

# CONTENTS

Company Information	2
Directors' Report to the Members	3
<b>Condensed Interim Consolidated Financial Statements</b>	
Consolidated Balance Sheet	4
Consolidated Profit and Loss Account	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Changes in Equity	8
Notes to the Consolidated Financial Statements	9
<b>Condensed Interim Unconsolidated Financial Statements of The Searle Company Limited</b>	
Directors' Report to the Members	20
Balance Sheet	21
Profit & Loss Account	22
Statement of Comprehensive Income	23
Statement of Cash Flows	24
Statement of Changes in Equity	25
Notes to the Financial Statements	26

# 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 Abdulla	
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. Shahid Abdulla	
Mr. Ayaz 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 nine months ended March 31, 2015. This financial information is submitted in accordance with section 245 of the Companies Ordinance, 1984.

## OPERATING RESULTS

	March 31,	
	2015	2014
	(Rupees in thousand)	
Revenue	6,766,872	5,507,270
Gross profit	3,422,476	2,501,606
Operating expenses	1,639,061	1,438,889
Operating profit	1,783,415	1,062,717
Profit before taxation	1,530,423	893,598
Profit after taxation	1,196,826	719,477

Net sales of the group, reported at Rs. 6,767 million, registered a growth of 22.87 % over the corresponding period of last year. However, the gross margin was 50.58 % as compared to 45.42% of the last corresponding period.

The percentage of sales devoted to the operating expenses shrunk down to 24.22% as compared to 26.13% for the corresponding nine 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 22.6% (2014:16.23%). Similarly, the profit after tax increased to 17.69% (2014: 13.06%).

## 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

Karachi  
April 21, 2015

  
Rashid Abdulla  
Chief Executive Officer

# CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2015

		Un-audited March 31, 2015	Audited June 30, 2014
		(Rupees in '000)	
<b>ASSETS</b>	Note		
<b>Non-current assets</b>			
Fixed assets			
- Property, plant and equipment	5	541,097	560,152
- Intangible assets		42,698	47,782
		583,795	607,934
Investment property		2,598,510	2,516,865
Long-term investment	6	283,831	124,500
Long-term loans		128,515	878
Long-term deposits		1,598	1,598
<b>Total non-current assets</b>		<b>3,596,249</b>	<b>3,251,775</b>
<b>Current assets</b>			
Stores and spares		1,004	1,004
Stock-in-trade		1,135,085	1,012,255
Trade debts	7	2,586,276	1,702,218
Loans and advances		386,524	191,546
Trade deposits and short term prepayments		126,720	91,257
Other receivables		82,994	63,928
Short term investment		68,861	41,042
Advance Tax		172,976	196,600
Cash and bank balances	8	59,074	106,799
<b>Total current assets</b>		<b>4,619,514</b>	<b>3,406,649</b>
<b>Total assets</b>		<b>8,215,763</b>	<b>6,658,424</b>
<b>EQUITY AND LIABILITIES</b>			
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	9	858,407	613,148
General reserve		280,251	280,251
Unappropriated profit		3,393,955	2,520,678
<b>Equity attributable to the Holding Company's shareholders</b>		<b>4,532,613</b>	<b>3,414,077</b>
Non controlling interest		327,637	260,847
<b>Total equity</b>		<b>4,860,250</b>	<b>3,674,924</b>
Surplus on revaluation of fixed assets		168,163	168,163
<b>Non-current liabilities</b>			
Long term finances - secured		525,000	675,000
Deferred liabilities			
Taxation		58,655	42,379
Gratuity - unfunded		36,010	33,503
		94,665	75,882
<b>Total non-current liabilities</b>		<b>619,665</b>	<b>750,882</b>
<b>Current Liabilities</b>			
Trade and other payables		1,487,557	1,082,621
Accrued mark-up		57,288	35,952
Short-term finances		797,840	795,882
Current portion of long term finances		225,000	150,000
<b>Total current liabilities</b>		<b>2,567,685</b>	<b>2,064,455</b>
<b>Total liabilities</b>		<b>3,187,350</b>	<b>2,815,337</b>
Contingencies and commitments	10		
<b>Total equity and liabilities</b>		<b>8,215,763</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 PERIOD ENDED MARCH 31, 2015

	Period ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Note	-----Rupees in '000-----			
NET SALES	6,766,872	5,507,270	2,336,837	1,839,497
COST OF SALES	3,344,396	3,005,664	1,110,056	1,010,921
GROSS PROFIT	3,422,476	2,501,606	1,226,781	828,576
OPERATING EXPENSES				
Selling and distribution	1,428,180	1,253,108	508,223	397,670
Administrative	210,881	185,781	45,842	57,440
	1,639,061	1,438,889	554,065	455,110
OPERATING PROFIT	1,783,415	1,062,717	672,716	373,466
Other operating income	51,381	83,691	21,084	28,162
	1,834,796	1,146,408	693,800	401,628
Financial charges	162,025	162,200	56,993	62,370
Other charges	142,348	90,610	55,038	28,221
	304,373	252,810	112,031	90,591
PROFIT BEFORE INCOME TAX	1,530,423	893,598	581,769	311,037
Income tax expense	333,597	174,121	154,206	46,010
PROFIT FOR THE PERIOD	1,196,826	719,477	427,563	265,027
	-----Rupees-----			
EARNINGS PER SHARE - BASIC AND DILUTED	11 13.94	8.38	4.98	3.09

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 PERIOD ENDED MARCH 31, 2015

	Period ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
-----Rupees in '000-----				
PROFIT FOR THE PERIOD	1,196,826	719,477	427,563	265,027
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 PERIOD</b>	<b>1,196,826</b>	<b>719,036</b>	<b>427,563</b>	<b>265,027</b>
Total comprehensive income attributable to:				
Shareholders' of the holding Company	1,130,036	674,763	411,512	241,020
Non-controlling interest	66,790	44,273	16,051	24,007
	<b>1,196,826</b>	<b>719,036</b>	<b>427,563</b>	<b>265,027</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 PERIOD ENDED MARCH 31, 2015

	Note	Period ended	
		March 31, 2015	March 31, 2014
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations after working capital changes	12	1,067,929	311,685
Gratuity paid		(1,299)	-
Taxes paid		(242,893)	(302,408)
Recovery of long-term loans		79	(294)
Payment of short term - loans and advances		(360,960)	(109,129)
Payment of long-term deposits		-	3,690
<b>Net cash generated from / (used in) operating activities</b>		<b>462,856</b>	<b>(96,456)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipments		(28,614)	(52,672)
Purchase of intangible assets		(2,820)	(181)
Additions to Investment property under work in progress		-	(151,869)
Expenditures incurred on investment property		(95,552)	-
Long-term investments		(159,331)	(95,700)
Short term investments made		(129,000)	-
Proceeds from redemption of investments		105,252	-
Proceeds from disposal of property, plant and equipment		24,346	84,286
(Expenses claimed) / Mark-up received from associated company - net		372	43,668
<b>Net cash used in investing activities</b>		<b>(285,347)</b>	<b>(172,468)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities paid		-	(3,747)
Long-term finance paid		(75,000)	(107,354)
Dividend paid		(11,503)	(54,167)
Financial charges paid		(140,689)	(114,047)
<b>Net cash used in financing activities</b>		<b>(227,192)</b>	<b>(279,315)</b>
Net decrease in cash and cash equivalents		(49,683)	(548,239)
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	<b>(738,766)</b>	<b>(839,108)</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 CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2015

	Capital reserve		Revenue reserve		Unappropriated profit	Non Controlling Interest	Share holders' equity
	Share capital	Reserve for issue of bonus shares	General reserve	Total reserves			
----- Rupees in '000' -----							
<b>Balance as at July 01, 2013</b>	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)	-	-	-	-	12,450	-	12,450
Realization of surplus on revaluation of fixed assets on disposal (net of tax)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	674,763	44,273	719,036
<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)
<b>Balance as at March 31, 2014</b>	<u>613,148</u>	<u>-</u>	<u>280,251</u>	<u>280,251</u>	<u>2,377,401</u>	<u>270,701</u>	<u>3,541,501</u>
<b>Balance as at July 01, 2014</b>	613,148	-	280,251	280,251	2,520,678	260,847	3,674,924
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	-	-	-	-	-	-	-
Realization of surplus on revaluation of fixed assets on disposal (net of tax)	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,130,036	66,790	1,196,826
<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)
<b>Balance as at March 31, 2015</b>	<u>858,407</u>	<u>-</u>	<u>280,251</u>	<u>280,251</u>	<u>3,393,955</u>	<u>327,637</u>	<u>4,860,250</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



# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

## 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 period ended March 31, 2015 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.

## 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

FOR THE PERIOD ENDED MARCH 31, 2015

		Un-audited March 31, 2015	Audited June 30, 2014
5	PROPERTY, PLANT AND EQUIPMENT	Rupees in '000	
	Operating fixed assets	539,984	557,745
	Capital work in progress	1,113	2,407
		<u>541,097</u>	<u>560,152</u>

5.1 Details of additions and disposals to operating assets during the period ended March 31, 2015 are as follows:

	Additions at cost	Deletions at net book value
	Rupees in '000	
<b>Owned assets</b>		
Plant and machinery	10,657	-
Office and electrical equipments	4,804	(48)
Air - conditioning	478	-
Furniture & Fixture	290	-
Vehicles	13,679	(6,299)
<b>March 31, 2015</b>	<u>29,908</u>	<u>(6,347)</u>
June 30, 2014	<u>90,947</u>	<u>(34,810)</u>

		Un-audited March 31, 2015	Audited June 30, 2014
6	LONG-TERM INVESTMENT	Rupees in '000	
	Quoted subsidiary - at cost	94,856	-
	Other investment	188,975	-
		<u>283,831</u>	<u>-</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 1,360,000 (June 30 2014: 830,000) fully paid ordinary shares of Rs. 100 each in Nextar Pharma (Private) Limited (NPL), which represents 33.83% (June 30 2014: 21.78%) of the total share capital of NPL.

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

		Un-audited March 31, 2015	Audited June 30, 2014
7	TRADE DEBTS	Rupees in '000	
	Considered good		
	- Secured: Export debtors	56,563	37,925
	- Unsecured: Due from:		
	- associated/holding company	2,253,766	1,414,832
	- others	275,947	249,461
		<u>2,529,713</u>	<u>1,664,293</u>
	Considered doubtful - others	976	976
	Less: Provision for doubtful debts	(976)	(976)
		-	-
		<u>2,586,276</u>	<u>1,702,218</u>

7.1 The receivable is stated net of amounts payable aggregating Rs. 101.75 million (June 30, 2014: Rs. 100.87 million) on account of expenses claimed by the associated company.

7.2 At the period end, 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 March 31, 2015	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	-	12
	- current accounts	57,188	105,428
		<u>59,074</u>	<u>106,799</u>

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

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

	March 31,	June 30,	Un-audited	Audited
	2015	2014	March 31,	June 30,
	(Number of shares)		2015	2014
			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
	<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

(Number of Shares )

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 March 31, 2015 amounted to Rs. 1,100 million (June 2014: Rs. 980 million) of which the amount remaining unutilized as at that date was Rs. 391 million (June 2014: Rs. 540 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	Audited
	March 31,	June 30,
	2015	2014
	Rupees in '000	
Not later than one year	-	1,386
	<u>-</u>	<u>1,386</u>

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

		Un-audited March 31, 2015 Rupees in '000	Un-audited March 31, 2014 Rupees in '000
11	<b>EARNINGS PER SHARE - Basic and Diluted</b>		
	Basic earnings per share		
	Profit for the period (Rupees in thousands)	1,196,826	719,477
	Weighted average number of shares	<u>85,840,745</u>	<u>85,840,745</u>
	Earnings per share (Rupees - Restated)	<u>13.94</u>	<u>8.38</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.		
12	<b>CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>	Un-audited March 31, 2015 Rupees in '000	Un-audited March 31, 2014 Rupees in '000
	Profit before taxation	1,530,423	893,598
	Adjustments for non-cash items and other items:		
	Depreciation	55,311	61,697
	Amortization of intangible assets	7,825	10,972
	Gain on disposal of property, plant and equipment - net	(17,999)	(59,900)
	Unrealized gain on investments	(1,847)	-
	Realized gain on sale of investments	(2,224)	-
	Provision for staff retirement gratuity	3,680	(3,514)
	Financial charges - net	157,942	160,056
	Net increase in working capital	<u>(665,182)</u>	<u>(751,224)</u>
		<u>1,067,929</u>	<u>311,685</u>
12.1	<b>Working capital changes</b>		
	Current assets		
	Increase in stock-in-trade	(122,830)	(577,503)
	Increase in trade debts	(884,058)	(418,260)
	Increase in trade deposits and short term prepayments	(35,463)	(21,997)
	Increase in other receivables	(19,438)	21,933
		<u>(1,061,789)</u>	<u>(995,827)</u>
	Current liabilities		
	Increase in trade and other payables	396,607	244,603
	Net increase in working capital	<u>(665,182)</u>	<u>(751,224)</u>
13	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	59,074	48,895
	Short term finances	<u>(797,840)</u>	<u>(888,003)</u>
		<u>(738,766)</u>	<u>(839,108)</u>

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

## 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 Mar' 31, 2015	Unaudited Mar' 31, 2014	Unaudited Mar' 31, 2015	Unaudited Mar' 31, 2014	Unaudited Mar' 31, 2015	Unaudited Mar' 31, 2014	Unaudited Mar' 31, 2015	Unaudited Mar' 31, 2014
	----- (Rupees in '000) -----							
Segment revenue	6,165,259	5,016,588	587,951	490,463	13,662	219	6,766,872	5,507,270
Segment result	1,588,260	1,004,811	217,342	57,687	(22,187)	219	1,783,415	1,062,717
Unallocated income and expenses								
Other operating income							51,381	83,691
Finance cost							(162,025)	(162,200)
Other charges							(142,346)	(90,610)
Profit before taxation							1,530,423	893,598
Income tax expense							(333,597)	(174,121)
Profit for the period							1,196,826	719,477
Depreciation	49,404	54,345	5,773	7,352	-	-	55,177	61,697
Non cash expense	7,825	2,718	-	-	-	-	7,825	2,718
	----- (Rupees in '000) -----							
	Pharmaceutical		Consumer		Investment Property		Total	
	Unaudited Mar' 31, 2015	Audited Jun' 30, 2014	Unaudited Mar' 31, 2015	Audited Jun' 30, 2014	Unaudited Mar' 31, 2015	Audited Jun' 30, 2014	Unaudited Mar' 31, 2015	Audited Jun' 30, 2014
Segment assets and liabilities								
Segment assets	157,796	169,185	18,437	25,280	2,598,510	2,516,865	2,774,743	2,711,330
Unallocated assets							5,441,020	3,947,094
Total assets							8,215,763	6,658,424
Segment liabilities	-	-	-	-	750,000	825,000	750,000	825,000
Unallocated liabilities	-	-	-	-	-	-	2,437,350	1,990,337
Total Liabilities							3,187,350	2,815,337
Additions in segment assets	26,714	78,376	3,121	11,711	81,645	203,879	111,480	293,966
Percentage for allocation	89.32%	88.83%	10.44%	11.16%	0.24%	0.00%	100.00%	100.00%

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

14.1 Geographical segments	Note	Un-audited	Un-audited
		March 31, 2015	March 31, 2014
Net sales by region		Rupees in '000	
Pakistan		6,365,761	5,205,557
Asia		214,184	169,876
East Africa		4,311	2,270
South East Asia		43,115	27,993
Far Eastern countries		123,210	101,574
Middle East		16,291	-
14.1.1		<u>6,766,872</u>	<u>5,507,270</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. 5.38 billion (March 31, 2014 : Rs. 4.12 billion) of the total revenues.

15 TRANSACTIONS WITH RELATED PARTIES		Un-audited	Un-audited
		March 31, 2015	March 31, 2014
		Rupees in '000	
(i)	Transactions		
	IBL Operations (Private) Limited - associated company		
	Sales	5,380,108	4,121,811
	Sales returned	57,226	98,817
	Expenses claimed by the associated company		
	Carriage and duties	16,615	12,702
	Staff salaries and benefits	-	3,403
	Discounts	96,877	15,539
	Warehouse rent	2,441	2,229
	Professional services rendered	-	4,742
	Corporate services charged	-	4,800
	Sales promotion expenses	4,510	45,900
	IT Services	2,750	4,400
	Staff salaries and other expenses	894	3,403
	Expenses claimed by the Company		
	Staff salaries and other expenses	1,278	4,454
	Royalty and price difference claims	19,387	-
(ii)	International Franchises (Private) Limited - associated company		
	Sales	316	501
	Sales returned	69	-
	Rent, utility and other income	4,941	2,025
	Staff salaries and benefits	-	871
	Purchase of Promotional Items	189	370
	Utilities expenses claimed from IFL	569	-

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

	Un-audited March 31, 2015	Un-audited March 31, 2014
	Rupees in '000	
(iii) United Distributors Pakistan Limited (UDPL) - associated company		
Expenses claimed by UDPL		
Warehouse rent & expenses	327	460
Vehicle hiring	-	26
Transfer of funds under group tax relief	11,558	-
Sale of assets	2,010	-
(iv) HABITT - associate		
Sales	6,546	-
Sales returned	580	-
Rent income	8,048	-
Purchase of promotional Items from Habitt	238	706
(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	71,755	64,648
Sales returned	461	-
Expenses claimed by United Brands Limited		
Discounts	1,136	586
Purchase of promotional items	769	19
	Un-audited March 31, 2015	Audited June 30, 2014
	Rupees in '000	
Balances		
(i) Loans and advances - key management personnel		
At beginning of the period/year	3,604	3,458
Given during the period/year	1,744	4,043
Repaid during the period/year	<u>(2,932)</u>	<u>(3,897)</u>
At the end of the period/year	<u>2,416</u>	<u>3,604</u>



# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

	Un-audited March 31, 2015	Audited June 30, 2014
	Rupees in '000	
(ii) Trade debts - associated company		
At beginning of the period/year	1,414,832	1,201,444
Addition during the period/year	4,908,282	5,811,242
Repaid during the period/year	<u>(4,069,348)</u>	<u>(5,597,854)</u>
At the end of the period/year	<u>2,253,766</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	20,665	5,465
Repaid during the period/year	<u>(21,036)</u>	<u>(71,663)</u>
At the end of the period/year	<u>40,921</u>	<u>41,292</u>

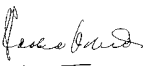
## 16 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorized for issue on April 21, 2015, by the Board of Directors of the Company.

- 17 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 period ended March 31, 2014 .

## 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 nine months ended March 31, 2015. This financial information is submitted in accordance with section 245 of the Companies Ordinance, 1984.

## Operating Results

	March 31,	
	2015	2014
	(Rupees in thousand)	
Revenue	5,633,577	4,393,179
Gross profit	2,582,700	1,809,248
Operating expenses	1,441,949	1,288,836
Operating profit	1,140,751	520,412
Profit before taxation	1,384,834	685,925
Profit after taxation	1,120,148	573,363

Net sales of the Company, reported at Rs. 5,634 million, registered a growth of 28.2% over the corresponding period of last year. However, the gross margin was 45.8% as compared to 41.2% of the last corresponding period.

The percentage of sales devoted to the operating expenses shrunk down to 25.6% as compared to 29.3% for the corresponding nine 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 24.6% (2014:15.6%). Similarly, the profit after tax increased to 19.9% (2014: 13.1%).

## 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

Karachi  
April 21, 2015



Rashid Abdulla  
Chief Executive Officer

# CONDENSED INTERIM UNCONSOLIDATED

## BALANCE SHEET

AS AT MARCH 31, 2015

		Un-audited March 31, 2015	Audited June 30, 2014
		-----Rupees in '000-----	
<b>ASSETS</b>	Note		
<b>Non-current assets</b>			
Fixed assets			
- Property, plant and equipment	5	539,914	558,306
- Intangible assets		32,236	33,572
		572,150	591,878
Investment property		2,474,922	2,393,277
Long-term investment	6	519,231	359,900
Long-term loans		423	502
Long-term deposits		1,598	1,598
<b>Total non-current assets</b>		<b>3,568,324</b>	<b>3,347,155</b>
<b>Current assets</b>			
Stores and spares		1,004	1,004
Stock-in-trade		952,027	804,579
Trade debts	7	2,226,020	1,462,656
Loans and advances		381,081	144,837
Trade deposits and short term prepayments		108,086	86,290
Other receivables		59,717	209,028
Advance Tax		163,151	195,232
Cash and bank balances	8	27,527	20,621
<b>Total current assets</b>		<b>3,918,613</b>	<b>2,924,247</b>
<b>Total assets</b>		<b>7,486,937</b>	<b>6,271,402</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Authorized share capital 140,000,000 (June 2014: 70,000,000) ordinary shares of Rs. 10 each		<u>1,400,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital	9	858,407	613,148
General reserve		280,251	280,251
Unappropriated profit		3,125,554	2,250,665
<b>Total shareholders' equity</b>		<u>4,264,212</u>	<u>3,144,064</u>
Surplus on revaluation of fixed assets		168,163	168,163
<b>Non-current liabilities</b>			
Long term finances - secured		525,000	675,000
Deferred liabilities			
Taxation		58,655	42,379
Gratuity - unfunded		36,010	33,503
		94,665	75,882
<b>Total non-current liabilities</b>		<u>619,665</u>	<u>750,882</u>
Trade and other payables		1,359,859	1,226,459
Accrued mark-up		57,288	35,952
Short-term finances		792,750	795,882
Current portion of long term finances		225,000	150,000
<b>Total current liabilities</b>		<u>2,434,897</u>	<u>2,208,293</u>
<b>Total liabilities</b>		<u>3,054,562</u>	<u>2,959,175</u>
Contingencies and commitments	10		
<b>Total equity and liabilities</b>		<u>7,486,937</u>	<u>6,271,402</u>

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 PERIOD ENDED MARCH 31, 2015

	Period ended		Quarter ended		
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	
Note	-----Rupees in '000-----				
NET SALES	5,633,577	4,393,179	1,997,060	1,420,556	
COST OF SALES	3,050,877	2,583,931	1,001,843	874,834	
GROSS PROFIT	2,582,700	1,809,248	995,217	545,722	
Selling and distribution expenses	1,279,036	1,141,382	453,847	351,782	
Administrative expenses	162,913	147,454	57,457	46,102	
	1,441,949	1,288,836	511,304	397,884	
OPERATING PROFIT	1,140,751	520,412	483,913	147,838	
Other operating income	531,396	413,007	215,986	144,552	
	1,672,147	933,419	699,899	292,390	
Other operating expenses					
Financial charges	157,942	160,056	53,778	61,474	
Other charges	129,371	87,438	51,254	25,188	
	287,313	247,494	105,032	86,662	
PROFIT BEFORE INCOME TAX	1,384,834	685,925	594,867	205,728	
Income tax expense	264,686	112,562	132,626	25,944	
PROFIT FOR THE PERIOD	1,120,148	573,363	462,241	179,784	
	-----Rupees-----				
EARNINGS PER SHARE - BASIC AND DILUTED	11	13.05	6.68	5.38	2.09

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 PERIOD ENDED MARCH 31, 2015

	Period ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	-----Rupees in '000-----			
PROFIT FOR THE PERIOD	1,120,148	573,363	462,241	179,784
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 PERIOD</b>	<b>1,120,148</b>	<b>572,922</b>	<b>462,241</b>	<b>179,784</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

# UNCONSOLIDATED STATEMENT OF CASH FLOWS - Un-audited

FOR THE PERIOD ENDED MARCH 31, 2015

		Period ended	
		March 31, 2015	March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES	Note	-----Rupees in '000-----	
Cash generated from operations after working capital changes	12	939,049	302,680
Gratuity paid		(1,173)	-
Taxes paid		(216,328)	(256,043)
(Advance) / Recovery of long-term loans		79	444
Advance of short-term loans		(236,244)	(62,099)
Payment of long-term deposits		-	3,690
<b>Net cash generated from / (used in) operating activities</b>		<b>485,383</b>	<b>(11,328)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipments		(28,030)	(51,280)
Purchase of intangible assets		(2,820)	-
Expenditures incurred on investment property		(95,553)	(151,869)
Long-term investments	6	(159,331)	(209,600)
Proceeds from disposal of property, plant and equipment		21,627	75,930
(Expenses claimed) / Mark-up received from associated company - net		372	43,668
<b>Net cash used in investing activities</b>		<b>(263,735)</b>	<b>(293,151)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease liabilities paid		-	(2,282)
Dividend paid		(4)	(92,334)
Long-term finance paid		(75,000)	(54,167)
Financial charges paid		(136,606)	(114,047)
<b>Net cash used in financing activities</b>		<b>(211,610)</b>	<b>(262,830)</b>
Net increase / (decrease) in cash and cash equivalents		10,038	(567,309)
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	<b>(765,223)</b>	<b>(874,506)</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



# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2015

	Capital reserve	Revenue reserve				
	Share capital	Reserve for issue of bonus shares	General reserve	Total reserves	Unappropriated profit	Share holders' equity
	----- (Rupees in '000) -----					
<b>Balance as at July 01, 2013</b>	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
Realization of surplus on revaluation of fixed assets on disposal (net of tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	572,922	572,922
<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)
	141,496	-	-	-	(235,826)	(94,330)
<b>Balance as at March 31, 2014</b>	<b>613,148</b>	<b>-</b>	<b>280,251</b>	<b>280,251</b>	<b>2,064,830</b>	<b>2,958,229</b>
<b>Balance as at July 01, 2014</b>	<b>613,148</b>	<b>-</b>	<b>280,251</b>	<b>280,251</b>	<b>2,250,665</b>	<b>3,144,064</b>
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	-	-	-	-	-	-
Realization of surplus on revaluation of fixed assets on disposal (net of tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,120,148	1,120,148
<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)	-	-
	245,259	-	-	-	(245,259)	-
<b>Balance as at March 31, 2015</b>	<b>858,407</b>	<b>-</b>	<b>280,251</b>	<b>280,251</b>	<b>3,125,554</b>	<b>4,264,212</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

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

## 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 financial information of the Company for the period ended March 31, 2015 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.

## 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

FOR THE PERIOD ENDED MARCH 31, 2015

		Un-audited March 31, 2015	Audited June 30, 2014
5	PROPERTY, PLANT AND EQUIPMENT	Note	Rupees in '000
	Operating fixed assets	5.1	538,801
	Capital work in progress		1,113
			<u>539,914</u>
			<u>558,899</u>
			<u>2,407</u>
			<u>558,306</u>

5.1 Details of additions and disposals to operating assets during the period ended March 31, 2015 are as follows:

	Additions at cost	Deletions at net book value
Owned assets		
Plant and machinery	10,657	-
Office and electrical equipments	4,220	(15)
Air - conditioning	478	-
Furniture & Fixture	290	-
Vehicles	13,679	(5,545)
October 31, 2014	<u>29,324</u>	<u>(5,560)</u>
June 30, 2014	<u>90,087</u>	<u>(29,760)</u>

## 6 LONG-TERM INVESTMENT

		Un-audited March 31, 2015	Audited June 30, 2014
		Rupees in '000	
Quoted subsidiary - at cost	6.1	194,856	100,000
Unquoted subsidiaries - at cost	6.2	135,400	135,400
Other investment	6.3	188,975	124,500
		<u>519,231</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).

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

- 6.3 This represents 1,360,000 (June 30 2014: 830,000) fully paid ordinary shares of Rs. 100 each in Nextar Pharma (Private) Limited (NPL), which represents 33.83% (June 30 2014: 21.78%) of the total share capital of NPL.

		Un-audited March 31, 2015	Audited June 30, 2014
7	TRADE DEBTS	Rupees in '000	
	Considered good		
	- Secured: Export debtors	56,563	37,925
	- Unsecured: Due from:		
	- associated/holding company	1,893,510	1,252,643
	- others	275,947	172,088
		<u>2,169,457</u>	<u>1,424,731</u>
	Considered doubtful - others	976	976
	Less: Provision for doubtful debts	(976)	(976)
		<u>-</u>	<u>-</u>
		<u>2,226,020</u>	<u>1,462,656</u>

- 7.1 The receivable is stated net of amounts payable aggregating Rs. 101.75 million (June 30, 2014: Rs. 100.87 million) on account of expenses claimed by the associated company.

- 7.2 At the period end, 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 period 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 March 31, 2015	Audited June 30, 2014
8	CASH AND BANK BALANCES	Rupees in '000	
	Cash in hand	1,886	1,342
	Cash with banks in:		
	- deposit accounts	-	9
	- current accounts	25,641	19,270
		<u>27,527</u>	<u>20,621</u>

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

## 9 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Un-audited March 31, 2015 (Number of shares)	Audited June 30, 2014		Un-audited March 31, 2015 Rupees in '000	Audited June 30, 2014
3,969,000	3,969,000	Ordinary shares of Rs. 10 each fully paid in cash	39,690	39,690
24,000	24,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	240	240
81,847,745	57,321,818	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	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

	(Number of Shares)	
Number of shares at beginning of the period	61,315	47,165
Bonus shares issued during the period	24,526	14,150
Number of shares at end of the period	<u>85,841</u>	<u>61,315</u>

## 10 CONTINGENCIES AND COMMITMENTS

There is no change in the contingencies and commitment since the last financial year ended June 30, 2014 except the following:

### 10.1 Contingencies

The facility for opening letters of credit (LCs) acceptances and guarantees as at March 31, 2015 amounted to Rs. 835 million (2014: Rs. 715 million) of which the amount remaining unutilized as at that date was Rs. 209 million (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 ended June 30, 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 March 31, 2015 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 UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

## 11 EARNINGS PER SHARE - Basic and Diluted

Basic earnings per share		
Profit for the period (Rupees in thousands)	1,120,148	573,363
Weighted average number of shares (Restated)	85,840,745	85,840,745
Earnings per share (Rupees)	13.05	6.68

### 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 March 31, 2015	Audited June 30, 2014
	Rupees in '000	
<b>12 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>	Note	
Profit before taxation	1,384,834	685,925
Adjustments for non-cash items and other items:		
Depreciation	54,770	59,949
Amortization of intangible assets	4,156	4,077
Gain on disposal of property, plant and equipment - net	(16,067)	(53,411)
Provision for staff retirement gratuity	3,680	2,788
Financial charges - net	157,942	160,056
Net (increase) in working capital	12.1 (650,266)	(556,704)
	<u>939,049</u>	<u>302,680</u>
<b>12.1 Working capital changes</b>		
Current assets		
Increase in stock-in-trade	(147,448)	(463,204)
Increase in trade debts	(763,364)	(248,896)
Increase in trade deposits and short term prepayments	(21,796)	(14,132)
(Increase)/Decrease in other receivables	148,939	(102,823)
	<u>(783,669)</u>	<u>(829,055)</u>
Current liabilities		
Increase in trade and other payables	133,403	272,351
Net increase in working capital	<u>(650,266)</u>	<u>(556,704)</u>

## 13 CASH AND CASH EQUIVALENTS

Cash and bank balances	27,527	13,497
Short term finances	(792,750)	(888,003)
	<u>(765,223)</u>	<u>(874,506)</u>

## 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

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

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	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- Un-audited -----							
	----- (Rupees in ,000) -----							
Segment revenue	5,031,964	3,902,497	587,951	490,463	13,662	219	5,633,577	4,393,179
Segment result	945,596	462,506	217,342	57,687	(22,187)	219	1,140,751	520,412
<b>Unallocated income and expenses</b>								
Other operating income							531,396	413,007
Finance cost							(157,942)	(160,056)
Other charges							(129,371)	(87,438)
<b>Profit before taxation</b>							1,384,834	685,925
Income tax expense							(264,686)	(112,562)
<b>Profit for the period</b>							1,120,148	573,363
<b>Depreciation</b>	36,597	54,202	4,265	5,747	13,908	-	54,770	59,949
	Pharmaceutical		Consumer		Investment Property		Total	
	Unaudited March 31, 2015	Audited June 30, 2014	Unaudited March 31, 2015	Audited June 30, 2014	Unaudited March 31, 2015	Audited June 30, 2014	Unaudited March 31, 2015	Audited June 30, 2014
	----- (Rupees in ,000) -----							
<b>Segment assets and liabilities</b>								
Segment assets	157,796	169,185	18,437	25,280	2,474,922	2,393,277	2,651,155	2,587,742
Unallocated assets							4,835,782	3,683,660
<b>Total assets</b>							7,486,937	6,271,402
Segment liabilities	-	-	-	-	750,000	825,000	750,000	825,000
Unallocated liabilities							2,304,562	2,134,175
<b>Total Liabilities</b>							3,054,562	2,959,175
<b>Additions in segment assets</b>	26,264	78,376	3,060	11,711	81,645	203,879	110,969	293,966
<b>Percentage for allocation</b>	89.32%	88.83%	10.44%	11.16%	0.24%	0.00%	100.00%	100.00%

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

	Note	Un-audited March 31, 2015 -----Rupees in '000-----	Un-audited March 31, 2014 -----Rupees in '000-----
14.1	Geographical segments		
	Net sales by region		
	Pakistan	5,232,466	4,066,688
	Asia	214,184	169,876
	East Africa	4,311	2,270
	South East Asia	43,115	27,993
	Far Eastern countries	123,210	101,574
	Middle East	16,291	-
	14.1.1	<u>5,633,577</u>	<u>4,368,401</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		
		Un-audited March 31, 2015 -----Rupees in '000-----	Un-audited March 31, 2014 -----Rupees in '000-----
(i)	IBL Operations (Private) Limited - associated company		
	Sales	4,863,808	3,580,671
	Sales returned	57,226	98,817
	Expenses claimed by the associated company		
	Carriage and duties	16,615	12,702
	Staff salaries and benefits	-	-
	Discounts	96,877	15,539
	Warehouse rent	2,441	2,229
	Professional services rendered	-	4,742
	Corporate services charged	-	4,800
	Sales promotion expenses	4,510	45,900
	IT Services	2,750	4,400
	Salaries and allowances	894	3,403
	Expenses claimed by the Company		
	Staff salaries and other expenses	1,278	4,454
	Royalty and price difference claims	19,387	-



# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

	Un-audited March 31, 2015 -----Rupees in '000-----	Un-audited March 31, 2014
(ii) International Franchises (Private) Limited (IFL) - associated company		
Sales	316	501
Sales returned	69	-
Rent, utility and other income	4,941	2,025
Staff salaries and benefits	-	370
Purchase of Promotional Items	189	871
Utilities expenses claimed from IFL	569	-
(iii) United Distributors Pakistan Limited (UDPL) - associated company		
Expenses claimed by UDPL		
Warehouse rent & expenses	327	460
Vehicle hiring	-	26
Transfer of funds under group tax relief	11,558	-
Sale of assets	2,010	-
(iv) HABITT - associate		
Sales	6,546	-
Sales returned	580	-
Rent income	8,048	-
Purchase of promotional Items from Habitt	238	706
(v) IBL HealthCare Limited - subsidiary company		
Purchases	284	-
Vehicle hiring	90	-
Dividend Income	11,500	15,000
Expenses claimed by IBL HealthCare Limited		
Purchases of promotional items	-	431
Vehicle Hiring	-	1,853
(vi) The Citizens Foundation - associate		
Donations	-	5,000
(vii) Arshad Shahid Abdulla (Private) Limited - associated company		
Architect fee	2,980	-
(viii) Multinet Pakistan (Private) Limited - associated company		
Internet services	301	610

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

	Un-audited March 31, 2015 -----Rupees in '000-----	Un-audited March 31, 2014
(ix) United Brands Limited - associated company		
Sales	71,755	64,648
Sales returned	461	-
Expenses claimed by United Brands Limited		
Discounts	1,136	586
Purchase of promotional items	769	19
(x) Searle Pharmaceuticals (Private) Limited - subsidiary company		
Purchases	692,537	488,642
Dividend income	475,000	324,980
Rent Income claimed by TSCL	4,500	1,500
(xi) Searle Laboratories (Private) Limited - subsidiary company		
Purchases	71,080	-
	Un-audited March 31, 2015	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	1,744	4,043
Repaid during the period/year	(2,932)	(3,897)
At the end of the period/year	<u>2,416</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	4,908,282	5,119,950
Repaid during the period/year	(4,165,667)	(4,938,866)
At the end of the period/year	<u>1,995,258</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	20,665	5,465
Repaid during the period/year	(21,036)	(71,663)
At the end of the period/year	<u>40,921</u>	<u>41,292</u>

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION

FOR THE PERIOD ENDED MARCH 31, 2015

	Un-audited March 31, 2015 Rupees in '000	Audited June 30, 2014
(v) Creditors - subsidiary company		
At beginning of the period/year	291,694	153,645
Addition during the period/year	763,617	675,762
Repaid during the period/year	<u>(107,385)</u>	<u>(537,713)</u>
At the end of the period/year	<u>947,926</u>	<u>291,694</u>

## 16 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial information was authorized for issue on April 21, 2015, by the Board of Directors of the Company.

17 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 period ended March 31, 2014.

## 18 General

Figures have been rounded-off to nearest thousand rupee.



Rashid Abdulla  
Chief Executive Officer



Syed Nadeem Ahmed  
Managing Director

# NOTES



A series of horizontal lines for writing notes, starting from the top of the page and extending to the bottom. The lines are evenly spaced and cover the majority of the page area.