convertible instruments in issue as at June 30, 2018 and 2017 which would have any effect on the earnings per share if the option to convert is exercised.

34. CASH GENERATED FROM OPERATIONS

	2018	2017
	--------Rupees '000--------	
Profit before income tax	**3,254,423**	2,880,416
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	**202,958**	151,517
Gain on disposal of property, plant and equipment - net	**(5,763)**	(1,768)
Amortisation	**40,337**	28,169
Impairment	**-**	7,379
Provision for employee benefits obligation	**5,508**	4,816
Unrealised loss / (gain) on investments - at fair value through profit or loss	**1,564**	(297)
Realised gain on investments - at fair value through profit or loss	**(3,272)**	(5,424)
Interest income	**(20,466)**	(22,851)
Finance cost	**119,268**	73,300
	340,134	234,841
Profit before working capital changes	**3,594,557**	3,115,257
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Inventories	**(1,320,989)**	24,531
Trade receivables	**(750,424)**	(657,580)
Loans and advances	**(177,473)**	177,007
Trade deposits and short-term prepayments	**1,888**	93,836
Other receivables	**60,128**	31,788
Refunds due from Government - Sales tax	**(7,555)**	(7,963)
	(2,194,425)	(338,381)
Increase / (decrease) in current liabilities		
Trade and other payables	**1,049,042**	(103,996)
Cash generated from operations	**2,449,174**	2,672,880

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

35. CASH AND CASH EQUIVALENTS

	2018	2017
	--------Rupees '000--------	
Cash and bank balances - note 16	**204,660**	157,375
Short-term running finances - note 22	**(2,323,478)**	(1,144,828)
	(2,118,818)	(987,453)

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, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017	**June 30, 2018**	June 30, 2017
	---------- Rupees '000 ----------					
Segment revenue	**13,712,232**	11,581,245	**2,683,407**	1,728,406	**16,395,639**	13,309,651
Cost of sales	**(5,862,110)**	(4,951,490)	**(2,202,565)**	(1,339,858)	**(8,064,675)**	(6,291,348)
Distribution costs	**(3,064,552)**	(2,653,279)	**(677,944)**	(486,468)	**(3,742,496)**	(3,139,747)
	(8,926,662)	(7,604,769)	**(2,880,509)**	(1,826,326)	**(11,807,171)**	(9,431,095)
Segment result	**4,785,570**	3,976,476	**(197,102)**	(97,920)	**4,588,468**	3,878,556
Unallocated income and expenses						
Administrative expenses					**(1,078,295)**	(932,523)
Other operating expenses					**(195,407)**	(206,079)
Other income					**156,393**	275,570
Finance cost					**(216,736)**	(135,108)
Profit before income tax					**3,254,423**	2,880,416
Income tax expense					**(537,823)**	(487,341)
Profit for the year					**2,716,600**	2,393,075

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

	Pharmaceutical		Consumer		Total	
	June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017	**June 30, 2018**	June 30, 2017
	---------- Rupees '000 ----------					
Segment assets and liabilities						
Segment assets	**394,351**	294,899	**108,080**	41,208	**502,431**	336,107
Unallocated assets					**16,746,821**	13,227,455
Total assets					**17,249,252**	13,563,562
Segment liabilities	**-**	-	**-**	-	**214,285**	428,571
Unallocated liabilities	**-**	-	**-**	-	**5,583,394**	3,344,327
Total liabilities					**5,797,679**	3,772,898

36.3 There were no inter-segment transactions during the year (2017: None).

36.4 Geographical segments

	2018	2017
	--------Rupees '000--------	
Net sales by region		
Pakistan	**15,151,349**	12,275,882
South Asia	**863,443**	767,227
East Africa	**8,076**	9,144
South-East Asia	**372,771**	257,398
	16,395,639	13,309,651

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. 11.61 billion (2017: Rs. 10.72 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	
	2018	2017	**2018**	2017	**2018**	2017
	---------- Rupees '000 ----------					
Managerial remuneration	**19,763**	15,565	**10,869**	28,322	**153,506**	152,363
Housing allowance	**8,893**	7,004	**4,891**	12,745	**82,670**	68,603
Utility allowance	**1,976**	1,557	**1,087**	2,832	**2,062**	1,788
Bonus	**2,718**	2,471	**1,631**	4,643	**22,998**	21,041
Retirement benefits	**1,976**	1,557	**1,087**	2,832	**10,310**	11,517
Others	**252**	347	**179**	945	**12,872**	11,705
	35,578	28,501	**19,744**	52,319	**284,418**	267,017
Number of persons	**1**	1	**1**	3	**225**	222

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For the year ended June 30, 2018

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 (2017: five) an aggregate amount of Rs. 39 thousand (2017: Rs. 21 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	2018	2017
		--------Rupees '000--------	
Ultimate Holding Company:	- Corporate service charges	**182,400**	72,000
	- Interest income	**6**	22,834
	- Consultancy expense	**88,950**	-
	- Rent income	**4,551**	-
	- Income from provision of amenities	**3,940**	-
	- Dividend paid	**158**	-
	- Repayment of loan	**25,926**	-
Associates:	- Revenue	**12,864,216**	10,777,071
	- Purchases	**37,056**	33,135
	- Purchase of ERP software	**5,613**	45,034
	- Purchases of computer hardware	**-**	5,706
	- Rental income	**70,009**	47,816
	- Income from provision of amenities	**27,846**	31,871
	- Rent expense	**11,094**	9,822
	- Donations	**26,150**	74,989
	- Architect fee	**3,424**	5,636
	- Internet and IT services	**6,108**	5,580
	- Salaries and wages	**5,017**	12,859
	- Stock claims	**237,783**	259,215
	- Discounts claimed	**788,581**	527,978
	- Payment under group tax relief	**-**	1,558
	- Royalty expense claimed	**-**	7,119
	- Carriage and duties	**52,861**	36,685
	- Advance against financial assistance	**1,952**	-
	- SAP maintenance fee	**2,057**	-
	- Dividend paid	**1,081**	-
	- Shared cost	**57,548**	-
	- Incentives to field force staff	**10,863**	6,814
	- Others	**32,355**	14,252
Post employment staff benefit plans:	- Contributions to Provident Fund	**57,750**	51,676
Key management employees compensation:	- Salaries and other employee benefits	**75,211**	76,431
	- Contributions to Provident Fund	**3,488**	4,389
	- Sales of goods	**-**	100
	- Sale of vehicle	**-**	1,592
	- Director's fee and conveyance	**628**	-

38.2 The status of outstanding balances with related parties as at June 30, 2018 is included in the respective notes to the consolidated financial statements. These are settled in the ordinary course of business.

38.3 Following are the related parties with whom the Group had entered into transactions or have arrangement(s) / agreement(s) in place:

S. No.	Company Name	Basis of Association	Aggregate % of Shareholding
1.	International Brands Limited	Ultimate Holding Company	56.60%
2.	United Distributors Pakistan Limited	Group Company	N/A
3.	International Franchises (Private) Limited	Group Company	N/A
4.	IBL Operations (Private) Limited	Group Company	N/A
5.	IBL Unisys (Private) Limited	Group Company	N/A
6.	Multinet (Private) Limited	Common Directorship	N/A
7.	MyCart (Private) Limited	Group Company	N/A
8.	United Brands Limited	Group Company	N/A
9.	IBL Frontier Markets (Private) Limited	Group Company	N/A
10.	Arshad Shahid Abdulla (Private) Limited	Close relative of Director	N/A
11.	The Home Makers (SMC-Private) Limited (formerly Habitt)	Close relative of Director	N/A
12.	AKAR Hospital	Managing Company	N/A
13.	The Citizen Foundation	Common Directorship	N/A
14.	United Franchises (SMC - Private) Limited	Group Company	N/A

39. 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.

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 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.

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40.2 Financial assets and liabilities

	2018			2017		
	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	488,007	1,682,189	2,170,196	453,571	1,020,405	1,473,976
Trade receivables	4,359,858	-	4,359,858	3,609,434	-	3,609,434
Interest accrued	16,208	-	16,208	6,743	-	6,743
Other receivables	318,467	-	318,467	378,595	-	378,595
Investments - at fair value through profit or loss	55,782	-	55,782	160,884	-	160,884
Bank balances	181,842	-	181,842	152,545	-	152,545
Cash in hand	22,818	-	22,818	4,830	-	4,830
	5,442,982	1,682,189	7,125,171	4,766,602	1,020,405	5,787,007
Financial liabilities						
Long-term borrowing	214,285	4,664	218,949	214,286	239,033	453,319
Trade and other payables	2,658,182	-	2,658,182	1,727,772	-	1,727,772
Short-term borrowings	2,537,763	-	2,537,763	1,208,828	-	1,208,828
Accrued markup	-	-	-	16,467	-	16,467
	5,410,230	4,664	5,414,894	3,167,353	239,033	3,406,386
On reporting date gap	32,752	1,677,525	1,710,277	1,599,249	781,372	2,380,621
Net financial (liabilities) / assets						
Interest bearing	(2,729,374)	21,574	(2,707,800)	(1,207,874)	(186,929)	(1,394,803)
Non-interest bearing	2,762,126	1,655,951	4,418,077	2,807,123	968,301	3,775,424

(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.

At June 30, 2018, the Group has variable interest bearing financial liabilities of Rs. 2.71 billion (2017: Rs. 1.39 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. 54.2 million (2017: Rs. 27.9 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, 2018, trade and other payables of Rs. 708 million (2017: Rs. 387.85 million), bills payable of Nil (2017: Rs. 20.98 million), trade receivables of Rs. 182.9 million (2017: Rs. 135.85 million) and bank balance of Rs. 0.35 million (2017: Rs. 0.35 million) are exposed to foreign currency risk.

As at June 30, 2018, if the Pakistan Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, profit before income tax for the year would have been lower / higher by Rs. 10.5 million (2017: Rs. 5.03 million), mainly as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables,bills payable, trade receivables and cash and bank.

As at June 30, 2018, 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. 0.8 million (Rs. 0.42 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 reporting 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, 2018 amounts to Rs. 55.78 million (2017: Rs. 160.88 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. 7,125 million (2017: Rs. 5,787 million) the financial assets exposed to the credit risk amount to Rs. 7,086 million (2017: Rs. 5,775 million). The carrying values of financial assets are as under:

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	2018	2017
	--------Rupees '000--------	
Loans and advances - notes 8 &12	**2,080,705**	1,410,812
Trade deposits - notes 9 & 13	**89,491**	63,164
Trade receivables - note 11	**4,359,858**	3,609,434
Other receivables - note 14	**318,467**	378,595
Investments - at fair value through profit or loss	**55,782**	160,884
Bank balances	**181,842**	152,545
	7,086,145	5,775,434

Trade receivables 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 receivables. 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. 236.51 million (2017: Rs. 222.97 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.

40.3 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, 2018, 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).

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, 2018:

	2018			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	---------------- Rupees in '000 ----------------			
Investment at fair value through profit or loss	**55,782**	**-**	**-**	**55,782**

	2017			
Financial assets	Level 1	Level 2	Level 3	Total
	---------------- Rupees in '000 ----------------			
Investment at fair value through profit or loss	160,884	-	-	160,884

41. 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.

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	2018	(Re-stated) 2017
	--------Rupees '000--------	
The debt to capital ratio is as follows:		
Total borrowings	**2,542,427**	1,662,147
Cash and bank - note 16	**(204,660)**	(157,375)
Net debt	**2,337,767**	1,504,772
Equity	**11,451,573**	9,790,664
Total capital	**13,789,340**	11,295,436
Debt to capital ratio	**17%**	13%

42. NUMBER OF EMPLOYEES

	2018	2017
42.1 Number of employees as at June 30	***2,510**	*2,324
* This includes 179 (2017: 198) number of factory employees		
42.2 Average number of employees during the year	***2,405**	*2,238
* This includes 188 (2017: 177) number of factory employees		

43. 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
- IBL Future Technologies (Private) Limited	June 30

43.1 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%	14.83%
Total Assets	1,398,713	1,019,484
Total Liabilities	209,962	45,175
Total Comprehensive Income / (loss)	149,340	(61,773)
Allocated to NCI	38,545	(263)
Accumulated NCI	307,457	144,506
Cash and Cash Equivalent	27,722	26
Cash (utilised in) / generated from		
- operating activities	63,181	(212,005)
- investing activities	(4,293)	(5,266)
- financing activities	(47,720)	217,000
Dividend paid to NCI	12,691	-

44. BUSINESS UNITS - GEOGRAPHICAL LOCATION AND ADDRESSES

Business units	Addresses
Factories	- F-319, S.I.T.E Area, Karachi - 32 km Multan Road, Lahore. - Survey 391/1 and 392/2, Sector 3, Korangi Industrial Area, Karachi.
Warehouses and storage facilities	- Survey 392/1 & 392/2, Sector 3, Deh Phihai Tapoo Ibrahim Hyderi Taluka, Korangi Industrial Area, Karachi. - Plot 11, Sector 27, Korangi Industrial Area, Karachi. - Plot No. 21-C, Sector 15/16, Gulshan-e-Mazdoor, Hub River Road, Karachi. - Raiwind Road, Manga Mandi, Lahore. - 137, Shahrah-e-Maulana, Jalaluddin Roomi, Lahore. - Kashtar Street, Opposite Orient Appliances Factory, 26-KM, Multan Road, Lahore. - Shabab Studio Chung, 19-KM, Multan Road, Lahore. - F-2/Q, PTC Compound, S.I.T.E., Karachi.
Outlets	Karachi - Dolmen Mall, Clifton. - Gulshan KDA Market, Karachi - Hyderi Market, Karachi - Lucky One Mall, Karachi - Tipu Sultan Road, Karachi Lahore - Amanah Mall, Lahore - Iqbal Town Boulevard Road, Lahore - Packages Mall, Lahore - Zarina Mall, Lahore - Faisalabad, Misaq ul Mall - Gujranwala, Fazal Centre - Hyderabad, Autobhan Road - Multan, Gulgasht - Rawalpindi, Bank Road - Sialkot, Mall of Sialkot

45. CORRESPONDING FIGURES

Due to revision in Fourth Schedule to Companies Act, 2017, following required changes have been made:

- Unclaimed dividend which was previously classified under trade and other payables has been separately disclosed as unclaimed dividend and unpaid dividend on the face of the consolidated statement of financial position.

- Stores and spares which was separately classified on the face of the consolidated statement of financial position has been presented under inventories.

- Revaluation surplus on property, plant and equipment which was separately disclosed on the face of the consolidated statement of financial position has been presented under equity.

- Short-term borrowings and current portion of long-term borrowing which were previously classified separately on the face of consolidated statement of financial position have now been classified under borrowings.

- Sales tax payable and accrued mark-up whch were previously classified separately on the face of consolidated statement of financial position have now been classified under trade and other payables.

46. SUBSEQUENT EVENTS

46.1 The Board of Directors of the Holding Company in the meeting held on has approved the following appropriation:

	2018	2017
	--------Rupees '000--------	
- Issue of 15 bonus shares for every 100 shares (June 30, 2017: 20 bonus shares for every 100 shares) held	**277,076**	307,863
- Cash dividend of Rs. 5 (June 30, 2017: Rs. 8) per share	**923,588**	1,231,451

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

46.2 Subsequent to the year end, certain batches of the Holding Company's finished product "Extor" amounting to Rs. 157.95 million was re-called from the markets in consequence to a review triggered by the European Medicine Agency (EMA). The EMA in its review had detected an impurity in the Active Pharmaceutical Ingredient (API) of the raw material used in Extor supplied by a certain manufacturer in China. In this regard, the Holding Company has immediately replaced the product recalled from the market by new products and is expected to lodge claims to the manufacturer in China in respect of any damages that the Holding Company might suffer.

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 October 11, 2018

Chief Executive Officer	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING

As of June 30, 2018

No. of Shareholders	Shareholdings'Slab			Total Shares Held
2912	1	to	100	93,051
2878	101	to	500	804,702
1322	501	to	1000	998,249
2356	1001	to	5000	5,893,728
455	5001	to	10000	3,289,369
180	10001	to	15000	2,206,944
90	15001	to	20000	1,567,224
70	20001	to	25000	1,553,476
39	25001	to	30000	1,087,241
26	30001	to	35000	832,207
18	35001	to	40000	673,853
15	40001	to	45000	639,829
14	45001	to	50000	661,747
14	50001	to	55000	736,548
7	55001	to	60000	401,899
9	60001	to	65000	563,965
10	65001	to	70000	674,972
7	70001	to	75000	501,929
9	75001	to	80000	708,466
7	80001	to	85000	576,676
3	85001	to	90000	260,680
4	90001	to	95000	369,731
6	95001	to	100000	586,086
4	100001	to	105000	404,862
5	105001	to	110000	538,732
2	110001	to	115000	224,578
7	115001	to	120000	817,542
5	120001	to	125000	607,429
2	125001	to	130000	252,300
1	130001	to	135000	130,255
5	135001	to	140000	682,021
2	140001	to	145000	285,553
4	145001	to	150000	590,269
2	150001	to	155000	306,302
3	155001	to	160000	475,694
2	160001	to	165000	324,301
1	165001	to	170000	168,594
1	180001	to	185000	181,961
4	195001	to	200000	792,832
2	200001	to	205000	406,048
1	205001	to	210000	206,910
1	210001	to	215000	211,832
3	215001	to	220000	650,353
1	220001	to	225000	221,703
1	245001	to	250000	247,431
1	255001	to	260000	257,958
1	265001	to	270000	267,000
1	280001	to	285000	284,670
1	285001	to	290000	285,350
2	295001	to	300000	595,511
1	300001	to	305000	302,500

PATTERN OF SHAREHOLDING

As of June 30, 2018

No. of Shareholders	Shareholdings'Slab			Total Shares Held
1	305001	to	310000	307,504
1	310001	to	315000	312,729
2	315001	to	320000	632,700
2	325001	to	330000	655,530
2	330001	to	335000	667,545
1	335001	to	340000	338,568
1	340001	to	345000	340,423
1	345001	to	350000	349,788
1	355001	to	360000	355,880
2	370001	to	375000	745,836
1	375001	to	380000	378,399
1	380001	to	385000	384,650
1	405001	to	410000	409,694
1	435001	to	440000	439,327
1	440001	to	445000	441,827
1	460001	to	465000	463,865
1	475001	to	480000	478,569
1	485001	to	490000	489,435
1	510001	to	515000	513,871
1	520001	to	525000	522,700
1	540001	to	545000	540,543
2	545001	to	550000	1,092,178
1	555001	to	560000	557,549
1	645001	to	650000	645,607
1	685001	to	690000	686,633
1	725001	to	730000	728,827
1	730001	to	735000	731,318
1	785001	to	790000	789,214
1	910001	to	915000	910,953
1	950001	to	955000	950,825
1	960001	to	965000	961,508
1	1015001	to	1020000	1,019,084
2	1050001	to	1055000	2,109,275
1	1435001	to	1440000	1,436,579
1	1450001	to	1455000	1,452,834
1	1525001	to	1530000	1,527,714
1	1975001	to	1980000	1,975,733
1	2145001	to	2150000	2,148,238
1	2185001	to	2190000	2,187,812
1	2805001	to	2810000	2,808,550
1	2955001	to	2960000	2,957,984
1	3265001	to	3270000	3,267,248
1	3390001	to	3395000	3,391,460
1	4160001	to	4165000	4,161,670
1	100045001	to	100050000	100,046,366
10568				**184,717,605**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
ADNAN ASDAR ALI	1	2,877	0.00
RASHID ABDULLA	2	41,319	0.02
HUSAIN LAWAI	2	4,344	0.00
SYED NADEEM AHMED	1	3,302	0.00
ZUBAIR RAZZAK PALWALA	1	3,449	0.00
AYAZ ABDULLA	1	17,278	0.01
ASAD ABDULLA	1	30,085	0.02
SHAKILA RASHID	2	334,301	0.18
FATIMA HYDER	1	17,278	0.01
MARIUM ASAD	1	1,200	0.00
Associated Companies, undertakings and related parties			
INTERNATIONAL BRANDS LTD	3	104,556,212	56.60
IBL OPS (PVT) LTD.	1	51,282	0.03
IBL UNISYS PVT. LTD.	1	87,000	0.05
IMPERIAL BRANDS (PRIVATE) LIMITED	1	22,980	0.01
INTERNATIONAL FRANCHISES (PRIVATE) LIMITED	1	44,424	0.02
TRUSTEE SEARLE PAKISTAN LIMITED PROVIDENT FUND	1	961,508	0.52
Executives	6	10,382	0.01
Public Sector Companies and Corporations	5	3,598,879	1.95
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	68	7,856,065	4.25
Mutual Funds			
FIRST CAPITAL MUTUAL FUND LTD.	1	45,078	0.02
CDC - TRUSTEE MEEZAN BALANCED FUND	1	409,694	0.22
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	16,517	0.01
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	489,435	0.26
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	3,391,460	1.84
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	5,858	0.00
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	45,103	0.02
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	76,448	0.04
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	59,764	0.03
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	44,887	0.02
CDC - TRUSTEE ABL STOCK FUND	1	207	0.00
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	7,022	0.00
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	108,420	0.06
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	5,527	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	568	0.00
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	7,732	0.00
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	14,560	0.01
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	16,719	0.01
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	3,797	0.00
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	4,161,670	2.25
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	62,960	0.03
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	8,199	0.00
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	478,569	0.26

PATTERN OF SHAREHOLDING

As of June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE UBL CAPITAL PROTECTED FUND-III	1	909	0.00
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	454	0.00
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	337	0.00
CDC - TRUSTEE PICIC INVESTMENT FUND	1	83,868	0.05
CDC - TRUSTEE PICIC GROWTH FUND	1	168,594	0.09
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	97,748	0.05
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	70,089	0.04
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	4,300	0.00
CDC - TRUSTEE FAYSAL STOCK FUND	1	5,000	0.00
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	42,672	0.02
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	79,432	0.04
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	35,015	0.02
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	10,000	0.01
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	31,863	0.02
CDC - TRUSTEE NAFA STOCK FUND	1	80,635	0.04
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	16,400	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	296,942	0.16
CDC - TRUSTEE HBL - STOCK FUND	1	161,607	0.09
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	5,565	0.00
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	136,106	0.07
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	4,431	0.00
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	62,702	0.03
CDC - TRUSTEE HBL EQUITY FUND	1	7,425	0.00
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	9,817	0.01
CDC - TRUSTEE ASKARI EQUITY FUND	1	3,898	0.00
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	3,000	0.00
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	3,500	0.00
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	4,613	0.00
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	82	0.00
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	38,758	0.02
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	1,803	0.00
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	15,000	0.01
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	90,396	0.05
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	1	24,329	0.01
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	24,791	0.01
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	37,258	0.02
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	215,841	0.12
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	15,636	0.01
MCBFSL - TRUSTEE JS VALUE FUND	1	71,400	0.04
CDC - TRUSTEE JS ISLAMIC FUND	1	97,900	0.05
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	86,500	0.05
CDC - TRUSTEE MCB DCF INCOME FUND	1	6,500	0.00
MC FSL - TRUSTEE JS GROWTH FUND	1	148,900	0.08
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	11,600	0.01
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	1	18,400	0.01
CDC - TRUSTEE LAKSON INCOME FUND - MT	1	2,000	0.00
CDC - TRUSTEE NIT INCOME FUND - MT	1	78,900	0.04
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	2,000	0.00
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	1	24,400	0.01
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	1	100	0.00
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	1	20,900	0.01

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	8,100	0.00
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1	12,800	0.01
CDC - TRUSTEE UBL INCOME OPPORTUNITY FUND - MT	1	200	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	111,115	0.06
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	147,700	0.08
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	58,300	0.03
General Public			
a. Local	10067	29,054,200	15.73
b. Foreign	11	3,341,799	1.81
Foreign Companies	87	14,949,116	8.09
Others	223	7,469,600	4.04
Totals	**10568**	**184,717,605**	**100.00**

Shareholders holding 5% or more	Shares Held	Percentage
INTERNATIONAL BRANDS LTD	104,556,212	56.60

* This includes 4,488,169 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 pettition against such provision and the case is pending before the Hon’ble High Court.


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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 November 22, 2018 and/or any adjournment thereof.

Signed this _______ day of ______ 2018

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:

1. The member is requested:
   i) To affix revenue stamp of Rs.5/- at the place indicated above.
   ii) To sign across the revenue stamp in the same style of signature as is registered with the Company.
   iii) To write down his/her/their folio number.
   iv) 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.
2. 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.
3. 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

THE SEARLE COMPANY LIMITED

1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi-75530
URL: www.searlecompany.com