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# 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. Munis 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. Munis Abdullah	Chairman
Mr. Ayaz Abdulla	
Mr. Asad Abdulla	

## Chief Financial Officer

Mr. Mobeen Alam

## Company Secretary

Mr. Zubair Palwala

## Auditors

Grant Thornton Anjum Asim Shahid 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

## 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

# DIRECTORS' REPORT TO THE MEMBERS

We are pleased to present the financial information of your Company and its subsidiaries (the group) for the half year ended December 31, 2014. This financial information is submitted in accordance with section 245 of the Companies Ordinance, 1984.

## Operating results

	December 31,	
	2014	2013
	Rupees in 000	
Revenue	4,430,035	3,667,773
Gross profit	2,195,695	1,673,030
Operating expenses	1,084,996	983,779
Operating profit	1,110,699	689,251
Profit before taxation	948,654	582,561
Profit after taxation	769,263	454,450

Net sales of the group were reported at Rs. 4,430 million, registered a growth of 20.8% over the corresponding period of last year. However, the gross margin were 49.6% as compared to 45.6% of the last corresponding period.

The percentage of sales devoted to the operating expenses shrunk down to 24.5% as compared to 26.8% for the corresponding six months last year, the said decrease is mainly due to increase in sales while keeping tight control over the expenditure.

Profit before tax as a percent of net sales increased to 21.4% (2013:15.9%). Similarly, the profit after tax increased to 17.4% (2013: 12.4%).

## Future outlook

The group is one of the leading pharmaceutical and healthcare group in terms of growth and the management remains committed towards growth in group's earnings through introduction of innovative new medicines and healthcare products.

## Acknowledgement

We wish to thank the customers for their faith in our products, and their continuing patronage. We also take this opportunity to thank our suppliers, bankers and distributors for providing us with their valuable support throughout the period.

Finally we wish to thank our staff who remained committed to deliver towards the growth of the group.

For and on behalf of the board



Rashid Abdulla  
Chief Executive Officer

Karachi  
February 17, 2015

# CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2014

ASSETS	Note	Un-audited December 31, 2014	Audited June 30, 2014
(Rupees in '000)			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
- Property, plant and equipment	5	559,233	560,152
- Intangible assets		42,537	47,782
		601,770	607,934
Investment property		2,596,401	2,516,865
Long-term investment	6	334,361	124,500
Long-term loans		678	878
Long-term deposits		1,598	1,598
<b>Total non-current assets</b>		<b>3,534,808</b>	<b>3,251,775</b>
<b>Current assets</b>			
Stores and spares		1,004	1,004
Stock-in-trade		1,074,932	1,012,255
Trade debts	7	2,288,078	1,702,218
Loans and advances		328,073	191,546
Trade deposits and short term prepayments		133,443	91,257
Other receivables		57,233	63,928
Short term investment		102,575	41,042
Advance Tax		197,136	196,600
Cash and bank balances	8	54,437	106,799
<b>Total current assets</b>		<b>4,236,911</b>	<b>3,406,649</b>
<b>Total assets</b>		<b>7,771,719</b>	<b>6,658,424</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Authorized share capital</b>			
140,000,000 (June 2014: 70,000,000) ordinary shares of Rs. 10 each		1,400,000	700,000
Issued, subscribed and paid-up capital	9	858,407	613,148
General reserve		280,251	280,251
Unappropriated profit		2,982,443	2,520,678
<b>Equity attributable to the Holding Company's shareholders</b>		<b>4,121,101</b>	<b>3,414,077</b>
Non-controlling interest		311,586	260,847
<b>Total equity</b>		<b>4,432,687</b>	<b>3,674,924</b>
Surplus on revaluation of fixed assets		168,163	168,163
<b>Non-current liabilities</b>			
<b>Long term finances - secured</b>			
Deferred liabilities		525,000	675,000
Taxation		58,655	42,379
Gratuity - unfunded		36,433	33,503
		95,088	75,882
<b>Total non-current liabilities</b>		<b>620,088</b>	<b>750,882</b>
<b>Current Liabilities</b>			
Trade and other payables		1,517,638	1,082,621
Accrued mark-up		32,259	35,952
Short-term finances		775,884	795,882
Current portion of long term finances		225,000	150,000
<b>Total current liabilities</b>		<b>2,550,781</b>	<b>2,064,455</b>
<b>Total liabilities</b>		<b>3,170,869</b>	<b>2,815,337</b>
Contingencies and commitments	10		
<b>Total equity and liabilities</b>		<b>7,771,719</b>	<b>6,658,424</b>

The annexed selected notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.



Rashid Abdulla

Chief Executive Officer



Syed Nadeem Ahmed

Managing Director

# CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended		
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	
Note	(Rupees in '000)		(Rupees in '000)		
NET SALES	4,430,035	3,667,773	2,266,247	2,038,419	
COST OF SALES	2,234,340	1,994,743	1,132,057	1,141,649	
GROSS PROFIT	2,195,695	1,673,030	1,134,190	896,770	
OPERATING EXPENSES					
Selling and distribution expenses	919,957	855,438	478,333	503,538	
Administrative expenses	165,039	128,341	90,496	72,223	
	1,084,996	983,779	568,829	575,761	
OPERATING PROFIT	1,110,699	689,251	565,361	321,009	
Other operating income	30,297	55,529	13,534	35,334	
	1,140,996	744,780	578,895	356,343	
- Financial charges	105,032	99,830	49,154	50,066	
- Other charges	87,310	62,389	49,171	34,872	
	192,342	162,219	98,325	84,938	
PROFIT BEFORE INCOME TAX	948,654	582,561	480,570	271,405	
Income tax expense	179,391	128,111	84,911	54,199	
PROFIT FOR THE HALF YEAR	769,263	454,450	395,659	217,206	
	----- (Rupees) -----		----- (Rupees) -----		
EARNINGS PER SHARE - BASIC AND DILUTED	11	8.96	5.29	4.61	2.53

The annexed selected notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.



Rashid Abdulla  
Chief Executive Officer



Syed Nadeem Ahmed  
Managing Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2014	2013	2014	2013
	(Rupees in '000)		(Rupees in '000)	
PROFIT FOR THE HALF YEAR	769,263	454,450	395,659	217,206
Other comprehensive income	-	-	-	-
Item that will not be reclassified to profit and loss				
Remeasurement of post retirement benefits obligation	-	(668)	-	-
Impact of deferred tax	-	227	-	-
Total items that will not be reclassified to profit and loss	-	(441)	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR</b>	<b>769,263</b>	<b>454,009</b>	<b>395,659</b>	<b>217,206</b>

Total comprehensive income attributable to:

Shareholders' of the holding Company	718,524	409,736	384,316	193,199
Non-controlling interest	50,739	44,273	11,343	24,007
	<b>769,263</b>	<b>454,009</b>	<b>395,659</b>	<b>217,206</b>

The annexed selected notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.



Rashid Abdulla

Chief Executive Officer



Syed Nadeem Ahmed

Managing Director

# CONSOLIDATED STATEMENT OF CASH FLOWS - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

		Half year ended	
		December 31, 2014	December 31, 2013
		(Rupees in '000)	
Note			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Cash generated from operations after working capital changes	12 830,258	308,039
	Gratuity paid	(128)	(6,302)
	Taxes paid	(163,651)	(198,663)
	Recovery of long-term loans	200	120
	Payment of short term - loans and advances	(136,527)	(202,484)
	Payment of long-term deposits	-	2,543
	Net cash generated from / (used in) operating activities	530,152	(96,747)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	Purchase of property, plant and equipments	(12,916)	(21,129)
	Additions to / transfer from capital work in progress - net	(18,731)	-
	Expenditures incurred on investment property	(82,861)	(97,209)
	Long-term investments	(209,861)	(80,000)
	Short term investments made	(104,000)	-
	Proceeds from redemption of investments	45,119	-
	Proceeds from disposal of property, plant and equipment	16,952	56,967
	(Expenses claimed)/Mark-up received from associated company	(989)	28,668
	Net cash used in investing activities	(367,287)	(112,703)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Lease liabilities paid	-	(2,921)
	Long-term finance paid	(75,000)	(54,167)
	Dividend paid	(11,504)	(104,267)
	Financial charges paid	(108,725)	(85,519)
	Net cash used in financing activities	(195,229)	(246,874)
	Net decrease in cash and cash equivalents	(32,364)	(456,324)
	Cash and cash equivalents at the beginning of the period	(689,083)	(290,869)
	Cash and cash equivalents at the end of the period	13 <u>(721,447)</u>	<u>(747,193)</u>

The annexed selected notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.



Rashid Abdulla  
Chief Executive Officer



Syed Nadeem Ahmed  
Managing Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Share capital	Capital Reserve	Revenue Reserve	Total reserves	Unappropriated profit	Non controlling interest	Share holders' equity
	Reserve for issue of bonus shares	General reserve					
----- Rupees in '000' -----							
Balance as at July 01, 2013 - Re-stated	471,652	-	280,251	280,251	1,941,034	226,428	2,919,365
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	-	-	-	-	8,300	-	8,300
Total comprehensive income for the period	-	-	-	-	409,736	44,273	454,009
<b>Transactions with owners</b>							
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 @ Re. 1 per share	-	-	-	-	(94,330)	-	(94,330)
Cash dividend paid for the year ended June 30, 2013 by the subsidiary companies	-	-	-	-	(15,020)	-	(15,020)
	141,496	-	-	-	(250,846)	-	(109,350)
Balance as at December 31, 2013 - Re-stated	613,148	-	280,251	280,251	2,108,224	270,701	3,272,324
Balance as at July 01, 2014	613,148	-	280,251	280,251	2,520,678	260,847	3,674,924
Total comprehensive income for the period	-	-	-	-	718,524	50,739	769,263
<b>Transactions with owners</b>							
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 by the subsidiary companies	-	-	-	-	(11,500)	-	(11,500)
	245,259	-	-	-	(256,759)	-	(11,500)
Balance as at December 31, 2014	858,407	-	280,251	280,251	2,982,443	311,586	4,432,687

The annexed selected notes from 1 to 18 form an integral part of this condensed interim consolidated financial information.



Rashid Abdulla

Chief Executive Officer



Syed Nadeem Ahmed

Managing Director



# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

## 1 LEGAL STATUS AND OPERATIONS

The Searle Company Limited (formerly "Searle Pakistan Limited" (the Company)) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted to 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 items and manufacture of pharmaceutical items for other companies. Registered office of the Company is located at First Floor, N.I.C. Building, Abbasi Shaheed Road, Shahrae-e-Faisal, Karachi.

The company is a subsidiary of International Brands Limited.

The Company is the holding company of IBL HealthCare Limited due to significant representation in Board of Directors and 51.98% shareholding. Further, the Company has also wholly owned subsidiaries namely Searle Laboratories (Private) Limited, Searle Pharmaceuticals (Private) Limited and Searle Biosciences (Private) Limited.

## 2 STATEMENT OF COMPLIANCE

This condensed interim consolidated financial information of the Company for the half year ended December 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This un-audited condensed interim consolidated financial information constitutes separate condensed interim financial statements of the Company and are being presented and submitted to the shareholders as required by Listing Regulations of Karachi and Islamabad stock exchanges and under Section 245 of the Companies Ordinance, 1984. This condensed interim consolidated financial information do not include all information and disclosures required in the financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

The condensed interim consolidated financial information is un-audited, however limited scope review has been performed by the statutory auditors as required by the Listing Regulations of Karachi and Islamabad stock exchanges where the company is listed.

## 3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2014.

## 4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates, judgments and associated assumptions used in the preparation of this condensed interim consolidated financial information are consistent with those applied in the preparation of the financial statements of the Company for the year ended June 30, 2014.

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

		Un-audited December 31, 2014	Audited June 30, 2014
5	PROPERTY, PLANT AND EQUIPMENT	Note	(Rupees in '000)
	Operating fixed assets	5.1	538,095
	Capital work in progress		557,745
			<u>21,138</u>
			<u>559,233</u>
5.1	Details of additions and disposals to operating assets during the half year ended December 31, 2014 are as follows:		
		Additions at cost	Deletions at net book value
	<b>Owned assets</b>		
	Plant and machinery	8,676	-
	Office and electrical equipments	2,777	(48)
	Air - conditioning	478	-
	Furniture & Fixture	290	-
	Vehicles	695	(4,794)
	December 31, 2014	<u>12,916</u>	<u>(4,842)</u>
	June 30, 2014	<u>90,947</u>	<u>(34,810)</u>
6	LONG-TERM INVESTMENT		
	Quoted subsidiary - at cost	6.1	94,856
	Other investment	6.2	124,500
			<u>334,361</u>
			<u>124,500</u>
6.1	This represents 10,591,500 (June 30, 2014: 10,000,000) fully paid ordinary shares of Rs. 10 each in IBL HealthCare Limited. The proportion of ownership interest of the Company is 51.98% (June 30, 2014: 50%).		
6.2	This represents 1,165,000 (June 30 2014: 830,000) fully paid ordinary shares of Rs. 100 each in Nextar Pharma (Private) Limited (NPL), which represents 28.98% (June 30 2014: 21.78%) of the total share capital of NPL. This also represents advance amounted to Rs. 71 million paid to NPL for further issue of shares.		

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

		Un-audited December 31, 2014	Audited June 30, 2014
7	TRADE DEBTS		
		(Rupees in '000)	
	Considered good		
	- Secured: Export debtors	52,259	37,925
	- Unsecured: Due from:		
	- associated/holding company	1,548,824	1,414,832
	- others	686,995	249,461
		<u>2,235,819</u>	<u>1,664,293</u>
	Considered doubtful - others	976	976
	Less: Provision for doubtful debts	(976)	(976)
		-	-
		<u>2,288,078</u>	<u>1,702,218</u>

- 7.1 The receivable is stated net of amounts payable aggregating Rs. 15.69 million (June 30, 2014: Rs. 100.87 million) on account of expenses claimed by the associated company.
- 7.2 At half year ended, trade debts aggregating Rs. 0.976 million (June 30, 2014: Rs. 0.976 million) were deemed to have been impaired. These balances are outstanding for more than 3 years. There has been no movement in provision for doubtful debts during the half year ended (June 30, 2014: nil).
- 7.3 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.

		Un-audited December 31, 2014	Audited June 30, 2014
8	CASH AND BANK BALANCES		
		(Rupees in '000)	
	Cash in hand	1,886	1,359
	Cash with banks in:		
	- deposit accounts	2,759	12
	- current accounts	49,792	105,428
		<u>54,437</u>	<u>106,799</u>

**SELECTED NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION - Un-audited**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

**9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

	December 31, 2014 (Number of shares)	June 30, 2014	Un-audited December 31, 2014 -----Rupees in '000-----	Audited June 30, 2014
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
	<u>85,840,745</u>	<u>61,314,818</u>	<u>858,407</u>	<u>613,148</u>

**9.1 Movement in number of shares**

	December 31, 2014 (Number of Shares)	June 30, 2014
Number of shares at beginning of the period	61,314,818	47,165,245
Bonus shares issued during the period	<u>24,525,927</u>	<u>14,149,573</u>
Number of shares at end of the period	<u>85,840,745</u>	<u>61,314,818</u>

**10 CONTINGENCIES AND COMMITMENTS**

**10.1 Contingencies**

The facility for opening letters of credit (LCs) acceptances and guarantees as at December 31, 2014 amounted to Rs. 865 million (June 2014: Rs. 715 million) of which the amount remaining unutilized as at that date was Rs.372 million (June 2014: Rs. 329 million).

During the year, the 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.

**10.2 Commitments**

**Future rentals payable against operating lease arrangement**

During the year 2010, the Company obtained factory building at Karachi on rent for a period of 5 years.

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

	Un-audited December 31, 2014 -----Rupees in '000-----	Audited June 30, 2014
Not later than one year	-	1,386
	<u>-</u>	<u>1,386</u>

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

		Un-audited December 31, 2014	Un-audited December 31, 2013
11	<b>EARNINGS PER SHARE - Basic and Diluted</b>		
	Basic earnings per share		
	Profit for the period (Rupees in thousands)	<u>769,263</u>	<u>454,450</u>
	Weighted average number of shares	<u>85,841</u>	<u>85,841</u>
	Earnings per share (Rupees - Restated)	<u>8.96</u>	<u>5.29</u>
	Diluted earning per share		
	There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments.		
		Un-audited December 31, 2014	Un-audited December 31, 2013
12	<b>CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>	Note -----Rupees in '000-----	
	Profit before taxation	948,654	582,561
	Adjustments for non-cash items and other items:		
	Depreciation	31,013	41,511
	Amortization of intangible assets	5,164	7,256
	Gain on disposal of property, plant and equipment - net	(12,105)	(43,455)
	Unrealized gain on investments	(1,798)	-
	Realized gain on sale of investments	(853)	-
	Provision for staff retirement gratuity	2,932	2,287
	Financial charges - net	105,032	96,402
	Net increase in working capital	12.1 <u>(247,781)</u>	<u>(378,523)</u>
		<u>830,258</u>	<u>308,039</u>
12.1	<b>Working capital changes</b>		
	Current assets		
	Increase in stock-in-trade	(62,677)	(390,093)
	Increase in trade debts	(585,860)	(436,425)
	Increase in trade deposits and short term prepayments	(42,186)	(13,564)
	Increase in other receivables	7,684	20,782
		<u>(683,039)</u>	<u>(819,300)</u>
	Current liabilities		
	Increase in trade and other payables	435,258	440,777
	Net increase in working capital	<u>(247,781)</u>	<u>(378,523)</u>
13	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	54,437	51,921
	Short term finances	<u>(775,884)</u>	<u>(799,114)</u>
		<u>(721,447)</u>	<u>(747,193)</u>

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

## 14 SEGMENT INFORMATION

A segment is a distinguishable component of the Company that is engaged in business activities from which the Company earns revenues and incur 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 organised into the following three operating segments:

- Pharmaceutical
- 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 period are as follows:

	Pharmaceutical		Consumer		Investment Property		Total	
	Unaudited Dec' 31, 2014	Unaudited Dec' 31, 2013	Unaudited Dec' 31, 2014	Unaudited Dec' 31, 2013	Unaudited Dec' 31, 2014	Unaudited Dec' 31, 2013	Unaudited Dec' 31, 2014	Unaudited Dec' 31, 2013
	----- (Rupees in ,000) -----							
Segment revenue	<u>4,047,836</u>	<u>3,287,352</u>	<u>382,199</u>	<u>380,421</u>	<u>-</u>	<u>-</u>	<u>4,430,035</u>	<u>3,667,773</u>
Segment result	<u>998,128</u>	<u>604,876</u>	<u>112,571</u>	<u>84,375</u>	<u>-</u>	<u>-</u>	<u>1,110,699</u>	<u>689,251</u>
Unallocated income and expenses								
Other operating income							30,297	55,529
Finance cost							(105,032)	(99,830)
Other charges							(87,310)	(62,389)
Profit before taxation							<u>948,654</u>	<u>582,561</u>
Income tax expense							<u>(179,391)</u>	<u>(128,111)</u>
Profit for the period							<u>769,263</u>	<u>454,450</u>
Depreciation	<u>26,680</u>	<u>37,205</u>	<u>4,333</u>	<u>4,306</u>	<u>-</u>	<u>-</u>	<u>31,013</u>	<u>41,511</u>
Non cash expense	<u>5,164</u>	<u>2,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,164</u>	<u>2,718</u>
	----- (Rupees in ,000) -----							
	Pharmaceutical		Consumer		Investment Property		Total	
	Unaudited Dec' 31, 2014	Audited Jun' 30, 2014	Unaudited Dec' 31, 2014	Audited Jun' 30, 2014	Unaudited Dec' 31, 2014	Audited Jun' 30, 2014	Unaudited Dec' 31, 2014	Audited Jun' 30, 2014
Segment assets and liabilities								
Segment assets	158,178	169,185	25,689	25,280	2,596,401	2,516,865	2,780,268	2,711,330
Unallocated assets							<u>4,991,451</u>	<u>3,947,094</u>
Total assets							<u>7,771,719</u>	<u>6,658,424</u>
Segment liabilities	-	-	-	-	750,000	825,000	<u>750,000</u>	<u>825,000</u>
Unallocated liabilities							<u>2,420,869</u>	<u>1,990,337</u>
Total Liabilities							<u>3,170,869</u>	<u>2,815,337</u>
Additions in segment assets	<u>11,111</u>	<u>78,376</u>	<u>1,805</u>	<u>11,711</u>	<u>79,536</u>	<u>203,879</u>	<u>92,452</u>	<u>293,966</u>
Percentage for allocation	<u>86%</u>	<u>87%</u>	<u>14%</u>	<u>13%</u>	<u>0%</u>	<u>0%</u>	<u>100%</u>	<u>100%</u>

**SELECTED NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION - Un-audited**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

		Un-audited December 31, 2014	Un-audited December 31, 2013
14.1	Geographical segments		
	Net sales by region		
	Pakistan	4,193,242	3,484,171
	Asia	108,409	86,085
	East Africa	1,402	2,270
	South East Asia	22,635	12,280
	Far Eastern countries	88,056	82,967
	Middle East	16,291	-
14.1.1		<u>4,430,035</u>	<u>3,667,773</u>

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

14.1.1 The Company has presented the net sales amounts for the current and comparative prior period.

14.2 The Company's revenue from one of the major customer represents approximately Rs. 3.41 billion (December 31, 2013: Rs. 2.9 billion) of the total revenues.

		Un-audited December 31, 2014	Un-audited December 31, 2013
15	TRANSACTIONS WITH RELATED PARTIES		
	Transactions		
(i)	IBL Operations (Private) Limited - associated company		
	Sales	3,436,190	2,902,516
	Sales returned	24,282	66,090
	Expenses claimed by the associated company		
	Carriage and duties	11,153	7,790
	Staff salaries and benefits	782	-
	Discounts	50,386	64,787
	Warehouse rent	1,401	43
	Mark-up expenses	-	2,509
	Professional services rendered	-	4,742
	Corporate services charged	-	3,000
	Sales promotion expenses	12,273	30,394
	IT Services	2,200	3,300
	Expenses claimed by the Company		
	Staff salaries and other expenses	989	4,454
	Royalty and price difference claims	6,204	-

**SELECTED NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION - Un-audited**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Un-audited December 31, 2014	Un-audited December 31, 2013
	(Rupees in '000)	
(ii) International Franchises (Private) Limited - associated company		
Sales	308	454
Sales returned	-	-
Rent, utility and other income	1,399	1,326
Staff salaries and benefits	-	1,123
Purchase of Promotional Items	87	351
(iii) United Distributors Pakistan Limited (UDPL) - associated company		
Expenses claimed by UDPL		
Warehouse rent & expenses	327	297
Sale of assets	2,010	-
(iv) HABITT - associate		
Sales	6,546	-
Sales returned	580	-
Purchase of Promotional Items from Habitt	775	676
(v) The Citizens Foundation - associate		
Donations	-	5,000
(vi) Arshad Shahid Abdulla (Private) Limited - associated company		
Architect fee	1,260	-
(vii) Multinet Pakistan (Private) Limited - associated company		
Internet services	-	277
(viii) United Brands Limited - associated company		
Sales	54,079	38,726
Expenses claimed by United Brands Limited		
Discounts	727	586
Purchase of promotional items	540	19



**SELECTED NOTES TO THE CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION - Un-audited**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Un-audited December 31, 2014	Audited June 30, 2014
Balances		
	(Rupees in '000)	
(i) Loans and advances - key management personnel		
At beginning of the period/year	3,604	3,458
Given during the period/year	2,170	4,043
Repaid during the period/year	<u>(2,506)</u>	<u>(3,897)</u>
At the end of the period/year	<u>3,268</u>	<u>3,604</u>
(ii) Trade debts - associated company		
At beginning of the period/year	1,414,832	1,201,444
Addition during the period/year	3,513,558	5,811,242
Repaid during the period/year	<u>(3,379,566)</u>	<u>(5,597,854)</u>
At the end of the period/year	<u>1,548,824</u>	<u>1,414,832</u>
(iii) Other receivables - associates		
At beginning of the period/year	41,292	107,490
Addition during the period/year	7,193	5,465
Repaid during the period/year	<u>(6,204)</u>	<u>(71,663)</u>
At the end of the period/year	<u>42,281</u>	<u>41,292</u>
(iv) Creditors - subsidiary company		
At beginning of the period/year	291,694	153,645
Addition during the period/year	539,952	675,762
Repaid during the period/year	<u>(331,167)</u>	<u>(537,713)</u>
At the end of the period/year	<u>500,479</u>	<u>291,694</u>

**16 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim consolidated financial information was authorized for issue on February 17, 2015 by the Board of Directors of the Company.

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION - Un-audited

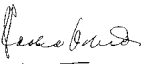
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

## 17 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim consolidated balance sheet comprise of balances as per the audited financial statements of the Company for the year ended June 30, 2014 and the corresponding figures in the condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows comprise of balances of comparable period as per the condensed interim consolidated financial information of the Company for the half year ended December 31, 2013.

## 18 General

Figures have been rounded-off to nearest thousand rupee.



Rashid Abdulla  
Chief Executive Officer



Syed Nadeem Ahmed  
Managing Director



# Unconsolidated Financial Statements

# DIRECTORS' REPORT TO THE MEMBERS

We are pleased to present the financial information of your Company for the half year ended December 31, 2014. This financial information is submitted in accordance with section 245 of the Companies Ordinance, 1984.

## Operating results

	December 31,	
	2014	2013
	Rupees in 000	
Revenue	3,636,517	2,971,405
Gross profit	1,587,483	1,262,308
Operating expenses	930,644	890,952
Operating profit	656,839	371,356
Profit before taxation	789,968	480,195
Profit after taxation	657,908	393,577

Net sales of the Company were reported at Rs. 3,637 million, registered a growth of 22.4% over the corresponding period of last year. However, the gross margin were 43.6% as compared to 42.48% of the last corresponding period.

The percentage of sales devoted to the operating expenses shrunk down to 25.6% as compared to 30.0% for the corresponding six months last year, the said decrease is mainly due to increase in sales while keeping tight control over the expenditure.

Profit before tax as a percent of net sales increased to 21.7% (2013:16.2%). Similarly, the profit after tax increased to 18.1% (2013: 13.2%).

## Future outlook

Your Company is one of the leading pharmaceutical Companies in terms of growth and the management remains committed towards growth in company's earnings through introduction of innovative new medicines.

## Acknowledgement

We wish to thank the customers for their faith in our products, and their continuing patronage. We also take this opportunity to thank our suppliers, bankers and distributors for providing us with their valuable support throughout the period.

Finally we wish to thank our staff who remained committed to deliver towards the growth of your Company.

For and on behalf of the board



Rashid Abdulla  
Chief Executive Officer

Karachi  
February 17, 2015

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

## Introduction

We have reviewed the accompanying condensed interim balance sheet of The Searle Company Limited (the Company) as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and selected explanatory notes to the condensed interim financial information for the half year ended (herein after referred to as the "condensed interim financial information"). Management of the Company is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the approved accounting standards applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

## Scope of Review

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

## Conclusion

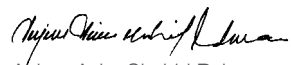
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2014 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for the condensed interim financial information.

## Other matter

The figures for the condensed interim profit and loss account for the quarters ended December 31, 2014 and December 31, 2013 have not been reviewed, as we are required to review only cumulative figures for the half year ended December 31, 2014.

Karachi

Date: February 17, 2015



Anjum Asim Shahid Rahman

Chartered Accountants

Muhammad Shaukat Naseeb

Engagement Partner

# CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2014

ASSETS	Note	Un-audited December 31 2014	Audited June 30, 2014
(Rupees in '000)			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
- Property, plant and equipment	5	557,738	558,306
- Intangible assets		30,853	33,572
Investment property		588,591	591,878
Long-term investment	6	2,472,813	2,393,277
Long-term loans		569,761	359,900
Long-term deposits		627	502
		1,598	1,598
<b>Total non-current assets</b>		<b>3,633,390</b>	<b>3,347,155</b>
<b>Current assets</b>			
Stores and spares		1,004	1,004
Stock-in-trade		889,298	804,579
Trade debts	7	1,957,693	1,462,656
Loans and advances		253,146	144,837
Trade deposits and short term prepayments		99,506	86,290
Other receivables		214,526	209,028
Advance Tax		194,588	195,232
Cash and bank balances	8	15,082	20,621
<b>Total current assets</b>		<b>3,624,843</b>	<b>2,924,247</b>
<b>Total assets</b>		<b>7,258,233</b>	<b>6,271,402</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Authorized share capital</b>			
140,000,000 (June 2014: 70,000,000) ordinary shares of Rs. 10 each		1,400,000	700,000
Issued, subscribed and paid-up capital	9	858,407	613,148
General reserve		280,251	280,251
Unappropriated profit		2,663,314	2,250,665
<b>Total shareholders' equity</b>		<b>3,801,972</b>	<b>3,144,064</b>
Surplus on revaluation of fixed assets		168,163	168,163
<b>Non-current liabilities</b>			
<b>Long term finances - secured</b>			
Deferred liabilities		525,000	675,000
Taxation		58,655	42,379
Gratuity - unfunded		36,433	33,503
		95,088	75,882
<b>Total non-current liabilities</b>		<b>620,088</b>	<b>750,882</b>
<b>Current Liabilities</b>			
Trade and other payables		1,640,120	1,226,459
Accrued mark-up		32,259	35,952
Short-term finances		770,631	795,882
Current portion of long term finances		225,000	150,000
<b>Total current liabilities</b>		<b>2,668,010</b>	<b>2,208,293</b>
<b>Total liabilities</b>		<b>3,288,098</b>	<b>2,959,175</b>
Contingencies and commitments	10		
<b>Total equity and liabilities</b>		<b>7,258,233</b>	<b>6,271,402</b>

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Rashid Abdulla

Chief Executive Officer



Syed Nadeem Ahmed

Managing Director

# CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended		
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	
Note	(Rupees in '000)		(Rupees in '000)		
NET SALES	3,636,517	2,971,405	1,949,704	1,620,457	
COST OF SALES	2,049,034	1,709,097	1,095,344	949,682	
GROSS PROFIT	1,587,483	1,262,308	854,360	670,775	
OPERATING EXPENSES					
Selling and distribution	815,145	789,600	419,892	475,002	
Administrative	115,499	101,352	65,716	51,741	
	930,644	890,952	485,608	526,743	
OPERATING PROFIT	656,839	371,356	368,752	144,032	
Other operating income	315,410	269,810	173,400	251,816	
	972,249	641,166	542,152	395,848	
- Financial charges	104,164	98,582	48,700	49,245	
- Other charges	78,117	62,389	44,742	35,917	
	182,281	160,971	93,442	85,162	
PROFIT BEFORE INCOME TAX	789,968	480,195	448,710	310,686	
Income tax expense	132,060	86,618	58,963	30,680	
PROFIT FOR THE HALF YEAR	657,908	393,577	389,747	280,006	
EARNINGS PER SHARE - BASIC AND DILUTED	11	7.66	4.58	4.54	3.26

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Rashid Abdulla  
Chief Executive Officer



Syed Nadeem Ahmed  
Managing Director

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees in '000)		(Rupees in '000)	
PROFIT FOR THE HALF YEAR	657,908	393,577	389,747	280,006
Other comprehensive income	-	-	-	-
Item that will not be reclassified to profit and loss				
Remeasurement of post retirement benefits obligation	-	(668)	-	-
Impact of deferred tax	-	227	-	-
Total items that will not be reclassified to profit and loss	-	(441)	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR</b>	<b>657,908</b>	<b>393,136</b>	<b>389,747</b>	<b>280,006</b>

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Rashid Abdulla

Chief Executive Officer



Syed Nadeem Ahmed

Managing Director



# CONDENSED INTERIM UNCONSOLIDATED CASH FLOWS

## STATEMENT- Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

		Half year ended	
		December 31, 2014	December 31, 2013
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Cash generated from operations after working capital changes	12	735,967	260,708
Gratuity paid		(2)	-
Taxes paid		(115,140)	(173,500)
Recovery of long-term loans		(125)	248
Payment of short term - loans and advances		(108,309)	(114,661)
Payment of long-term deposits		-	2,543
Net cash generated from / (used in) operating activities		512,391	(24,662)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipments		(12,517)	(21,120)
Additions to / transfer from capital work in progress - net		(18,731)	765
Expenditures incurred on investment property		(82,861)	(97,209)
Long-term investments	6	(209,861)	(183,900)
Proceeds from disposal of property, plant and equipment		15,141	54,969
(Expenses claimed)/Mark-up received from associated company		(989)	28,668
Net cash used in investing activities		(309,818)	(217,827)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities paid		-	(2,282)
Long-term finance paid		(75,000)	(54,167)
Dividend paid		(4)	(91,246)
Financial charges paid		(107,857)	(85,519)
Net cash used in financing activities		(182,861)	(233,214)
Net increase / (decrease) in cash and cash equivalents		19,712	(475,703)
Cash and cash equivalents at the beginning of the period		(775,261)	(307,197)
Cash and cash equivalents at the end of the period	13	(755,549)	(782,900)

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Rashid Abdulla  
Chief Executive Officer



Syed Nadeem Ahmed  
Managing Director

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

Share capital	Capital Reserve	Revenue Reserve	Total reserves	Unappropriated profit	Share holders' equity
	Reserve for issue of bonus shares	General reserve			

Rupees in '000'

Balance as at July 01, 2013 - Re-stated	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)	-	-	-	-	8,300	8,300
Total comprehensive income for the period	-	-	-	-	393,136	393,136

#### Transactions with owners

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 @ Re. 1 per share	-	-	-	-	(94,330)	(94,330)
	141,496	-	-	-	(235,826)	(94,330)

Balance as at December 31, 2013 - Re-stated	613,148	-	280,251	280,251	1,885,044	2,778,443
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Balance as at July 01, 2014	613,148	-	280,251	280,251	2,250,665	3,144,064
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Total comprehensive income for the period	-	-	-	-	657,908	657,908
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#### Transactions with owners

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)	-	-
	245,259	-	-	-	(245,259)	-
Balance as at December 31, 2014	858,407	-	280,251	280,251	2,663,314	3,801,972

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Rashid Abdulla

Chief Executive Officer



Syed Nadeem Ahmed

Managing Director

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

## 1 LEGAL STATUS AND OPERATIONS

The Searle Company Limited (formerly "Searle Pakistan Limited" (the Company)) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted to 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 items and manufacture of pharmaceutical items for other companies. Registered office of the Company is located at First Floor, N.I.C. Building, Abbasi Shaheed Road, Shahrae-e-Faisal, Karachi.

The company is a subsidiary of International Brands (Private) Limited.

The Company is the holding company of IBL HealthCare Limited due to significant representation in Board of Directors and 51.98% shareholding. Further, the Company has also wholly owned subsidiaries namely Searle Laboratories (Private) Limited, Searle Pharmaceuticals (Private) Limited and Searle Biosciences (Private) Limited.

## 2 STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the half year ended December 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This un-audited condensed interim financial information constitutes separate condensed interim financial statements of the Company and are being presented and submitted to the shareholders as required by Listing Regulations of Karachi and Islamabad stock exchanges and under Section 245 of the Companies Ordinance, 1984. This condensed interim financial information do not include all information and disclosures required in the financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

The condensed interim financial information is un-audited, however limited scope review has been performed by the statutory auditors as required by the Listing Regulations of Karachi and Islamabad stock exchanges where the company is listed.

## 3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2014.

## 4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates, judgments and associated assumptions used in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the financial statements of the Company for the year ended June 30, 2014.

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION - Un-audited

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

		Un-audited December 31, 2014	Audited June 30, 2014
5	PROPERTY, PLANT AND EQUIPMENT	Note	(Rupees in '000)
	Operating fixed assets	5.1	536,600
	Capital work in progress		555,899
			21,138
			<u>557,738</u>
			<u>558,306</u>

5.1 Details of additions and disposals to operating assets during the half year ended December 31, 2014 are as follows:

	Additions at cost	Deletions at net book value
	(Rupees in '000)	
<b>Owned assets</b>		
Plant and machinery	8,676	-
Office and electrical equipments	2,378	(15)
Air - conditioning	478	-
Furniture & Fixture	290	-
Vehicles	695	(4,386)
December 31, 2014	<u>12,517</u>	<u>(4,401)</u>
June 30, 2014	<u>90,087</u>	<u>(29,760)</u>

		Un-audited December 31, 2014	Audited June 30, 2014
6	LONG-TERM INVESTMENT	Note	(Rupees in '000)
	Quoted subsidiary - at cost	6.1	194,856
	Unquoted subsidiaries - at cost	6.2	135,400
	Other investment	6.3	124,500
			<u>569,761</u>
			<u>359,900</u>

6.1 This represents 10,591,500 (June 30, 2014: 10,000,000) fully paid ordinary shares of Rs. 10 each in IBL HealthCare Limited. The proportion of ownership interest of the Company is 51.98% (June 30, 2014: 50%).

6.2 This represents:

- 40,000 (June 30, 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 (June, 30 2014: Rs. 0.4 million).
- 12,500,000 (June, 30 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 (June, 30 2014: Rs. 125 million).
- 1,000,000 (June, 30 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 (June, 30 2014: 10 million).

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6.3 This represents 1,165,000 (June 30 2014: 830,000) fully paid ordinary shares of Rs. 100 each in Nextar Pharma (Private) Limited (NPL), which represents 28.98% (June 30 2014: 21.78%) of the total share capital of NPL. This also represents advance amounted to Rs. 71 million paid to NPL for further issue of shares.

7	TRADE DEBTS	Note	Un-audited	Audited
			December 31, 2014	June 30, 2014
			(Rupees in '000)	
	Considered good			
	- Secured: Export debtors		52,259	37,925
	- Unsecured: Due from:			
	- associated/holding company	7.1	1,664,577	1,252,643
	- others		240,857	172,088
			1,905,434	1,424,731
	Considered doubtful - others	7.2	976	976
	Less: Provision for doubtful debts		(976)	(976)
			-	-
			1,957,693	1,462,656

7.1 The receivable is stated net of amounts payable aggregating Rs. 15.69 million (June 30, 2014: Rs. 100.87 million) on account of expenses claimed by the associated company.

7.2 At half year ended, trade debts aggregating Rs. 0.976 million (June 30, 2014: Rs. 0.976 million) were deemed to have been impaired. These balances are outstanding for more than 3 years. There has been no movement in provision for doubtful debts during the half year ended (June 30, 2014: nil).

7.3 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.

8	CASH AND BANK BALANCES	Un-audited	Audited
		December 31, 2014	June 30, 2014
		(Rupees in '000)	
	Cash in hand	1,839	1,342
	Cash with banks in:		
	- deposit accounts	-	9
	- current accounts	13,243	19,270
		15,082	20,621

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**9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

	December 31, 2014 (Number of shares)	June 30, 2014	Un-audited December 31, 2014 -----Rupees in '000-----	Audited June 30, 2014
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
	<u>85,840,745</u>	<u>61,314,818</u>	<u>858,407</u>	<u>613,148</u>

**9.1 Movement in number of shares**

	December 31, 2014 (Number of Shares)	June 30, 2014
Number of shares at beginning of the period	61,314,818	47,165,245
Bonus shares issued during the period	<u>24,525,927</u>	<u>14,149,573</u>
Number of shares at end of the period	<u>85,840,745</u>	<u>61,314,818</u>

**10 CONTINGENCIES AND COMMITMENTS**

**10.1 Contingencies**

The facility for opening letters of credit (LCs) acceptances and guarantees as at December 31, 2014 amounted to Rs. 865 million (June 2014: Rs. 715 million) of which the amount remaining unutilized as at that date was Rs.372 million (June 2014: Rs. 329 million).

During the year, the 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.

**10.2 Commitments**

**Future rentals payable against operating lease arrangement**

During the year 2010, the Company obtained factory building at Karachi on rent for a period of 5 years.

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

	Un-audited December 31, 2014 -----Rupees in '000-----	Audited June 30, 2014
Not later than one year	-	1,386
	<u>-</u>	<u>1,386</u>

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		Un-audited December 31, 2014	Un-audited December 31, 2013
11	<b>EARNINGS PER SHARE - Basic and Diluted</b>		
	Basic earnings per share		
	Profit for the period (Rupees in thousands)	<u>657,908</u>	<u>393,577</u>
	Weighted average number of shares	<u>85,841</u>	<u>85,841</u>
	Earnings per share (Rupees - Restated)	<u>7.66</u>	<u>4.58</u>
	Diluted earning per share		
	There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments.		
		Un-audited December 31, 2014	Un-audited December 31, 2013
12	<b>CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>	Note -----Rupees in '000-----	
	Profit before taxation	789,968	480,195
	Adjustments for non-cash items and other items:		
	Depreciation	30,741	40,233
	Amortization of intangible assets	2,718	2,718
	Gain on disposal of property, plant and equipment - net	(10,740)	(42,131)
	Provision for staff retirement gratuity	2,932	2,287
	Financial charges - net	104,164	96,402
	Net (increase) in working capital	12.1 <u>(183,816)</u>	<u>(318,996)</u>
		<u>735,967</u>	<u>260,708</u>
12.1	<b>Working capital changes</b>		
	<b>Current assets</b>		
	Increase in stock-in-trade	(84,719)	(308,066)
	Increase in trade debts	(495,037)	(318,582)
	Increase in trade deposits and short term prepayments	(13,216)	(17,251)
	Increase in other receivables	(4,509)	(185,484)
		<u>(597,481)</u>	<u>(829,383)</u>
	<b>Current liabilities</b>		
	Increase in trade and other payables	413,665	510,387
	Net increase in working capital	<u>(183,816)</u>	<u>(318,996)</u>
13	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	15,082	16,214
	Short term finances	<u>(770,631)</u>	<u>(799,114)</u>
		<u>(755,549)</u>	<u>(782,900)</u>

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## 14 SEGMENT INFORMATION

A segment is a distinguishable component of the Company that is engaged in business activities from which the Company earns revenues and incur 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 organised into the following three operating segments:

- Pharmaceutical
- 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 period are as follows:

	Pharmaceutical		Consumer		Investment Property		Total	
	Unaudited Dec' 31, 2014	Unaudited Dec' 31, 2013	Unaudited Dec' 31, 2014	Unaudited Dec' 31, 2013	Unaudited Dec' 31, 2014	Unaudited Dec' 31, 2013	Unaudited Dec' 31, 2014	Unaudited Dec' 31, 2013
	----- (Rupees in ,000) -----							
Segment revenue	<u>3,254,318</u>	<u>2,590,984</u>	<u>382,199</u>	<u>380,421</u>	<u>-</u>	<u>-</u>	<u>3,636,517</u>	<u>2,971,405</u>
Segment result	<u>544,268</u>	<u>286,981</u>	<u>112,571</u>	<u>84,375</u>	<u>-</u>	<u>-</u>	<u>656,839</u>	<u>371,356</u>
Unallocated income and expenses								
Other operating income							315,410	269,810
Finance cost							(104,164)	(98,582)
Other charges							(78,117)	(62,389)
Profit before taxation							789,968	480,195
Income tax expense							(132,060)	(86,618)
Profit for the period							<u>657,908</u>	<u>393,577</u>
Depreciation	<u>26,446</u>	<u>35,082</u>	<u>4,295</u>	<u>5,151</u>	<u>-</u>	<u>-</u>	<u>30,741</u>	<u>40,233</u>
Non cash expense	<u>2,718</u>	<u>2,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,718</u>	<u>2,718</u>
	----- (Rupees in ,000) -----							
	Pharmaceutical		Consumer		Investment Property		Total	
	Unaudited Dec' 31, 2014	Audited Jun' 30, 2014	Unaudited Dec' 31, 2014	Audited Jun' 30, 2014	Unaudited Dec' 31, 2014	Audited Jun' 30, 2014	Unaudited Dec' 31, 2014	Audited Jun' 30, 2014
Segment assets and liabilities								
Segment assets	158,178	169,185	25,689	25,280	2,472,813	2,393,277	2,656,680	2,587,742
Unallocated assets							4,601,553	3,683,660
Total assets							<u>7,258,233</u>	<u>6,271,402</u>
Segment liabilities	-	-	-	-	750,000	825,000	750,000	825,000
Unallocated liabilities	-	-	-	-	-	-	2,538,098	2,134,175
Total Liabilities							<u>3,288,098</u>	<u>2,959,175</u>
Additions in segment assets	<u>10,768</u>	<u>78,376</u>	<u>1,749</u>	<u>11,711</u>	<u>79,536</u>	<u>203,879</u>	<u>92,053</u>	<u>293,966</u>
Percentage for allocation	<u>86%</u>	<u>87%</u>	<u>14%</u>	<u>13%</u>	<u>0%</u>	<u>0%</u>	<u>100%</u>	<u>100%</u>



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14.1 Geographical segments	Note	Un-audited December 31, 2014	Un-audited December 31, 2013
		(Rupees in '000)	
Net sales by region			
Pakistan		3,399,724	2,787,803
Asia		108,409	86,085
East Africa		1,402	2,270
South East Asia		22,635	12,280
Far Eastern countries		88,056	82,967
Middle East		16,291	-
14.1.1		<u>3,636,517</u>	<u>2,971,405</u>

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

14.1.1 The Company has presented the net sales amounts for the current and comparative prior period.

14.2 The Company's revenue from one of the major customer represents approximately Rs. 3.06 billion (December 31, 2013: Rs. 2.5 billion) of the total revenues.

15 Transactions with related parties	Note	Un-audited December 31, 2014	Un-audited December 31, 2013
		(Rupees in '000)	
Transactions			
(i) IBL Operations (Private) Limited - associated company			
Sales		3,083,432	2,527,140
Sales returned		24,282	66,090
Expenses claimed by the associated company			
Carrriage and duties		11,153	7,790
Staff salaries and benefits		782	-
Discounts		50,386	64,787
Warehouse rent		1,401	43
Mark-up expenses		-	2,509
Professional services rendered		-	4,742
Corporate services charged		-	3,000
Sales promotion expenses		12,273	30,394
IT Services		2,200	3,300
Expenses claimed by the Company			
Staff salaries and other expenses		989	4,454
Royalty and price difference claims		6,204	-

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	Un-audited December 31, 2014	Un-audited December 31, 2013
	(Rupees in '000)	
(ii) International Franchises (Private) Limited - associated company		
Sales	308	454
Rent, utility and other income	1,399	1,326
Staff salaries and benefits	-	1,123
Purchase of Promotional Items	87	351
(iii) United Distributors Pakistan Limited (UDPL) - associated company		
Expenses claimed by UDPL		
Warehouse rent & expenses	327	297
Sale of assets	2,010	-
(iv) HABITT - associate		
Sales	6,546	-
Sales returned	580	-
Purchase of Promotional Items from Habitt	775	676
(v) IBL HealthCare Limited - subsidiary company		
Expenses claimed by IBL HealthCare Limited		
Purchases of promotional items	148	317
Warehouse expenses	90	-
Vehicle Hiring	75	798
(vi) The Citizens Foundation - associate		
Donations	-	5,000
(vii) Arshad Shahid Abdulla (Private) Limited - associated company		
Architect fee	1,260	-
(viii) Multinet Pakistan (Private) Limited - associated company		
Internet services	-	277

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	Un-audited December 31, 2014	Un-audited December 31, 2013
(ix) United Brands Limited - associated company	(Rupees in '000)	
Sales	54,079	38,726
Expenses claimed by United Brands Limited		
Discounts	727	586
Purchase of promotional items	540	19
(x) Searle Pharmaceuticals (Private) Limited - subsidiary company		
Purchases	480,299	197,010
Dividend income	275,000	199,857
Rent Income claimed by TSCL	3,000	-
(xi) Searle Laboratories (Private) Limited - subsidiary company		
Purchases	60,869	-
Advance for issue of shares	-	103,900
	Un-audited December 31, 2014	Audited June 30, 2014
Balances	(Rupees in '000)	
(i) Loans and advances - key management personnel		
At beginning of the period/year	3,604	3,458
Given during the period/year	2,170	4,043
Repaid during the period/year	(2,506)	(3,897)
At the end of the period/year	<u>3,268</u>	<u>3,604</u>
(ii) Trade debts - associated company		
At beginning of the period/year	1,252,643	1,071,559
Addition during the period/year	3,136,507	5,119,950
Repaid during the period/year	(2,724,573)	(4,938,866)
At the end of the period/year	<u>1,664,577</u>	<u>1,252,643</u>
(iii) Other receivables - associates		
At beginning of the period/year	41,292	107,490
Addition during the period/year	7,193	5,465
Repaid during the period/year	(6,204)	(71,663)
At the end of the period/year	<u>42,281</u>	<u>41,292</u>

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	Un-audited December 31, 2014 (Rupees in '000)	Audited June 30, 2014
(iv) Creditors - subsidiary company		
At beginning of the period/year	291,694	153,645
Addition during the period/year	539,952	675,762
Repaid during the period/year	<u>(331,167)</u>	<u>(537,713)</u>
At the end of the period/year	<u>500,479</u>	<u>291,694</u>

**16 DATE OF AUTHORIZATION FOR ISSUE**

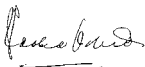
This condensed interim unconsolidated financial information was authorized for issue on February 17, 2015 by the Board of Directors of the Company.

**17 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the audited financial statements of the Company for the year ended June 30, 2014 and the corresponding figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows comprise of balances of comparable period as per the condensed interim financial information of the Company for the half year ended December 31, 2013.

**18 General**

Figures have been rounded-off to nearest thousand rupee.



Rashid Abdulla  
Chief Executive Officer



Syed Nadeem Ahmed  
Managing Director