SEARLE

Research in the service of mankind

THE FUTURE OF MEDICINE

Years of Excellence in Healthcare

The Searle Company Limited

Annual Report

2015

THE FUTURE OF MEDICINE

What's in store for the future of industrial bioprocessing for medical therapies, which involves the use of living organisms or cells to create drugs or other agents? Will the batch or continuous bioprocessing platform dominate bio manufacturing of human therapeutics down the road? These are the questions about developments in biotechnology and bioengineering. We are sharing some of the facts and progress in the field as a theme of our annual report this year. With our own biotechnology plant, working towards actual production, we feel proud to be part of the future of medicine.

Contents

Our Vision

To lead in improving the quality of human life.

Our Mission

Which provides its customers with the best possible products and services in the Healthcare and Consumer Industry.

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

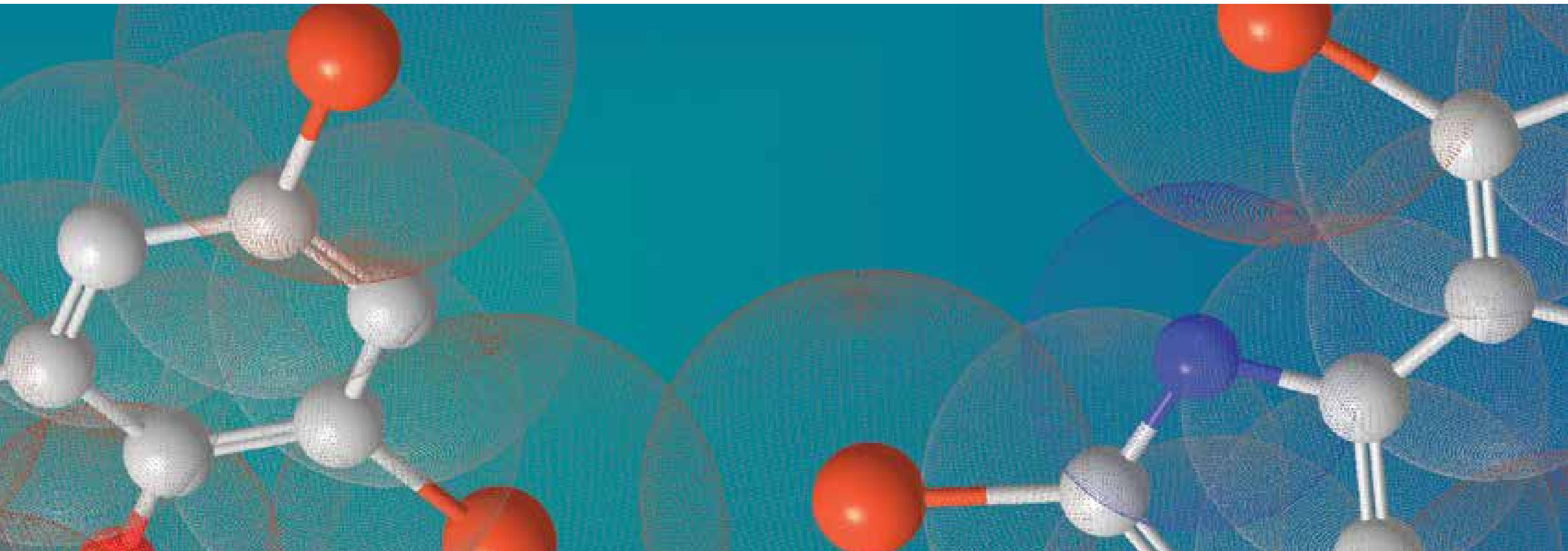
Which is a responsible corporate citizen contributing to society and protecting the environment.

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

Which cares for its employees and shares in their dreams.

Which works today for a better and secure tomorrow for all its stake holders through innovation, new product development and sound business practices.

Which would grow and live beyond each one of us.



Our Values

Seeking Allah's pleasure in all that we do.

Innovation and dedication:

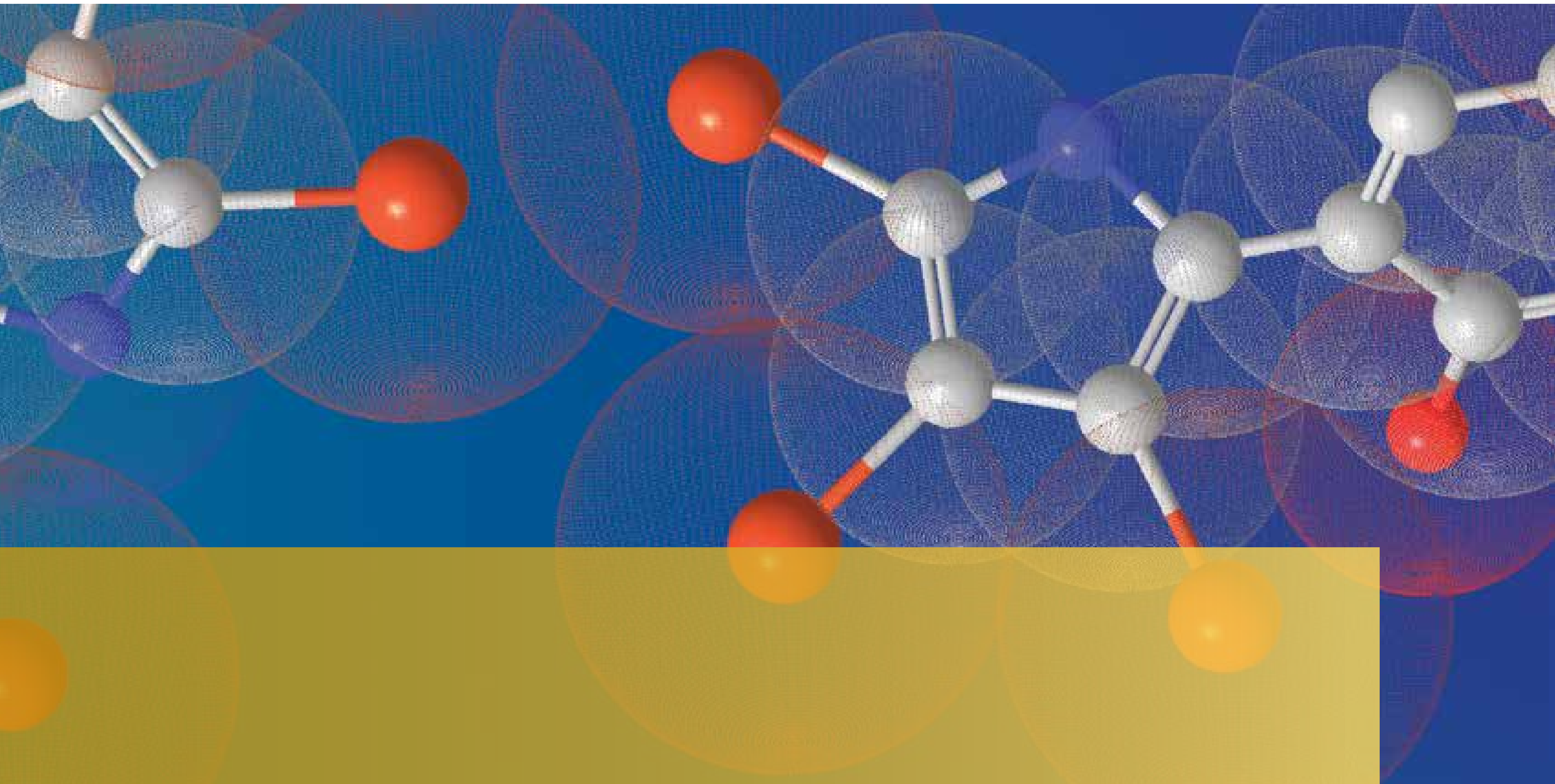
- In all spheres of activity. Serving the needs of our customers with passion, dedication & by honoring our words.

Profitability:

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

Corporate Social Responsibility:

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



Recognition and Rewards:

- For high performing and meritorious employees. Sense of Urgency: to drive each individual to achieve company's objectives.

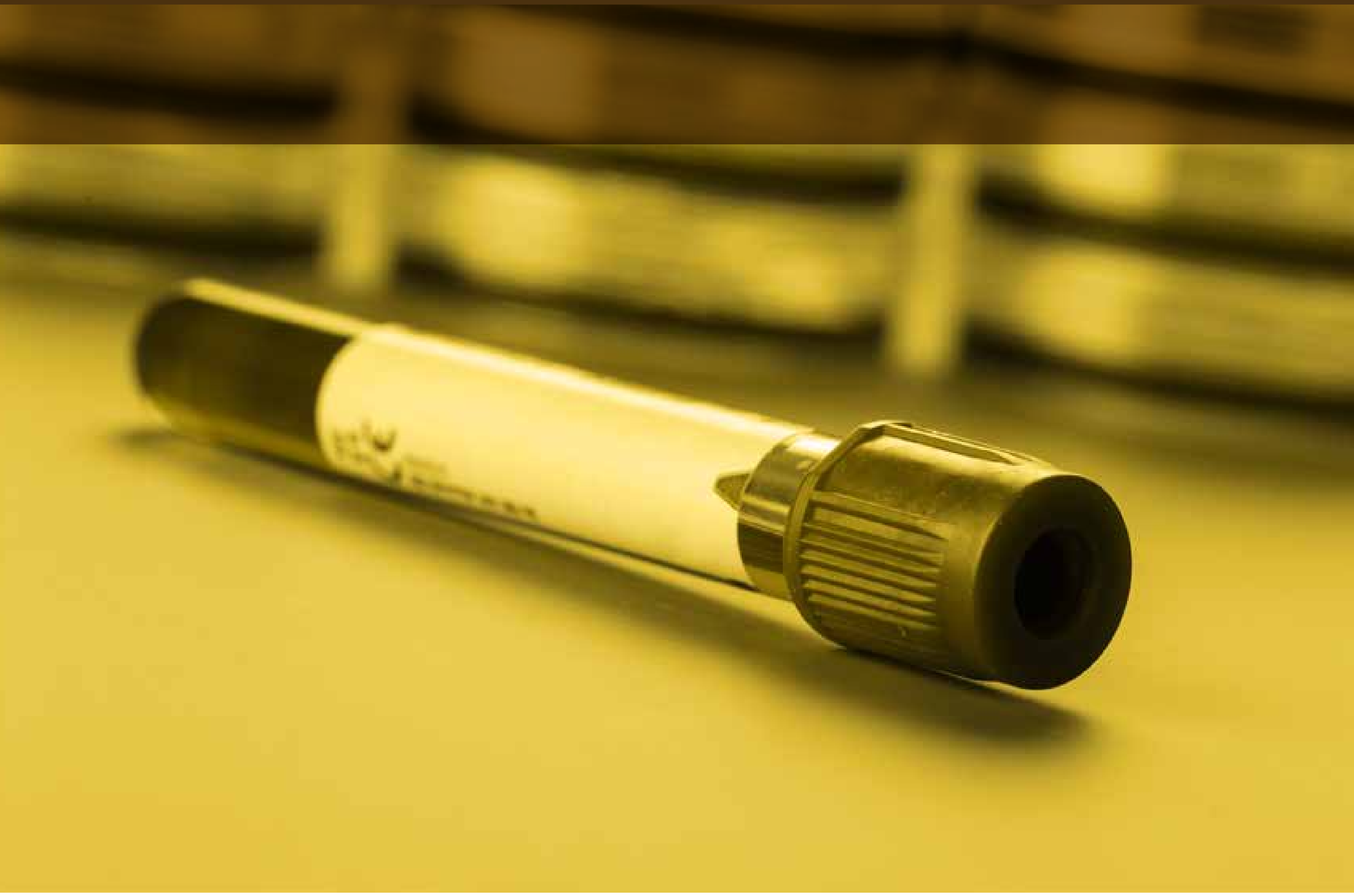
Integrity:

- In all our dealings

Respect:

- For our customers and each other

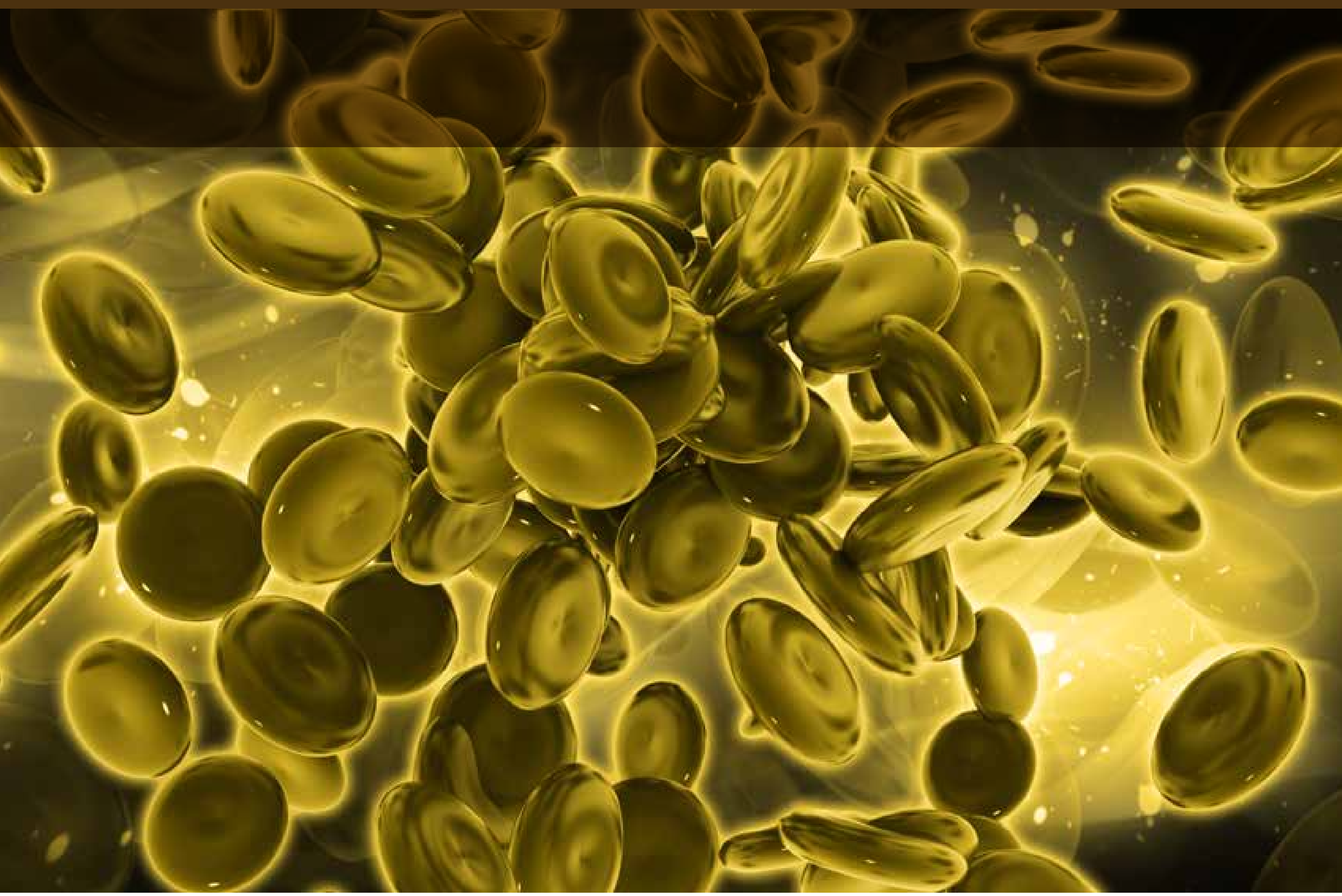
More than 325 million patients have benefited from approved medicines manufactured through biotechnology and gene technology to treat or Prevent heart attacks, stroke, multiple sclerosis, breast cancer, cystic fibrosis, leukemia, hepatitis, diabetes and other diseases.



SEARLE

Years of
Excellence in Healthcare
The Searle Company Limited

THE FUTURE OF MEDICINE



Company Information

Board of Directors

Mr. Adnan Asdar Ali	Chairman
Mr. Rashid Abdulla	Chief Executive Officer
Mr. Husain Lawai	
Mr. S. Nadeem Ahmed	Managing Director
Mr. Zubair Palwala	
Mr. Ayaz Abdulla	
Mr. Asad Abdulla	
Mr. Shahid Abdullah	
Mrs. Faiza Naeem	

Board of Audit Committee

Mr. Husain Lawai	Chairman
Mr. S. Nadeem Ahmed	
Mr. Asad Abdulla	

Board of HR & Remuneration Committee

Mr. Asad Abdulla	Chairman
Mr. Rashid Abdulla	
Mr. Ayaz Abdulla	

Chief Financial Officer

Mr. Mobeen Alam

Company Secretary

Mr. Zubair Palwala

Auditors

Grant Thornton Anjum Rahman

Legal Advisors

Mohsin Tayebaly & Co.

Bankers

- Standard Chartered Bank (Pakistan) Limited
- Habib Bank Limited
- Habib Metropolitan Bank Limited
- National Bank of Pakistan
- Faysal Bank Limited
- The Bank of Punjab
- Soneri Bank Limited
- Citibank N.A.
- Dubai Islamic Bank Pakistan Limited
- Albaraka Bank (Pakistan) 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

SEARLE


AMRELI STEELS
Building for Life
IBL
Building
Center
IBL
Building
Center
Sunon
CORIAN
DuPont
CORIAN
ATM
CLIPSAL
IB SAEED

Notice Of Annual General Meeting

Notice is hereby given that the 50th annual general meeting of the shareholders of The Searle Company Limited will be held on Thursday, October 29, 2015 at 04:30 p.m. at the Institute of Chartered Accountants of Pakistan, Clifton, Karachi to transact the following business:

Ordinary Business

1. To confirm the minutes of annual general meeting held on October 24, 2014.

2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2015 together with the directors' and auditors' reports thereon.

3. To consider and approve final cash dividend for the financial year ended June 30, 2015, at the rate of Rs.2/- per share of Rs.10/- each, equivalent to 20%, as recommended by the board of directors.

4. To appoint auditors for the year ending June 30, 2016 and to fix their remuneration. The present auditors, Grant Thornton Anjum Rahman, Chartered Accountants being eligible, have offered themselves for re-appointment.

Special Business

5. To approve the issue of bonus shares in the ratio of 20 shares for every 100 shares held i.e. 20% as recommended by the board of directors and, if thought appropriate, to pass with or without modification(s) the following resolutions as **ordinary resolution**:

   "RESOLVED that a sum of PKR 171,681,490/- out of the un-appropriated profits of the Company be capitalized and applied towards the issue of 17,168,149 ordinary shares of Rs.10/- each and allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on October 22, 2015, in the proportion of twenty shares for every hundred ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares.

   FURTHER RESOLVED that in the event of any member becoming entitled to a fraction of a share, the Directors be and are hereby authorised 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."

Other Business

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

By order of the Board

Zubair Palwala
Company Secretary

Karachi: October 8, 2015

Statement of material facts under section 160(1)(b) of the Companies Ordinance, 1984 regarding the Special Business

Item 5

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

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

Notes:

A. Right issue and Book closure:

i) The Board of Directors of the Company in their meeting held on 30th September 2015 has declared 10% right shares (10 shares for every 100 shares held) at Rs.200 per share (including a premium of Rs.190 per share) to all the members whose names will appear on the Company's register of members at the close of business on October 22, 2015.

ii) The share transfer books will remain closed from October 23, 2015 to October 29, 2015 (both days inclusive) for entitlement of 20% final cash dividend, 20% bonus shares and 10% right issue. Transfers in good order, received at the office of Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 by close of the business on October 22, 2015 will be treated in time for the purpose of attending the annual general meeting and entitlement of cash dividend, stock dividend and right share.

iii) All members/shareholders are entitled to attend, speak and vote at the annual general meeting. A member/shareholder may appoint a proxy to attend, speak and vote on his/her behalf. The proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company's Registered Office: First Floor, NIC Building, Abbasi Shaheed Road, Karachi – 75530 not less than 48 hours before the meeting.

iv) In pursuance of Circular No. 1. of 2000 of SECP dated January 26, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (CDC) and/or their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy.

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

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

B. Submission of copy of CNIC (Mandatory):

In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) S.R.O. 779(i) 2011 dated August 18, 2011 dividend, warrants should bear Computerized National Identity Card (CNIC) number of the registered who have not yet submitted copy of their valid CNIC or National Tax Number (in case of corporate entities) are requested to submit the same to the Company's Share Registrar, Central Depository Company of Pakistan Limited, with members' Folio number(s)/Participant ID CDS Account number(s) mentioned thereon, before book closure date. It may kindly be noted that in case of non-receipt of the copy of valid CNIC, the Company would be constrained to withhold dispatch of dividend warrants.

C. Revision of withholding tax on dividend income under section 150 of Finance Act 2014:

It is further informed that pursuant to the provisions of Finance Act 2015, effective from July 1, 2015 a new criteria for withholding tax on dividend income has been introduced by Federal Board of Revenue (FBR), as "Filer" and "Non-Filer" shareholders and withholding tax @ 12.50% and 17.50% respectively.

Shareholders are therefore advised to check and ensure their Filer status from Active Tax Payer List (ATL) available at FBR website http://www.fbr.com.gov.pk as well as ensure that their CNIC/Passport number has been recorded by their Participant/Investor Account Services (in case shareholding is in book entry form) or by Company's Share Registrar, Central Depository Company of Pakistan Limited (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and NTN are available in ATL at FBR website and recorded by Participant/Investor Account Services or by Company's Share Registrar (in case of Physical shareholding).

D. Dividend Mandate (Optional):

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide circular number 18 of 2012 dated June 5, 2012, shareholders may authorize the Company for direct credit of his/her/its cash dividend in his/her/its bank account (please note that giving bank mandate for dividend payments is optional, in case shareholder do not wish to avail this facility his/her/its dividend will be paid through dividend warrant). If any shareholder wants to avail the facility of direct credit of dividend amount in his/her/its bank account, provide following information to the Company's Share Registrar, Central Depository Company of Pakistan Limited.

Bank Account Details of Shareholder
Title of Bank Account
Bank Account Number
Bank's Name
Branch name and address
Cell number of shareholder
Landline number of shareholder, if any

It is stated that the above-mentioned information is correct and in case of any change therein, I/we will immediately intimate to the Company and the concerned registrar.

____

Name, signature, folio # and CNIC number of shareholder

Notes:

(1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant/CDC Investor Account Services Department.

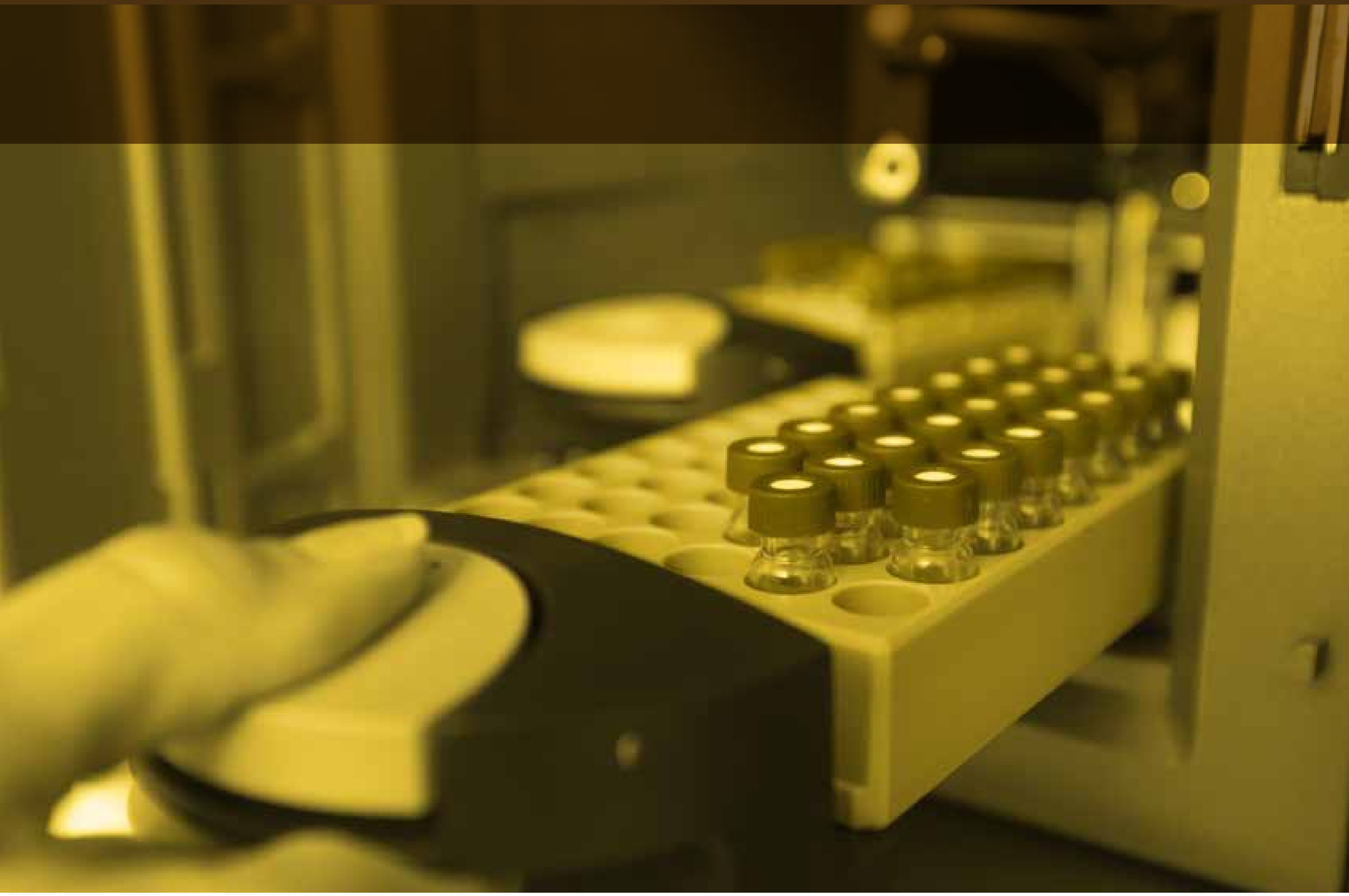
(2) If dividend mandate information has already been provided, please ignore this request.

E. Transmission of annual financial statements through email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787(1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form which is available at the end of this annual report and send the said form duly signed by the shareholder along with copy of his/her CNIC to the Company's Share Registrar, Central Depository Company of Pakistan Limited. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, shareholders, who do not wish to avail this facility, are requested to ignore this notice, Financial Statements will be sent to the shareholders at their registered address.


www.jamapunji.pk
Jama Punji
سرمایہ کاری سمجھداری کے ساتھ
Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk
Key features:
Licensed Entities Verification
Scam meter*
Jamapunji games*
Tax credit calculator*
Company Verification
Insurance & Investment Checklist
FAQs Answered
Stock trading simulator (based on live feed from KSE)
Knowledge center
Risk profiler*
Financial calculator
Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
jamapunji.pk
@jamapunji_pk
*Mobile apps are also available for download for android and ios devices
Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan
SECP

Today, 418 new biotech medicines and vaccines are being tested for more than 100 diseases, among which 210 to treat cancer, 50 to treat infectious diseases and 44 to treat autoimmune disorders.

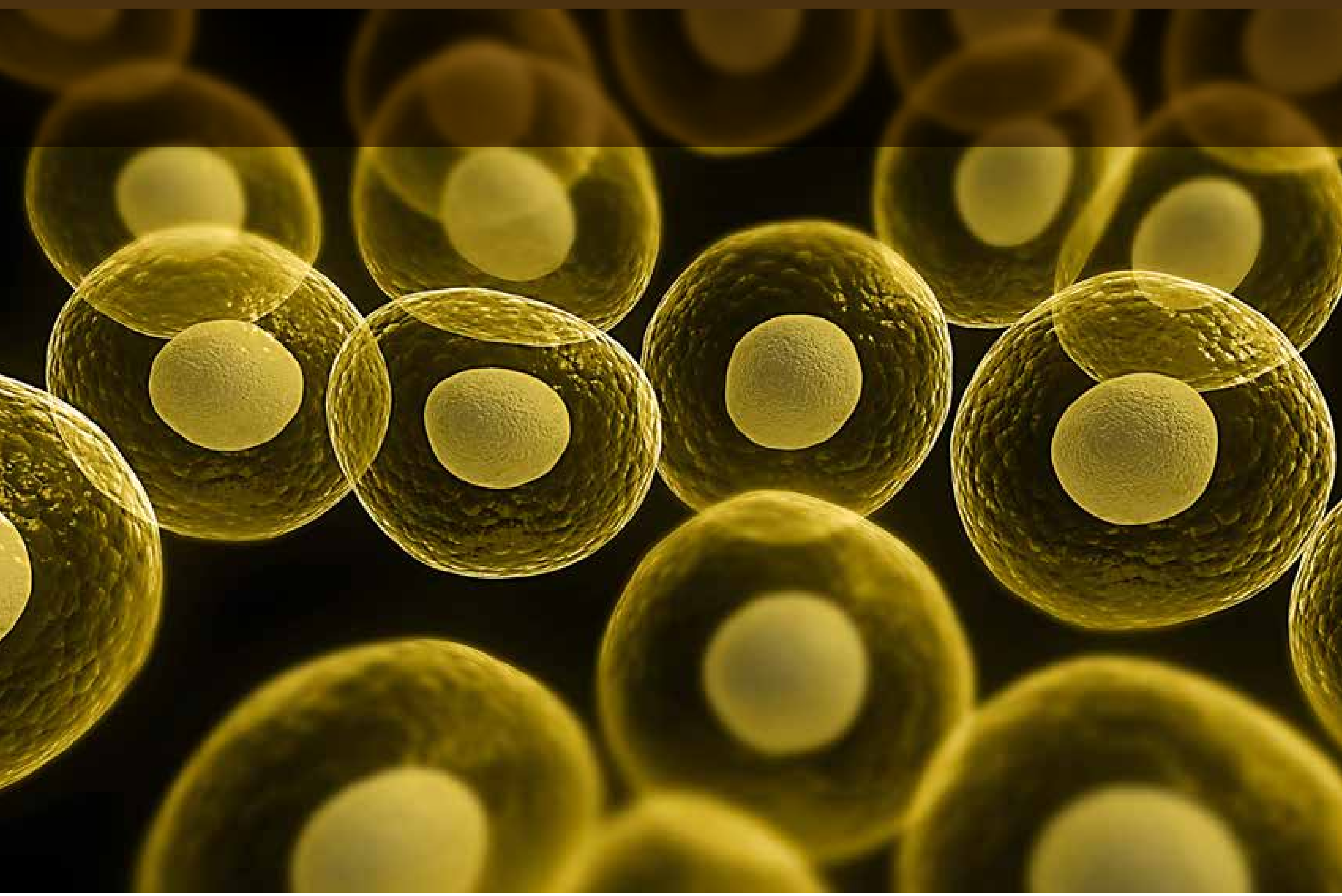


SEARLE

Years of Excellence in Healthcare

The Searle Company Limited

THE FUTURE OF MEDICINE



Directors' Report to the Shareholders

Health is a crucially important social and economic asset – a cornerstone for human development. We are working in every possible means to ensure that every single individual has access to adequate healthcare solutions in every given circumstance.

The year 2015, was yet again an outstanding year for the patients we serve and for our shareholders, one that clearly demonstrated how we will compete and succeed in the years ahead.

The Directors take pleasure in presenting the annual report together with the audited financial statements of the holding company for the year ended June 30, 2015.

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. The Directors' Report has been prepared in accordance with section 236 of the Companies Ordinance, 1984 and clause xvi of the Code of Corporate Governance 2012.

	2015	2014
	PKR in thousand	
Revenue	**9,048,041**	7,608,594
Gross profit	**4,402,890**	3,393,507
Gross profit percentage	**48.6%**	44.6%
Operating expenses	**2,227,010**	1,994,136
Operating expenses percentage	**24.6%**	26.2%
Operating profit	**2,175,880**	1,399,371
Operating profit percentage	**24.0%**	18.4%
Other income	**98,382**	117,670
Profit before taxation	**1,908,819**	1,165,879
Profit after taxation	**1,452,391**	876,057
Profit after taxation percentage	**16.1%**	11.5%

This report is to be submitted to the members at the 50th Annual General Meeting of the holding company to be held on October 29, 2015.

Operating results

We believe that the key to growth is the introduction of higher dimensions of consciousness into our awareness. Durable growth-and-income investment, delivering top-tier growth and steady margin expansion, with strong cash flow and increasing returns to shareholders is a concern of paramount importance to us.

During 2015, we made decisions and took actions that enabled us to allocate our resources in ways that enhanced shareholder value.

At the end of June 2015, the holding company reported revenue of 9.04 billion, corresponding to a growth of impressive 18.9% compared with the preceding year. The gross margins stood at 48.6% against 44.6% reported last year.

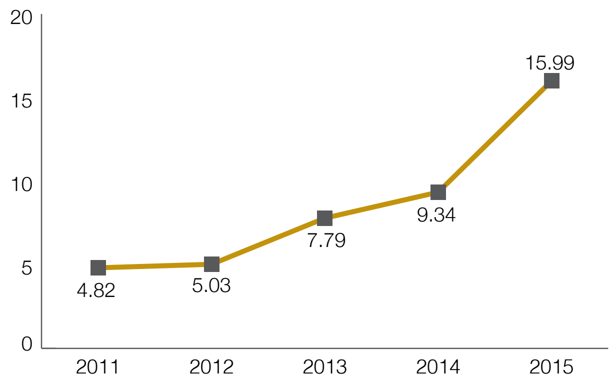
The double digit revenue growth is a result of domestic volume growth due to expanding doctor coverage coupled with the price increase made during the later part of the last year.

The operating cost as a percentage of revenue decreased to 24.6% from 26.2% reflecting tighter control over spendings.

Earnings per share

Basic earnings per share after taxation were Rs. 15.99 (2014: Rs. 9.34).

There is no dilution effect on the basic earnings per share of the holding company, as the holding company has no convertible dilutive potential ordinary shares outstanding as at June 30, 2015.



Dividend and Right Issue

The board of directors have recommended cash and stock dividend of 20%, for the year ended June 30, 2015, against the stock dividend of 40% in June 2014. Further, in addition, the board of directors have also recommended to offer 10% right shares at a premium of Rs.190 per share in proportion of 10 shares for every 100 shares held.

Financial statements and auditors

The financial statements of the holding company have been audited and approved without qualification by the auditors, Grant Thornton Anjum Rahman, Chartered Accountants [previously, Grant Thornton Anjum Asim Shahid Rahman, Chartered Accountants].

Further, the present auditors, Grant Thornton Anjum Rahman, Chartered Accountants, retired and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as Auditors of the holding company for the year ending June 30, 2016, at a fee to be mutually agreed.

Shareholding information

The holding Company's shares are traded on the Karachi Stock Exchange and Islamabad Stock Exchange. The shareholding information as of June 30, 2015 and other related information is set out on pages 157 to 160 of the Financial Report. The Directors, CEO, Company Secretary and CFO, their spouses and minor children did not carry out any trade in the shares of the holding Company except the following:

Name	Shares Purchased	Shares Disposed
Mrs. Shakila Rashid	294,000	291,500
Mr. Shahid Abdulla	139,900	-

Product innovation

We believe that, beyond innovation, we hold a wider responsibility to 'act vigilantly,' by acting with integrity, complying with national laws, respecting human rights, applying fair labour norms, protecting the environment, and working against corruption to prevent harm to people, communities and future generations.

We are actively engaged in innovating products, so as to ensure a balanced business for the future, augmenting shareholders value and providing affordable healthcare solutions to the patients. The group is continuously exploring new ways of doing business through identification of new channels and geographies for business expansion and external alliances and partnerships.

Product quality

We believe, the main responsibility for ensuring public health does not only lie with governments and national institutions. We also have the duty to respect, protect and fulfill the right to health progressively, within every possible means. We should do our best to ensure availability, accessibility, acceptability and quality of health services – including reforming current healthcare systems to positively impact the health of the poor.

We are committed to our duty towards safeguarding the patient's well-being, by assuring that all operations associated with the manufacture of a medicinal product are of a standard that assures the patient's expectations of safety and efficacy. Our products carry a promise of Quality and we take issues related to the quality of our products very seriously.

Pharmaceutical industry is a vital segment of health care system bearing many inherent risks. In line with the above philosophy, we recognise that any mistake in product design or production can be severe, even fatal, therefore, the maintenance of quality with continuous improvement is our utmost priority and moral responsibility.

Corporate and social responsibility

Goodness is the only investment that never fails. Creating a strong business and building a better world are not conflicting goals – they are both essential ingredients for long-term success.

At Searle, our aim has always been to make useful contributions to the economy we operate in. One of the primary areas of focus has been the creation of employment opportunities to support a large industrial and sales workforce. The group operates in a socially responsible manner. Accordingly, the CSR program has a very wide scope encompassing initiatives in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities.

Occupational health and safety

We believe, at the end of the day, the goals are simple, safety and security. All workers have the right to return home each

Directors' Report to the Shareholders

day safe and sound. We at Searle, recognise the importance of safe and secure environment and consider it our duty to ensure that people who work for us know how to work safely and without risks to health and to develop a positive health and safety culture.

The health and safety of our employees and visitors is a matter of high priority for us. Therefore, hazards associated with operations are continuously identified, assessed and managed to eliminate or reduce risks.

Information technology

IIn line with our continuous endeavours to regularly upgrade information systems we continued with our policy to invest more and more in information technology (IT) and to upgrade related infrastructure, thereby continuously improving and enhancing both qualitative and quantitative aspects of management reporting including decision making processes.

The coming major investment which we have planned is the implementation of most powerful business management system 'SAP'. The said investment is being carried out to cater the growing business needs of the group.

Website

All our stakeholders and general public can visit our 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 2015, 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 holding company also maintains a full record of all such transactions, along with the terms and conditions. For further details please refer note 42 to the consolidated financial statements.

Compliance with the Code of Corporate Governance

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

Directors' training program

Board of directors training helps the board fulfil its role and make a real difference to a company's performance. It takes a practical and pragmatic approach – because every board has a unique role in company oversight including duty to stakeholders. Therefore, keeping the same in mind and the requirements of the code two Directors namely Mr. Asad Abdulla and Mr. S. Nadeem Ahmed attended the directors' training program conducted by Institute of Chartered Accountants of Pakistan during the year.

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.

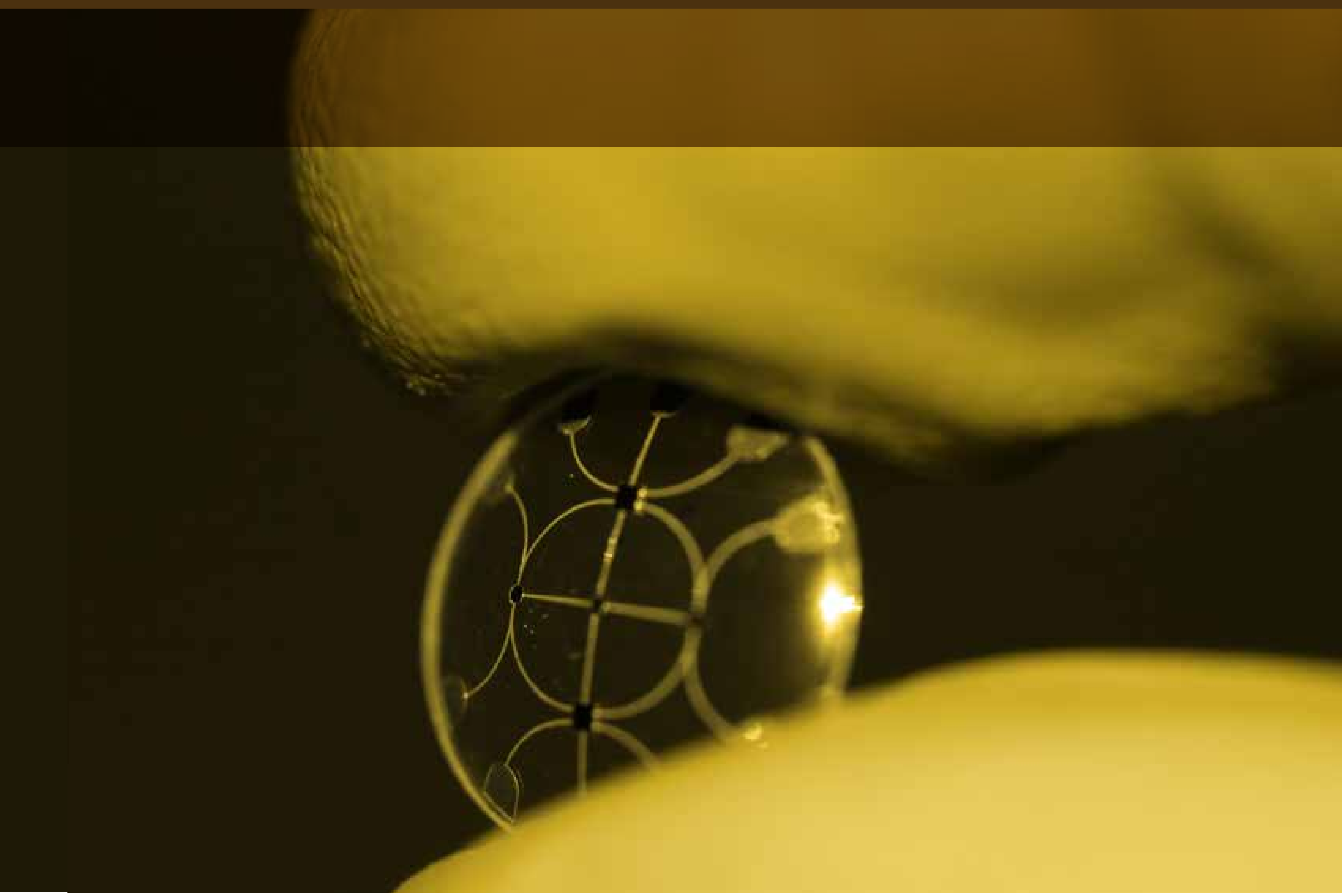
Corporate and financial reporting framework

- The consolidated financial statements, prepared by the management of the holding Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the holding Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the consolidated financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The holding Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.
- There are no significant doubts upon the holding Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

- There has been no departure from the best practices of transfer pricing.
- The key operating and financial data for the six years is tabulated as follows:

	2015	2014	2013	2012	2011	2010
ASSETS EMPLOYED						
Property, plant and equipment	**688,354**	560,152	584,168	2,672,448	837,385	740,548
Intangible assets	**39,845**	47,782	74,071	86,570	104,352	69,445
Investment property	**2,614,906**	2,516,865	2,312,986	120,952	-	-
Long-term investment	**187,792**	124,500	-	-	-	-
Long-term loans, deposits & prepayments	**100,300**	2,476	7,212	7,273	7,953	7,872
Net current assets	**2,397,902**	1,342,194	1,030,267	580,193	1,181,693	988,979
Total assets employed	**6,029,099**	4,593,969	4,008,704	3,467,436	2,131,383	1,806,844
FINANCED BY						
Issued, subscribed and paid-up capital	**858,407**	613,148	471,652	336,895	306,268	306,268
Reserves and Unappropriated profit	**3,842,263**	2,800,929	2,221,285	1,703,731	1,393,115	1,051,237
Shareholder's equity	**4,700,670**	3,414,077	2,692,937	2,040,626	1,699,383	1,357,505
Non-controlling interest	**318,627**	260,847	201,428	176,119	146,818	124,060
Surplus on revaluation of fixed assets	**296,961**	168,163	185,020	201,589	179,901	207,484
Long-term and deferred liabilities	**712,841**	750,882	929,319	1,049,102	105,281	117,795
Total capital employed	**6,029,099**	4,593,969	4,008,704	3,467,436	2,131,383	1,806,844
Turnover	**9,048,041**	7,608,594	6,013,544	5,659,437	4,876,869	4,176,468
Profit before tax	**1,908,819**	1,165,879	981,603	620,703	563,397	557,427
Profit after tax	**1,452,391**	876,057	719,066	431,751	413,573	366,159
% of turnover	**16.05**	11.51	11.96	7.63	8.48	8.77
% of capital employed	**24.09**	19.07	17.94	12.45	19.40	20.27
Dividends						
Cash (%)	**20**	-	35	35	40	30
Stock (%)	**20**	40	45	40	10	-

Biotechnology is also increasingly used in healthcare research, in combination with medical devices and surgical methods.

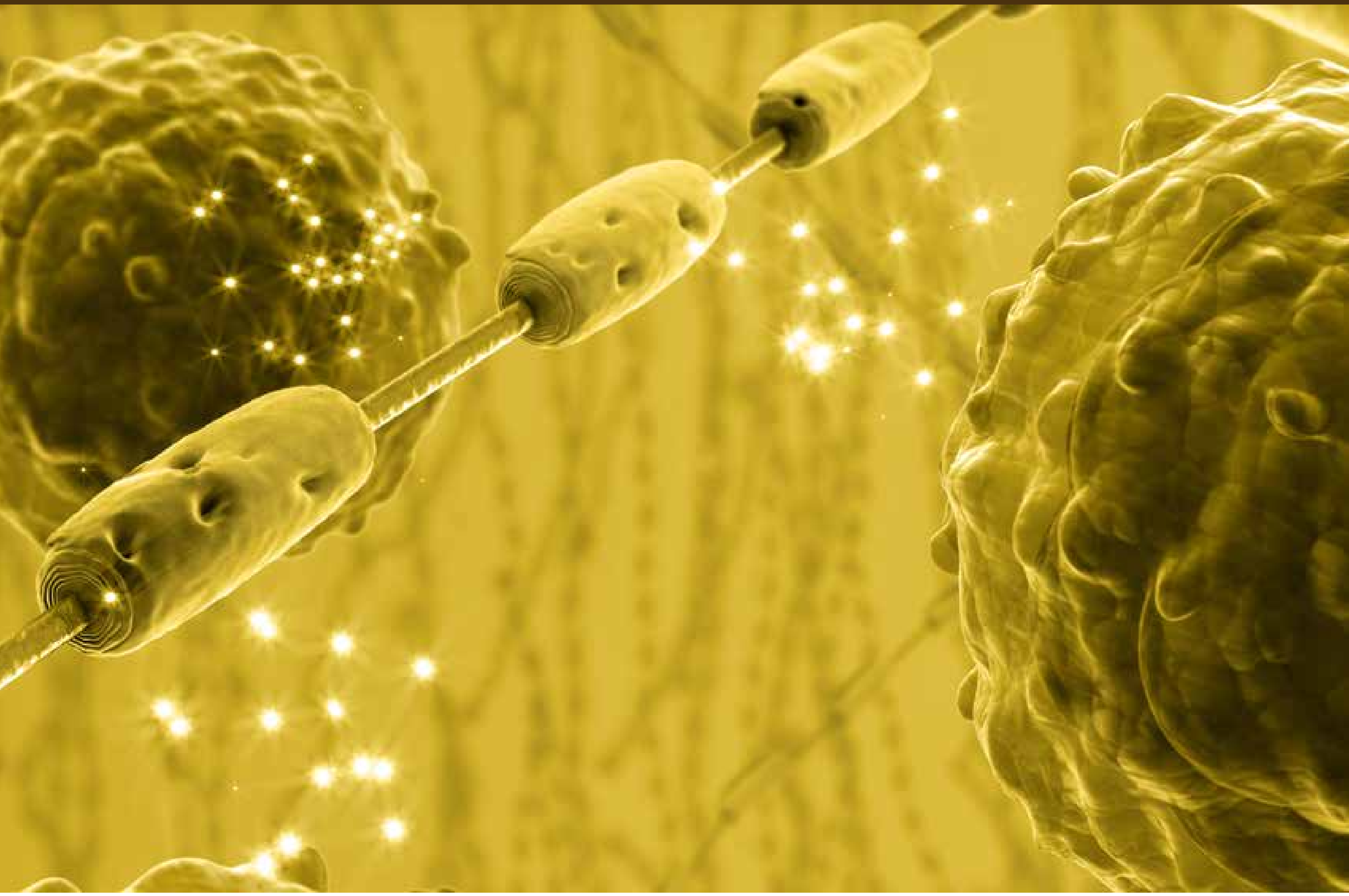


SEARLE

Years of Excellence in Healthcare

The Searle Company Limited

THE FUTURE OF MEDICINE



Directors' Report to the Shareholders

Audit committee

The Committee comprises of three non-executive directors. During the year, four meetings of audit committee were held, the details of which are as follows:

Name of director	Meetings attended
Mr. Husain Lawai	3
Mr. Asad Abdulla	4
Mr. S. Nadeem Ahmed	4

Meetings of the board of directors

During the year, five meetings of the Board of Directors were held as follows:

Name of director	Meetings attended
Mr. Rashid Abdulla	5
Mr. S. Nadeem Ahmed	5
Mr. Zubair Palwala	5
Mr. Munis Abdullah	2
Mr. Asad Abdulla	5
Mr. Ayaz Abdulla	5
Mr. Adnan Asdar Ali	4
Mr. Husain Lawai	4
Mrs. Faiza Naeem	4

During the year Mr. Shahid Abdulla was appointed on the board in place of Mr. Munis Abdulla, however, he did not attended any meeting.

Human resource and remuneration committee

The Committee comprises of following three members, two of them are non-executive Directors including the Chairman of the Committee.

Mr. Asad Abdulla - Chairman
Mr. Rashid Abdulla
Mr. Ayaz Abdulla

Subsequent events

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

Value of investments of provident funds

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2015 and June 30, 2014 respectively was as follows:

	2015	2014
	PKR in thousand	
Provident Fund	**432,332**	246,348

Future outlook

The future outlook of the market is pretty much bright owing to changing macroeconomic and socioeconomic indicators. The recent drive by authorities, to improve and tighten regulation on Pharmaceutical manufacturing and marketing, is expected to clean the market of many substandard and spurious drugs and in process improve the confidence of Physicians and Patients. In totality the market will gain its lost share and growth as many spurious drugs and counterfeit are being apprehended and substandard manufacturers being fined. Searle is regarded very high on its commitment to premium quality, unmatched efficacy and its Socially Responsible Stance evident by many of project heavily funded by Searle.

We are in almost all high-density therapeutic avenues such as Cardiovascular, Diabetes, Orthopedics, Neurology, and Pediatrics and are constantly increasing our presence in other therapeutic areas such as Antibiotics, Gastroenterology, Pulmonology, Virology and Oncology.

Developments in medical technology have long been confined to procedural or pharmaceutical advances, while neglecting a most basic and essential component of medicine: patient information management. Searle is also continuously developing and educating its sales force to ensure the same.

Support to different NGOs and contribution in unforeseen calamities will continue as a regular commitment to the nation of Pakistan.

We must become bigger than we have been: more courageous, greater in spirit, larger in outlook. We are more confident than ever that Searle is well placed to succeed in emerging markets. Searle is planning to align with global trends including an ongoing population growth, rising demand of generic branded pharmaceuticals and nutritional products. Searle will aggressively focus on the global market and will primarily focus to expand the business operation in existing export countries while looking to penetrate into new countries as well.

The company sees huge potential for the infusion business therefore we are planning to expand its current production capacity and by diversification into a portfolio of IV sets and accessories.

Globally there is a significant shift in R&D from conventional pharmaceutical to Biotechnology product. So as in Pakistan, we having a purpose built, FDA complaint state of art manufacturing facility in which we intent to produce biological products for Oncology, Rheumatology, Nephrology & Virology for local & international markets.

When people are emotionally motivated, they contribute and same is the case with all our employees, partners, suppliers and customers, for which we are thankful and expect the same zeal and zest for their contribution in future.

For and on behalf of the board

Karachi:
September 30, 2015

Rashid Abdulla
Chief Executive Officer

Biotech medicines are estimated to account for approximately 20% of all marketed medicines and represent 50% of all medicines in the pipeline.

SEARLE

50 Years of Excellence in Healthcare

The Searle Company Limited

THE FUTURE OF MEDICINE

Our Products

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

SPL enjoys the category championship in wide range of products.

HYDRYLLIN
No. 1 cough syrup for everyone

CO-OLESTA
More than 70% of patients achieved their BP goal

SELANZ SR
Sustained and fine one for nine

NUBEROL/NUBEROL FORTE
A powerful and effective analgesic, muscle relaxant

LEVOXIN

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

ADRONIL

The number one prescribed Ibandronate in Pakistan

BYSCARD

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

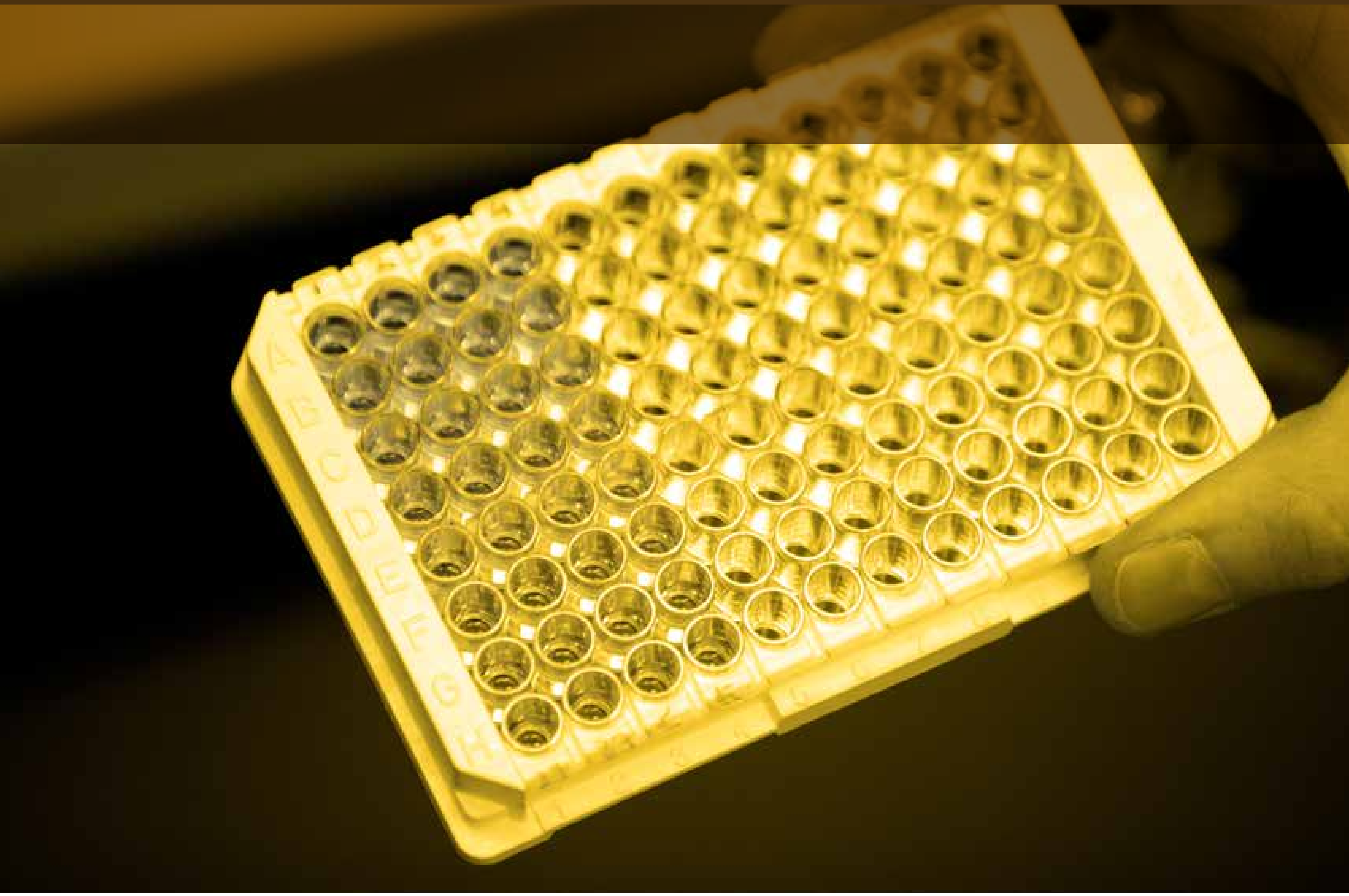
EZIUM

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

EXTOR

Effective way to control blood pressure

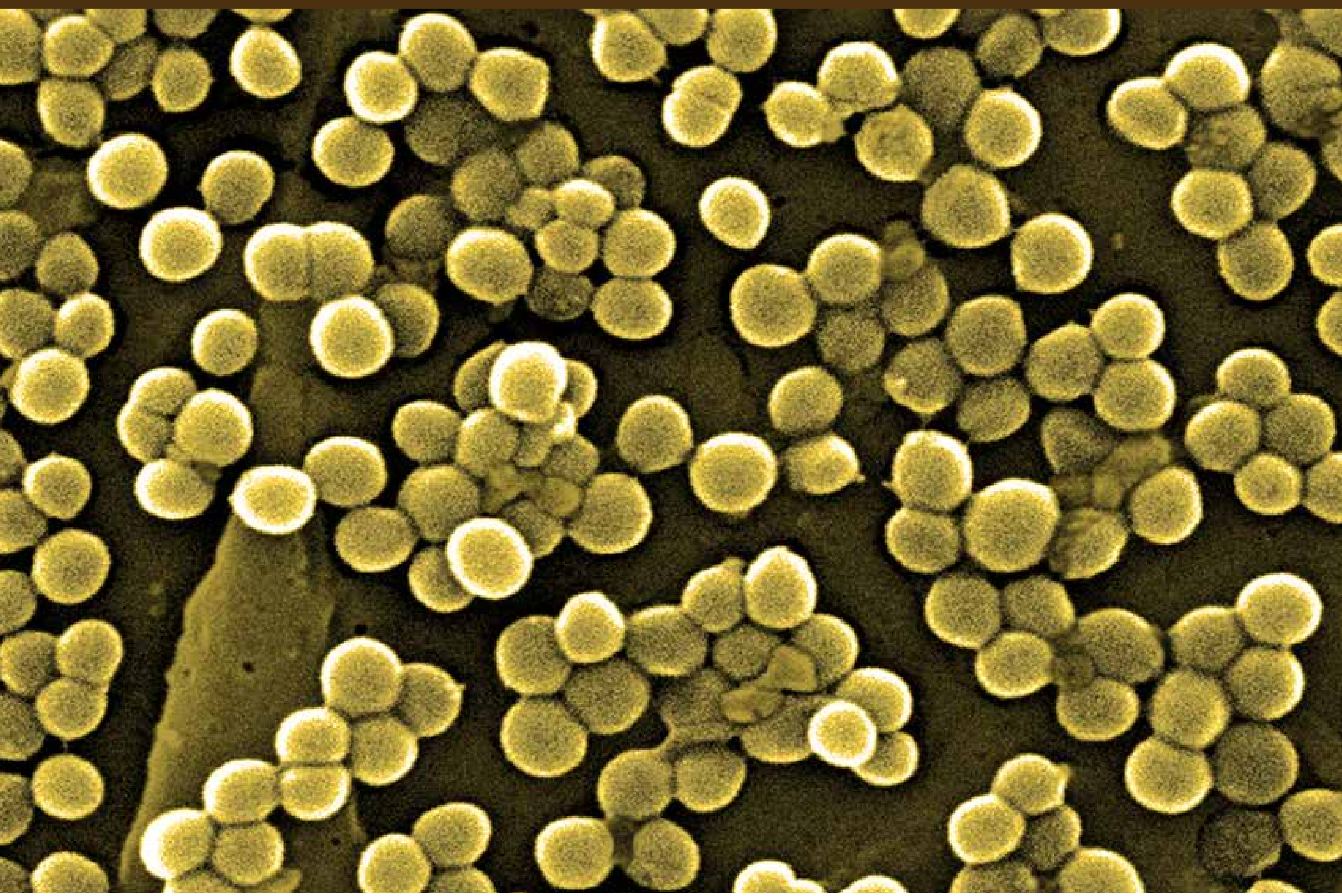
Increasingly, diagnostic test kits and diagnostic services are using biotech methods and reagents.



SEARLE

50 Years of Excellence in Healthcare
The Searle Company Limited

THE FUTURE OF MEDICINE

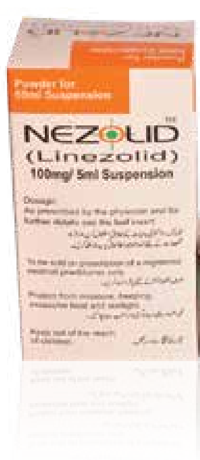


XADINE
Truly non-sedative anti-allergic

ZENBAR
First line management for diabetic
peripheral neuropathic pain

TEFNO
Infection control is in your hand

MORCET
Effective way to manage anxiety
and depression



NEZOLID
An advanced solution for
gram-positive infections

SPIROMIDE
No. 1 cardio-protective
diuretic in Pakistan

SUSTAC

No. 1 nitrate with sustained release technology

VENTEK

Be in better control

ROTEC

The NSAID with enhanced GI safety

GRAVINATE

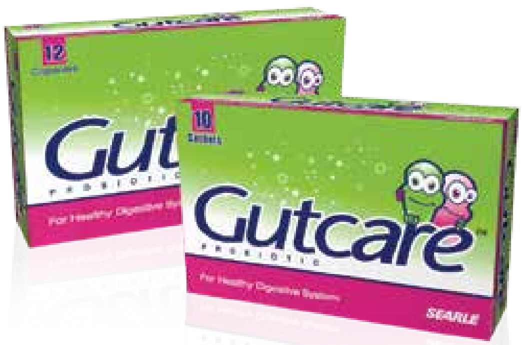
Trusted & time tested anti-emetic

TRAMAL - The Original Tramadol

No. 1 non-narcotic pain reliever in Pakistan

LUMARK

Mark the change in epilepsy management



GUTCARE
Protect moments naturally

RHULEF
An effective DMARD for rheumatoid arthritis

LOMOTIL
Leading Antidiarrheal

XAROBAN
Go with the flow safely

RANCARD XR
Innovative metabolic approach for the management of angina

VITRUM

Best combination Multi-Vitamin and Multi-Minerals

PEDITRAL

The most trusted ORS of Pakistan

CANDEREL

Sugar that suits everyone

SEARLE NUTRITION

Where good health begins

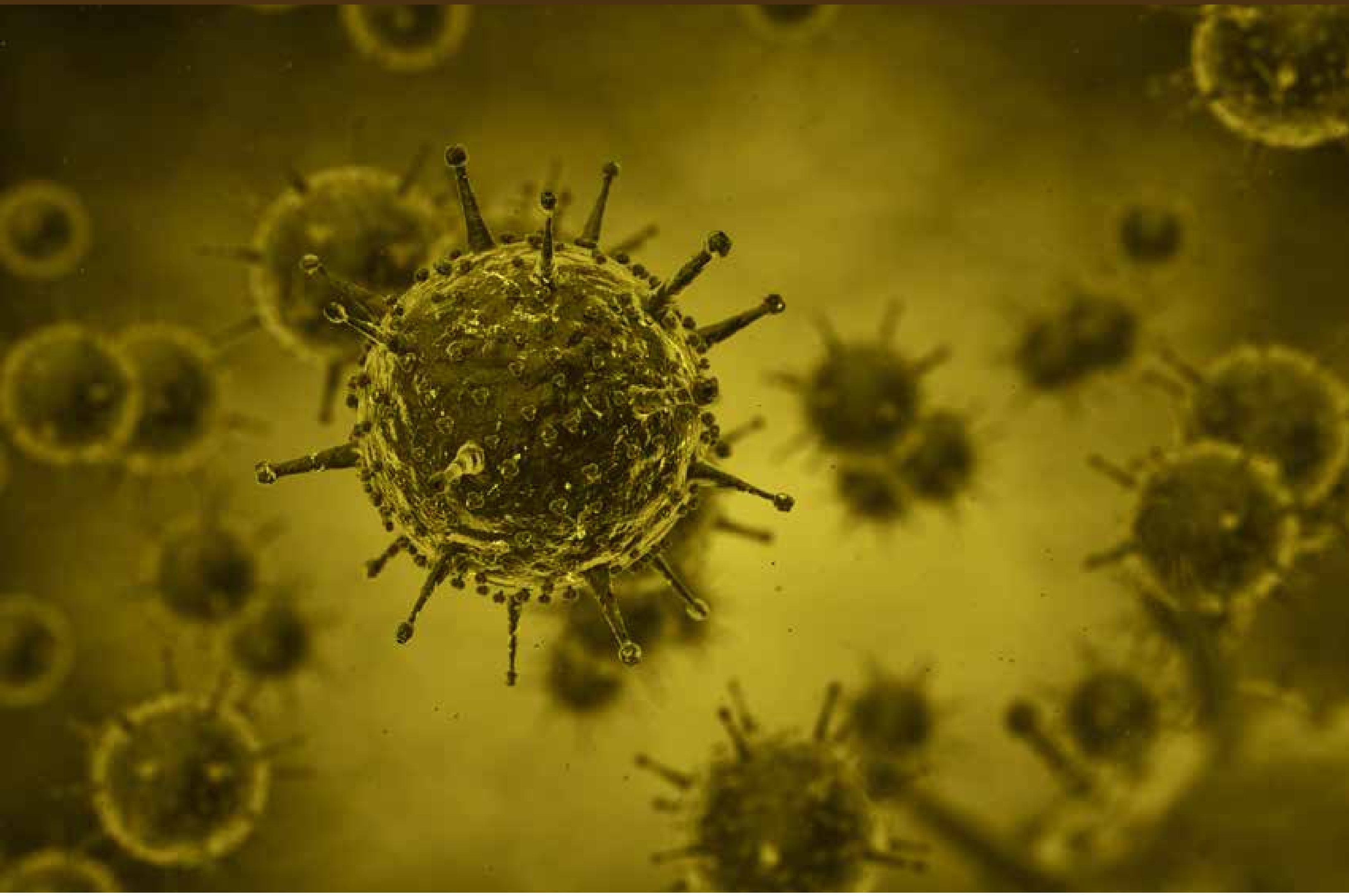
Biotechnology has a major impact on the provision of safe and effective vaccines against infectious diseases.

SEARLE

50 Years of Excellence in Healthcare

The Searle Company Limited

THE FUTURE OF MEDICINE



Statement Of Compliance With The Code Of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulations of Karachi and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of non-executive directors on its board of directors. At present the board includes:

Category	Names
Independent Directors :	Mr. Husain Lawai
Executive Directors:	Mr. Rashid Abdulla
	Mr. Zubair Palwala
	Mr. Ayaz Abdulla
Non-Executive Directors :	Mr. Adnan Asdar Ali
	Mr. S. Nadeem Ahmed
	Mr. Asad Abdulla
	Mr. Shahid Abdullah
	Mrs. Faiza Naeem

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancy occurred in the Board during the year was filled within the prescribed time.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged training programs for its directors during the year.

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the board.

13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of three members, all are non-executive directors and the Chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been

formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises of three members, two of them are non-executive directors including the Chairman of the committee.

18. The board has outsourced the internal audit function to BDO Ebrahim & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Rashid Abdulla
Chief Executive Officer

Dated: September 30, 2015

GRANT THORNTON ANJUM RAHMAN
1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

T +92 021 3567 2951-56
F +92 021 3568 8834
www.gtpak.com

Review Report to the Members on Statement of Compliance of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2015 prepared by the board of directors of The Searle Company Limited (the Company) to comply with the requirements of Listing Regulation No. 35 Chapter XI of The Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Grant Thornton Anjum Rahman

Karachi.
Date: September 30, 2015

Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq-ur-Rahman

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad & Lahore

Grant Thornton
An instinct for growth™

GRANT THORNTON ANJUM RAHMAN
1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

T +92 021 3567 2951-56
F +92 021 3568 8834
www.gtpak.com

Independent Auditors' Report on Consolidated Financial Statements to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of The Searle Company Limited (the Holding Company) and its subsidiary companies IBL HealthCare Limited, Searle Pharmaceuticals (Private) Limited, Searle Laboratories (Private) Limited and Searle Biosciences (Private) Limited (the subsidiaries) as at June 30, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company and its subsidiary company IBL HealthCare Limited. Searle Pharmaceuticals (Private) Limited, Searle Laboratories (Private) Limited and Searle Biosciences (Private) Limited were audited by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies are based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at June 30, 2015 and the results of their operations for the year then ended.

Grant Thornton Anjum Rahman

Karachi.
Date: September 30, 2015

Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq-ur-Rahman

Consolidated Balance Sheet

As at June 30, 2015

	Note	2015	2014
		--------- (Rupees in '000) ---------	
ASSETS			
Non-current assets			
Fixed assets			
- Property, plant and equipment	6	688,354	560,152
- Intangible assets	7	39,845	47,782
		728,199	607,934
Investment properties	8	2,614,906	2,516,865
Long term investment	9	187,792	124,500
Long term loans	10	98,702	878
Long term deposits	11	1,598	1,598
Total non-current assets		3,631,197	3,251,775
Current assets			
Stores and spares		1,004	1,004
Stock-in-trade	12	1,221,235	1,012,255
Trade debts	13	2,434,515	1,702,218
Loans and advances	14	314,660	191,546
Trade deposits and short-term prepayments	15	111,031	91,257
Other receivables	16	205,761	63,928
Short term investment	17	126,929	41,042
Advance tax		180,770	196,600
Cash and bank balances	18	152,876	106,799
Total current assets		4,748,781	3,406,649
Total assets		8,379,978	6,658,424
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorized share capital			
140,000,000 (2014: 70,000,000) ordinary shares of Rs. 10 each		1,400,000	700,000
Issued, subscribed and paid-up share capital	19	858,407	613,148
General reserve		280,251	280,251
Unappropriated profit		3,562,012	2,520,678
Equity attributable to the Holding Company's shareholders		4,700,670	3,414,077
Non controlling interest		318,627	260,847
Total equity		5,019,297	3,674,924
Surplus on revaluation of fixed assets	20	296,961	168,163
Non-current liabilities			
Long term finances - secured	21	642,857	675,000
Deferred liabilities	22	69,984	75,882
Total non-current liabilities		712,841	750,882
Current liabilities			
Current portion of long term finances	21	107,143	150,000
Short-term finances	23	682,334	795,882
Trade and other payables	24	1,546,745	1,082,621
Accrued mark-up	25	14,657	35,952
Total current liabilities		2,350,879	2,064,455
Total liabilities		3,063,720	2,815,337
Contingencies and commitments	26		
Total shareholders' equity and liabilities		8,379,978	6,658,424

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Consolidated Profit and Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		------- Rupees in '000 -------	
NET SALES	27	9,048,041	7,608,594
COST OF SALES	28	4,645,151	4,215,087
GROSS PROFIT		4,402,890	3,393,507
Selling and distribution expenses	29	1,965,775	1,732,102
Administrative expenses	30	261,235	262,034
		2,227,010	1,994,136
OPERATING PROFIT	31	2,175,880	1,399,371
Other income	32	98,382	117,670
		2,274,262	1,517,041
Other expenses	33	171,969	134,978
Share of loss from associate		1,183	-
Finance cost	34	192,291	216,184
		365,443	351,162
PROFIT BEFORE INCOME TAX		1,908,819	1,165,879
Income tax expense	35	456,428	289,822
PROFIT FOR THE YEAR		1,452,391	876,057
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Holding Company		1,372,837	801,638
Non-controlling interest		79,554	74,419
		1,452,391	876,057

	Note	2015	(Re-stated) 2014
		------- Rupees -------	
EARNINGS PER SHARE - BASIC AND DILUTED	36	15.99	9.34

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Consolidated Statement of Comprehensive Income For the year ended June 30, 2015

	Note	2015	2014
		------- Rupees in '000 -------	
PROFIT FOR THE YEAR		1,452,391	876,057
Other comprehensive (loss)/income			
Items that may be reclassified to profit and loss account subsequently			
Items that will not be reclassified subsequently to profit or loss account			
Remeasurement of defined benefit obligations	37.1.4	(1,802)	(3,025)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,450,589	873,032
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Holding Company		1,371,035	798,613
Non-controlling interest		79,554	74,419
		1,450,589	873,032

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2015

	Note	2015	2014
		------- Rupees in '000 -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	38	1,309,086	1,024,663
Gratuity paid		(1,421)	(147,133)
Taxes paid		(452,803)	(528,820)
Net cash generated from operating activities		854,862	348,710
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6.1	(62,376)	(87,674)
Proceeds from disposal of property, plant and equipment	6.5	27,845	108,408
Additions to capital work in progress - net	6.7	(1,136)	(4,915)
Purchase of intangible assets	7	(2,820)	(263)
Expenditures incurred on investment property	8.2	(122,991)	(203,879)
Long-term investments made in associate	9	(63,975)	(125,000)
Acquisition of non-controlling interest		(94,716)	-
Mark-up received from associated company	16	1,650	52,531
Purchase of short-term investments	17	(85,871)	(41,000)
Net cash used in investing activities		(404,390)	(301,792)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease rentals paid		-	(4,975)
Long-term finance paid		(75,000)	(141,667)
Dividends paid to shareholders of the Holding Company		(162)	(89,832)
Dividends paid to non-controlling interest		(11,500)	(15,000)
Finance charges paid		(204,185)	(193,658)
Net cash used in financing activities		(290,847)	(445,132)
Net (decrease)/increase in cash and cash equivalents		159,625	(398,214)
Cash and cash equivalents at the beginning of the year		(689,083)	(290,869)
Cash and cash equivalents at the end of the year	39	(529,458)	(689,083)

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Consolidated Statement of Changes in Equity For the year ended June 30, 2015

	Note		Capital Reserve	Revenue Reserve					
		Share capital	Reserve for issue of bonus shares	General reserve	Total reserves	Unappropriated profit	Equity attributable to the Holding Company's shareholders	Non controlling interest	Total equity
		---------- Rupees in '000 ----------							
Balance as at July 1, 2013		471,652	-	280,251	280,251	1,941,034	2,692,937	201,428	2,894,365
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	20.1	-	-	-	-	16,857	16,857	-	16,857
Profit for the year		-	-	-	-	801,638	801,638	74,419	876,057
Other comprehensive income		-	-	-	-	(3,025)	(3,025)	-	(3,025)
		-	-	-	-	798,613	798,613	74,419	873,032
Transactions with owners									
Distributions to owners of the company									
Transfer to reserve for issue of bonus shares		-	141,496	-	141,496	(141,496)	-	-	-
Bonus shares issued @ 30% in the ratio of 30 shares for every 100 shares held		141,496	(141,496)	-	(141,496)	-	-	-	-
Cash dividend paid for the year ended June 30, 2013 @ Rs. 2 per share (Holding Company)		-	-	-	-	(94,330)	(94,330)		(94,330)
Cash dividend paid for the year ended June 30, 2013 @ Rs. 1.5 per share (subsidiary company)		-	-	-	-	-	-	(15,000)	(15,000)
		141,496	-	-	-	(235,826)	(94,330)	(15,000)	(109,330)
Balance as at June 30, 2014		613,148	-	280,251	280,251	2,520,678	3,414,077	260,847	3,674,924
Balance as at July 1, 2014		613,148	-	280,251	280,251	2,520,678	3,414,077	260,847	3,674,924
Profit for the year		-	-	-	-	1,372,837	1,372,837	79,554	1,452,391
Other comprehensive income		-	-	-	-	(1,802)	(1,802)	-	(1,802)
		-	-	-	-	1,371,035	1,371,035	79,554	1,450,589
Transactions with owners									
Distributions to owners of the company									
Transfer to reserve for issue of bonus shares		-	245,259	-	245,259	(245,259)	-	-	-
Bonus shares issued @ 40% in the ratio of 40 shares for every 100 shares held		245,259	(245,259)	-	(245,259)	-	-	-	-
Cash dividend paid for the year ended June 30, 2014 @ Rs. 1 per share (subsidiary company)		-	-	-	-	-	-	(11,500)	(11,500)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interest without a change in control		-	-	-	-	(84,442)	(84,442)	(10,274)	(94,716)
		245,259	-	-	-	(329,701)	(84,442)	(21,774)	(106,216)
Balance as at June 30, 2015		858,407	-	280,251	280,251	3,562,012	4,700,670	318,627	5,019,297

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Consolidated Statement of Changes in Equity For the year ended June 30, 2015

	Note		Capital Reserve	Revenue Reserve					
		Share capital	Reserve for issue of bonus shares	General reserve	Total reserves	Unappropriated profit	Equity attributable to the Holding Company's shareholders	Non controlling interest	Total equity
		Rupees in '000							
Balance as at July 1, 2013		471,652	-	280,251	280,251	1,941,034	2,692,937	201,428	2,869,365
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	20.1	-	-	-	-	16,857	16,857	-	16,857
Profit for the year		-	-	-	-	801,638	801,638	74,419	876,057
Other comprehensive income		-	-	-	-	(3,025)	(3,025)	-	(3,025)
		-	-	-	-	798,613	798,613	74,419	873,032
Transactions with owners									
Distributions to owners of the company									
Transfer to reserve for issue of bonus shares		-	141,496	-	141,496	(141,496)	-	-	-
Bonus shares issued @ 30% in the ratio of 30 shares for every 100 shares held		141,496	(141,496)	-	(141,496)	-	-	-	-
Cash dividend paid for the year ended June 30, 2013 @ Rs. 2 per share (Holding Company)		-	-	-	-	(94,330)	(94,330)		(94,330)
Cash dividend paid for the year ended June 30, 2013 @ Rs. 1.5 per share (subsidiary company)		-	-	-	-	-	-	(15,000)	(15,000)
		141,496	-	-	-	(235,826)	(94,330)	(15,000)	(109,330)
Balance as at June 30, 2014		613,148	-	280,251	280,251	2,520,678	3,414,077	260,847	3,649,924
Balance as at July 1, 2014		613,148	-	280,251	280,251	2,520,678	3,414,077	260,847	3,649,924
Profit for the year		-	-	-	-	1,372,837	1,372,837	79,554	1,452,391
Other comprehensive income		-	-	-	-	(1,802)	(1,802)	-	(1,802)
		-	-	-	-	1,371,035	1,371,035	79,554	1,450,589
Transactions with owners									
Distributions to owners of the company									
Transfer to reserve for issue of bonus shares		-	245,259	-	245,259	(245,259)	-	-	-
Bonus shares issued @ 40% in the ratio of 40 shares for every 100 shares held		245,259	(245,259)	-	(245,259)	-	-	-	-
Cash dividend paid for the year ended June 30, 2014 @ Rs. 1 per share (subsidiary company)		-	-	-	-	-	-	(11,500)	(11,500)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interest without a change in control		-	-	-	-	(84,442)	(84,442)	(10,274)	(94,716)
		245,259	-	-	-	(329,701)	(84,442)	(21,774)	(106,216)
Balance as at June 30, 2015		858,407	-	280,251	280,251	3,562,012	4,700,670	318,627	4,994,297

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Notes to the Consolidated Financial Statements For the year ended June 30, 2015

1 LEGAL STATUS AND OPERATIONS

The 'Group' consist of:

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

Subsidiary companies
- IBL HealthCare Limited
- Searle Pharmaceuticals (Private) Limited
- Searle Laboratories (Private) Limited
- Searle Biosciences (Private) Limited

Associated companies
- Nextar Pharma (Private) Limited

International Brands Limited is the 'ultimate holding company' as it holds 55.31% of the total paid-up share capital of the Holding Company.

The Group is engaged in manufacture and sale of pharmaceutical items, food and consumer items, manufacture of pharmaceutical items for other companies and marketing, selling and distribution of other healthcare products. Brief profile of the Holding Company and subsidiaries is as under:

a) The Searle Company Limited

The Holding Company was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Holding Company was converted to a public limited company. Its shares are quoted on the Karachi and Islamabad stock exchanges. The Holding Company is principally engaged in the manufacture of pharmaceutical products and other consumer products. In addition, the Holding Company is engaged in sale of food and consumer products, and manufacture of pharmaceutical products for other companies. The registered office of the Holding Company is situated at First Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

b) IBL HealthCare Limited

IBL HealthCare (Private) Limited was incorporated in Pakistan as a private limited company on July 14, 1997. In November 2008 the subsidiary company was converted to a public limited company and its shares were listed on Karachi Stock Exchange. The address of its registered office is 9th Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi. The principal business activities of the subsidiary are marketing, selling and distribution of healthcare products.

c) Searle Pharmaceuticals (Private) Limited

Searle Pharmaceuticals (Private) Limited was incorporated in Pakistan as a private limited company on December 18, 2012. The address of its registered office is 1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi. The principal business activity of the subsidiary is manufacturing of pharmaceutical products.

d) Searle Laboratories (Private) Limited

Searle Laboratories (Private) Limited was incorporated in Pakistan as a private limited company on December 26, 2012. The address of its registered office is 1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi. The principal business activity of the subsidiary is manufacturing of pharmaceutical products.

e) Searle Biosciences (Private) Limited

Searle Biosciences (Private) Limited was incorporated in Pakistan as a private limited company during the year on August 7, 2013. The address of its registered office is 1st Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi. The principal business activity of the subsidiary is manufacturing of pharmaceutical products.

2 BASIS OF CONSOLIDATION

The consolidated financial statements includes the financial statements of Holding Company and its subsidiaries comprising together 'the group'.

Subsidiaries

a) IBL HealthCare Limited

The Holding company can directly or indirectly exercise control over IBL HealthCare Limited, as it has significant representation in Board of directors of, and 51.97% shareholding in, IBL HealthCare Limited.

b) Searle Pharmaceuticals (Private) Limited, Searle Laboratories (Private) Limited and Searle Biosciences (Private) Limited

The Holding Company can directly exercise control over Searle Pharmaceuticals (Private) Limited, Searle Laboratories (Private) Limited and Searle Biosciences (Private) Limited as these are 100% owned by the Holding Company.

The financial statements of the subsidiaries are prepared for the same reporting year as the financial statements of the Holding Company, using consistent accounting policies.

The consolidated financial statements comprise financial statements of the Group. The assets and liabilities of the subsidiary companies have been consolidated on a line by line basis and the carrying values of the investments held by the Holding Company have been eliminated against corresponding holding in subsidiaries' shareholders' equity in the consolidated financial statements. All intra-group transactions, balances, income and expenses have been eliminated.

Non-controlling interests, presented as part of total equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Holding Company and the non-controlling interests based on their respective ownership interests.

Associates

The Group is able to exert significant influence over the 27.2% (2014: 21.78%) owned Nextar Pharma (Private) Limited (NPL). NPL has not commenced operations as of the reporting date. Management has assessed its involvement in NPL in accordance with IFRSs, and has concluded that it has significant influence but not outright control. In making its judgement, management considered the Group's voting rights, the relative size and dispersion of the voting rights held by other shareholders and the extent of recent participation by those shareholders in general meetings. Recent experience demonstrates that other shareholders participate such that they prevent the Group from having the practical ability to direct the relevant activities of NPL unilaterally.

Notes to the Consolidated Financial Statements For the year ended June 30, 2015

3 STATEMENT OF COMPLIANCE

3.1 These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3.2 STANDARDS, INTERPRETATION AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.2.1 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

Amendments, improvements of standards and interpretations	Effective date
IAS 19 - Employee Contributions (Amendments to IAS 19)	July 1, 2014
Annual Improvements to IFRSs 2011 - 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2010 - 2012 Cycle	July 1, 2014
IAS 36 - Recoverable amount Disclosures for non - financial assets (Amendments to IAS 36)	July 1, 2014
IFRIC 21 - Levies	January 1, 2014
IAS 32 - Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	January 1, 2014

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2014 and June 30, 2015.

3.2.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

3.2.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Amendments, improvements of standards and interpretations	Effective date
IAS 1 - Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)	January 1, 2016
Annual Improvements to IFRS 2012 - 2014 Cycle	January 1, 2016
IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	January 1, 2016
IFRS 13 - Fair Value Measurement	January 1, 2015

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

3.2.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP).

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2017
IFRS 9 - Financial Instruments (2014)	January 1, 2018

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

These consolidated financial statements have been prepared under the 'historical cost convention' except for revaluation of certain assets at fair value and recognition of certain retirement benefits at present value.

These consolidated financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

4.2 Use of critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these consolidated financial statements relate to the following:

		Note
a)	Staff retirement benefits	5.3.1
b)	Taxation	5.4
c)	Useful life of depreciable and amortizable assets	5.6 & 5.7
d)	Revaluation of assets	5.6.3
e)	Estimates of recoverable amounts of inventories	5.11
f)	Impairment in loans and receivables	5.12
g)	Provisions, contingent assets and contingent liabilities	5.17
h)	Impairment in non-financial assets	5.18

The determination of carrying amount of staff retirement benefits that are defined benefit plans requires actuarial assumptions and estimates about financial variables such as future salary increases, and demographic variables such as employee turnover, mortality rates, etc. The Group employs services of professional actuaries to make such estimates and assumptions using actuarial techniques.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

5.1 Business combinations and investments in associates

5.1.1 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement, if any. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

5.1.2 Investments in associate

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates are accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities.

5.2 Loans and finances

These are initially recognized at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are recognized at amortized cost using the effective interest method.

5.3 Staff retirement benefits

5.3.1 Defined benefit plans (also refer note 37)

Gratuity scheme (un-funded)

The Group operates an unfunded gratuity scheme covering all unionized employees with five or more years of service with the Holding Company, The Searle Company Limited. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2015 using the projected unit credit method based on the significant assumptions stated in note 37.

5.3.2 Defined contribution plan

In addition, the Group operates a recognized provident fund scheme for its employees. Equal monthly contributions are made, both by the group companies and employees, to the fund at the rate of 10% of basic salary.

5.4 Taxation

5.4.1 Current

The charge of current tax is based on taxable income at the applicable rate of taxation after taking into account available tax credits and rebates. Income for the purpose of computing current taxation is determined under the provisions of tax laws.

5.4.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. The Group takes into account the current income tax law and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the profit or loss account, except in the case of items credited or charged to other comprehensive income/equity in which case it is included in other comprehensive income/equity.

5.5 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which these are incurred.

5.6 Property, plant and equipment, depreciation and finance leases

5.6.1 Initial recognition

An item of property, plant and equipment is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

5.6.2 Leases

The Group accounts for property, plant and equipment acquired under finance leases by recording the assets and the related liability. These amounts are determined at the inception of lease, on the basis of the lower of the fair value and the present value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

5.6.3 Measurement subsequent to initial recognition

a) *Carried using revaluation model*

Building on leasehold land, plant and machinery, motor vehicles and air conditioning systems are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Leasehold land is stated at its revalued amount. Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

b) *Carried using cost model*

Property, plant and equipment other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses.

c) *Depreciation*

Depreciation on assets (other than leasehold land) is charged to income applying the straight-line method whereby the cost of an asset is written off over its useful life. Same basis and estimates for depreciation are applied to owned assets and assets acquired under finance lease.

Depreciation on additions is charged from the month during which the asset is available for use. For disposals during the year, depreciation is charged up to the end of the month preceding the month of disposal. Depreciation is charged to income or included in the cost of inventory by applying the rates mentioned in note 6.1.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain and loss on disposal of property, plant and equipment is included in income currently.

d) *Surplus on revaluation of fixed assets*

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Fixed Assets" shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. Accordingly the Group has adopted the following accounting treatment of depreciation on revalued assets, keeping in view Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets" account to accumulated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

5.6.4 Capital work in progress

Capital work-in-progress (CWIP) is stated at cost less any impairment loss. All expenditures in connection with specific assets incurred during installation and construction period are carried to CWIP. These expenditures are transferred to operating assets as and when these are available for intended use.

5.7 Intangible assets

- An intangible asset is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition of the asset. Intangible assets are subsequently stated at cost less accumulated amortization and accumulated impairment losses. Gain and loss on disposal of intangible assets is included in income currently.

- Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

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

- Amortization is calculated using the straight line method to allocate the cost of trademarks and licenses over the useful lives (3 - 15 years) by applying the rates mentioned in note 7 to the financial statements.

5.8 Investment properties

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

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

Leasehold land classified under investment properties is carried at its respective cost less 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'.

5.9 Investments

5.9.1 Investment in associated companies

Associates are all entities over which the Group 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 accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associate after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

5.9.2 Short term investment

All investments are initially recognised at the fair value of the consideration given and include transaction costs except for held for trading investments in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments.

a) *Fair value through profit or loss (FVTPL) - Held for trading*

Financial assets at FVTPL include financial assets that are either classified as held for trading (HFT) or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Investments which are acquired with the intention to trade by taking advantage of short term market/interest rate movements are considered as held for trading. Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

5.10 Stores and spares

All stores, spares and loose tools either imported or purchased locally are charged to income when consumed and are valued at cost, which is determined on a first-in-first-out basis. Spares-in-transit are valued at cost accumulated to the balance sheet date. A provision is made for any excess of book value over net realizable value.

The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spares and loose tools.

5.11 Stocks-in-trade

These are valued at the lower of cost and net realizable value except goods-in-transit which are valued at invoice price and related expenses incurred up to the balance sheet date. 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 realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

5.12 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial measurement loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment. Gains/Losses arising on remeasurement of loans and receivables are taken to the profit and loss account.

Gain or loss is also recognized in profit and loss account when loans and receivables are derecognized or impaired, and through the amortization process.

Interest free loans to employees are stated at cost and recovered in equal monthly instalments through salary of the employees.

5.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, and current and deposit account balances with banks. Running finance facilities availed by the Group, which are payable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

5.14 Foreign currencies

Transactions in foreign currencies are accounted for in rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the balance sheet date are expressed in rupees at rates of exchange prevailing on that date except where forward exchange cover has been obtained for payment of liabilities, in which case the contracted rates are applied. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange gains and losses are included in income currently.

5.15 Revenue recognition

Revenue is recognized when it is probable that 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 on the following basis:

- Sales are recorded on despatch of goods. Export sales are recorded when the goods are shipped.
- Toll manufacturing income is recognized when services are rendered.
- Dividend income, other than those from investments measured using equity method, is recognized when the Group's right of receipts is established.
- Bank profit and commission income are recognized on accrual basis.
- Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

5.16 Research and development cost

- Research cost is charged to income as and when incurred.
- Development cost is charged to income when it does not meet the criteria of capitalization as specified in IAS 38 'Intangible Assets'.

5.17 Provisions, contingent assets and contingent liabilities

Provisions are recognized in the consolidated balance sheet when the Group has a legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

5.18 Impairment

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

5.19 Financial instruments

5.19.1 Recognition

A financial instrument (financial asset or financial liability) is recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets carried on the consolidated balance sheet include cash and bank balances, investments, trade and other receivables, loans, advances and deposits.

Financial liabilities carried on the consolidated balance sheet include long term finances, liabilities against assets subject to finance lease, short term running finances, trade and other payables and accrued mark-up.

At the time of initial recognition i.e. at the time when the Group becomes a party to the contractual provisions of the instrument, all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it following trade date accounting. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs incurred on financial assets and liabilities classified as 'at fair value through profit or loss' and held for trading and that may be incurred on disposal. The particular recognition methods adopted for the measurement of financial assets and liabilities subsequent to initial measurement are disclosed in the policy statements associated with each item.

Financial assets or a part thereof is derecognized when the Group looses control of the contractual rights that comprise the financial asset or part thereof. Financial liabilities or a part thereof is removed when it is extinguished, i.e. the obligation specified in contract is discharged, cancelled or expired.

5.19.2 Off-setting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

5.19.3 Regular way purchase and sale transactions

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Group commits to purchase or sell the asset.

5.20 Operating expense

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold or services provided.

5.21 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Group to do so.

5.22 Dividend

Dividend distribution to the shareholders' of the Holding Company is recognized as a liability in the Group's consolidated financial statements in the period in which such dividends are approved.

5.23 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

5.24 General

- Figures have been rounded-off to nearest thousand rupee.

- The comparative figures have been reclassified where considered necessary for the purpose of better presentation of the consolidated financial statements. However, no material reclassifications are made in these consolidated financial statements which have not been disclosed separately.

	Note	2015	2014
		---Rupees in '000 ---	

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
Operating assets	6.1	688,354	557,745
Capital work in progress - at cost	6.7	-	2,407
		688,354	560,152

6.1 The following is a statement of operating assets:

	Owned assets								Leased assets			Total
	Leasehold land*	Building on leasehold land	Plant and machinery	Office equipment	Furniture and fixtures	Vehicles	Air - conditioning	Sub-total	Plant and machinery	Vehicles	Sub-total	
	---------- (Rupees in '000) ----------											
As at June 30, 2014												
Cost / revalued amount	273,976	181,768	702,958	46,514	24,180	43,367	56,470	1,329,233	-	9,837	9,837	1,339,070
Accumulated depreciation	-	(121,569)	(508,493)	(38,553)	(18,940)	(29,836)	(54,097)	(771,488)	-	(9,837)	(9,837)	(781,325)
Net book amount	273,976	60,199	194,465	7,961	5,240	13,531	2,373	557,745	-	-	-	557,745
Year ended June 30, 2015												
Opening net book amount	273,976	60,199	194,465	7,961	5,240	13,531	2,373	557,745	-	-	-	557,745
Additions	18,073	-	12,883	19,929	290	13,679	1,065	65,919	-	-	-	65,919
Upward revaluation	128,798	-	-	-	-	-	-	128,798				128,798
Transfers/adjustment												
Cost / revalued amount	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Disposal (refer note 6.5)												
Cost / revalued amount	-	-	-	(541)	-	(27,247)	(234)	(28,022)	-	-	-	(28,022)
Accumulated depreciation	-	-	-	360	-	18,726	143	19,229	-	-	-	19,229
	-	-	-	(181)	-	(8,521)	(91)	(8,793)	-	-	-	(8,793)
Depreciation charge (refer note 6.4)	-	(5,026)	(37,465)	(5,468)	(1,442)	(5,082)	(832)	(55,315)	-	-	-	(55,315)
Closing net book amount	420,847	55,173	169,883	22,241	4,088	13,607	2,515	688,354	-	-	-	688,354
As at June 30, 2015												
Cost / revalued amount	420,847	181,768	715,841	65,902	24,470	29,799	57,301	1,495,928	-	-	-	1,495,928
Accumulated depreciation	-	(126,595)	(545,958)	(43,661)	(20,382)	(16,192)	(54,786)	(807,574)	-	-	-	(807,574)
Net book amount	420,847	55,173	169,883	22,241	4,088	13,607	2,515	688,354	-	-	-	688,354
As at June 30, 2013												
Cost / revalued amount	273,976	177,214	647,115	38,664	23,327	124,382	55,617	1,340,295	-	20,764	20,764	1,361,059
Accumulated depreciation	-	(112,853)	(455,452)	(32,531)	(17,512)	(93,417)	(49,608)	(761,373)	-	(16,283)	(16,283)	(777,656)
Net book amount	273,976	64,361	191,663	6,133	5,815	30,965	6,009	578,922	-	4,481	4,481	583,403
Year ended June 30, 2014												
Opening net book amount	273,976	64,361	191,663	6,133	5,815	30,965	6,009	578,922	-	4,481	4,481	583,403
Additions	-	4,554	55,843	5,490	853	23,354	853	90,947	-	-	-	90,947
Transfers (refer note 6.7)												
Cost / revalued amount	-	-	-	-	-	5,892	-	5,892	-	(8,521)	(8,521)	(2,629)
Accumulated depreciation	-	-	-	-	-	(3,059)	-	(3,059)	-	5,688	5,688	2,629
	-	-	-	-	-	2,833	-	2,833	-	(2,833)	(2,833)	-
Disposal												
Cost / revalued amount	-	-	-	(408)	-	(107,183)	-	(107,591)	-	(2,406)	(2,406)	(109,997)
Accumulated depreciation	-	-	-	290	-	73,570	-	73,860	-	1,327	1,327	75,187
	-	-	-	(118)	-	(33,613)	-	(33,731)	-	(1,079)	(1,079)	(34,810)
Depreciation charge (refer note 6.4)	-	(8,716)	(53,041)	(3,544)	(1,428)	(10,008)	(4,489)	(81,226)	-	(569)	(569)	(81,795)
Closing net book amount	273,976	60,199	194,465	7,961	5,240	13,531	2,373	557,745	-	-	-	557,745
As at June 30, 2014												
Cost / revalued amount	273,976	181,768	702,958	43,746	24,180	46,445	56,470	1,329,543	-	9,837	9,837	1,339,380
Accumulated depreciation	-	(121,569)	(508,493)	(35,785)	(18,940)	(32,914)	(54,097)	(771,798)	-	(9,837)	(9,837)	(781,635)
Net book amount	273,976	60,199	194,465	7,961	5,240	13,531	2,373	557,745	-	-	-	557,745
Depreciation rate	-	5% and 20%	10%, 20% and 33%	10%, 20% and 33%	10%, 20% and 33%	20%	10% and 20%		10%	20%		

* Includes land having market value / fair value of Rs. 88.375 million (2014: Rs. 88.375 million) for which lease in the name of the Holding Company has not been finalised.

6.2 The Holding Company had revalued its operating assets classified under lease hold land, building on lease hold land, plant and machinery, vehicles and air-conditioning as at April 16, 2015. The valuation was performed by an independent valuer, M/s. Anderson Consulting (Private) Limited. The surplus arising as a result of accounting under revaluation model based on that valuation was not material other than land, therefore, effect of revaluation related land had been taken in the consolidated financial statements for the year ended June 30, 2015.

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

	Note	2015	2014
		------- Rupees in '000 -------	
6.3.1 Cost of assets held under revaluation model			
Owned assets			
Leasehold land		123,886	105,813
Building on lease hold land		55,173	144,134
Plant and machinery		521,585	508,702
Vehicles		29,799	43,367
Air conditioning system		20,837	20,006
		751,280	822,022
6.3.2 Net book amount under cost model of assets held under revaluation model			
Owned assets			
Leasehold land		123,886	105,813
Building on lease hold land		55,173	60,199
Plant and machinery		169,883	194,465
Vehicles		13,607	13,531
Air conditioning system		2,515	2,373
		365,064	376,381
6.4 The depreciation expense has been allocated as follows:			
Cost of sales	28	45,387	68,572
Selling and distribution expenses	29	29,874	8,442
Administrative expenses	30	5,004	4,781
		80,265	81,795

Notes to the Consolidated Financial Statements For the year ended June 30, 2015

6.5 Following items of property, plant and equipment were disposed off during the year:

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Vehicles							
	470	415	55	365	310	Advertisement / bid	Mr. Munawwar Mirza, House No. N-760, Surjani Town, Sector 7-D, Karachi
	82	19	63	432	369	Advertisement / bid	Mr. Diamond Peerani - Flat # C-21 Noor Apartment North Nazimabad Block E, Karachi.
	480	416	64	385	321	Advertisement / bid	Mr. Saeed Ur Rehman, R-54,Block E, North Nazimabad, Karachi
	82	16	66	362	296	Advertisement / bid	Mr.Sohail Malik - House No. B-110, Sector 9, North Karachi, Karachi
	82	11	71	357	286	Advertisement / bid	Mr. Yaseen Hanif, H.No Fl-1, 4/19, Block 5, North Nazimabad, Karachi
	206	48	158	357	199	Advertisement / bid	Mr. Diamond Peerani - Flat # C-21 Noor Apartment North Nazimabad Block E, Karachi.
	206	28	178	205	27	Advertisement / bid	Mr.Sohail Malik - House No. B-110, Sector 9, North Karachi, Karachi
	1,289	1,096	193	1,000	807	Advertisement / bid	Mr.Taj Muhammad (Employee), H.No 29, Hasan House, Momin Town, Peshawar
	251	50	201	469	268	Advertisement / bid	Mr. Hasan Shahid, House No.E-173/2A, Lane 2, Madni Park, Farooq Colony, Walton Road, Lahore
Balance carried forward	3,148	2,099	1,049	3,932	2,883		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	-------------------------	(Rupees in '000)	-------------------------				
Balance brought forward	3,148	2,099	1,049	3,932	2,883		
	251	38	213	453	240	Advertisement / bid	Mr. Anas Peeran, D-35, Street 1, Block H, North Nazimabad, Karachi
	251	38	213	495	282	Advertisement / bid	Mr.Jawwad Ahmad, House No. R-421, Buffer Zone, Sector 15-A-3, Karachi
	251	29	222	435	213	Advertisement / bid	Mrs.Shagufta Sohail Malik - House No. B-110, Sector 9, North Karachi, Karachi
	251	29	222	440	218	Advertisement / bid	Mr.Mansoor Majid (Employee), House No. C-20/9, Malir Colony, Karachi
	267	36	231	627	396	Advertisement / bid	Mr.M. Saleem - Block # 408, Bantwa Nagar, Liaquatabad Karachi.
	341	97	244	750	506	Advertisement / bid	Mr. Hasan Shahid, House No.E-173/2A, Lane 2, Madni Park, Farooq Colony, Walton Road, Lahore
	4,900	4,655	245	3,325	3,080	Advertisement / bid	Myplan Pharmaceuticals (Private) Limited, 32 Km, Multan Road, Lahore.
	341	74	267	800	533	Advertisement / bid	Mr.M.Ashfaq (Employee), Flat No. 207, Eden Willa, Karachi East.
	341	68	273	721	448	Advertisement / bid	Mr.Ghulam Mahmood (Employee), B-1, Jan Plaza, North Nazimabad, Near Sakhi Hassan, Block K, Karachi
	341	46	295	775	480	Advertisement / bid	Mr.Jawwad Ahmad, House No. R-421, Buffer Zone, Sector 15-A-3, Karachi
Balance carried forward	10,683	7,209	3,474	12,753	9,279		

Notes to the Consolidated Financial Statements For the year ended June 30, 2015

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	-------------------------	(Rupees in '000)	-------------------------				
Balance brought forward	10,683	7,209	3,474	12,753	9,279		
	612	245	367	530	163	Advertisement / bid	Mr.M.Faheem Modi, Beverley Homes, House No. D-89/B, Clifton Block 7, Karachi
	612	245	367	520	153	Advertisement / bid	Mr.M.Faheem Modi, Beverley Homes, House No. D-89/B, Clifton Block 7, Karachi
	820	451	369	726	357	Advertisement / bid	Mr.M.Javed Akhtar (Employee), H.No 438, Sector 14, Block D, Karachi
	413	21	392	820	428	Advertisement / bid	Mr.Shehzad Aziz (Employee), Street No 4, Dilzaak Road, Faisal Colony, Peshawar
	977	163	814	1,360	546	Advertisement / bid	Mr.S.Masroor Hussain (Employee), H.No B-17, Maisam Plaza, Block 3, Gulshan-E-Iqbal, Karachi
	2,479	702	1,777	2,150	373	Advertisement / bid	Ms. Muneeza Imran, Flat No. D/8, Dolmen Heights, Shaheed-e-Millat Road, Karachi.
	612	204	408	408	-	Advertisement / bid	Shagufta Sohail Malik House No. R-110, Sector-9 Block-19, North Karachi
	556	352	204	472	268	Advertisement / bid	Jawad Ahmed House No. R-421, Sector-15-A-3, Bufferzone, Karachi.
	569	426	143	441	298	Advertisement / bid	Ghulam Mehmood House No. B-1, Block-K, Jan Plaza, North Karachi.
Sub-total	18,333	10,018	8,315	20,180	11,865		
Aggregate of assets disposed off having written down value below Rs. 50,000 each							
Office equipment	541	361	180	83	(97)		
Air Conditioners	234	143	91	47	(44)		
Vehicles	8,914	8,707	- 207	7,535	7,328		
Sub-total	9,689	9,211	478	7,665	7,187		
Total - 2015	28,022	19,229	8,793	27,845	19,052		
Total - 2014	109,997	75,187	34,810	108,408	73,598		

		Note	2015	2014
			------(Rupees in '000)------	
6.6	Net gain on disposal of property, plant and equipment has been presented as follows:			
	Other operating income - gain on disposal of property, plant and equipment	32	19,193	74,322
	Other operating expenses - loss on disposal of property, plant and equipment	33	(141)	(724)
			19,052	73,598
6.7	**Movement in capital work in progress**			
	Balance at the beginning of the year		2,407	765
	add: Additions during the year		1,136	4,915
	less: Transfer to operating assets		(3,543)	(3,273)
	Balance at the end of the year		-	2,407

7 INTANGIBLE ASSETS

	Distribution rights	Brand name & logo	Software licenses	Total
	------------------(Rupees in '000)------------------			
Year ended June 30, 2015				
Opening net book value	13,990	32,916	876	47,782
Additions	-	-	2,820	2,820
Disposal	-	-	-	-
Amortiation charge	(4,803)	(5,000)	(954)	(10,757)
Closing net book value	9,187	27,916	2,742	39,845
As at June 30, 2015				
Cost	268,475	74,703	15,399	358,577
Accumulated amortization	(247,159)	(46,787)	(12,657)	(306,603)
Accumulated Impairment	(12,129)	-	-	(12,129)
Net book value	9,187	27,916	2,742	39,845
Year ended June 30, 2014				
Opening net book value	34,842	37,916	1,313	74,071
Additions	-	-	263	263
Amortization charge	(8,723)	(5,000)	(700)	(14,423)
Impairment	(12,129)	-	-	(12,129)
Closing net book amount	13,990	32,916	876	47,782
As at June 30, 2014				
Cost	268,475	74,703	12,619	355,797
Accumulated amortization	(242,356)	(41,787)	(11,743)	(295,886)
Accumulated impairment	(12,129)	-	-	(12,129)
Net book value	13,990	32,916	876	47,782
Amortization rate	10%	10%	33.33% and 20%	

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

8 INVESTMENT PROPERTY

	Note	2015	2014
		---- Rupees in '000 ----	
Operating assets	8.1	2,614,906	2,039,459
Investment property under work in progress - at cost	8.2	-	477,406
		2,614,906	2,516,865

8.1 The following is a statement of operating assets:

	Owned assets								Total
	Leasehold land	Building on leasehold land	Office Equipment	Electrical Equipment	Lifts & Elevators	Generators	Furniture & Fixtures	Air - conditioning	
	(Rupees in '000)								
As at June 30, 2014									
Cost / revalued amount	2,039,459	-	-	-	-	-	-	-	2,039,459
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Net book amount	2,039,459	-	-	-	-	-	-	-	2,039,459
Year ended June 30, 2015									
Opening net book amount	2,039,459	-	-	-	-	-	-	-	2,039,459
Additions	-	353,254	7,597	52,402	41,200	22,136	38,168	85,640	600,397
Depreciation charge	-	(10,137)	(886)	(3,057)	(2,403)	(1,291)	(2,180)	(4,996)	(24,950)
Closing net book amount	2,039,459	343,117	6,711	49,345	38,797	20,845	35,988	80,644	2,614,906
As at June 30, 2015									
Cost / revalued amount	2,039,459	353,254	7,597	52,402	41,200	22,136	38,168	85,640	2,639,856
Accumulated depreciation	-	(10,137)	(886)	(3,057)	(2,403)	(1,291)	(2,180)	(4,996)	(24,950)
Net book amount	2,039,459	343,117	6,711	49,345	38,797	20,845	35,988	80,644	2,614,906

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

	2015	2014
Balance at the beginning of the year	477,406	273,527
add: Addition under work in progress	122,991	203,879
add: Transfer to operating assets - investment property	(600,397)	-
Balance at the end of the year	-	477,406

8.3 Leasehold land, held by the Holding Company, classified under investment property had been valued under the market value basis by an independent valuer, M/s. Iqbal A. Nanjee & Co. (Private) Limited. Market value of the property based on the valuation as of September 30, 2014 was Rs. 1.851 billion. Further, all other assets classified under investment property have been valued under the market value basis by the same valuer. Market value of these assets based on the valuation as of September 29, 2015 was Rs. 693.047 million.

Moreover, valuation of property held by subsidiary, has been carried out by M/s. Harvester Services (Private) Limited, an independent valuer engaged by the Company. Market value of investment property as on June 30, 2015 is Rs. 137.398 million (June 30, 2014 Rs.128.475 million).

	Note	2015	2014
		----- (Rupees in '000) -----	

9 LONG TERM INVESTMENT

Investment in associate - under equity method

		2015	2014
Balance at the beginning of year		124,500	-
Additions during the year		64,475	124,500
Share of loss for the year		(1,183)	-
		187,792	124,500

9.1 This represents 1,360,000 (2014: 830,000) fully paid ordinary shares of Rs. 100 each in Nextar Pharma (Private) Limited (NPL), which represents 27.20% (2014: 21.78%) of the total share capital of NPL.

The shares of NPL are not listed on any stock exchange and hence published price quotes are not available. NPL has not commenced operations as of the reporting date. The financial reporting date of NPL is June 30. Total equity/net assets of NPL amounted to Rs. 587.437 million based on un-audited financial statements for the year ended June 30, 2015.

All transfers of funds to the Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of NPL. The Company has not received any cash dividend during the year (2014: Nil). Moreover, the Company has not incurred any contingent liability or other commitments relating to its investments in associates.

10 LONG TERM LOANS

	Note	2015	2014
		----- (Rupees in '000) -----	
Loans - considered good, to:			
Related party	10.1	98,000	-
Employees	10.2	2,005	4,035
less: Current portion - shown under 'loans and advances' (refer note 14)		(1,303)	(3,157)
		98,702	878

10.1 This represent loan to International Brands Limited (the associated company) . The tenure of the loan is 5 years with a grace period of 1 year payable in equal bi-annual installments. The rate of mark-up is 12 months KIBOR+1%.

10.2 This represents interest-free loans for automobiles to employees other than executives, as defined in note 42. These are secured against provident fund balances of respective employees, and are repayable in equal monthly installments over a term of four to five years.

10.3 The maximum aggregate amount of these loans outstanding at any time during the year was Rs. 2.59 million (2014: Rs. 7.93 million). Such maximum amount is calculated by reference to the month-end balance.

	Note	2015	2014
		----- (Rupees in '000) -----	

11 LONG TERM DEPOSITS

		2015	2014
Deposit against property obtained under operating lease		1,598	1,598

		Note	2015	2014
			----- (Rupees in '000) -----	
12	**STOCK-IN-TRADE**			
	Raw materials		441,818	292,963
	Packing materials		144,532	160,079
	Work in process	28	100,148	58,886
	Finished goods - net	12.1 & 28	396,370	406,025
	Materials in transit		138,367	94,302
			1,221,235	1,012,255
12.1	Finished goods - gross		399,394	408,989
	Provision for obsolescence			
	- Opening balance		(1,301)	-
	- Charge for the year		-	(1,301)
	- Closing balance		(1,301)	(1,301)
	Finished goods, directly written-off		(1,723)	(1,663)
	Finished goods - net		396,370	406,025
13	**TRADE DEBTS**			
	Considered good			
	Export debtors, secured		60,467	37,925
	Due from:			
	Associated companies-unseured	13.1, 13.2 & 42.2	2,049,855	1,414,832
	- others - unsecured		324,193	249,461
			2,374,048	1,664,293
			2,434,515	1,702,218
	Considered doubtful - others		2,287	2,641
	less: Provision for doubtful debts	13.3	(2,287)	(2,641)
			-	-
			2,434,515	1,702,218

13.1 The receivable is stated net of amounts payable aggregating Rs. 58.49 million (2014: Rs. 100.87 million) on account of expenses claimed by IBL Operations (Private) Limited, an associated company.

13.2 At year-end, no amount was due from directors, chief executive and executives of the Group in respect of trade debts. Moreover, trade debts from related parties other than directors, chief executive and executives of the Group are as follows:

	2015	2014
	----- (Rupees in '000) -----	
- IBL Operations (Private) Limited	2,032,522	1,398,461
- United Brands Limited	16,840	15,965
- Dunkin Donuts	10	284
- Habitt	483	122
	2,049,855	1,414,832

13.3 At year-end, trade debts aggregating Rs. 2.622 million (2014: Rs. 2.641 million) were deemed to have been impaired. These balances are outstanding for more than 4 years. The movement of provision for doubtful debts is as follows:

	Note	2015	2014
		----- (Rupees in '000) -----	
Balance at the beginning of the year		(2,641)	(976)
Provision made during the year	30	-	(1,665)
Reversal made during the year		354	
Balance at the end of the year		(2,287)	(2,641)

13.4 In addition, some of the unimpaired trade debts are past due as at the reporting date, no provision has been made in respect of such trade debts. The aging of trade debts 'past due' but not impaired of related parties is as follows:

Age analysis of 'past due' but not impaired trade debts due from related parties

	2015	2014
	----- (Rupees in '000) -----	
- More than two months but less than four months	883,172	404,218
- More than four months but less than one year	14,571	1,886
- One year or more but less than two years	14	42,819
- Two years and more	40,700	26
	938,457	448,949

13.5 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 Honourable 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 its favour.

14 LOANS AND ADVANCES

	Note	2015	2014
		----- (Rupees in '000) -----	
Considered good:			
Advances to:			
- employees	14.1	49,544	42,442
- suppliers		263,813	145,947
		313,357	188,389
Current portion of long-term loans	10	1,303	3,157
Considered doubtful:	14.2	-	51
less: Provision for doubtful advances		-	(51)
		-	-
		314,660	191,546

14.1 These include advance against salary for house rent to employees. These are interest free and repayable on monthly basis. Moreover, this includes advances for business purposes. The reconciliation of amounts due from executives and non-executives of the Group is given as follows:

	2015			2014		
	Executives	Non-executives	Total	Executives	Non-executives	Total
	(Rupees in '000)					
Opening balance	18,633	23,809	42,442	7,358	17,643	25,001
Add: Disbursements	59,400	112,643	172,043	47,284	92,709	139,993
Less: Repayments	(57,808)	(107,133)	(164,941)	(36,009)	(86,543)	(122,552)
Closing balance	20,225	29,319	49,544	18,633	23,809	42,442

14.2 During the year the Company recovered loans and advances aggregating Rs. 0.051 million which were deemed to have been impaired for the past three years.

14.3 The maximum aggregate amount of advances to employees outstanding at any time during the year was Rs. 54.620 million (2014: Rs. 68.791 million). Such maximum amount is calculated by reference to the month-end balance.

	Note	2015	2014
		(Rupees in '000)	
15 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
- Trade deposits		48,363	43,612
Less: Provision for doubtful deposits	15.1	(2,640)	(2,640)
		45,723	40,972
Prepayments		65,308	50,285
		111,031	91,257

15.1 At year-end, trade deposits amounted to Rs. 14.15 million (2014: Rs. 13.37 million) were past due but not impaired. These balances are outstanding for more than two years. There has been no movement in provision for doubtful deposits during the year (2014: nil).

	Note	2015	2014
		---- (Rupees in ‘000) ----	
16 OTHER RECEIVABLES			
Receivables from related parties			
Due from associated companies:			
- IBL Operations (Private) Limited against:			
- mark-up on over due balance	16.1	39,642	41,292
- staff salaries and benefits		1,278	-
- International Franchises Limited against staff salaries and benefits		2,154	3,634
- Habitt against staff salaries and benefits		7,256	1,342
	16.2 & 42.2	50,330	46,268
Interest receivable on loan		4,478	-
Surplus arising under retirement benefit fund		5,250	7,500
Advance against issue of shares	16.3	-	500
Receivables from other than related parties			
Others, considered good		145,703	9,660
		205,761	63,928

16.1 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 distribution agreement was amended, accordingly no mark-up has been charged since then.

16.2 At year-end, an amount of Rs. 39.64 million (2014: 41.29 million) is due from associated company which is past due but not impaired. These balances are outstanding for more than one year.

16.3 This represents advance amounting to Rs. Nil (2014: Rs. 0.5 million) paid to Nextar Pharma (Private) Limited for issue of shares.

17 SHORT TERM INVESTMENT

Investment in other than related parties

	Note	2015	2014	2015	2014
		(Number of units in '000)		---- (Rupees in '000) ----	
Meezan Sovereign Fund - at cost		1,791,408	892,126	89,734	41,000
NAFA Islamic Aggressive Income Fund		3,925,360		37,179	-
add: Unrealised gain on revaluation	32			16	42
				126,929	41,042

Short term investments include investment in Meezan Sovereign Fund and NAFA Islamic Aggressive Income Fund, open end mutual funds. The rating of the Meezan Fund is 'AA+' as per the credit rating agency JCR-VIS and that of NAFA Fund is 'A-' and the credit rating agency is PACRA. The investments have been classified as "financial assets at fair value through profit and loss".

18 CASH AND BANK BALANCES

	Note	2015	2014
		---- (Rupees in '000) ----	
Cash in hand		1,478	1,359
Cheques in hand		100,000	-
Cash with banks in:			
- saving accounts	18.1	21,386	12
- current accounts		30,012	105,428
	18.2	152,876	106,799

18.1 These balances carry mark-up at a rate of 3.5% (2014: 6.5%).

18.2 This includes Rs. 8.02 million (2014: Rs. 8.19 million) placed in special bank accounts for dividend purposes.

19 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2015	2014	2015	2014
	(Number of shares)		---- (Rupees in '000) ----	
Ordinary shares of Rs. 10 each:				
- fully paid in cash	3,969,000	3,969,000	39,690	39,690
- issued for consideration other than cash	24,000	24,000	240	240
- issued as fully paid bonus shares	81,847,745	57,321,818	818,477	573,218
	85,840,745	61,314,818	858,407	613,148

	2015	2014
	(Number of shares)	

19.1 Movement in number of shares

	2015	2014
Number of shares at beginning of the year	61,314,818	47,165,245
Bonus shares issued during the year	24,525,927	14,149,573
Number of shares at end of the year	85,840,745	61,314,818

19.2 Capital management policies and procedures

The Group's objectives when managing above capital are:

- to safe guard its ability to continue as a going concern so that it can continue to provide returns to share holders and benefit other stakeholders; and

- to maintain a strong capital base to support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and maintaining optional capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares and other means commensurate to the circumstances.

20 SURPLUS ON REVALUATION OF FIXED ASSETS - net of deferred tax

The Holding Company had revalued its operating assets classified under lease hold land, building on lease hold land, plant and machinery, vehicles and air-conditioning as at April 26, 2015. The valuation was performed by an independent valuer, M/s. Anderson Consultaning (Private) Limited. The surplus arising on assets other than land as a result of accounting under revaluation model based on that valuation was not material, therefore, no effect of revaluation adjustment had been taken in the financial statements for the year ended June 30, 2015. These assets were earlier carried at such revalued amounts as determined by an independent valuer, M/s. Iqbal A. Nanjee as at June 30, 2004.

The surplus would be realized on disposal of revalued assets and charge of incremental depreciation.

		2015	2014
		---- (Rupees in '000) ----	
Surplus on revaluation of property, plant and equipment (the surplus)	20.1	296,961	168,163
less: Impact of deferred tax liability on the surplus	20.2	-	-
Surplus on revaluation of fixed assets - net of deferred tax		296,961	168,163

20.1 Surplus on revaluation of property, plant and equipment (the surplus)

	Note	2015	2014
		---- (Rupees in '000) ----	
Surplus on revaluation of property, plant and equipment at the beginning of the year		168,163	193,705
Increase in surplus on revaluation during the year		128,798	
Transferred / realization of the surplus to accumulated profit - net of deferred tax:			
- relating to incremental depreciation		-	(16,857)
- relating to surplus on revaluation of fixed assets disposed off during the year		-	-
		296,961	176,848
Adjustment for deferred tax liability in respect of transfers / realizations made		-	(8,685)
Surplus on revaluation of property, plant and equipment at the end of the year		296,961	168,163

20.2 Impact of deferred tax liability on the surplus

		2015	2014
Deferred tax liability on the surplus at beginning of the year		-	(8,685)
Adjustment for deferred tax liability in respect of transfers/ realizations made		-	8,685
Deferred tax liability on the surplus at end of the year		-	-

21 LONG TERM FINANCES - secured

	Note	2015	2014
Syndicated finance - from banking companies	21.1	750,000	825,000
Less: Current portion of long term finances shown under current liabilities		(107,143)	(150,000)
		642,857	675,000

21.1 The Holding Company has arranged syndicate term finance facilities of Rs. 900 million (2014: 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. During the year the Holding Company has swapped the aforesaid syndicate finance facility into Dubai Islamic Bank limited as aforementioned banks to the extend of balance amount payable that is Rs. 750 million. The facilities is repayable by May 2019.

21.2 The mark-up on above facilities is six months KIBOR plus 0.9% (2014: six-months KIBOR plus 2.5%) per annum, payable semi-annually in arrears. The facility is secured by:

- 1st pari passu mortgage over all present and future immovable assets of the Holding Company with a 25% security margin.

- 1st pari passu charge with 25% security margin over land (and other immovable assets) located at Plot No. 24A/1 & 2A, Delhi Mercantile Muslim Co-operative Housing Society, Block 7 & 8, Main Shahrah-e-Faisal, Karachi.

		Note	2015	2014
			---- (Rupees in '000) ----	
22	**DEFERRED LIABILITIES**			
	Deferred taxation	22.1	30,174	42,379
	Staff retirement gratuity - unfunded	37.1	39,810	33,503
			69,984	75,882
22.1	**The net balance of deferred taxation is in respect of following temporary differences:**			
	Credit balance arising on account of:			
	Property, plant and equipment		32,155	44,773
	Surplus on revaluation of property, plant and equipment	20.2	-	-
			32,155	44,773
	Debit balance arising on account of:			
	Intangible assets		(1,037)	(1,264)
	Provisions for doubtful debts and doubtful refunds		(944)	(1,130)
			(1,981)	(2,394)
		22.2	30,174	42,379

Provision for deferred taxation has been calculated only to the extent of those temporary differences do not relate to the income falling under Final Tax Regime of the Income Tax Ordinance, 2001.

		Note	2015	2014
			---- (Rupees in '000) ----	
22.2	**Balance at beginning of the year**		42,379	40,982
	Raised/(reversed) during the year - through profit and loss account	35	(12,205)	1,397
	Balance at end of the year	22.1	30,174	42,379
23	**SHORT-TERM FINANCES - secured**			
	Running finances under mark-up arrangements	23.1	682,334	795,882

23.1 The Holding Company has arranged syndicated running finances under mark-up arrangements of Rs. 1,033 million (2014: Rs. 1,095 million). The mark-up on running finances ranges between 9.5% to 12.42% (2014: 10.53% to 12.39%) per annum. The running finances under mark-up arrangements are secured jointly by registered mortgage of Rs. 210.5 million (2014: Rs. 172.5 million) of immovable property together with joint pari passu charge on all current assets of the Holding Company to the extent of Rs. 1,859 million (2014: Rs. 1,389 million). These short term facilities were arranged through Standard Chartered Bank (Pakistan) Limited from various banks. The securities are held jointly against the short term and long term finances (refer note 21).

	Note	2015	2014
		---- (Rupees in '000) ----	

24 TRADE AND OTHER PAYABLES

	Note	2015	2014
Creditors		394,961	299,164
Bills payable in foreign currency		264,170	102,009
Accrued liabilities		616,477	464,221
Advance from customers		65,637	87,282
Unclaimed dividend		13,594	13,450
Payable under defunct staff retirement benefits scheme		2,612	2,739
Workers' Profits Participation Fund	24.2	95,736	52,908
Workers' Welfare Fund		61,308	41,263
Sales tax and excise duty payable		933	4,784
Other liabilities		31,317	14,801
		1,546,745	1,082,621

24.2 Worker's Profits Participation Fund

	Note	2015	2014
Balance at beginning of the year		52,908	41,707
Contribution for the year	33	94,805	51,976
		147,713	93,683
Interest on funds utilized in the Holding Company's business at 10.44% (2014: 12.65%)	34	3,999	3,816
		151,712	97,499
less: Payments made during the year		(55,976)	(44,591)
Balance at end of the year		95,736	52,908

25 ACCRUED MARK-UP

	Note	2015	2014
Accrued mark-up on:			
- long term finances - secured		5,283	9,019
- short-term finances - secured		9,374	26,933
		14,657	35,952

26 CONTINGENCIES AND COMMITMENTS

Contingencies

26.1 During the year ended June 30, 2014, the Sindh Revenue Board (SRB) has imposed sales tax on toll manufacturing at the rate of 16% of sales value. The Holding Company has contested the imposition and the Management and the tax advisor are confident that good grounds exist to contest the case. They believe that eventual outcome will come in favour of the Holding Company. Hence no provision has been made in these consolidated financial statements. The case is pending for hearing before the Honourable High Court of Sindh.

Commitments

26.2 Future rentals payable against operating lease arrangements

The Holding Company obtained factory building at Karachi on rent for a period of 5 years.

	2015	2014
	---- (Rupees in '000) ----	
The details of future rentals over the lease period are as follows:		
- not later than one year	5,580	1,386
- later than one year and not later than five year	5,883	-
	11,463	1,386

26.3 The facility for opening letters of credit (LCs) acceptances and guarantees as at June 30, 2015 amounted to Rs. 1,275 million (2014: Rs. 980 million) of which the amount remaining unutilized as at that date was Rs. 726 million (2014: Rs. 540 million).

27 NET SALES

	2015	2014
	---- (Rupees in '000) ----	
Sales		
Local	8,270,308	6,858,543
Export	524,027	366,200
	8,794,335	7,224,743
Sales returns & discounts	(463,650)	(433,897)
Sales tax & excise duty	(87,193)	(118,718)
	(550,843)	(552,615)
	8,243,492	6,672,128
Add: Toll manufacturing	804,549	938,089
Less : Sales tax	-	(1,623)
	804,549	936,466
	9,048,041	7,608,594

	Note	2015	2014
		---- (Rupees in '000) ----	

28 COST OF SALES

	Note	2015	2014
Material consumed			
Raw and packing material consumed		2,492,808	2,096,991
Processing charges paid to third parties		1,008,919	669,654
		3,501,727	2,766,645
Factory expenses			
Salaries wages and benefits (refer note 28.1)		288,695	278,913
Provision for staff gratuity (unfunded)		3,339	2,572
Provident fund contribution		6,302	6,152
Carriage and duties		13,565	9,912
Fuel, water and power		88,384	74,897
Rent and taxes		3,949	2,115
Communication		1,073	1,005
Stationery and supplies		7,638	2,712
Traveling		13,604	8,858
Advertisement		9,670	787
Entertainment		80	129
Repairs and maintenance		63,617	82,864
Medical expenses		4,060	3,298
Personal training and selection		1,396	238
Vehicle expenses		5,852	6,766
Subscription		162	55
Legal and professional charges		11,663	9,006
Depreciation (refer note 6.4)		45,387	68,572
Insurance		3,151	2,551
Corporate services charged by associated company (refer note 42.2)		7,920	1,440
Sundries		17,694	17,852
		597,201	580,694
		4,098,928	3,347,339
Work in process at beginning of the year (refer note 12)		58,886	74,309
		4,157,814	3,421,648
Work in process at end of the year (refer note 12)		(100,148)	(58,886)
Cost of good manufactured		4,057,666	3,362,762
Finished goods as at the beginning of the year (refer note 12.1)		406,025	235,584
Finished goods purchased		642,218	1,116,288
		1,048,243	1,351,872
Cost of samples manufactured		(64,388)	(93,522)
Finished goods as at the end of the year (refer note 12.1)		(396,370)	(406,025)
Cost of sales		4,645,151	4,215,087

28.1 Salaries, wages and benefits include Rs. 84.57 million (2014: Rs. 70.02 million) in respect of contractual labour provided by Paksons (Private) Limited.

29 SELLING AND DISTRIBUTION EXPENSES

	2015	2014
	---- (Rupees in '000) ----	
Salaries wages and benefits	553,559	542,395
Provision for staff gratuity (unfunded)	1,904	1,465
Provident fund contribution	18,035	15,419
Services charges	31,201	32,104
Carriage and duties	116,848	110,981
Water and power	26,086	3,383
Rent and taxes	28,242	15,403
Communication	17,113	18,909
Stationery and supplies	7,986	8,179
Traveling	254,657	228,699
Advertising and promotion	394,268	357,122
Samples	76,156	82,757
Bonus to salesmen	133,754	81,131
Entertainment	6,062	2,605
Repairs and maintenance	13,202	3,513
Medical expenses	5,656	7,274
Personal training and selection	22,320	7,777
Vehicle expenses	56,027	91,911
Insurance	11,473	6,562
Depreciation (refer note 6.4)	29,874	8,442
Subscription	20,681	15,651
Donation (refer note 29.1)	5,991	4,666
Replacement products	55,726	53,495
Royalty	5,528	3,919
Corporate services charged by associated company (refer note 42.2)	19,800	3,600
Legal and professional charges	52,626	23,870
Sundries	1,000	870
	1,965,775	1,732,102

29.1 The Director of the Company have no interest in donee institution except as stated in note 42.

	Note	2015	2014
		---- (Rupees in '000) ----	
30 ADMINISTRATIVE EXPENSES			
Salaries wages and benefits		104,509	93,083
Provision for staff gratuity (unfunded)		556	429
Provident fund contribution		2,930	3,103
Carriage and duties		1,783	3,686
Water and power		1,506	1,565
Rent and taxes		8,458	9,228
Communication		6,618	4,701
Stationery and supplies		6,468	5,383
Traveling		16,419	3,206
Advertisement		244	329
Entertainment		209	85
Repairs and maintenance		19,500	18,366
Medical expenses		5,770	5,842
Personal training and selection		2,384	1,134
Vehicle expenses		5,981	5,870
Insurance		3,835	3,388
Depreciation (refer note 6.4)		5,004	4,781
Amortization (refer note 7)		10,757	14,423
Impairment (refer note 7)		-	12,129
Subscription		2,856	2,860
Donation (refer note 29.1)		6,108	29,321
Corporate services charged by associated company (refer note 42.2)		12,040	2,241
Legal and professional charges		36,041	32,238
Donation (refer note 29.1)		-	1,665
Penalties		-	1,821
Sundries		1,259	1,157
		261,235	262,034
31 OPERATING PROFIT			
Net sales		9,048,041	7,608,594
Cost of sales		(4,645,151)	(4,215,087)
Selling and distribution expenses		(1,965,775)	(1,732,102)
Administrative expenses		(261,235)	(262,034)
		(6,872,161)	(6,209,223)
Operating profit		2,175,880	1,399,371

Notes to the Consolidated Financial Statements For the year ended June 30, 2015

	Note	2015	2014
		---- (Rupees in '000) ----	
32 OTHER INCOME			
Income from financial assets			
Gain on revaluation of financial assets classified as held for trading	17	16	42
Gain on sale of short term investment		5,522	-
Interest on loan		4,478	-
Exchange gain		13,446	26,281
Reversal of provision for doubtful loans		405	-
		23,867	26,323
Income from non-financial assets			
Gain on disposal of property, plant and equipment	6.6	19,193	74,322
Others		18,956	8,781
		38,149	83,103
Income from non-financial assets - related parties			
Rental income against use of operating assets by related parties:			
- International Franchises (Private) Limited (associated company)		5,253	8,244
Rental income from investment property		31,113	-
		98,382	117,670

	Note	2015	2014
33 OTHER EXPENSES			
Contribution to:			
- Workers' Profits Participation Fund	24.2	94,805	51,976
- Workers' Welfare Fund		39,652	33,615
- Central Research Fund		11,172	9,678
Auditors' remuneration	33.1	4,860	3,801
Loss on disposal of property, plant and equipment	6.6	141	724
Exchange loss		21,339	35,184
		171,969	134,978

	Note	2015	2014
		---- (Rupees in '000) ----	
33.1 Auditors' remuneration			
- Grant Thornton Anjum Rahman - external audit			
Audit fee			
- Annual audit		2,269	1,664
- Half year audit		-	550
- Half yearly review		361	348
Fee in respect of special reports and certifications		215	343
Out of pocket expenses		141	175
		2,986	3,080
- F.R.A.N.T.S & Co. - external audit			
Annual audit		538	366
- BDO Ebrahim & Co. - internal audit			
Professional fee		1,336	355
		4,860	3,801

34 FINANCE COST

	Note	2015	2014
Bank charges		9,401	7,822
Interest on Workers' Profits Participation Fund	24.2	3,999	3,816
Lease finance charges		-	280
Mark-up on long term and running finances		178,891	204,266
		192,291	216,184

35 INCOME TAX EXPENSE

	Note	2015	2014
Current			
- For the year		468,633	232,444
- For prior years		-	55,981
		468,633	288,425
Deferred	22.2	(12,205)	1,397
		456,428	289,822

35.1 Charge for the year

For the Holding Company, provisions for current taxation and deferred taxation have been made after considering the implications of section 169 of the Income Tax Ordinance, 2001. Income not covered under final tax regime is provided at the normal basis using the applicable rate of 33% for the tax year 2015 (2014: 34% for the tax year 2014).

For IBL HealthCare Limited, current period income tax represents provision based on section 148 of the Income Tax Ordinance, 2001 @ 5.5% on goods imported during the year.

For other subsidiaries, provision for taxation is accounted for in accordance with the provision of Section 153(1)(c) of the Income Tax Ordinance, 2001, wherein tax deducted on contract constitutes final discharge of tax liability.

	Note	2015	2014
		---- (Rupees in '000) ----	
35.2 Reconciliation of tax expense			
Profit before income tax		1,908,819	1,165,879
Enacted tax rate		33%	34%
Tax on accounting profit at applicable tax rate		629,910	396,399
Tax effect of:			
- difference in method of lease accounting		-	654
- permanent differences		61,043	1,146
- temporary differences		(21,131)	(8,448)
- applicability of lower tax rate on certain income		(12,911)	(3,600)
- demand provided and raised during the year		-	55,981
- applicability of lower tax rate under final tax regime on behalf of subsidiary		(200,483)	(152,310)
Tax expense charged on income		456,428	289,822

35.3 Current status of tax assessments

Assessments of the Holding Company for the assessment years 2002-2003, tax years 2004, 2005, 2008, and 2012 are pending before various appellate forums in respect of issues related to certain disallowances.

During the year ended June 30, 2014, an assessment order for the tax year 2012, dated March 10, 2014 under section 122(5A) of Income Tax Ordinance 2001 was passed by Assistant commissioner Inland Revenue (ACIR) against the Holding Company, thereby raising a tax demand of Rs. 369.807 million in respect of certain disallowances. The Holding Company has filed an appeal against the aforementioned order. However, no hearing has been fixed and no set aside order has been received by the Holding Company till year-end.

During the year ended June 30, 2014, assessment order for the tax year 2008, dated October 31, 2013 under section 122(5A) of Income Tax Ordinance 2001 was passed by ACIR against the Holding Company, therby raising a tax demand amounting to Rs. 128.832 million against the Holding Company in respect of certain disallowances. An appeal was filed by the Holding Company against the aforementioned order, however, no hearing has been fixed and no set aside order has been received by the Holding Company till year-end.

During the year, an assessment order for the tax year 2013, dated April 30, 2015 under section 122 (5A) of the Income Tax Ordinace 2001, was passed by ACIR against the Company, thereby raising a tax demand amounting to Rs. 586.7 million agianst the Comapny in respect of certian disallowances. An appeal is filed by the Holding Company against the aforementioned order.

	Note	2015	2014
		---- (Rupees in '000) ----	

36 EARNINGS PER SHARE - basic and diluted

36.1 Basic earnings per share

	2015	2014
Profit attributable to shareholders of the Holding Company (2014: Restated) - Rupees in thousands	1,372,837	801,638
Weighted average number of shares in thousands (2014: Restated)	85,841	85,841
Earnings per share (2014: Restated) - Rupees	15.99	9.34

36.2 Diluted earning per share

There is no dilution effect on the basic earning per share of the Holding Company as the Holding Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2015.

37 EMPLOYEE BENEFITS

a) Defined benefit plans

37.1 Gratuity scheme - unfunded

37.1.1 General description

The scheme provides for post employee benefits for all unionized employees who complete qualifying period of five years of service with the Group and are entitled to one months' last drawn basic salary for each completed year of such service.

Annual provision is based on actuarial valuation. The valuation was carried out as at June 30, 2015 by M/s. Sidat Hyder Morshed Associates (Private) Limited, independent actuaries, using the projected unit credit method.

37.1.2 Principal actuarial assumptions

Following principal actuarial assumptions were used for the valuation:

	2015	2014
	(Percentage per annum)	
- Estimated rate of increase in salary of the employees	10	12
- Discount rate	10	12

		2015	2014
		---- (Rupees in '000) ----	

37.1.3 Movement in the present value of defined benefit obligation (DBO)

Present value of DBO at the beginning of the year		(33,503)	(27,821)
Current service cost		(1,528)	(1,236)
Interest cost		(4,271)	(3,230)
		(5,799)	(4,466)
Benefits paid		1,294	1,809
Actuarial loss/(gain) on obligation		(1,802)	(3,025)
Present value of DBO at the end of the year (refer note 37.1.4)		(39,810)	(33,503)

37.1.4 Movement in the deficit recognized in the balance sheet

Deficit at the beginning of the year		(33,503)	(27,821)
Expense recognized in profit & loss account (refer note 37.1.5)			
- current service cost		(1,528)	(1,236)
- net interest		(4,271)	(3,230)
		(5,799)	(4,466)
Remeasurement - recognized in other comprehensive income:			
Actuarial (loss)/gain arising due to change in:			
- demographic assumptions - (unfavourable)/favourable		-	(717)
- financial assumptions - (unfavourable)/favourable		-	-
- experience adjustment - (losses)/gains		(1,802)	(2,308)
		(1,802)	(3,025)
Payment made on behalf of fund		1,294	1,809
Deficit at the end of the year (refer note 37.1.3)		(39,810)	(33,503)

37.1.5 Amount recognized as expense

Cost of sales	28	3,339	2,572
Selling and distribution expenses	29	1,904	1,465
Administrative expenses	30	556	429
		5,799	4,466

b) Defined contribution plan

37.4 The Searle Company Limited - Employees Provident Fund (the Fund)

37.4.1 Fund position *

Size of the fund - Rupees in '000		469,593	251,971
Cost of investments made - Rupees in '000		432,332	246,348
Fair value of investments - Rupees in '000		432,332	246,348
Percentage of investments to total assets		92%	98%

	2015	2014	2015	2014
	(Percentage)		---- (Rupees in '000) ----	
37.4.2 Composition of the Fund *				
Term finance certificates	1%	11%	4,994	28,041
Deposits with banks	2%	4%	9,000	9,000
Pakistan Investments Bonds (PIBs)	10%	10%	41,222	26,000
NIT units	16%	24%	67,449	59,585
Investment in mutual fund	8%	5%	36,388	12,345
Equity investment in associated company	63%	46%	273,279	117,000

* These figures have been taken from unaudited financial statements of the Fund for the year ended June 30, 2015.

The investments out of provident fund have been made in accordance with provisions of section 227 of the Companies Ordinance, 1984.

37.5 IBL HealthCare Limited - Employees Provident Fund (the Fund)

	2015	2014
	---- (Rupees in '000) ----	
37.5.1 Fund position **		
Size of the fund - Rupees in '000	23,567	19,983
Cost of investments made - Rupees in '000	22,126	19,000
Fair value of investments - Rupees in '000	23,001	19,230
Percentage of investments to total assets	94%	95%

	2015	2014	2015	2014
	(Percentage)		---- (Rupees in '000) ----	
37.5.2 Composition of the Fund **				
Deposits with banks	14%	1%	3,126	230
Pakistan Investments Bonds (PIBs)	65%	78%	15,000	15,000
Investment in mutual fund	21%	21%	4,875	4,000

** These figures have been taken from unaudited financial statements of the Fund for the year ended June 30, 2015.

The investments out of provident fund have been made in accordance with provisions of section 227 of the Companies Ordinance, 1984.

	Note	2015	2014
		---- (Rupees in '000) ----	

38 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

	Note	2015	2014
Profit before tax		1,908,819	1,165,879
Adjustments for non-cash items:			
Depreciation	6.4	80,265	81,795
Gain on disposal of property, plant and equipment - net	6.6	(19,052)	(73,598)
Amortization of intangible assets	7	10,757	14,423
Impairment of intangible assets	7	-	12,129
Gain on revaluation of financial assets classified as held for trading	32	(16)	(42)
Financial charges excluding bank charges	34	182,890	208,362
Provision for staff retirement gratuity	37.1.4 & 37.1.4	5,799	4,466
Net changes in working capital	38.1	(861,559)	(388,751)
Share of loss from associate		1,183	-
		1,309,086	1,024,663

38.1 Net changes in working capital

	2015	2014
Change in stores and spares	-	1,182
Change in stock-in-trade	(208,980)	(290,078)
Change in trade debts	(732,297)	(252,076)
Change in trade deposits and short term prepayments	(19,774)	(24,129)
Change in long-term loans	(97,824)	89
Change in short-term loans and advances	(123,114)	(109,627)
Change in long-term deposits	-	4,647
Change in other receivables	(143,983)	168,776
	(1,325,972)	(501,216)
Change in trade and other payables	464,413	112,465
Net changes in working capital	(861,559)	(388,751)

39 CASH AND CASH EQUIVALENTS

	2015	2014
Cash and bank balances	152,876	106,799
Running finances under mark-up arrangements	(682,334)	(795,882)
	(529,458)	(689,083)

40 SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in business activities from which the Group earns revenues and incurs expenses and its results are regularly reviewed by the Group's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure and products produced and sold, the Group is organised into the following three operating segments:

- Pharma
- Consumer
- Investment property

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 revenue, segment result, costs, assets and liabilities for the year are as follows:

		Pharma		Consumer		Investment property		Total	
		2015	2014	2015	2014	2015	2014	2015	2014
		(Rupees in '000)							
40.1	Segment result and performance								
	Segment revenue	8,116,778	6,852,234	931,263	756,360	31,113	-	9,079,154	7,608,594
	Cost of sales	(4,115,824)	(3,773,895)	(529,327)	(441,192)	-	-	(4,645,151)	(4,215,087)
	Selling and distribution	(1,803,466)	(1,510,834)	(93,563)	(221,268)	(68,746)	-	(1,965,775)	(1,732,102)
	Administrative expenses	(261,235)	(236,383)	-	(25,651)	-	-	(261,235)	(262,034)
		(6,180,525)	(5,521,112)	(622,890)	(688,111)	(68,746)	-	(6,872,161)	(6,209,223)
	Segment result	1,936,253	1,331,122	308,373	68,249	(37,633)	-	2,206,993	1,399,371
40.2	Unallocated income and expense								
	Other income							67,269	117,670
	Other expenses							(171,969)	(134,978)
	Share of loss from associates							(1,183)	-
	Financial cost							(192,291)	(216,184)
	Profit before taxation							1,908,819	1,165,879
	Income tax expense							(456,428)	(289,822)
	Profit for the year							1,452,391	876,057
40.3	Segment assets and liabilities								
	Segment assets	144,603	169,185	25,280	25,280	2,614,906	2,516,865	2,784,789	2,711,330
	Unallocated assets							5,595,189	3,947,094
	Total assets							8,379,978	6,658,424
	Segment liabilities	-	-	-	-	750,000	825,000	750,000	825,000
	Unallocated liabilities							2,313,720	1,990,337
	Total liabilities							3,063,720	2,815,337
40.4	Depreciation	69,826	71,356	10,439	10,439	-	-	80,265	81,795
40.5	Other non-cash expenses	10,757	14,423	-	-	-	-	10,757	14,423
40.6	Addition in segment assets	57,202	79,236	8,717	11,711	122,991	203,879	188,910	294,826
40.7	Percentage for allocation	87%	87%	13%	13%	0%	0%	100%	100%

40.8 There were no inter-segment transactions during the year (2014: None).

40.9 Geographical segments

	Note	2015	2014
		---- (Rupees in '000) ----	
Net sales by region			
Pakistan		8,596,596	7,294,744
Asia		231,176	140,128
Eastern Africa		10,341	2,606
South-Eastern Asia		55,571	32,530
Far East		166,950	138,586
Western Asia		18,520	-
	40.9.1	9,079,154	7,608,594

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

40.9.1 The Group has presented the net sales amounts for the current and comparative prior year.

40.10 The Group has earned major revenue from one of the customer. Net sales to the customer amounts to Rs. 6.61 billion (2014: Rs. 5.67 billion) out of the net sales.

41 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive Officer	Directors	Executives*	Chief Executive Officer	Directors	Executives*
	---------- (Rupees in '000) ----------					
Managerial remuneration	4,577	22,553	100,511	5,428	10,197	112,356
Annual bonus	710	2,709	15,095	691	1,994	17,721
Leave fare assistance	-	231	447	-	-	361
Retirement benefits						
- Provident fund	458	2,255	10,040	563	1,020	11,205
Perquisites						
- Rent	2,060	10,149	45,230	2,533	4,589	50,560
- Utilities	458	2,255	10,051	563	1,020	11,235
- Telephone	-	-	156	-	-	174
- Entertainment	-	-	271	-	-	297
- Car maintenance	201	472	4,116	179	606	3,368
	8,464	40,624	185,917	9,957	19,426	207,277
Number of persons	1	3	96	1	3	97

41.1 In addition to the above, the Chief Executive Officer and some of the executives have been provided with free use of the company maintained cars. Further, medical expenses are reimbursed in accordance with the Group's policies.

41.2 During the year, the Holding Company has paid to five non-executive working directors (2014: five) an aggregate amount of Rs. 182,000 (2014: Rs. 120,000) as fee for attending board meetings.

* Executive means an employee other than chief executive officer and director, whose basic salary exceeds five hundred thousand rupees in a financial year.

42 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises International Brands (Private) Limited (ultimate holding company), associated companies, related group companies, key management personnel, compensation to key management personnel, retirement benefit plan, companies in which directors are common or a director hold office and close family members.

42.1 Aggregate transactions and balances with related parties and associated undertakings which are not disclosed in respective notes are as follows:

	2015			2014		
	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
	------------------------------ (Rupees in '000) ------------------------------					
42.1.1 Transactions						
(i) International Brands Limited						
Interest on loan	4,478	-	-	-	-	-
Corporate expense	6,000	-	-	-	-	-
(ii) IBL Operations (Private) Limited - associated company (refer note 42.2 and 42.3)						
Sales	7,436,437	-	-	5,787,387	-	-
Sales returned	66,261	-	-	122,912	-	-
Expenses claimed by the associated company						
Carriage and duties	34,106	-	-	21,200	-	-
Staff salaries and benefits	1,678	-	-	4,287	-	-
Discounts	168,691	-	-	101,222	-	-
Warehouse rent	5,546	-	-	3,874	-	-
Mark-up expenses	-	-	-	-	-	-
Corporate services charged	39,600	-	-	7,200	-	-
Sales promotion expenses	7,206	-	-	66,632	-	-
IT Services	2,802	-	-	6,600	-	-
Expenses claimed by the Group						
Staff salaries and other expenses	1,278	-	-	5,465	-	-
Royalty and price difference claims	19,387	-	-	-	-	-

		2015			2014		
		Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
		(Rupees in '000)					
(iii)	International Franchises (Private) Limited - associated company						
	Sales	325	-	-	677	-	-
	Sales return	69	-	-	-	-	-
	Rent, utility and other income	9,286	-	-	3,295	-	-
	Staff salaries and benefits	-	-	-	1,123	-	-
	Purchase of promotional items	201	-	-	808	-	-
	Expenses claimed by the Company						
	Utilities expenses (Building center)	569	-	-	-	-	-
(iv)	United Distributors Pakistan Limited (UDPL) - associated company						
	Purchase of vehicles	2,010	-	-	-	-	-
	Payment under group tax relief	11,558	-	-	-	-	-
	Expenses claimed by the Company						
	Vehicle hiring/ insurance	10	-	-	-	-	-
	Warehouse rent & expenses	686	-	-	625	-	-
	Staff salaries and benefits	-	-	-	122	-	-
(v)	HABITT - associate						
	Sales	6,907	-	-	-	-	-
	Sales return	580					
	Purchase of promotional items	558	-	-	775	-	-
	Rental income	30,053	-	-	4,990	-	-
(vi)	The Citizens Foundation - associate (refer note 42.4)						
	Donations	-	-	-	15,000	-	-
(vii)	Arshad Shahid Abdulla (Private) Limited - associated company						
	Architect fee	2,980	-	-	1,260	-	-

		2015			2014		
		Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
		------------------------------ (Rupees in '000) ------------------------------					
(viii)	Shahid Abdulla						
	Office and factories renovation	373	-	-	-	-	-
(ix)	Multinet Pakistan (Private) Limited - associated company						
	Internet services	452	-	-	760	-	-
(x)	United Brands Limited - associated company						
	Sales	71,555	-	-	84,927	-	-
	Sales returns	461	-	-	-	-	-
	Expenses claimed by United Brands Limited						
	Discounts	944	-	-	1,563	-	-
	Purchase of promotional items	777	-	-	585	-	-
	Professional fee	-	24,500	-	-	-	-
42.1.2	Balances						
(i)	Loans and advances						
	At beginning of the year	-	-	3,604	-	-	3,458
	Given during the year	4,478	-	7,529	-	-	4,043
	Repaid during the year	-	-	(3,859)	-	-	(3,897)
	At the end of the year	4,478	-	7,274	-	-	3,604
(ii)	Trade debts - associated company (refer note 13)						
	At beginning of the year	1,414,832	-	-	1,201,444	-	-
	Addition during the year	7,363,441	-	-	5,811,242	-	-
	Repaid during the year	(6,728,418)	-	-	(5,597,854)	-	-
	At the end of the year	2,049,855	-	-	1,414,832	-	-
(iii)	Other receivables - associates (refer note 16)						
	At beginning of the year	41,292	-	-	107,490	-	-
	Addition during the year	19,387	-	-	5,465	-	-
	Repaid during the year	(23,036)	-	-	(71,663)	-	-
	At the end of the year	37,643	-	-	41,292	-	-
(iv)	Accrued liabilities - associates (refer note 24)						
	At beginning of the year	-	-	-	612	-	-
	Addition during the year	-	-	-	9,795	-	-
	Repaid during the year	-	-	-	(10,407)	-	-
	At the end of the year	-	-	-	-	-	-

42.2 In pursuance of scheme of arrangement and court order dated May 2011, with effect from July 1, 2011 all assets (except for retained assets), liabilities and operation division of International Brands (Private) Limited (ultimate holding company) were transferred to IBL Operations (Private) Limited (associated company).

42.3 Sales to IBL Operations (Private) Limited (associated company) are made at ex-factory price i.e. trade prices less distributor's margin of 10% and 12% (2014: 10% and 12%). In addition, the amounts of communication, utilities, salaries and wages and carriage and duties are also being reimbursed.

42.4 The Chairman of the Holding Company is on the board of directors of the donee. The address of the donee is Plot No. 20, Sector - 14, Near Brookes Roundabout, Korangi Industrial Area, Karachi.

43 PLANT CAPACITIES AND ACTUAL PRODUCTION

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

44 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The board of directors of the Holding Company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

44.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk of the Group arises principally from the trade debts, loans and advances, trade deposits and other receivables and balances with banks. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is as follows:

	Note	2015	2014
		---- (Rupees in '000) ----	
Loans and advances	14	149,549	46,477
Long term deposit	11	1,598	1,598
Trade debts	13	2,434,515	1,702,218
Trade deposits	15	45,723	40,972
Other receivables	16	205,761	53,768
Balance with banks	18	51,398	105,440
		2,888,544	1,950,473

Concentration of credit risk

The Group's major sales are with IBL Operations (Private) Limited, which is a concentration and a credit risk. However, the Group has established policies and procedures for timely recovery of trade debts. With respect to parties other than affiliates, the Group mitigates its exposure and credit risk by applying credit limits to its customers.

Out of the total financial assets of Rs. 3.28 billion (2014: Rs. 1.99 billion), financial assets which are subject to credit risk amount to Rs. 2.89 billion (2014: Rs. 1.95 billion). Moreover, financial assets amounting to Rs. 4.31 billion (2014: Rs. 2.88 billion) consist of receivables from the Group's affiliates and cash and bank balances.

44.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Grouop's reputation. The following are the contractual maturities of financial assets and financial liabilities:

		2015							
			Interest / mark-up bearing			Non-interest / mark-up bearing			
		Effective interest rate	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	Total
	Note	%	(Rupees in '000)						
Financial assets									
Loans and advances	14		-	-	-	314,660	-	314,660	314,660
Deposits	11		-	-	-		1,598	1,598	1,598
Trade debts	13		-	-	-	2,434,515	-	2,434,515	2,434,515
Trade deposits	15		-	-	-	45,723	-	45,723	45,723
Other receivables	16		-	-	-	205,761	-	205,761	205,761
Cash and bank balances	18	3.5	21,386	-	21,386	131,490	-	131,490	152,876
			21,386	-	21,386	3,132,149	1,598	3,133,747	3,155,133
Financial liabilities									
Long-term finance	21	KIBOR plus 0.9	(107,143)	(642,857)	(750,000)	-	-	-	-
									-
Trade and other payables	24		-	-	-	(1,546,745)	-	(1,546,745)	(1,546,745)
Accrued mark-up	25		(14,657)	-	(14,657)	-	-	-	(14,657)
Short-term finances	23	9.5 to 12.42	(682,334)	-	(682,334)	-	-	-	(682,334)
			(804,134)	(642,857)	(1,446,991)	(1,546,745)	-	(1,546,745)	(2,243,736)
On balance sheet date gap			(782,748)	(642,857)	(1,425,605)	1,585,404	1,598	1,587,002	911,397

	Note	Effective interest rate	Interest / mark-up bearing: Maturity up to one year	Interest / mark-up bearing: Maturity after one year	Interest / mark-up bearing: Subtotal	Non-interest / mark-up bearing: Maturity up to one year	Non-interest / mark-up bearing: Maturity after one year	Non-interest / mark-up bearing: Subtotal	Total
			2014						
		%	(Rupees in '000)						
Financial assets									
Loans and advances	14		-	-	-	45,599	878	46,477	46,477
Deposits	11		-	-	-	-	1,598	1,598	1,598
Trade debts	13		-	-	-	1,702,218	-	1,702,218	1,702,218
Trade deposits	15		-	-	-	40,972	-	40,972	40,972
Other receivables	16		-	-	-	53,768	-	53,768	53,768
Cash and bank balances	18	6	12	-	12	106,787	-	106,787	106,799
			12	-	12	1,949,344	2,476	1,951,820	1,951,832
Financial liabilities									
Long-term finance	21	KIBOR plus 2.5	(150,000)	(675,000)	(825,000)	-	-	-	(825,000)
Liabilities against assets subject to finance leases									
Trade and other payables	24		-	-	-	(896,384)	-	(896,384)	(896,384)
Accrued mark-up	25		-	-	-	(35,952)	-	(35,952)	(35,952)
Short-term finances	23	10.53-12.39	(795,882)	-	(795,882)	-	-	-	(795,882)
			(945,882)	(675,000)	(1,620,882)	(932,336)	-	(932,336)	(2,553,218)
On balance sheet date gap			(945,870)	(675,000)	(1,620,870)	1,017,008	2,476	1,019,484	(601,386)

44.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group is exposed to currency risk and interest rate risk only.

44.3.1 Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Group is exposed to currency risk on purchases that are entered in a currency other than Pak Rupees. Payable exposed to foreign currency risk have been included in creditors/bills payable, which year-end are Rs. 394 million (2014: Rs. 102 million) and foreign currency receivable included in trade debtors are Rs. 60.46 million (2014: Rs. 57.7 million). The Group earned exchange gain of Rs. 13.4 million (2014: Rs. 26.3 million) and suffered exchange loss of Rs. 21.3 million (2014: Rs. 34.2 million) during the year.

44.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term finance and short term finance. At the balance sheet date the interest rate profile of the Group's mark-up bearing financial instruments is as follows:

	Note	2015	2014
		---- (Rupees in '000) ----	
Variable rate instruments			
Financial liabilities			
- Long term finance	21	(750,000)	(825,000)
- Short term finance	23	(682,334)	(795,882)
		(1,432,334)	(1,620,882)

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2014.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	------------------- (Rupees in '000) -------------------			
As at June 30, 2015				
Cash flow sensitivity - variable rate instruments	1,789	(1,789)	1,789	(1,789)
As at June 30, 2014				
Cash flow sensitivity - variable rate instruments	2,045	(2,045)	2,045	(2,045)

45 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset could be exchanged or liability settled between knowledgeable willing parties in an arm's length transaction. The Group prepares its consolidated financial statements under the historical cost convention and where applicable at fair value and amortized cost. Estimated fair value of all financial instruments are not significantly different from their carrying values on June 30, 2014.

	Note	2015	2014
		---- (Rupees in '000) ----	
46 FINANCIAL INSTRUMENTS BY CATEGORY			
46.1 Financial liabilities			
Financial liabilities measured at amortized cost			
Long-term finances	21	(642,857)	(825,000)
Trade and other payables	24	(1,546,745)	(896,384)
Short-term finances	23	(682,334)	(795,882)
Financial liabilities measured at fair value through profit or loss			
Accrued mark-up	25	(14,657)	(35,952)
		(2,886,593)	(2,553,218)
46.2 Financial assets			
Loans and receivables			
Loans and advances	14	314,660	46,477
Long term deposit	11	1,598	1,598
Trade debts	13	2,434,515	1,702,218
Trade deposits	15	45,723	40,972
Other receivables	16	205,761	53,768
Cash and bank balances	18	152,876	106,799
		3,155,133	1,951,832
Financial assets measured at fair value through profit or loss			
Short term investment	17	126,929	41,042
		3,282,062	1,992,874
On balance sheet gap		395,469	(560,344)

47 NUMBER OF EMPLOYEES	2015	2014
Number of employees as at the year end	1,555	1,471
Average number of employees during the year	1,466	1,516

48 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors on September 30, 2015.

48.1 Event after balance sheet date

48.1.1 The Board of Directors of the Holding Company in the meeting held on September 30, 2015 has approved the following appropriation:

	2015	2014
	---- (Rupees in '000) ----	
- Cash dividend - Rs. 2 (2014: Nil) per share of Rs. 10 each	171,681	-
- Issue of bonus shares 20% (2014: 40%) in the ratio of 20 (2014: 40) shares for every 100 shares held	171,681	245,259

The Board of Directors of the IBL HealthCare Limited in the meeting held on September 29, 2015 has approved the following appropriation:

- Cash dividend - Rs. 2 (2014: Rs. 1) per share of Rs. 10 each	59,800	23,000
- Issue of bonus shares 20 % (2014: 30%) in the ratio of 20 (2014: 30) shares for every 100 shares held	59,800	69,000

These would be recognized as a liability in the Group's financial statements in the year in which such dividends are approved.

48.1.2 The Board of Directors of the Holding Company has also approved 10 right shares for every 100 shares held i.e. 10% at a premium of Rs. 190 per share.

The Board of Directors of IBL HealthCare Limited has also approved 10 right shares for every 100 shares held i.e. 10% at a premium of Rs. 40 per share.

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Unconsolidated Financial Statements

Contents

Directors' Report to the Shareholders

Health is a crucially important social and economic asset – a cornerstone for human development. Throughout the country and throughout the rapidly increasing cross border destinations, people rely on Searle, the new destination of possibilities, to help them get healthy throughout their lives.

We at Searle believe each individual has the right to live life at the highest magnitude. Today, Searle is helping more people in ample ways than before. We are working in every possible means to ensure that every single individual has access to adequate healthcare solutions in every given circumstance.

We are focused in building a new Searle for the 21st century, with market leading brands and targeted innovations. The year 2015, which embarked the 50th year of our presence in the country, was yet again an outstanding year for the patients we serve and for our shareholders, one that clearly demonstrated how we will compete and succeed in the years ahead.

	2015	2014
	PKR in thousand	
Revenue	7,582,470	6,071,823
Gross profit	3,332,300	2,477,181
Gross profit percentage	43.9%	40.8%
Operating expenses	2,032,208	1,779,765
Operating expenses percentage	26.8%	29.3%
Operating profit	1,300,092	697,416
Operating profit percentage	17.1%	11.5%
Other income	805,676	593,049
Profit before taxation	1,767,664	958,120
Profit after taxation	1,405,413	753,225
Profit after taxation percentage	18.5%	12.4%

The Directors take pleasure in presenting the annual report together with the audited financial statements of the company for the year ended June 30, 2015.

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. The Directors' Report has been prepared in accordance with section 236 of the Companies Ordinance, 1984 and clause xvi of the Code of Corporate Governance 2012.

This report is to be submitted to the members at the 50th Annual General Meeting of the Company to be held on October 29, 2015.

Operating results

We believe that the key to growth is the introduction of higher dimensions of consciousness into our awareness. Durable growth-and-income investment, delivering top-tier growth and steady margin expansion, with strong cash flow and increasing returns to shareholders is a concern of paramount importance to us.

During 2015, we made decisions and took actions that enabled us to allocate our resources in ways that enhanced shareholder value.

At the end of June 2015, Searle reported revenue of 7.6 billion, corresponding to a growth of impressive 24.9% compared with the preceding year. The gross margins stood at 43.9% against 40.8% reported last year.

The double digit revenue growth is a result of domestic volume growth due to expanding doctor coverage coupled with the price increase made during the later part of the last year.The operating cost as a percentage of revenue decreased to

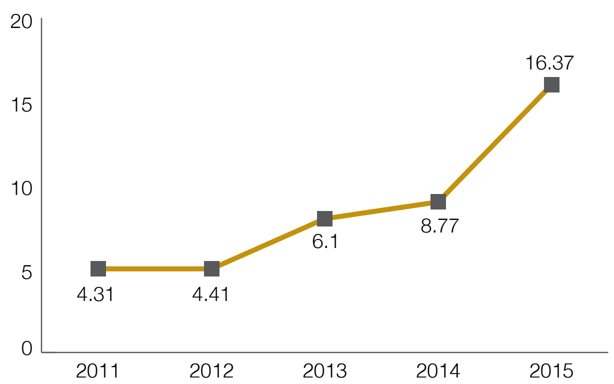
26.8% from 29.31% reflecting tighter control over spendings.

Our past investments in our subsidiaries have started paying off the Company in terms of healthy dividends and helped in achieving overall tax efficiencies due to no tax on the same under the group structure.

Earnings per share

Basic earnings per share after taxation were Rs. 16.37 (2014: Rs. 8.77).

There is no dilution effect on the basic earnings per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as at June 30, 2015.



Dividend and Right Issue

The board of directors have recommended cash and stock dividend of 20%, for the year ended June 30, 2015, against the stock dividend of 40% in June 2014. Further, in addition, the board of directors have also recommended to offer 10% right shares at a premium of Rs.190 per share in proportion of 10 shares for every 100 shares held.

Financial statements and auditors

The financial statements of the company have been audited and approved without qualification by the auditors, Grant Thornton Anjum Rahman, Chartered Accountants [previously, Grant Thornton Anjum Asim Shahid Rahman, Chartered Accountants].

Further, the present auditors, Grant Thornton Anjum Rahman, Chartered Accountants, retired and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as Auditors of the Company for the year ending June 30, 2016, at a fee to be mutually agreed.

Shareholding information

The Company's shares are traded on the Karachi Stock Exchange and Islamabad Stock Exchange. The shareholding information as of June 30, 2015 and other related information is set out on pages 157 to 160 of the Financial Report. The Directors, CEO, Company Secretary and CFO, their spouses and minor children did not carry out any trade in the shares of the Company except the following:

Name	Shares Purchased	Shares Disposed
Mrs. Shakila Rashid	294,000	291,500
Mr. Shahid Abdulla	139,900	-

Product innovation

We believe that, beyond innovation, we hold a wider responsibility to 'act vigilantly,' by acting with integrity, complying with national laws, respecting human rights, applying fair labour norms, protecting the environment, and working against corruption to prevent harm to people, communities and future generations.

We are actively engaged in innovating products, so as to ensure a balanced business for the future, augmenting shareholders value and providing affordable healthcare solutions to the patients. The company is continuously exploring new ways of doing business through identification of new channels and geographies for business expansion and external alliances and partnerships.

Product quality

We believe, the main responsibility for ensuring public health does not only lie with governments and national institutions. We also have the duty to respect, protect and fulfill the right to health progressively, within every possible means. We should do our best to ensure availability, accessibility, acceptability and quality of health services – including reforming current healthcare systems to positively impact the health of the poor.

We are committed to our duty towards safeguarding the patient's well-being, by assuring that all operations associated with the manufacture of a medicinal product are of a standard that assures the patient's expectations of safety and efficacy. Our products carry a promise of Quality and we take issues related to the quality of our products very seriously.

Pharmaceutical industry is a vital segment of health care system bearing many inherent risks. In line with the above philosophy, we recognise that any mistake in product design or production can be severe, even fatal, therefore, the maintenance of quality with continuous improvement is Searle's utmost priority and moral responsibility.

Corporate and social responsibility

Goodness is the only investment that never fails. Creating a strong business and building a better world are not conflicting goals – they are both essential ingredients for long-term success

Directors' Report to the Shareholders

At Searle, our aim has always been to make useful contributions to the economy we operate in. One of the primary areas of focus has been the creation of employment opportunities to support a large industrial and sales workforce. The company operates in a socially responsible manner. Accordingly, the company's CSR program has a very wide scope encompassing initiatives in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities.

Occupational health and safety

We believe, at the end of the day, the goals are simple, safety and security. All workers have the right to return home each day safe and sound. We at Searle, recognise the importance of safe and secure environment and consider it our duty to ensure that people who work for us know how to work safely and without risks to health and to develop a positive health and safety culture.

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

In line with our continuous endeavours to regularly upgrade information systems we continued with our policy to invest more and more in information technology (IT) and to upgrade related infrastructure, thereby continuously improving and enhancing both qualitative and quantitative aspects of management reporting including decision making processes.

The coming major investment which we have planned is the implementation of most powerful business management system 'SAP'. The said investment is being carried out to cater the growing business needs of the company.

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 2015, 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 exchanges have included in their Listing Rules, the Code of Corporate Governance (Code) issued by the Securities & Exchange Commission of Pakistan. The company has adopted the code and is implementing the same in letter and spirit.

Directors' training program

Board of directors training helps the board fulfil its role and make a real difference to a company's performance. It takes a practical and pragmatic approach – because every board has a unique role in company oversight including duty to stakeholders. Therefore, keeping the same in mind and the requirements of the code two Directors namely Mr. Asad Abdulla and Mr. S. Nadeem Ahmed attended the directors' training program conducted by Institute of Chartered Accountants of Pakistan during the year.

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:

	2015	2014	2013	2012	2011	2010
ASSETS EMPLOYED						
Property, plant and equipment	687,332	558,306	576,639	2,664,973	710,883	619,481
Intangible assets	30,642	33,572	39,008	43,030	52,112	8,505
Investment property	2,491,318	2,393,277	2,189,398	-	-	-
Long-term investment	519,091	359,900	100,800	100,000	100,000	100,000
Long-term loans, deposits & prepayments	2,044	2,100	7,027	6,771	7,468	7,430
Net current assets	1,827,051	715,954	671,708	397,114	1,053,193	915,456
Total assets employed	5,557,478	4,063,109	3,584,580	3,211,888	1,923,656	1,650,872
FINANCED BY						
Issued, subscribed and paid-up capital	858,407	613,148	471,652	336,895	306,268	306,268
Reserves and Unappropriated profit	3,689,268	2,530,916	1,999,685	1,627,614	1,346,299	1,027,278
Shareholder's equity	4,547,675	3,144,064	2,471,337	1,964,509	1,652,567	1,333,546
Surplus on revaluation of fixed assets	296,961	168,163	185,020	201,589	179,901	207,484
Long-term and deferred liabilities	712,842	750,882	928,223	1,045,790	91,188	109,842
Total capital employed	5,557,478	4,063,109	3,584,580	3,211,888	1,923,656	1,650,872
Turnover	7,582,470	6,071,823	5,149,798	4,936,049	4,238,840	3,702,518
Profit before tax	1,767,664	958,120	752,976	557,977	509,221	543,494
Profit after tax	1,405,413	753,225	523,274	378,391	367,959	357,164
% of turnover	18.54	12.41	10.16	7.67	8.68	9.65
% of capital employed	25.29	18.54	14.60	11.78	19.13	21.63
Dividends						
Cash (%)	20	-	20	10	15	30
Stock (%)	20	40	30	40	10	-

Directors' Report to the Shareholders

Audit committee

The Committee comprises of three non-executive directors. During the year, four meetings of audit committee were held, the details of which are as follows:

Name of director	Meetings attended
Mr. Husain Lawai	3
Mr. Asad Abdulla	4
Mr. S. Nadeem Ahmed	4

Meetings of the board of directors

During the year, five meetings of the Board of Directors were held as follows:

Name of director	Meetings attended
Mr. Rashid Abdulla	5
Mr. S. Nadeem Ahmed	5
Mr. Zubair Palwala	5
Mr. Munis Abdullah	2
Mr. Asad Abdulla	5
Mr. Ayaz Abdulla	5
Mr. Adnan Asdar Ali	4
Mr. Husain Lawai	4
Mrs. Faiza Naeem	4

During the year, Mr. Shahid Abdulla was appointed on the board in place of Mr. Munis Abdulla, however, he did not attended any meeting.

Human resource and remuneration committee

The Committee comprises of following three members two of them are non-executive Directors including the Chairman of the Committee.

Mr. Asad Abdulla - Chairman
Mr. Rashid Abdulla
Mr. Ayaz Abdulla

Subsequent events

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

Value of investments of provident funds

The value of investment of provident fund based on their un-audited / audited accounts as on June 30, 2015 and June 30, 2014 respectively was as follows:

	2015	2014
	PKR in thousand	
Provident Fund	432,332	246,348

Consolidated performance

In compliance with section 236(5) of the companies Ordinance, 1984 we give below the following information:

Annual consolidated financial statements are attached. Relevant financial information of the Group for last four years appears as under:

	2015	2014	2013	2012
	PKR in million			
Turnover	9,048	7,609	6,014	5,659
Operating profit	2,176	1,399	1,266	977
Profit after taxation	1,452	876	719	432
Total assets	8,380	6,658	5,477	5,294
Share capital and reserves	5019	3,675	2,894	2,217
Consolidated earnings per share (Rupees)	15.99	9.34	10.91	6.40

Future outlook

The future outlook of the market is pretty much bright owing to changing macroeconomic and socioeconomic indicators. The recent drive by authorities, to improve and tighten regulation on Pharmaceutical manufacturing and marketing, is expected to clean the market of many substandard and spurious drugs and in process improve the confidence of Physicians and Patients. In totality the market will gain its lost share and growth as many spurious drugs and counterfeit are being apprehended and substandard manufacturers being fined. Searle is regarded very high on its commitment to premium quality, unmatched efficacy and its Socially Responsible Stance evident by many of project heavily funded by Searle.

We are in almost all high-density therapeutic avenues such as Cardiovascular, Diabetes, Orthopedics, Neurology, and Pediatrics and are constantly increasing our presence in other therapeutic areas such as Antibiotics, Gastroenterology, Pulmonology, Virology and Oncology.

Developments in medical technology have long been confined to procedural or pharmaceutical advances, while neglecting a most basic and essential component of medicine: patient information management. Searle is also continuously developing and educating its sales force to ensure the same.

Support to different NGOs and contribution in unforeseen calamities will continue as a regular commitment to the nation of Pakistan.

We must become bigger than we have been: more courageous, greater in spirit, larger in outlook. We are more confident than ever that Searle is well placed to succeed in emerging markets. Searle is planning to align with global trends including an ongoing population growth, rising demand of generic branded pharmaceuticals and nutritional products. Searle will aggressively focus on the global market and will primarily focus to expand the business operation in existing export countries while looking to penetrate into new countries as well.

The company sees huge potential for the infusion business therefore we are planning to expand its current production capacity and by diversification into a portfolio of IV sets and accessories.

Globally there is a significant shift in R&D from conventional pharmaceutical to Biotechnology product. So as in Pakistan, we having a purpose built, FDA complaint state of art manufacturing facility in which we intent to produce biological products for Oncology, Rheumatology, Nephrology & Virology for local & international markets.

When people are emotionally motivated, they contribute and same is the case with all our employees, partners, suppliers and customers, for which we are thankful and expect the same zeal and zest for their contribution in future.

For and on behalf of the board

Karachi:
September 30, 2015

Rashid Abdulla
Chief Executive Officer

GRANT THORNTON ANJUM RAHMAN
1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

T +92 021 3567 2951-56
F +92 021 3568 8834
www.gtpak.com

Independent Auditors' Report to the Members of The Searle Company Limited

We have audited the annexed unconsolidated balance sheet of The Searle Company Limited (the Company) as at June 30, 2015 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion;

   i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad & Lahore

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat was not deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi.
Date: September 30, 2015

Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq-ur-Rahman

Unconsolidated Balance Sheet

As at June 30, 2015

	Note	2015	2014
		--------- (Rupees in '000) ---------	
ASSETS			
Non-current assets			
Fixed assets			
- Property, plant and equipment	5	687,332	558,306
- Intangible assets	6	30,642	33,572
		717,974	591,878
Investment property	7	2,491,318	2,393,277
Long-term investments	8	519,091	359,900
Long-term loans	9	446	502
Long-term deposits	10	1,598	1,598
Total non-current assets		3,730,427	3,347,155
Current assets			
Stores and spares		1,004	1,004
Stock-in-trade	11	1,016,154	804,579
Trade debts	12	2,182,838	1,462,656
Loans and advances	13	352,331	144,837
Trade deposits and short-term prepayments	14	101,295	86,290
Other receivables	15	300,188	209,028
Advance tax		171,580	195,232
Cash and bank balances	16	122,821	20,621
Total current assets		4,248,211	2,924,247
Total assets		7,978,638	6,271,402
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorized share capital			
140,000,000 (June 2014: 70,000,000) ordinary shares of Rs. 10 each		1,400,000	700,000
Issued, subscribed and paid-up share capital			
85,840,745 (June 2014: 61,314,818) ordinary shares of Rs. 10 each	17	858,407	613,148
Revenue reserve			
-General reserve		280,251	280,251
-Unappropriated profit		3,409,017	2,250,665
Total shareholders' equity		4,547,675	3,144,064
Surplus on revaluation of fixed assets	18	296,961	168,163
Non-current liabilities			
Long term finances - secured	19	642,857	675,000
Deferred liabilities	20	69,985	75,882
Total non-current liabilities		712,842	750,882
Current liabilities			
Current portion of long term finances	19	107,143	150,000
Short-term finances	21	682,334	795,882
Trade and other payables	22	1,617,026	1,226,459
Accrued mark-up	23	14,657	35,952
Total current liabilities		2,421,160	2,208,293
Total liabilities		3,134,002	2,959,175
Contingencies and commitments	24		
Total equity and liabilities		7,978,638	6,271,402

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

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Unconsolidated Profit and Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		------- Rupees in '000 -------	
NET SALES	25	7,582,470	6,071,823
COST OF SALES	26	4,250,170	3,594,642
GROSS PROFIT		3,332,300	2,477,181
Selling and distribution expenses	27	1,829,885	1,577,011
Administrative expenses	28	202,323	202,754
		2,032,208	1,779,765
OPERATING PROFIT		1,300,092	697,416
Other income	29	805,676	593,049
		2,105,768	1,290,465
Other expenses	30	147,938	118,943
Finance cost	31	190,166	213,402
		338,104	332,345
PROFIT BEFORE INCOME TAX		1,767,664	958,120
Income tax expense	32	362,251	204,895
PROFIT FOR THE YEAR		1,405,413	753,225

	Note	2015	(Re-stated) 2014
		------- Rupees -------	
EARNINGS PER SHARE - BASIC AND DILUTED	33	16.37	8.77

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

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Unconsolidated Statement of Comprehensive Income For the year ended June 30, 2015

	Note	2015	2014
		------- Rupees in '000 -------	
PROFIT FOR THE YEAR		1,405,413	753,225
Other comprehensive income			
Items that may be reclassified to profit and loss account subsequently			
Items that will not be subsequently reclassified to profit and loss account			
Remeasurement of defined benefit obligations	34.1.4	(1,802)	(3,025)
Total of items that will not be reclassified to profit and loss account		(1,802)	(3,025)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,403,611	750,200

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

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2015

	Note	2015	2014
		------- Rupees in '000 -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	35	1,375,669	1,011,393
Gratuity paid		(1,293)	(140,831)
Taxes paid		(350,804)	(434,406)
Recovery/(advance) of long-term loans - net		56	280
Payment of short-term loans and advances - net		(207,494)	(69,306)
Receipts of long-term deposits - net		-	4,647
Net cash from operating activities		816,134	371,777
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5.1	(61,595)	(90,087)
Additions to capital work in progress - net	5.7	(1,136)	(1,642)
Purchase of intangible assets	6	(2,820)	-
Expenditures incurred on investment property	7.2	(122,991)	(203,879)
Long-term investment in subsidiaries		(159,191)	(259,100)
Proceeds from disposal of property, plant and equipment	5.5	25,044	94,366
Mark-up received/expenses claimed from associated company - net		1,650	52,531
Net cash used in investing activities		(321,039)	(407,811)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease rentals paid		-	(2,388)
Long-term finance (re-paid)		(75,000)	(141,667)
Dividend paid		(162)	(94,330)
Finance charges paid		(204,185)	(193,645)
Net cash used in financing activities		(279,347)	(432,030)
Net increase/(decrease) in cash and cash equivalents		215,748	(468,064)
Cash and cash equivalents at the beginning of the year		(775,261)	(307,197)
Cash and cash equivalents at the end of the year	36	(559,513)	(775,261)

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

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Unconsolidated Statement of Changes in Equity For the year ended June 30, 2015

	Note	Share capital	Capital Reserve: Reserve for issue of bonus shares	Revenue Reserve: General reserve	Total reserves	Unappropriated profit	Total share holders' equity
		Rupees in '000					
Balance as at July 01, 2013		471,652	-	280,251	280,251	1,719,434	2,471,337
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	18.1	-	-	-	-	16,857	16,857
Profit for the year		-	-	-	-	753,225	753,225
Other comprehensive income		-	-	-	-	(3,025)	(3,025)
		-	-	-	-	750,200	750,200
Transactions with owners							
Transfer to reserve for issue of bonus shares		-	141,496	-	141,496	(141,496)	-
Bonus shares issued at the rate of 30% in the ratio of 30 shares for every 100 shares held		141,496	(141,496)	-	(141,496)	-	-
Cash dividend paid for the year ended June 30, 2013 at the rate of Re. 1 per share		-	-	-	-	(94,330)	(94,330)
		141,496	-	-	-	(235,826)	(94,330)
Balance as at June 30, 2014		613,148	-	280,251	280,251	2,250,665	3,144,064
Balance as at July 1, 2014		613,148	-	280,251	280,251	2,250,665	3,144,064
Profit for the year		-	-	-	-	1,405,413	1,405,413
Other comprehensive loss		-	-	-	-	(1,802)	(1,802)
		-	-	-	-	1,403,611	1,403,611
Transactions with owners							
Transfer to reserve for issue of bonus shares		-	245,259	-	245,259	(245,259)	-
Bonus shares issued at the rate of 40% in the ratio of 40 shares for every 100 shares held		245,259	(245,259)	-	(245,259)	-	-
		245,259	-	-	-	(245,259)	-
Balance as at June 30, 2015		858,407	-	280,251	280,251	3,409,017	4,547,675

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

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Notes to the Unconsolidated Financial Statements For the year ended June 30, 2015

1 LEGAL STATUS AND OPERATIONS

The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted into a public limited company. Its shares are quoted on the Karachi and Islamabad stock exchanges. The Company is principally engaged in the manufacture of pharmaceutical products and other consumer products. In addition, the Company is engaged in sale of food and consumer products, and manufacture of pharmaceutical products for other companies. The registered office of the Company is situated at First Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

International Brands Limited is the holding company, which holds 55.31% shareholding in the Company.

The Company is the holding company of IBL HealthCare Limited due to significant representation in Board of directors of, and 51.97% shareholding in, IBL HealthCare Limited.

The Company owns three wholly owned subsidiaries namely Searle Pharmaceuticals (Private) Limited, Searle Laboratories (Private) Limited and Searle Biosciences (Private) Limited.

2 STATEMENT OF COMPLIANCE

2.1 These unconsolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 STANDARDS, INTERPRETATION AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

2.2.1 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

Introductory amendments and improvements of standards and interpretations	Effective date
IAS 19 - Employee Contributions (Amendments to IAS 19)	July 1, 2014
Annual Improvements to IFRSs 2011 - 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2010 - 2012 Cycle	July 1, 2014
IAS 36 - Recoverable amount Disclosures for non - financial assets (Amendments to IAS 36)	July 1, 2014
IFRIC 21 - Levies	January 1, 2014
IAS 32 - Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	January 1, 2014

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2014 and 2015.

2.2.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

2.2.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Amendments and improvements of standards	Effective date
IAS 1 - Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)	January 1, 2016
Annual Improvements to IFRS 2012 - 2014 Cycle	January 1, 2016
IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	January 1, 2016
IFRS 13 - Fair Value Measurement	January 1, 2015

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

2.2.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP) for applicability in Pakistan

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2017
IFRS 9 - Financial Instruments (2014)	January 1, 2018

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These unconsolidated financial statements have been prepared under the 'historical cost convention' except the revaluation of certain assets at fair value and recognition of certain retirement benefits at present value.

These unconsolidated financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

3.2 Use of critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these unconsolidated financial statements relate to the following:

		Note
a)	Staff retirement benefits	4.2.1
b)	Taxation	4.3
c)	Useful life of depreciable and amortizable assets	4.5
d)	Revaluation of assets	4.5.2
e)	Estimates of recoverable amounts of inventories	4.10
f)	Loans and receivables	4.11
g)	Provisions for doubtful debts	4.16

The determination of carrying amount of staff retirement benefits that are defined benefit plans requires actuarial assumptions and estimates about financial variables such as future salary increases, and demographic variables such as employee turnover, mortality rates, etc. The Company employs services of professional actuaries to make such estimates and assumptions using actuarial techniques.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented except for the change in accounting policy as disclosed in note 2.2.1 to the unconsolidated financial statements.

4.1 Loans and finances

These are initially recognized at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are recognized at amortized cost using the effective interest method.

4.2 Staff retirement benefits

4.2.1 Defined benefit plan

The Company operates an unfunded gratuity scheme covering all unionized 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, 2015 using the projected unit credit method based on the significant assumptions stated in note 35.

4.2.2 Defined contribution plan

In addition, the Company operates a recognized provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and employees, to the fund at the rate of 10% of basic salary.

4.3 Taxation

4.3.1 Current

The charge of current tax is based on taxable income at the applicable rate of taxation after taking into account available tax credits and rebates. Income for the purpose of computing current taxation is determined under the provisions of tax laws.

4.3.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. The Company takes into account the current income tax law and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.4 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which these are incurred.

4.5 Property, plant and equipment

4.5.1 Initial recognition

An item of property, plant and equipment is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

The Company accounts for property, plant and equipment acquired under finance lease by recording the assets and the related liability. These amounts are determined at the inception of lease, on the basis of the lower of the fair value and the present value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

4.5.2 Measurement subsequent to initial recognition

a) *Carried using revaluation model*

Building on leasehold land, plant and machinery, motor vehicles and air conditioning systems are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Leasehold land is stated at its revalued amount. Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

b) *Carried using cost model*

Property, plant and equipment other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses.

c) *Depreciation*

Depreciation on assets (other than leasehold land) is charged to unconsolidated profit and loss account applying the straight-line method whereby the cost of an asset is written off over its useful life. Same basis and estimates for depreciation are applied to owned assets and assets acquired under finance lease.

Depreciation on additions is charged from the month during which the asset is available for use. For disposals during the year, depreciation is charged up to the end of the month preceding the month of disposal. Depreciation is charged to unconsolidated profit and loss account or included in the cost of inventory by applying the rates mentioned in note 5.1.

Maintenance and normal repairs are charged to unconsolidated profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of property, plant and equipment are included in unconsolidated profit and loss account.

d) *Surplus on revaluation of fixed assets*

The surplus arising on revaluation of fixed assets is credited to the “Surplus on Revaluation of Fixed Assets” shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. Accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan’s (SECP) SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from “Surplus on Revaluation of Fixed Assets account” to accumulated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.5.3 Capital work in progress

Capital work in progress (CWIP) is stated at cost less any impairment losses. All expenditures in connection with specific assets incurred during installation and construction period are carried to CWIP. These expenditures are transferred to operating assets as and when these are available for intended use.

4.6 Intangible assets

- An intangible asset is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition of the asset. Intangible assets are subsequently stated at cost less accumulated amortization and accumulated impairment losses. Gains and losses on disposal of intangible assets are included in unconsolidated profit and loss account.
- Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses, if any.
- Intangibles having infinite life are carried at cost less impairment, if any.
- Amortization is calculated using the straight line method to allocate the cost of trademarks and licenses over the useful lives (3 - 15 years) by applying the rates mentioned in note 6 to the financial statements.

4.7 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.

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

Leasehold land classified under investment property is carried at its respective cost less accumulated impairment losses if any.

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

4.8 Investments

4.8.1 Investment in subsidiary companies

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

4.8.2 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 recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated profit and loss account. Investment in associates are accounted for using the equity method of accounting in the consolidated financial statements.

4.9 Stores and spares

All stores, spares and loose tools either imported or purchased locally are charged to unconsolidated profit and loss account when consumed and are valued at cost, which is determined on a first-in-first-out basis. Spares-in-transit are valued at cost accumulated to the balance sheet date. A provision is made for any excess of book value over net realizable value.

The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spares and loose tools.

4.10 Stocks-in-trade

These are valued at the lower of cost and net realizable value except goods-in-transit which are valued at invoice price and related expenses incurred up to the balance sheet date. 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 realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

4.11 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those that the Company intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the Company upon initial recognition designates as at fair value through profit or loss; (b) those that the Company upon initial recognition designates as available for sale; or (c) those for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Subsequent to initial measurement loans and receivables are measured at amortized cost using the effective interest method, less provision for impairment. Gains or losses arising on remeasurement of loans and receivables are taken to the profit and loss account.

Gains or losses are also recognized in profit and loss account when loans and receivables are derecognized or impaired, and through the amortization process.

Interest free loans to employees are stated at cost and recovered in equal monthly installments through salary of the employees.

4.12 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, and current and deposit account balances with banks. Running finance facilities availed by the Company, which are payable on demand and form an integral part of Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

4.13 Foreign currencies

Transactions in foreign currencies are accounted for in rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the balance sheet date are expressed in rupees at rates of exchange prevailing on that date except where forward exchange cover has been obtained for payment of liabilities, in which case the contracted rates are applied. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange gains and losses are included in unconsolidated profit and loss account.

4.14 Revenue recognition

Revenue is recognized 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:

- Sales are recorded on despatch of goods. Export sales are recorded when the goods are shipped.
- Toll manufacturing income is recognized when services are rendered.
- Dividend income, other than those from investments measured using equity method, is recognized when the Company's right of receipt is established.
- Bank profit and commission income is recognized on accrual basis.

4.15 Research and development cost

- Research cost is charged to unconsolidated profit and loss account as and when incurred.
- Development cost is charged to unconsolidated profit and loss account when it does not meet the criteria of capitalization as specified in IAS 38 'Intangible Assets'.

4.16 Provisions

Provisions are recognized in the unconsolidated balance sheet when the Company has a legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

4.17 Impairment

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

4.18 Financial instruments

4.18.1 Recognition

A financial instrument (financial asset or financial liability) is recognized in the unconsolidated balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets carried on the unconsolidated balance sheet include cash and bank balances, long term investments, trade debts, other receivables, loans, advances and deposits.

Financial liabilities carried on the unconsolidated balance sheet include long term finances, loans, advances and deposits, short term finances, trade and other payables and accrued mark-up.

At the time of initial recognition i.e. at the time when the Company becomes a party to the contractual provisions of the instrument, all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it following trade date accounting. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs incurred on financial assets and liabilities classified as 'at fair value through profit or loss' and 'held for trading' and that may be incurred on disposal. The particular recognition methods adopted for the measurement of financial assets and liabilities subsequent to initial measurement are disclosed in the policy statements associated with each item.

Financial assets or a part thereof is derecognized when the Company looses control of the contractual rights that comprise the financial asset or part thereof. Financial liabilities or a part thereof is removed when it is extinguished, i.e. the obligation specified in contract is discharged, cancelled or expired.

4.18.2 Off-setting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.18.3 Regular way purchase and sale transactions

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sell the asset.

4.19 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

4.20 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's unconsolidated financial statements in the period in which such dividends are approved.

4.21 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4.22 General

- Figures have been rounded-off to nearest thousand rupee, unless stated otherwise.
- The comparative figures have been reclassified where considered necessary for the purpose of better presentation of the financial statements. However, no material reclassifications are made in these unconsolidated financial statements which have not been disclosed separately.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		---Rupees in '000 ---	
Operating assets	5.1	687,332	555,899
Capital work in progress - at cost	5.7	-	2,407
		687,332	558,306

5.1 The following is a statement of operating assets:

	Owned assets								Leased assets			Total
	Leasehold land*	Building on leasehold land	Plant and machinery	Office equipment	Furniture and fixtures	Vehicles	Air - conditioning	Sub-total	Plant and machinery	Vehicles	Sub-total	
	(Rupees in '000)											
As at June 30, 2014												
Cost / revalued amount	273,976	181,768	702,958	42,377	23,573	39,375	56,470	1,320,497	-	-	-	1,320,497
Accumulated depreciation	-	(121,569)	(508,493)	(35,152)	(18,333)	(26,954)	(54,097)	(764,598)	-	-	-	(764,598)
Net book amount	273,976	60,199	194,465	7,225	5,240	12,421	2,373	555,899	-	-	-	555,899
Year ended June 30, 2015												
Opening net book amount	273,976	60,199	194,465	7,225	5,240	12,421	2,373	555,899	-	-	-	555,899
Transfer from capital work in progress/Additions	18,073	-	12,883	19,148	290	13,679	1,065	65,138	-	-	-	65,138
Upward revaluation (refer note 18)	128,798	-	-	-	-	-	-	128,798	-	-	-	128,798
Disposal (refer note 5.5)												
Cost / revalued amount	-	-	-	(293)	-	(23,811)	(234)	(24,338)	-	-	-	(24,338)
Accumulated depreciation	-	-	-	278	-	16,044	143	16,465	-	-	-	16,465
	-	-	-	(15)	-	(7,767)	(91)	(7,873)	-	-	-	(7,873)
Depreciation charge	-	(5,026)	(37,465)	(5,007)	(1,442)	(4,858)	(832)	(54,630)	-	-	-	(54,630)
Closing net book amount	420,847	55,173	169,883	21,351	4,088	13,475	2,515	687,332	-	-	-	687,332
As at June 30, 2015												
Cost / revalued amount	420,847	181,768	715,841	61,232	23,863	29,243	57,301	1,490,095	-	-	-	1,490,095
Accumulated depreciation	-	(126,595)	(545,958)	(39,881)	(19,775)	(15,768)	(54,786)	(802,763)	-	-	-	(802,763)
Net book amount	420,847	55,173	169,883	21,351	4,088	13,475	2,515	687,332	-	-	-	687,332
As at June 30, 2013												
Cost / revalued amount	273,976	177,214	647,115	38,155	22,720	103,697	55,617	1,318,494	-	5,460	5,460	1,323,954
Accumulated depreciation	-	(112,853)	(455,452)	(32,181)	(16,905)	(77,303)	(49,608)	(744,302)	-	(3,778)	(3,778)	(748,080)
Net book amount	273,976	64,361	191,663	5,974	5,815	26,394	6,009	574,192	-	1,682	1,682	575,874
Year ended June 30, 2014												
Opening net book amount	273,976	64,361	191,663	5,974	5,815	26,394	6,009	574,192	-	1,682	1,682	575,874
Additions	-	4,554	55,843	4,630	853	23,354	853	90,087	-	-	-	90,087
Transfers												
Cost / revalued amount	-	-	-	-	-	5,460	-	5,460	-	(5,460)	(5,460)	-
Accumulated depreciation	-	-	-	-	-	(4,141)	-	(4,141)	-	4,141	4,141	-
	-	-	-	-	-	1,319	-	1,319	-	(1,319)	(1,319)	-
Disposal												
Cost / revalued amount	-	-	-	(408)	-	(93,136)	-	(93,544)	-	-	-	(93,544)
Accumulated depreciation	-	-	-	290	-	63,494	-	63,784	-	-	-	63,784
	-	-	-	(118)	-	(29,642)	-	(29,760)	-	-	-	(29,760)
Depreciation charge	-	(8,716)	(53,041)	(3,261)	(1,428)	(9,004)	(4,489)	(79,939)	-	(363)	(363)	(80,302)
Closing net book amount	273,976	60,199	194,465	7,225	5,240	12,421	2,373	555,899	-	-	-	555,899
As at June 30, 2014												
Cost / revalued amount	273,976	181,768	702,958	42,377	23,573	39,375	56,470	1,320,497	-	-	-	1,320,497
Accumulated depreciation	-	(121,569)	(508,493)	(35,152)	(18,333)	(26,954)	(54,097)	(764,598)	-	-	-	(764,598)
Net book amount	273,976	60,199	194,465	7,225	5,240	12,421	2,373	555,899	-	-	-	555,899
Depreciation rate	-	5% and 20%	10%, 20% and 33%	10%, 20% and 33%	10%, 20% and 33%	20%	10% and 20%		10%	20%		

* Includes land having market value / fair value of Rs. 88.375 million (2014: Rs. 88.375 million) for which lease in the name of the Company has not been finalized.

5.2 The Company had revalued its operating assets classified under leasehold land, building on leasehold land, plant and machinery and air-conditioning as at April 26, 2015. The valuation was performed by an independent valuer, M/s. Anderson Consulting (Private) Limited. The surplus arising on assets other than land as a result of accounting under revaluation model based on that valuation was not material, therefore, no effect of revaluation had been taken in the financial statements for the year ended June 30, 2015. These assets were earlier carried at such revalued amounts as determined by an independent valuer, M/s. Iqbal A. Nanjee as at June 30, 2004.

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

	Note	2015	2014
		------- Rupees in '000 -------	
5.3.1 Cost of assets held under revaluation model			
Owned assets			
Leasehold land		123,886	105,813
Building on leasehold land		144,134	144,134
Plant and machinery		521,584	508,702
Vehicles		29,243	39,375
Air conditioning system		20,837	20,006
		839,684	818,030
5.3.2 Net book amount under cost model of assets held under revaluation model			
Owned assets			
Leasehold land		123,886	105,813
Building on leasehold land		55,173	60,199
Plant and machinery		169,882	194,465
Vehicles		13,476	12,421
Air conditioning system		2,515	2,373
		364,932	375,271

5.4 **The depreciation expense has been allocated as follows:**

	Note	2015	2014
Cost of sales	26	45,387	68,572
Selling and distribution expenses	27	29,377	7,105
Administrative expenses	28	4,816	4,625
		79,580	80,302

5.5 Following items of property, plant and equipment were disposed off during the year:

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Vehicles							
	470	415	55	365	310	Advertisement / bid	Mr. Munawwar Mirza, House No. N-760, Surjani Town, Sector 7-D, Karachi
	82	19	63	432	369	Advertisement / bid	Mr. Diamond Peerani - Flat # C-21 Noor Apartment North Nazimabad Block E, Karachi.
	480	416	64	385	321	Advertisement / bid	Mr. Saeed Ur Rehman, R-54,Block E, North Nazimabad, Karachi
	82	16	66	362	296	Advertisement / bid	Mr. Sohail Malik - House No. B-110, Sector 9, North Karachi, Karachi
	82	11	71	357	286	Advertisement / bid	Mr. Yaseen Hanif, H.No Fl-1, 4/19, Block 5, North Nazimabad, Karachi
	206	48	158	357	199	Advertisement / bid	Mr. Diamond Peerani - Flat # C-21 Noor Apartment North Nazimabad Block E, Karachi.
	206	28	178	205	27	Advertisement / bid	Mr. Sohail Malik - House No. B-110, Sector 9, North Karachi, Karachi
	1,289	1,096	193	1,000	807	Advertisement / bid	Mr. Taj Muhammad (Employee), H.No 29, Hasan House, Momin Town, Peshawar
	251	50	201	469	268	Advertisement / bid	Mr. Hasan Shahid, House No.E-173/2A, Lane 2, Madni Park, Farooq Colony, Walton Road, Lahore
Balance carried forward	3,148	2,099	1,049	3,932	2,883		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Balance brought forward	3,148	2,099	1,049	3,932	2,883		
	251	38	213	453	240	Advertisement / bid	Mr. Anas Peeran, D-35, Street 1, Block H, North Nazimabad, Karachi
	251	38	213	495	282	Advertisement / bid	Mr. Jawwad Ahmad, House No. R-421, Buffer Zone, Sector 15-A-3, Karachi
	251	29	222	435	213	Advertisement / bid	Mrs. Shagufta Sohail Malik - House No. B-110, Sector 9, North Karachi, Karachi
	251	29	222	440	218	Advertisement / bid	Mr. Mansoor Majid (Employee), House No. C-20/9, Malir Colony, Karachi
	267	36	231	627	396	Advertisement / bid	Mr. M. Saleem - Block # 408, Bantwa Nagar, Liaquatabad Karachi.
	341	97	244	750	506	Advertisement / bid	Mr. Hasan Shahid, House No.E-173/2A, Lane 2, Madni Park, Farooq Colony, Walton Road, Lahore
	4,900	4,655	245	3,325	3,080	Advertisement / bid	Myplan Pharmaceuticals (Private) Limited, 32 Km, Multan Road, Lahore.
	341	74	267	800	533	Advertisement / bid	Mr. M.Ashfaq (Employee), Flat No. 207, Eden Willa, Karachi East.
	341	68	273	721	448	Advertisement / bid	Mr. Ghulam Mahmood (Employee), B-1, Jan Plaza, North Nazimabad, Near Sakhi Hassan, Block K, Karachi
	341	46	295	775	480	Advertisement / bid	Mr. Jawwad Ahmad, House No. R-421, Buffer Zone, Sector 15-A-3, Karachi
Balance carried forward	10,683	7,209	3,474	12,753	9,279		

Notes to the Unconsolidated Financial Statements For the year ended June 30, 2015

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Balance brought forward	10,683	7,209	3,474	12,753	9,279		
	612	245	367	530	163	Advertisement / bid	Mr. M.Faheem Modi, Beverley Homes, House No. D-89/B, Clifton Block 7, Karachi
	612	245	367	520	153	Advertisement / bid	Mr. M.Faheem Modi, Beverley Homes, House No. D-89/B, Clifton Block 7, Karachi
	820	451	369	726	357	Advertisement / bid	Mr. M.Javed Akhtar (Employee), H.No 438, Sector 14, Block D, Karachi
	413	21	392	820	428	Advertisement / bid	Mr. Shehzad Aziz (Employee), Street No 4, Dilzaak Road, Faisal Colony, Peshawar
	977	163	814	1,360	546	Advertisement / bid	Mr. S.Masroor Hussain (Employee), H.No B-17, Maisam Plaza, Block 3, Gulshan-E-Iqbal, Karachi
	2,479	702	1,777	2,150	373	Advertisement / bid	Ms. Muneeza Imran, Flat No. D/8, Dolmen Heights, Shaheed-e-Millat Road, Karachi.
Sub-total	16,596	9,036	7,560	18,859	11,299		

Aggregate of assets disposed off having written down value below Rs. 50,000 each

Office equipment	293	278	15	-	(15)
Air Conditioners	234	143	91	47	(44)
Vehicles	7,215	7,008	207	6,138	5,931
Sub-total	7,742	7,429	313	6,185	5,872
Total - 2015	24,338	16,465	7,873	25,044	17,171
Total - 2014	93,544	63,784	29,760	94,366	64,606

	Note	2015	2014
		------(Rupees in '000)------	
5.6 Net gain on disposal of property, plant and equipment has been presented as follows:			
Other operating income - gain on disposal of property, plant and equipment	29	17,262	65,330
Other operating expenses - loss on disposal of property, plant and equipment	30	(91)	(724)
		17,171	64,606

5.7 Movement in capital work in progress

	2015	2014
Balance at the beginning of the year	2,407	765
add: Additions during the year	1,136	4,915
less: Transfer to operating assets	(3,543)	(3,273)
Balance at the end of the year	-	2,407

6 INTANGIBLE ASSETS

	Distribution rights	Brand name & logo	Software licenses	Total
	------------------(Rupees in '000)------------------			
Year ended June 30, 2015				
Opening net book amount	-	32,916	656	33,572
Additions	-	-	2,820	2,820
Amortization charge	-	(5,000)	(750)	(5,750)
Closing net book amount	-	27,916	2,726	30,642
As at June 30, 2015				
Cost	76,275	74,703	14,841	165,819
Accumulated amortization	(76,275)	(46,787)	(12,115)	(135,177)
Net book amount	-	27,916	2,726	30,642
Year ended June 30, 2014				
Opening net book amount	-	37,916	1,092	39,008
Additions	-	-	-	-
Amortization charge	-	(5,000)	(436)	(5,436)
Closing net book amount	-	32,916	656	33,572
As at June 30, 2014				
Cost	76,275	74,703	12,021	162,999
Accumulated amortization	(76,275)	(41,787)	(11,365)	(129,427)
Net book value	-	32,916	656	33,572
Amortization rate	10%	10%	33.33% and 20%	

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

		Note	2015	2014
7	INVESTMENT PROPERTY		---- Rupees in '000 ----	
	Operating assets	7.1	2,491,318	1,915,871
	Investment property under work in progress - at cost	7.2	-	477,406
			2,491,318	2,393,277

7.1 The following is a statement of operating assets:

	Owned assets								Total
	Leasehold land	Building on leasehold land	Office Equipment	Electrical Equipment	Lifts & Elevators	Generators	Furniture & Fixtures	Air - conditioning	
	(Rupees in '000)								
As at June 30, 2014									
Cost / revalued amount	1,915,871	-	-	-	-	-	-	-	1,915,871
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Net book amount	1,915,871	-	-	-	-	-	-	-	1,915,871
Year ended June 30, 2015									
Opening net book amount	1,915,871	-	-	-	-	-	-	-	1,915,871
Additions	-	353,254	7,597	52,402	41,200	22,136	38,168	85,640	600,397
Depreciation charge	-	(10,137)	(886)	(3,057)	(2,403)	(1,291)	(2,180)	(4,996)	(24,950)
Closing net book amount	1,915,871	343,117	6,711	49,345	38,797	20,845	35,988	80,644	2,491,318
As at June 30, 2015									
Cost / revalued amount	1,915,871	353,254	7,597	52,402	41,200	22,136	38,168	85,640	2,516,268
Accumulated depreciation	-	(10,137)	(886)	(3,057)	(2,403)	(1,291)	(2,180)	(4,996)	(24,950)
Net book amount	1,915,871	343,117	6,711	49,345	38,797	20,845	35,988	80,644	2,491,318

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

	2015	2014
Balance at the beginning of the year	477,406	273,527
Add: Addition under work in progress	122,991	203,879
Less: Transfer to operating assets - investment property	(600,397)	-
Balance at the end of the year	-	477,406

7.3 Leasehold land classified under investment property had been valued under the market value basis by an independent valuer, M/s. Iqbal A. Nanjee & Co. (Private) Limited. Market value of the property based on the valuation as of September 30, 2014 was Rs. 1.851 billion. Further, all other assets classified under investment property have been valued under the market value basis by the same valuer. Market value of these assets based on the valuation as of September 29, 2015 was Rs. 693.047 million.

	Note	2015	2014
		----- (Rupees in '000) -----	
8 LONG-TERM INVESTMENTS - in related parties			
Quoted subsidiary - at cost	8.1	194,716	100,000
Unquoted subsidiaries - at cost	8.2	135,400	135,400
Other investment - at cost	8.3	188,975	124,500
		519,091	359,900

8.1 This represents 10,591,500 (2014: 10,000,000) fully paid ordinary shares of Rs. 10 each in IBL HealthCare Limited (IBLHC).

The Company has received 3,449,997 shares against 30% stock dividend distributed by IBLHC during the year (2014: 1,499,991 shares). The Company holds 15,541,488 shares (2014: 11,499,991 shares) of IBLHC and the proportion of ownership interest of the Company is 51.97% (2014: 50%).

The bonus shares received by the Company also include 174,999 shares which are freezed in the Central Depository Company (CDC) account in lieu of 5% withholding tax under sections 236M of the Income Tax Ordinance, 2001. The Company has filed a petition against such provision and the case is pending before the High Court.

8.2 This represents:

- 40,000 (2014: 40,000) fully paid ordinary shares of Rs. 10 each in wholly owned subsidiary named Searle Pharmaceuticals (Private) Limited, amounting to Rs. 0.4 million (2014: Rs. 0.4 million).

- 12,500,000 (2014: 12,500,000) fully paid ordinary shares of Rs. 10 each in wholly owned subsidiary named Searle Laboratories (Private) Limited, amounting to Rs. 125 million (2014: Rs. 125 million).

- 1,000,000 (2014: 1,000,000) fully paid ordinary shares of Rs. 10 each in wholly owned subsidiary named Searle Biosciences (Private) Limited, amounting to Rs. 10 million (2014: 10 million).

8.3 This represents 1,360,000 (2014: 830,000) fully paid ordinary shares of Rs. 100 each in Nextar Pharma (Private) Limited (NPL), which represents 27.20% (2014: 21.78%) of the total share capital of NPL.

The shares of NPL are not listed on any stock exchange and hence published price quotes are not available. NPL has not commenced operations as of the reporting date. The financial reporting date of NPL is June 30. Total equity/net assets of NPL amounted to Rs. 587.437 million based on un-audited financial statements for the year ended June 30, 2015.

All transfers of funds to the Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of NPL. The Company has not received any cash dividend during the year (2014: Nil). Moreover, the Company has not incurred any contingent liability or other commitments relating to its investments in associates.

		Note	2015	2014
			----- (Rupees in '000) -----	
9	LONG-TERM LOANS			
	Secured - considered good	9.1	1,405	3,028
	Less: Current portion - shown under loans and advances	13	(959)	(2,526)
			446	502
	Considered doubtful		-	-
	Less: Accumulated impairment loss		-	-
			-	-
			446	502

9.1 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.

9.2 The maximum aggregate amount of these loans outstanding at any time during the year was Rs. 2.59 million (2014: Rs. 7.6 million). Such maximum amount is calculated by reference to the month-end balance.

		Note	2015	2014
			----- (Rupees in '000) -----	
10	LONG-TERM DEPOSITS			
	Deposit against rent		1,598	1,598
11	STOCK-IN-TRADE			
	Raw materials		441,818	292,963
	Packing materials		144,532	160,079
	Work in process	26	100,148	58,886
	Finished goods	26	237,124	203,089
	Materials in transit		92,532	89,562
			1,016,154	804,579
12	TRADE DEBTS			
	Considered good			
	Export debtors, secured		60,467	37,925
	Due from:			
	- associated companies - unsecured	12.1, 12.2 & 39.2	1,855,372	1,252,643
	- others - unsecured		266,999	172,088
			2,122,371	1,424,731
			2,182,838	1,462,656
	Considered doubtful - others		622	976
	Less: Provision for doubtful debts	12.3	(622)	(976)
			-	-
			2,182,838	1,462,656

12.1 The receivable is stated net of amounts payable aggregating Rs. 58.49 million (2014: Rs. 100.87 million) on account of expenses claimed by the associated company.

12.2 At year-end, no amount was due from directors, chief executive officer and executives of the Company in respect of trade debts. Moreover, trade debts from related parties other than directors, chief executive officer and executives of the Company are as follows:

	2015	2014
	----- (Rupees in '000) -----	
- IBL Operations (Private) Limited	1,838,039	1,236,272
- United Brands Limited	16,840	15,965
- Dunkin Donuts/International Franchises (Private) Limited	10	284
- Habitt	483	122
	1,855,372	1,252,643

12.3 At year-end, trade debts aggregating Rs. 0.622 million (2014: Rs. 0.976 million) were deemed to have been impaired. These balances are outstanding for more than 4 years.

12.4 In addition, some of the unimpaired trade debts are past due as at the reporting date, no provision has been made in respect of such trade debts. The aging of trade debts 'past due' but not impaired of related parties is as follows:

Age analysis of 'past due' but not impaired trade debts due from related parties	2015	2014
	----- (Rupees in '000) -----	
- More than two months but less than four months	842,879	285,973
- More than four months but less than one year	17,471	52
- One year or more but less than two years	-	673
- Two years and more	706	26
	861,056	286,724

12.5 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 Honourable High Court of Sindh to revert the order. The Company, based on the opinion of its legal advisor, believes that it has a strong case and the matter would be decided in the favour of the Company.

13 LOANS AND ADVANCES

	Note	2015	2014
		----- (Rupees in '000) -----	
Considered good:			
Advances to:			
- employees	13.1	49,074	41,692
- suppliers		302,298	100,619
		351,372	142,311
Current portion of long-term loans	9	959	2,526
Considered doubtful:	13.2	-	51
Less: Provision for doubtful advances		-	(51)
		-	-
		352,331	144,837

13.1 These mainly include advances for business purpose. Moreover, this also includes advances against salary for personal purposes. These are interest free and repayable on monthly basis. The reconciliation of amounts due from executives and non-executives of the Company is given as follows:

	2015			2014		
	Executives	Non-executives	Total	Executives	Non-executives	Total
	(Rupees in '000)					
Opening balance	18,083	23,609	41,692	6,808	16,154	22,962
Add: Disbursements	59,400	112,352	171,752	47,284	89,525	136,809
Less: Repayments	(57,258)	(107,112)	(164,370)	(36,009)	(82,070)	(118,079)
Closing balance	20,225	28,849	49,074	18,083	23,609	41,692

13.2 During the year the Company recovered loans and advances aggregating Rs. 0.051 million which were deemed to have been impaired for the past three years.

13.3 The maximum aggregate amount of these loans outstanding at any time during the year was Rs. 54.620 million (2014: Rs. 68.791 million). Such maximum amount is calculated by reference to the month-end balance.

	Note	2015	2014
		(Rupees in '000)	
14 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
- Trade deposits	14.1	43,000	40,564
Less: Provision for doubtful deposits		(2,640)	(2,640)
		40,360	37,924
Prepayments		60,935	48,366
		101,295	86,290

14.1 At year-end, trade deposits amounting to Rs. 14.15 million (2014: Rs. 13.37 million) were past due but not impaired. These balances are outstanding for more than two years. There has been no movement in provision for doubtful deposits during the year (2014: nil).

	Note	2015	2014
		---- (Rupees in '000) ----	
15 OTHER RECEIVABLES			
Receivables from related parties			
Due from subsidiary companies:			
- Searle Laboratories (Private) Limited against expenses		-	66
- Searle Biosciences (Private) Limited against expenses		150	-
- Searle Pharmaceuticals (Private) Limited:			
- against staff salaries and benefits		-	77
- rental income against use of operating assets		2,000	3,000
- against dividend income		230,000	150,000
		232,150	153,143
Due from associated companies:			
- IBL Operations (Private) Limited against:			
- mark-up on over due balance	15.1	39,642	41,292
- staff salaries and benefits		1,278	-
- International Franchises Limited against rental income, staff salaries and other benefits		2,154	681
- Habitt against rental income		5,174	-
	15.2 & 39.2	48,248	41,973
Surplus arising under retirement benefit fund	15.3	5,250	7,500
Advance against issue of shares	15.4	-	500
Receivables from other than related parties			
Others, considered good		14,540	5,912
		300,188	209,028

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

15.2 At year-end, an amount of Rs. 39.64 million (2014: 41.29 million) is due from associated company which is past due but not impaired. These balances are outstanding for more than two years.

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

15.4 This represents advance amounting to Rs. Nil (2014: 0.5 million) paid to Nextar Pharma (Private) Limited for issue of shares.

		Note	2015	2014
			---- (Rupees in '000) ----	
16	**CASH AND BANK BALANCES**			
	Cash in hand		1,429	1,342
	Cheque in hand		100,000	-
	Balance with banks in:			
	- savings accounts	16.1	9	9
	- current accounts		21,383	19,270
		16.2	122,821	20,621

16.1 These balances carry mark-up at a rate of 3.5 % (2014: 6.5%).

16.2 This include Rs. 8.02 million (2014: Rs. 8.19 million) placed in special bank accounts for dividend purposes.

17 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2015	2014	2015	2014
	(Number of shares)		---- (Rupees in '000) ----	
Ordinary shares of Rs. 10 each:				
- fully paid in cash	3,969,000	3,969,000	39,690	39,690
- issued for consideration other than cash	24,000	24,000	240	240
- issued as fully paid bonus shares	81,847,745	57,321,818	818,477	573,218
	85,840,745	61,314,818	858,407	613,148

17.1 Movement in number of shares

	2015	2014
	(Number of shares)	
Number of shares at beginning of the year	61,314,818	47,165,245
Bonus shares issued during the year	24,525,927	14,149,573
Number of shares at end of the year	85,840,745	61,314,818

17.2 Capital management policies and procedures

The Company's objective when managing above capital are:

- to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefit other stakeholders; and

- to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and maintaining optional capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares and other means commensurate to the circumstances.

18 SURPLUS ON REVALUATION OF FIXED ASSETS - net of deferred tax

The Company had revalued its operating assets classified under leasehold land, building on leasehold land, plant and machinery, vehicles and air-conditioning as at April 26, 2015. The valuation was performed by an independent valuer, M/s. Anderson Consulting (Private) Limited. The surplus arising on assets other than land as a result of accounting under revaluation model based on that valuation was not material, therefore, no effect of revaluation adjustment has been taken in the financial statements for the year ended June 30, 2015. These assets were earlier carried at such revalued amounts as determined by an independent valuer, M/s. Iqbal A. Nanjee as at June 30, 2004.

The surplus would be realized on disposal of revalued assets and on charging of incremental depreciation.

	Note	2015	2014
		---- (Rupees in '000) ----	
Surplus on revaluation of property, plant and equipment (the surplus)	18.1	296,961	168,163
Less: Impact of deferred tax liability on the surplus	18.2	-	-
Surplus on revaluation of fixed assets - net of deferred tax		296,961	168,163

18.1 Surplus on revaluation of property, plant and equipment (the surplus)

	2015	2014
Surplus on revaluation of property, plant and equipment at the beginning of the year	168,163	193,705
Increase in surplus on revaluation during the year	128,798	-
Transferred / realization of the surplus to accumulated profit - net of deferred tax:		
- relating to incremental depreciation	-	(16,857)
	296,961	176,848
Adjustment for deferred tax liability in respect of transfers / realizations made	-	(8,685)
Surplus on revaluation of property, plant and equipment at the end of the year	296,961	168,163

18.2 Impact of deferred tax liability on the surplus

	2015	2014
Deferred tax liability at 33% (2014: 34%) on the surplus at the beginning of the year	-	(8,685)
Adjustment for deferred tax liability in respect of transfers/ realizations made during the year	-	8,685
	-	-

19 LONG TERM FINANCES - secured

	Note	2015	2014
Long term loan utilized under mark-up arrangement	19.1	750,000	825,000
Less: Current portion of long term finances shown under current liabilities		(107,143)	(150,000)
		642,857	675,000

19.1 The Company had obtained syndicate term finance facilities of Rs. 900 million (2014: 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. During the current year, the Company has swapped the aforesaid syndicate finance facility with Dubai Islamic Bank Limited as against the aforementioned banks to the extent of balance amount payable i.e. Rs 750 million. This facility is repayable by May 2019.

19.2 The mark-up on above facilities is 6-months KIBOR plus 0.9% (2014: 6 months KIBOR plus 2.5%) per annum, payable semi-annually in arrears. The facility is secured by:

- 1st pari passu mortgage over all present and future immovable assets of the Company with a 25% security margin.
- 1st pari passu charge with 25% security margin over land (and other immovable assets) located at Plot No. 24/A1 & 2A, Delhi Mercantile Muslim Co-operative Housing Society, Block 7 & 8, Main Shahrah-e-Faisal, Karachi.

	Note	2015	2014
		---- (Rupees in '000) ----	
20 DEFERRED LIABILITIES			
Deferred taxation	20.1	30,174	42,379
Staff retirement gratuity - unfunded	34.1	39,811	33,503
		69,985	75,882

20.1 The net balance of deferred taxation is in respect of following temporary differences:

	Note	2015	2014
Credit balance arising on account of:			
Property, plant and equipment		32,155	44,773
Surplus on revaluation of property, plant and equipment	18.2	-	-
		32,155	44,773
Debit balance arising on account of:			
Intangible assets		(1,037)	(1,264)
Provisions for staff retirement gratuity, doubtful debts and doubtful refunds		(944)	(1,130)
		(1,981)	(2,394)
	20.2	30,174	42,379

Provision for deferred taxation has been calculated only to the extent of those temporary differences except for those pertaining to surplus on revaluation of property, plant and equipment, that do not relate to the income falling under Final Tax Regime of the Income Tax Ordinance, 2001.

	Note	2015	2014
		---- (Rupees in '000) ----	
20.2 Balance at beginning of the year		42,379	40,982
Adjusted against deferred tax liability on the surplus	18.2	-	-
(Reversed)/raised during the year - through profit and loss account	32	(12,205)	1,397
Balance at end of the year	20.1	30,174	42,379
21 SHORT-TERM FINANCES - secured			
Running finances under mark-up arrangements	21.1	682,334	795,882

Notes to the Unconsolidated Financial Statements For the year ended June 30, 2015

21.1 The Company has obtained syndicated running finances under mark-up arrangements of Rs. 1,033 million (2014: Rs. 1,095 million). The mark-up on running finances ranges between 9.5% to 12.42% (2014: 10.53% to 12.39%) per annum.

The running finances under mark-up arrangements are secured jointly by registered mortgage of Rs. 210.5 million (2014: Rs. 172.5 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 1,859 million (2014: Rs. 1,389 million). These short term facilities are arranged through Standard Chartered Bank (Pakistan) Limited from various banks. The securities are held jointly against the short term and long term finances (refer note 19).

22 TRADE AND OTHER PAYABLES

	Note	2015	2014
		---- (Rupees in '000) ----	
Creditors		593,730	521,551
Bills payable in foreign currency		264,170	102,009
Accrued liabilities		568,748	432,511
Advance from customers		41,369	72,361
Unclaimed dividend		10,740	10,902
Workers' Profit Participation Fund	22.1	95,736	52,908
Workers' Welfare Fund		24,553	21,892
Sales tax and excise duty payable		-	3,284
Other liabilities		17,980	9,041
		1,617,026	1,226,459

22.1 Workers' Profit Participation Fund

	Note	2015	2014
Balance at beginning of the year		52,908	41,707
Contribution for the year	30	94,805	51,976
		147,713	93,683
Interest on funds utilized in the Company's business at 10.44% (2014: 12.65%)	31	3,999	3,816
		151,712	97,499
Less: Payments made during the year		(55,976)	(44,591)
Balance at end of the year		95,736	52,908

23 ACCRUED MARK-UP

	2015	2014
Accrued mark-up on:		
- long term finances - secured	5,283	9,019
- short-term finances - secured	9,374	26,933
	14,657	35,952

24 CONTINGENCIES AND COMMITMENTS

Contingencies

24.1 The facility for opening letters of credit (LCs) acceptances and guarantees as at June 30, 2015 amounted to Rs. 1,010 million (2014: Rs. 715 million) of which the amount remaining unutilized as at year end amounted to Rs. 547 million (2014: Rs. 329 million).

24.2 During the year ended June 30, 2014, Sindh Revenue Board (SRB) has imposed sales tax on toll manufacturing at the rate of 16% of sales value. The Company has contested the imposition, and the Management and the tax advisor are confident that good grounds exist to contest the case. They believe that eventual outcome will come in favour of the Company. Hence no provision has been made in these financial statements. The case is pending for hearing before the Honourable High Court of Sindh.

Commitments

24.3 Future rentals payable against operating lease arrangements

The Company obtained factory building at Karachi on rent for a period of 5 years with effect from July 01, 2012. The rent agreement was renewed in December 2014. The details of future rentals over the lease period are as follows:

	2015	2014
	---- (Rupees in ‘000) ----	
Not later than one year	5,580	1,386
Later than one year but not later than five years	5,883	-
	11,463	1,386

25 NET SALES

	2015	2014
Sales		
Local	7,216,899	5,838,713
Export	524,027	366,200
	7,740,926	6,204,913
Sales returns & discounts	(342,523)	(324,469)
Sales tax & excise duty	(86,892)	(118,320)
	(429,415)	(442,789)
	7,311,511	5,762,124
Add: Toll manufacturing	270,959	311,322
Less : Sales tax	-	(1,623)
	270,959	309,699
	7,582,470	6,071,823

		Note	2015	2014
			---- (Rupees in '000) ----	
26	COST OF SALES			
	Material consumed			
	Raw and packing material consumed		2,492,808	2,096,991
	Processing charges paid to third parties		1,008,919	669,654
			3,501,727	2,766,645
	Factory expenses			
	Salaries, wages and benefits	26.1	288,695	278,913
	Provision for staff gratuity (unfunded)	34.1.5	3,339	2,572
	Provident fund contribution		6,302	6,152
	Carriage and duties		13,565	9,912
	Fuel, water and power		88,384	74,897
	Rent and taxes		9,949	5,115
	Communication		1,073	1,005
	Stationery and supplies		7,638	2,712
	Traveling		13,604	8,858
	Advertisement		9,670	787
	Entertainment		80	129
	Repairs and maintenance		63,617	82,864
	Medical expenses		4,060	3,298
	Personal training and selection		1,396	238
	Vehicle expenses		5,852	6,766
	Subscription		162	55
	Legal and professional charges		11,663	9,006
	Depreciation	5.4	45,387	68,572
	Insurance		3,151	2,551
	Corporate services charged by associated company	39.2	7,920	1,440
	Sundries		17,694	17,852
			603,201	583,694
			4,104,928	3,350,339
	Work in process as at beginning of the year	11	58,886	74,309
			4,163,814	3,424,648
	Work in process as at end of the year	11	(100,148)	(58,886)
	Cost of goods manufactured		4,063,666	3,365,762
	Finished goods as at the beginning of the year	11	203,089	108,384
	Finished goods purchased		276,018	408,352
			479,107	516,736
	Cost of samples		(55,479)	(84,767)
	Finished goods as at the end of the year	11	(237,124)	(203,089)
	Cost of sales		4,250,170	3,594,642

26.1 Salaries, wages and benefits include Rs. 84.57 million (2014: Rs. 70.02 million) in respect of contractual labour provided by Paksons (Private) Limited.

	Note	2015	2014
		---- (Rupees in '000) ----	

27 SELLING AND DISTRIBUTION EXPENSES

	Note	2015	2014
Salaries, wages and benefits		500,464	473,938
Provision for staff gratuity (unfunded)	34.1.5	1,904	1,465
Provident fund contribution		15,387	13,755
Services charges		31,201	32,104
Carriage and duties		109,903	95,372
Water and power		25,953	3,061
Rent and taxes		22,361	14,073
Communication		16,593	17,988
Stationery and supplies		7,633	7,715
Traveling		241,311	211,169
Advertising and promotion		357,583	326,154
Samples		76,149	82,616
Bonus to salesmen		133,154	78,531
Entertainment		818	1,266
Repairs and maintenance		12,941	2,451
Medical expenses		5,034	6,766
Personal training and selection		22,240	6,124
Vehicle expenses		49,007	85,811
Insurance		10,455	5,367
Depreciation	5.4	29,377	7,105
Subscription		20,681	14,226
Donation	27.1	5,991	4,666
Replacement products		55,446	53,495
Royalty		5,528	3,919
Corporate services charged by associated company	39.2	19,800	3,600
Legal and professional charges		52,366	23,788
Sundries		605	486
		1,829,885	1,577,011

27.1 Directors of the Company have no interest in the donee institution except as stated in note 39.

	Note	2015	2014
		---- (Rupees in '000) ----	
28 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		78,423	78,813
Provision for staff gratuity (unfunded)	34.1.5	556	429
Provident fund contribution		2,356	2,634
Carriage and duties		22	369
Water and power		1,048	1,125
Rent and taxes		7,979	5,004
Communication		6,078	4,343
Stationery and supplies		5,122	4,213
Traveling		6,031	1,947
Advertisement		82	84
Entertainment		209	85
Repairs and maintenance		19,393	16,010
Medical expenses		5,695	5,842
Personal training and selection		2,204	1,121
Vehicle expenses		4,518	4,177
Insurance		3,340	2,588
Depreciation	5.4	4,816	4,625
Amortization	6	5,750	5,436
Subscription		34	2
Donation	28.1	6,108	29,321
Corporate services charged by associated company	39.2	11,880	2,160
Legal and professional charges		29,421	31,269
Sundries		1,258	1,157
		202,323	202,754

28.1 Directors of the Company have no interest in the donee institution except as stated in note 39.

		Note	2015	2014
			---- (Rupees in '000) ----	
29	**OTHER INCOME**			
	Income from financial assets			
	Exchange gain		13,446	26,281
	Income from financial assets - related parties			
	Dividend income from IBL HealthCare Limited (subsidiary company)		11,500	15,000
	Dividend income from Searle Pharmaceuticals (Private) Limited (subsidiary company)		705,000	475,000
			716,500	490,000
	Income from non-financial assets			
	Gain on disposal of property, plant and equipment	5.6	17,262	65,330
	Reversal of provision of doubtful supplier advances and trade debts	13.2	405	-
	Others		18,020	5,689
			35,687	71,019
	Income from non-financial assets - related parties			
	Rental income against use of operating assets by related parties:			
	- Searle Pharmaceuticals (Private) Limited (subsidiary company)		6,000	3,000
	- International Franchises (Private) Limited (associated company)		2,930	2,749
			8,930	5,749
	Income from investment property		31,113	-
			805,676	593,049
30	**OTHER EXPENSES**			
	Contribution to:			
	- Workers' Profits Participation Fund	22.1	94,805	51,976
	- Workers' Welfare Fund		22,412	19,751
	- Central research fund		11,118	9,678
	Auditors' remuneration	30.1	2,158	2,607
	Loss on disposal of property, plant and equipment	5.6	91	724
	Exchange loss		17,354	34,207
			147,938	118,943
30.1	**Auditors' remuneration**			
	Audit fee			
	- Annual audit		1,550	1,300
	- Half year audit		-	550
	- Half yearly review		263	250
	Fee in respect of special reports and certifications		215	343
	Out of pocket expenses		130	164
			2,158	2,607

		Note	2015	2014
			---- (Rupees in '000) ----	
31	**FINANCE COST**			
	Bank charges		7,276	5,227
	Interest on Workers' Profits Participation Fund	22.1	3,999	3,816
	Lease finance charges		-	102
	Mark-up on long term and running finances		178,891	204,257
			190,166	213,402
32	**INCOME TAX EXPENSE**			
	Current			
	- For the year		374,456	147,517
	- For prior years		-	55,981
			374,456	203,498
	Deferred tax (income)/expense	20.2	(12,205)	1,397
			362,251	204,895

32.1 Charge for the year

Provisions for current taxation and deferred taxation have been made after considering the implications of section 169 of the Income Tax Ordinance, 2001. Income not covered under Final Tax Regime is provided at the normal basis using the applicable rate of 33% for the tax year 2015 (2014: 34% for the tax year 2014). While income covered under FTR and separate block are taxed accordingly.

		Note	2015	2014
			---- (Rupees in '000) ----	
32.2	**Reconciliation of tax expense**			
	Profit before income tax		1,767,664	958,120
	Enacted tax rate		33%	34%
	Tax on accounting profit at applicable tax rate		583,329	325,761
	Tax effect of:			
	- permanent differences		(187,036)	(165,453)
	- temporary differences		(21,131)	(7,794)
	- applicability of lower tax rate on certain income		(12,911)	(3,600)
	- demand provided and raised during the year		-	55,981
	Tax expense charged on income		362,251	204,895

32.3 Current status of tax assessments

Assessments of the Company for the assessment years 2002-2003, tax years 2004, 2005, 2008, and 2012 are pending before various appellate forums in respect of issues related to certain disallowances.

During the year ended June 30, 2014, an assessment order for the tax year 2012, dated March 10, 2014 under section 122(5A) of Income Tax Ordinance 2001 was passed by Additional Commissioner Inland Revenue (ACIR) against the Company, thereby raising a tax demand of Rs. 369.807 million in respect of certain disallowances. The Company had filed an appeal against the aforementioned order, however, no hearing has been fixed and no set aside order has been received by the Company till end of current year.

During the year ended June 30, 2014, an assessment order for the tax year 2008, dated October 31, 2013 under section 122(5A) of Income Tax Ordinance 2001 was passed by ACIR against the Company, thereby raising a tax demand amounting to Rs. 128.832 million against the Company in respect of certain disallowances. An appeal was filed by the Company against the aforementioned order, however, no hearing has been fixed and no set aside order has been received by the Company till end of current year.

During the year, an assessment order for the tax year 2013, dated April 30, 2015 under section 122(5A) of Income Tax Ordinance 2001 was passed by ACIR against the Company, thereby raising a tax demand amounting to Rs. 586.7 million against the Company in respect of certain disallowances. An appeal is filed by the Company against the aforementioned order.

The Company has good arguable cases on merits and as such there is no likelihood of unfavourable outcome or any potential loss on account of above assessment orders.

	2015	(Re-stated) 2014

33 EARNINGS PER SHARE - Basic and Diluted

33.1 Basic earnings per share

	2015	(Re-stated) 2014
Profit for the year (Rupees in thousands)	1,405,413	753,225
Weighted average number of shares in thousands (2014: Restated)	85,841	85,841
Earnings per share (Rupees) (2014: Restated)	16.37	8.77

33.2 Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2015, which would have effect on the basic EPS if the option to convert would have been exercised.

34 EMPLOYEE BENEFITS

a) Defined benefit plans

34.1 Gratuity scheme - unfunded

34.1.1 General description

The scheme provides for post employment benefits for all unionized employees who complete qualifying period of five years of service with the Company and are entitled to one months' last drawn basic salary for each completed year of such service.

Annual provision is based on actuarial valuation. The valuation was carried out as at June 30, 2015 by M/s. Sidat Hyder Morshed Associates (Private) Limited, independent actuaries, using the projected unit credit method.

34.1.2 Principal actuarial assumptions

	2015	2014
	(percentage per annum)	
Financial assumptions		
- Estimated rate of increase in salary of the employees	10%	12.5%
- Discount rate	10%	12.5%
Demographic assumptions		
- Mortatilty	SLIC 2001 - 2005	SLIC 2001 - 2005
Retirement age	60 years	60 years

	Note	2015	2014
		---- (Rupees in '000) ----	
34.1.3 Movement in the present value of defined benefit obligation (DBO)			
Present value of DBO at the beginning of the year		(33,503)	(27,821)
Current service cost		(1,528)	(1,236)
Interest cost		(4,271)	(3,230)
		(5,799)	(4,466)
Benefits paid		1,294	1,809
Actuarial (gain) on obligation		(1,802)	(3,025)
Present value of DBO at the end of the year	34.1.4	(39,810)	(33,503)
34.1.4 Movement in the deficit recognized in the balance sheet			
Deficit at the beginning of the year		(33,503)	(27,821)
Expense recognized in profit & loss account	34.1.5		
- current service cost		(1,528)	(1,236)
- net interest		(4,271)	(3,230)
		(5,799)	(4,466)
Remeasurement - recognized in other comprehensive income:			
Actuarial (loss)/gain arising due to change in:			
- demographic assumptions - (unfavourable)/favourable		-	(717)
- financial assumptions - (unfavourable)/favourable		-	-
- experience adjustment - (losses)/gains		(1,802)	(2,308)
		(1,802)	(3,025)
Payment made on behalf of fund		1,294	1,809
Deficit at the end of the year	34.1.3	(39,810)	(33,503)

	Note	2015	2014
		---- (Rupees in '000) ----	
34.1.5 Amount recognized as expense			
Cost of sales	26	3,339	2,572
Selling and distribution expenses	27	1,904	1,465
Administrative expenses	28	556	429
		5,799	4,466

34.1.6 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	1%	(36,353)	43,769
Rate of increase in salary	1%	43,731	(36,324)

	2015	2014
	---- (Rupees in '000) ----	

b) Defined contribution plan

34.2 Employees Provident Fund (the Fund)

34.2.1 Fund position *

	2015	2014
Size of the fund - Rupees in '000	469,593	251,971
Cost of investments made - Rupees in '000	432,332	246,348
Fair value of investments - Rupees in '000	432,332	246,348
Percentage of investments to total assets	92%	98%
Number of members	1,477	1,304

	2015	2014	2015	2014
	(Percentage)		---- (Rupees in '000) ----	
34.2.2 Composition of the Fund *				
Term finance certificates	1%	11%	4,994	28,041
Deposits with banks	2%	4%	9,000	9,000
Pakistan Investments Bonds (PIBs)	10%	10%	41,222	26,000
NIT units	16%	24%	67,449	59,585
Investment in mutual fund	8%	5%	36,388	12,345
Share of associated company	63%	46%	273,279	117,000

* These figures have been taken from unaudited financial statements of the Fund for the years ended June 30, 2014 and June 30, 2015.

34.2.3 The investments out of provident fund have been made in accordance with the provision of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

		Note	2015	2014
			---- (Rupees in '000) ----	
35	CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
	Profit before tax		1,767,664	958,120
	Adjustments for non-cash items:			
	Depreciation	5.4	79,580	80,302
	Gain on disposal of property, plant and equipment - net	5.6	(17,171)	(64,606)
	Amortization	6	5,750	5,436
	Financial charges excluding bank charges	31	182,890	208,175
	Provision for staff gratuity (unfunded)	34.1.5	5,799	4,466
	Net (increase) in working capital	35.1	(648,843)	(180,500)
			1,375,669	1,011,393
35.1	(Increase)/Decrease in working capital			
	Current assets			
	Decrease in stores and spares		-	1,182
	(Increase) in stock-in-trade		(211,575)	(235,237)
	(Increase) in trade debts		(720,182)	(164,270)
	(Increase) in trade deposits and short term prepayments		(15,005)	(22,849)
	(Increase)/Decrease in other receivables		(92,810)	24,998
			(1,039,572)	(396,176)
	Current liabilities			
	Increase in trade and other payables		390,729	215,676
	Net (increase) in working capital		(648,843)	(180,500)
36	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	16	122,821	20,621
	Running finances under mark-up arrangements	21	(682,334)	(795,882)
			(559,513)	(775,261)

37 SEGMENT INFORMATION

A segment is a distinguishable component of the Company that is engaged in business activities from which the Company earns revenues and incurs expenses and its results are regularly reviewed by the Company's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure and products produced and sold, the Company is organized into the following three operating segments:

- Pharma
- Consumer
- Investment property

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 revenue, segment result, costs, assets and liabilities for the year are as follows:

		Pharma		Consumer		Investment property		Total	
		2015	2014	2015	2014	2015	2014	2015	2014
		(Rupees in '000)							
37.1	Segment result and performance								
	Segment revenue	6,651,207	5,315,462	931,263	756,361	31,113	-	7,613,583	6,071,823
	Cost of sales	(3,720,843)	(3,153,450)	(529,327)	(441,192)	-	-	(4,250,170)	(3,594,642)
	Selling and distribution	(1,667,576)	(1,355,743)	(93,563)	(221,268)	(68,746)	-	(1,829,885)	(1,577,011)
	Administrative expenses	(202,323)	(177,103)	-	(25,651)	-	-	(202,323)	(202,754)
		(5,590,742)	(4,686,296)	(622,890)	(688,111)	(68,746)	-	(6,282,378)	(5,374,407)
	Segment result	1,060,465	629,166	308,373	68,250	(37,633)	-	1,331,205	697,416
37.2	Unallocated income and expense								
	Other income							774,563	593,049
	Other expenses							(147,938)	(118,943)
	Financial cost							(190,166)	(213,402)
	Profit before taxation							1,767,664	958,120
	Income tax expense							(362,251)	(204,895)
	Profit for the year							1,405,413	753,225
37.3	Segment assets and liabilities								
	Segment assets	135,906	169,185	33,977	25,280	2,491,318	2,393,277	2,661,201	2,587,742
	Unallocated assets							5,317,437	3,683,660
	Total assets							7,978,638	6,271,402
	Segment liabilities	-	-	-	-	750,000	825,000	750,000	825,000
	Unallocated liabilities							2,384,002	2,134,175
	Total liabilities							3,134,002	2,959,175
37.4	Depreciation	42,065	69,863	12,565	10,439	24,950	-	79,580	80,302
37.5	Other non-cash expenses	5,750	5,436	-	-	-	-	5,750	5,436
37.6	Addition in segment assets	51,031	78,376	15,243	11,711	723,388	203,879	789,662	293,966
37.7	Percentage for allocation	80%	90%	23%	10%	-3%	0%	100%	100%

37.8 There were no inter-segment transactions during the year (2014: None).

37.9 Geographical segments

Net sales by region

	Note	2015	2014
		(Rupees in '000)	
Pakistan		7,131,025	5,757,973
Asia		231,176	140,128
Eastern Africa		10,341	2,606
South-Eastern Asia		55,571	32,530
Far East		166,950	138,586
Western Asia		18,520	-
	37.9.1	7,613,583	6,071,823

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

37.9.1 The Company has presented the net sales amounts for the current and comparative prior year.

37.10 The Company has earned major revenue from one of the customer, which amounts to Rs. 6.61 billion (2014: Rs. 5.11 billion) out of the total revenue.

38 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive Officer	Directors	Executives*	Chief Executive Officer	Directors	Executives*
	(Rupees in '000)					
Managerial remuneration	4,577	19,571	94,798	3,840	10,197	107,852
Annual bonus	710	1,112	13,467	570	1,994	16,754
Retirement benefits						
- Provident fund	458	1,957	9,480	384	1,020	10,785
Perquisites						
- Rent	2,060	8,807	42,659	1,728	4,589	48,533
- Utilities	458	1,957	9,480	384	1,020	10,785
- Telephone	-	-	156	-	-	174
- Entertainment	-	-	271	-	-	297
- Car maintenance	201	472	4,116	179	606	3,368
	8,464	33,876	174,427	7,085	19,426	198,548
Number of persons	1	3	90	1	3	92

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

38.2 During the year, the Company has paid to five non-executive directors (2014: five) an aggregate amount of Rs. 182,000 (2014: Rs. 120,000) as fee for attending board meetings.

* Executive means an employee other than chief executive officer and director, whose basic salary exceeds five hundred thousand rupees in a financial year.

39 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises International Brands (Private) Limited (holding company), IBL HealthCare Limited (subsidiary company), associated companies, related group companies, key management personnel, compensation to key management personnel, retirement benefit plan and close family members.

39.1 Aggregate transactions and balances with related parties and associated undertakings which are not disclosed in respective notes are as follows:

	2015			2014		
	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
	------------------------------ (Rupees in '000) ------------------------------					
39.1.1 Transactions						
(i) IBL Operations (Private) Limited - associated company (refer note 39.2 and 39.3)						
Sales	6,608,552	-	-	5,095,810	-	-
Sales returned	66,261	-	-	122,912	-	-
Expenses claimed by the associated company						
Carriage and duties	34,106	-	-	21,200	-	-
Staff salaries and benefits	1,678	-	-	4,287	-	-
Discounts	168,691	-	-	101,222	-	-
Warehouse rent	3,731	-	-	3,874	-	-
Corporate services charged	39,600	-	-	7,200	-	-
Sales promotion expenses	7,206	-	-	66,632	-	-
IT Services	2,802	-	-	6,600	-	-
Expenses claimed by the Company						
Staff salaries and other expenses	1,278	-	-	5,465	-	-
Royalty and price difference claims	19,387	-	-	-	-	-
(ii) International Franchises (Private) Limited - associated company						
Sales	325	-	-	677	-	-
Sales returned	69					
Rent, utility and other income	8,740	-	-	2,749	-	-
Staff salaries and benefits	-	-	-	1,123	-	-
Purchase of Promotional Items	201	-	-	808	-	-
Expenses claimed by the Company						
Utilities expenses (Building center)	569	-	-	-	-	-
(iii) United Distributors Pakistan Limited (UDPL) - associated company						
Purchase of vehicles	2,010	-	-	-	-	-
Payment under group tax relief	11,558	-	-	-	-	-
Expenses claimed by the Company						
Vehicle hiring/ Insurance	10	-	-	-	-	-
Warehouse rent & expenses	686	-	-	625	-	-
Staff salaries and benefits	-	-	-	122	-	-

Notes to the Unconsolidated Financial Statements For the year ended June 30, 2015

		Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
		------------------------------ (Rupees in '000) ------------------------------					
(iv)	HABITT - associate						
	Sales	6,907	-	-	-	-	-
	Sales returned	580	-	-	-	-	-
	Rent income	27,875	-	-	-	-	-
	Purchase of promotional items from Habitt	558	-	-	775	-	-
(v)	IBL HealthCare Limited - subsidiary company						
	Expenses claimed by the Company						
	Salaries, wages and benefits	-	-	-	1,139	-	-
	Warehouse expenses	90	-	-	-	-	-
	Purchases of promotional items	320	-	-	620	-	-
	Vehicle Hiring	-	-	-	1,926	-	-
(vi)	The Citizens Foundation - associate (refer note 39.4)						
	Donations	-	-	-	15,000	-	-
(vii)	Arshad Shahid Abdulla (Private) Limited - associated company						
	Architect fee	2,980	-	-	1,260	-	-
(viii)	Shahid Abdulla						
	Office and factories renovation	373	-	-	-	-	-
(ix)	Multinet Pakistan (Private) Limited - associated company						
	Internet services	452	-	-	760	-	-
(x)	United Brands Limited - associated company						
	Sales	71,755	-	-	84,927	-	-
	Sales returns	461	-	-	-	-	-
	Expenses claimed by United Brands Limited						
	Discounts	944	-	-	1,563	-	-
	Purchase of promotional items	777	-	-	585	-	-

		2015			2014		
		Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
		------------------------------ (Rupees in '000) ------------------------------					
(xi)	Searle Pharmaceuticals (Private) Limited - subsidiary company						
	Purchases	966,858	-	-	657,991	-	-
(xii)	Searle Laboratories (Private) Limited - subsidiary company						
	Purchases	5,978	-	-	17,771	-	-
	Professional fee	-	24,500	-	-	-	-
39.1.2	Balances						
(i)	Loans and advances						
	At beginning of the year	-	-	3,604	-	-	3,458
	Given during the year	-	-	7,259	-	-	4,043
	Repaid during the year	-	-	(3,859)	-	-	(3,897)
	At the end of the year	-	-	7,004	-	-	3,604
(ii)	Trade debts - associated company (refer note 12)						
	At beginning of the year	1,252,643	-	-	1,071,559	-	-
	Addition during the year	6,666,488	-	-	5,119,950	-	-
	Repaid during the year	(6,063,760)	-	-	(4,938,866)	-	-
	At the end of the year	1,855,371	-	-	1,252,643	-	-
(iii)	Other receivables - associates (refer note 15)						
	At beginning of the year	41,292	-	-	107,490	-	-
	Addition during the year	19,387	-	-	5,465	-	-
	Repaid during the year	(21,036)	-	-	(71,663)	-	-
	At the end of the year	39,643	-	-	41,292	-	-

	2015			2014		
	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
	(Rupees in '000)					
(iv) Creditors - subsidiary company (refer note 22)						
At beginning of the year	291,694	-	-	153,645	-	-
Addition during the year	972,836	-	-	675,762	-	-
Repaid during the year	(919,106)	-	-	(537,713)	-	-
At the end of the year	345,424	-	-	291,694	-	-

39.2 In pursuance of scheme of arrangement and court order dated May 2011, with effect from July 1, 2011 all assets (except for retained assets), liabilities and operation division of International Brands (Private) Limited (the holding company) were transferred to IBL Operations (Private) Limited (associated company).

39.3 Sales to IBL Operations (Private) Limited (associated company) are made at ex-factory price i.e. trade prices less distributor's margin of 10% and 12% (2014: 10% and 12%). In addition, the amounts of communication, utilities, salaries and wages and carriage and duties are also being reimbursed.

39.4 The Chairman of the Company is on the board of directors of the donee. The address of the donee is Plot No. 20, Sector - 14, Near Brookes Roundabout, Korangi Industrial Area, Karachi.

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

Financial risk management

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

41.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is as follows:

	Note	2015	2014
		---- (Rupees in '000) ----	
Loans and advances	9 & 13	50,479	44,720
Long term deposit	10	1,598	1,598
Trade debts, excluding secured debtors	12	2,122,371	1,424,731
Trade deposits	14	40,360	37,924
Other receivables	15	285,648	202,616
		2,500,456	1,711,589

Concentration of credit risk

The Company's major sales are with IBL Operations (Private) Limited, which is a concentration and a credit risk. However, the Company has established policies and procedures for timely recovery of trade debts. With respect to parties other than affiliates, the Company mitigates its exposure and credit risk by applying credit limits to its customers.

Out of the total financial assets of Rs. 2.68 billion (2014: Rs. 1.77 billion), financial assets which are subject to credit risk amount to Rs. 2.50 billion (2014: Rs. 1.71 billion). Moreover, financial assets amounting to Rs. 2.14 billion (2014: Rs. 1.46 billion) consist of receivables from the Company's affiliates and cash and bank balances.

41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company would be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial assets and financial liabilities:

2015

	Note	Effective interest rate	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
			Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
	Note	%	-----------------			(Rupees in '000)			-----------------
Financial assets									
Loans and advances	9 & 13		-	-	-	50,033	446	50,479	50,479
Long term deposits	10		-	-	-	-	1,598	1,598	1,598
Trade debts	12		-	-	-	2,182,838	-	2,182,838	2,182,838
Trade deposits	14		-	-	-	40,360	-	40,360	40,360
Other receivables	15		-	-	-	285,648	-	285,648	285,648
Cash and bank balances	16	6.5	9	-	9	122,812	-	122,812	122,821
			9	-	9	2,681,691	2,044	2,683,735	2,683,744
Financial liabilities									
Long-term finance	19	KIBOR +0.9	(107,143)	(642,857)	(750,000)	-	-	-	(750,000)
Trade and other payables	22		-	-	-	(1,455,368)	-	(1,455,368)	(1,455,368)
Accrued mark-up	23		-	-	-	(14,657)	-	(14,657)	(14,657)
Short-term finances	21	9.5 to 12.42	(682,334)	-	(682,334)	-	-	-	(682,334)
			(789,477)	(642,857)	(1,432,334)	(1,470,025)	-	(1,470,025)	(2,902,359)
On balance sheet date gap			(789,468)	(642,857)	(1,432,325)	1,211,666	2,044	1,213,710	(218,615)

2014

	Note	Effective interest rate	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
			Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
	Note	%	-----------------			(Rupees in '000)			-----------------
Financial assets									
Loans and advances	9 & 13		-	-	-	44,218	502	44,720	44,720
Deposits	10		-	-	-	-	1,598	1,598	1,598
Trade debts	12		-	-	-	1,462,656	-	1,462,656	1,462,656
Trade deposits	14		-	-	-	37,924	-	37,924	37,924
Other receivables	15		-	-	-	202,616	-	202,616	202,616
Cash and bank balances	16	6	9	-	9	20,612	-	20,612	20,621
			9	-	9	1,768,026	2,100	1,770,126	1,770,135
Financial liabilities									
Long-term finance	19	KIBOR +2.5	(150,000)	(675,000)	(825,000)	-	-	-	(825,000)
Trade and other payables	22		-	-	-	(1,076,014)	-	(1,076,014)	(1,076,014)
Accrued mark-up	23		-	-	-	(21,528)	-	(21,528)	(21,528)
Short-term finances	21	10.53 to 12.39	(795,882)	-	(795,882)	-	-	-	(795,882)
			(945,882)	(675,000)	(1,620,882)	(1,097,542)	-	(1,097,542)	(2,718,424)
On balance sheet date gap			(945,873)	(675,000)	(1,620,873)	670,484	2,100	672,584	(948,289)

41.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

41.3.1 Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on purchases that are entered in a currency other than Pak Rupees. Payable exposed to foreign currency risk have been included in creditors/bills payable, which at year-end are Rs. 264 million (2014: Rs. 102 million) and foreign currency receivables included in trade debtors are Rs. 60.46 million (2014: Rs. 57.7 million). The Company earned exchange gain of Rs. 13.4 million (2014: Rs. 26.3 million) and suffered exchange loss of Rs. 17.3 million (2014: Rs. 34.2 million) during the year.

41.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises under long term finance and short term finance. Further there has been no variable rate instrument at both the current and comparative year-end. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is as follows:

	Note	2015	2014
		---- (Rupees in '000) ----	
Variable rate instruments			
Financial liabilities			
- Long term finance	19	(750,000)	(825,000)
- Short term finance	21	(682,334)	(795,882)
		(1,432,334)	(1,620,882)

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant. The analysis is performed on the same basis for 2014.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	(Rupees in '000)			
As at June 30, 2015				
Cash flow sensitivity - variable rate instruments	1,789	(1,789)	1,789	(1,789)
As at June 30, 2014				
Cash flow sensitivity - variable rate instruments	2,044	(2,044)	2,044	(2,044)

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset could be exchanged or liability settled between knowledgeable willing parties in an arm's length transaction. The Company prepares its unconsolidated financial statements under the historical cost convention and where applicable at fair value and amortized cost. Estimated fair value of all financial instruments are not significantly different from their carrying values at the year end.

43 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2015	2014
		(Rupees in '000)	
43.1 Financial liabilities			
Financial liabilities measured at amortized cost			
Long-term finances	19	(750,000)	(825,000)
Trade and other payables	22	(1,455,368)	(1,076,014)
Short-term finances	21	(682,334)	(795,882)
Financial liabilities measured at fair value through profit or loss			
Accrued mark-up	23	(14,657)	(35,952)
		(2,902,359)	(2,732,848)
43.2 Financial assets			
Loans and receivables			
Loans and advances	9 & 13	50,479	44,720
Long term deposit	10	1,598	1,598
Trade debts	12	2,182,838	1,462,656
Trade deposits	14	40,360	37,924
Other receivables	15	285,648	202,616
Cash and bank balances	16	122,821	20,621
		2,683,744	1,770,135
On balance sheet gap		(218,615)	(962,713)

44 NUMBER OF EMPLOYEES

	2015	2014
Number of employees as at the year end	1,468	1,399
Average number of employees during the year	1,381	1,447

45 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements are authorized for issue by the Board of Directors on September 30, 2015.

45.1 Event after balance sheet date

The Board of Directors of the Company in the meeting held on September 30, 2015 has approved the following appropriation:

	2015	2014
	---- (Rupees in '000) ----	
- Cash dividend - Rs. 2 (2014: Nil) per share of Rs. 10 each	171,681	-
- Issue of bonus shares 20% (2014: 40%) in the ratio of 20 (2014: 40) shares for every 100 shares held	171,681	245,259

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

In addition to the above, the Board of Directors of the Company has also approved 10% right issue at a premium of Rs. 190 per share.

Syed Nadeem Ahmed
Managing Director

Rashid Abdulla
Chief Executive Officer

Pattern of Shareholding

As at June 30, 2015

No. of Shareholders	Shareholdings' Slab			Total Shares Held
2073	1	to	100	59,487
1553	101	to	500	439,999
677	501	to	1000	531,601
1387	1001	to	5000	3,184,900
247	5001	to	10000	1,842,169
83	10001	to	15000	1,002,360
54	15001	to	20000	951,879
24	20001	to	25000	545,108
21	25001	to	30000	577,097
6	30001	to	35000	201,275
14	35001	to	40000	528,475
5	40001	to	45000	209,187
10	45001	to	50000	480,309
7	50001	to	55000	371,362
8	55001	to	60000	452,291
2	60001	to	65000	127,600
4	65001	to	70000	268,952
6	70001	to	75000	441,740
1	75001	to	80000	80,000
1	80001	to	85000	84,573
2	85001	to	90000	177,760
2	90001	to	95000	187,648
4	95001	to	100000	393,262
3	100001	to	105000	313,300
1	105001	to	110000	105,900
1	110001	to	115000	111,700
1	115001	to	120000	234,199
1	120001	to	125000	125,000
1	125001	to	130000	129,682
1	130001	to	135000	133,000
2	135001	to	140000	279,900
2	145001	to	150000	295,577
2	155001	to	160000	317,700
1	160001	to	165000	163,800
3	165001	to	170000	497,723
1	175001	to	180000	177,212
2	180001	to	185000	362,988
1	200001	to	205000	203,000
2	210001	to	215000	427,136
1	215001	to	220000	215,754
1	220001	to	225000	220,063
3	225001	to	230000	680,270
1	235001	to	240000	236,300
1	240001	to	245000	240,656
1	245001	to	250000	245,400
2	260001	to	265000	522,110
1	335001	to	340000	335,155
2	345001	to	350000	697,489
1	405001	to	410000	408,800
1	410001	to	415000	414,000
1	420001	to	425000	421,000
1	540001	to	545000	544,245
1	695001	to	700000	698,066
2	720001	to	725000	1,443,078
1	795001	to	800000	797,144
1	995001	to	1000000	1,000,000
1	1005001	to	1010000	1,009,072
1	1040001	to	1045000	1,044,330
1	1250001	to	1255000	1,252,800
1	1450001	to	1455000	1,453,320
1	1515001	to	1520000	1,518,336
1	1560001	to	1565000	1,564,964
1	2040001	to	2045000	2,041,700
1	2530001	to	2535000	2,531,108
1	46610001	to	47500000	47,288,734
6248				85,840,745

Pattern of Shareholding

As at June 30, 2015

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Rashid Abdulla	2	7,257	0.01
Shahid Abdulla	2	145,880	0.17
Husain Lawai	1	2,085	0.00
Syed Nadeem Ahmed	1	1,585	0.00
Zubair Razzak Palwala	1	1,657	0.00
Asad Abdulla	1	1,381	0.00
Ayaz Abdulla	1	8,288	0.01
Adnan Asdar Ali	1	1,381	0.00
Faiza Naeem	1	690	0.00
Shakila Rashid	3	220,382	0.26
Associated Companies, undertakings and related parties			
International Brands Limited	3	47,299,283	55.10
Trustee Searle Pakistan Limited Provident Fund	1	544,245	0.63
Executives	-	-	-
Public Sector Companies and Corporations	5	1,781,122	2.07
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	32	4,508,313	5.25
Mutual Funds			
FIRST CAPITAL MUTUAL FUND LTD.	1	23,433	0.03
BSJS BALANCED FUND LTD.	1	99	0.00
CDC - TRUSTEE MEEZAN BALANCED FUND	1	104,800	0.12
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	8,194	0.01
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	163,800	0.19
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	1,252,800	1.46
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	180,688	0.21
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	721,078	0.84
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	65,100	0.08
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	7,546	0.01
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	700	0.00
CDC - TRUSTEE ABL STOCK FUND	1	17,404	0.02
CDC - TRUSTEE LAKSON EQUITY FUND	1	182,300	0.21
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	6,600	0.01
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	56,500	0.07
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	10,000	0.01
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	180	0.00
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	10,000	0.01
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	4,116	0.00
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	9,000	0.01
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	97,762	0.11
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	89,910	0.10
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,531,108	2.95
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	37,000	0.04
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	10,000	0.01
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	1	2,500	0.00
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	95,500	0.11
General Public			
a. Local	6014	12,989,191	15.13
b. Foreign	4	1,551,796	1.81
Foreign Companies	40	9,253,507	10.78
Others	108	2,513,021	2.93
Totals	6248	85,840,745	100.00

Share holders holding 5% or more	Shares Held	Percentage
International Brands Limited	47,299,283	55.10

S.No.	Folio #	Name of shareholder	Number of shares	Per %
Directors and their spouse(s) and minor children				
1	1	Rashid Abdulla	3,323	0.00
2	03277-11384	Rashid Abdulla	3,934	0.00
3	3	Shahid Abdulla	5,980	0.01
4	00539-17265	Shahid Abdulla	139,900	0.16
5	5856	Husain Lawai	2,085	0.00
6	13667	Syed Nadeem Ahmed	1,585	0.00
7	02113-1037	Zubair Razzak Palwala	1,657	0.00
8	03277-20909	Asad Abdulla	1,381	0.00
9	03277-21385	Ayaz Abdulla	8,288	0.01
10	02113-3389	Adnan Asdar Ali	1,381	0.00
11	02113-3157	Faiza Naeem	690	0.00
12	00539-16424	Shakila Rashid	4,560	0.01
13	02113-1748	Shakila Rashid	3,000	0.00
14	03277-12714	Shakila Rashid	212,822	0.25
		14	390,586	0.46
Associated companies, undertakings and related parties				
1	03277-2937	International Brands Limited	47,288,734	55.09
2	8	International Brands Limited	740	0.00
3	9	International Brands Limited	9,809	0.01
4	02113-3439	Trustee Searle Pakistan Limited Provident Fund	544,245	0.63
		4	47,843,528	55.74
Executive				
		NIL		
		-	-	
Public sector companies and corporations				
1	10	National Bank of Pakistan Trustee Wing	138	0.00
2	11757	National Bank of Pakistan Trustee Wing	138	0.00
3	03889-28	National Bank of Pakistan	1,400	0.00
4	03889-44	National Bank of Pakistan	261,110	0.30
5	02683-23	State Life Insurance Corporation of Pakistan	1,518,336	1.77
		5	1,781,122	2.07
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	11293	ATLAS INVESTMENT BANK LTD.	125	0.00
2	11306	ASSET INVESTMENT BANK LIMITED	21	0.00
3	12392	CRESCENT INVESTMENT BANK LTD	1,770	0.00
4	02295-39	FAYSAL BANK LIMITED	70,200	0.08
5	02675-16	INDUS BANK LIMITED	23,121	0.03
6	02832-32	MEEZAN BANK LIMITED	105,900	0.12
7	03079-83	SONERI BANK LIMITED	2,898	0.00
8	03798-52	THE BANK OF KHYBER	50,000	0.06
9	06239-23	FIRST DAWOOD INVESTMENT BANK LIMITED	2,000	0.00
10	11940-4410	ESCORTS INVESTMENT BANK LIMITED	345	0.00
11	13995-23	SONERI BANK LIMITED - MT	1,300	0.00
12	14506-11	NIB BANK LIMITED - MT	64,600	0.08
13	12444	BUSINESS & INDUSTRIAL INSURANCE COMPANY	57	0.00
14	03277-2184	EFU GENERAL INSURANCE LIMITED	1,564,964	1.82
15	03277-2538	EFU LIFE ASSURANCE LTD	335,155	0.39
16	03277-9371	JUBILEE LIFE INSURANCE COMPANY LIMITED	1,453,320	1.69
17	03277-15009	CENTURY INSURANCE COMPANY LTD.	5,400	0.01
18	03277-69871	ASIA CARE HEALTH & LIFE INSURANCE CO. LTD.	1,000	0.00
20	12406	FIRST UDL MODARABA	258	0.00
21	12410	FIRST UDL MODARABA	72,305	0.08
22	02113-21	FIRST EQUITY MODARABA	22,500	0.03

Pattern of Shareholding
As at June 30, 2015

23	02113-708	First UDL Modaraba	50,000	0.06
24	03277-1651	FIRST UDL MODARABA	226,200	0.26
25	03277-3367	FIRST IBL MODARABA	7,341	0.01
26	11320-25	B.R.R. GUARDIAN MODARABA	38,660	0.05
27	07450-4077	CRESCENT STANDARD MODARABA	17,500	0.02
28	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	228,370	0.27
29	03277-81682	TRUSTEES OF CRESENT STEEL & ALLIED PRODUCTS LTD-PENSION FUND	175	0.00
30	14431-29	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	7,372	0.01
31	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	133,000	0.15
32	14415-21	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	10,356	0.01
33	03277-72917	DAWOOD FAMILY TAKAFUL LIMITED	12,100	0.01
		32	4,508,313	5.25

Mutual Funds

1	12391	FIRST CAPITAL MUTUAL FUND LTD.	23,433	0.03
2	12676	BSJS BALANCED FUND LTD.	99	0.00
3	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	104,800	0.12
4	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	8,194	0.01
5	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	163,800	0.19
6	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1,252,800	1.46
7	07377-26	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	180,688	0.21
8	09456-24	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	721,078	0.84
9	10801-27	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	65,100	0.08
10	11809-26	CDC - TRUSTEE ALFALAH GHP STOCK FUND	7,546	0.01
11	11924-22	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	700	0.00
12	12195-21	CDC - TRUSTEE ABL STOCK FUND	17,404	0.02
13	12336-23	CDC - TRUSTEE LAKSON EQUITY FUND	182,300	0.21
14	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	6,600	0.01
15	13946-28	CDC - TRUSTEE KSE MEEZAN INDEX FUND	56,500	0.07
16	13961-26	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	10,000	0.01
17	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	180	0.00
18	14480-24	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	10,000	0.01
19	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	4,116	0.00
20	14761-29	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	9,000	0.01
21	14845-29	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	97,762	0.11
22	14860-27	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	89,910	0.10
23	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	2,531,108	2.95
24	15974-23	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	37,000	0.04
25	16030-25	CDC - TRUSTEE PIML VALUE EQUITY FUND	10,000	0.01
26	16048-24	CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	2,500	0.00
27	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	95,500	0.11
		27	5,688,118	6.63

General Public Foreign	4	1,551,796	1.81
Foreign Companies	40	9,253,507	10.78
Others	108	2,513,021	2.93
Total	6248	85,840,745	100.00
General Public Local	6014	12,989,191	15.13
	6014	12,989,191	15.13

SEARLE

Proxy Form

THE SEARLE COMPANY LIMITED

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] as my / our proxy, to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 29, 2015 and / or any adjournment thereof.

Signed this______day of______2015.

Witness:

1. ____________________

2. ____________________

Rs. 5/-
Revenue
Stamp

Signature of Member(s)
Shareholders Folio No. _______ and / or
CDC Participation I.D. No. _______ and
Sub-Account No. _______

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 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. CDC 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

First Floor, N.I.C. Building
Abbasi Shaheed Road,
Karachi-75530

SEARLE

Consent to receive annual financial statements electronically

The Manager
Share Department
Central Depository Company of Pakistan
Share Registrar – THE SEARLE COMPANY LIMITED
99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal
Karachi

CONSENT TO RECEIVE ANNUAL FINANCIAL STATEMENTS ELECTRONICALLY

I/we ______________________ of _____________________ being a member of the Searle Company Limited holder of ______________ ordinary shares under folio # ___________ opt for receiving financial statements of your Company through email instead of receiving by post.

My current email address is as under: _____________________________________

Regards,

____
Signature of Member

AFFIX
CORRECT
POSTAGE

The Manager
Share Department
Central Depository Company of Pakistan
Share Registrar – THE SEARLE COMPANY LIMITED
99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal
Karachi

SEARLE

THE SEARLE COMPANY LIMITED

1st Floor, N.I.C Building, Abbasi Shaheed Road, Karachi-75530
URL: www.searlecompany.com