World **Health Days**

ANNUAL REPORT

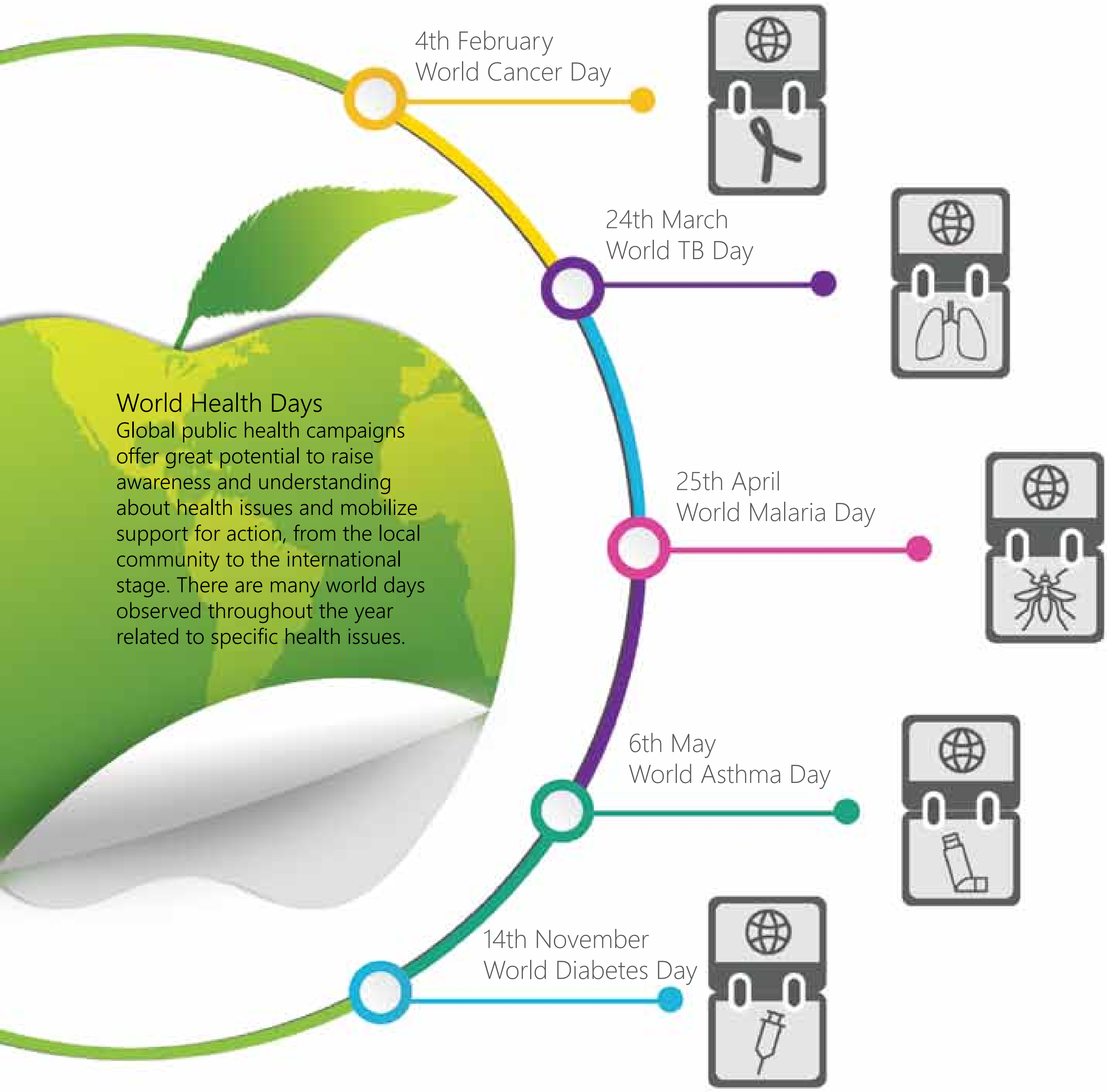
14

SEARLE

Research in the service of mankind

World Health Days

Global public health campaigns offer great potential to raise awareness and understanding about health issues and mobilize support for action, from the local community to the international stage. There are many world days observed throughout the year related to specific health issues.



CONTENTS

OUR VISION

To lead in improving the quality of human life.

OUR MISSION

- Which provides its customers with the best possible products and services in the Healthcare and Consumer Industry.
- That is ever evolving in-step with the changing market place to maintain its leadership role.
- Which is a responsible corporate citizen contributing to society and protecting the environment.
- That promotes team spirit amongst its employees whilst maintaining their individuality, in a culture where people are encouraged to think and strive to achieve their true potential.
- Which cares for its employees and shares in their dreams.
- Which works today for a better and secure tomorrow for all its stake holders through innovation, new product development and sound business practices.
- Which would grow and live beyond each one of us.

OUR VALUES

Seeking Allah's pleasure in all that we do.

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

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

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

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

Integrity:
In all our dealings

Respect:
For our customers and each other

FEBRUARY

04

World Cancer Day

World Cancer Day was founded by the Union for International Cancer Control to support the goals of the World Cancer Declaration, written in 2008. The primary goal of the World Cancer Day is to significantly reduce illness and death caused by cancer by 2020.

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. Muhammad Jamil

Company Secretary
Mr. Zubair Palwala

Auditors
Grant Thornton Anjum Asim Shahid Rahman

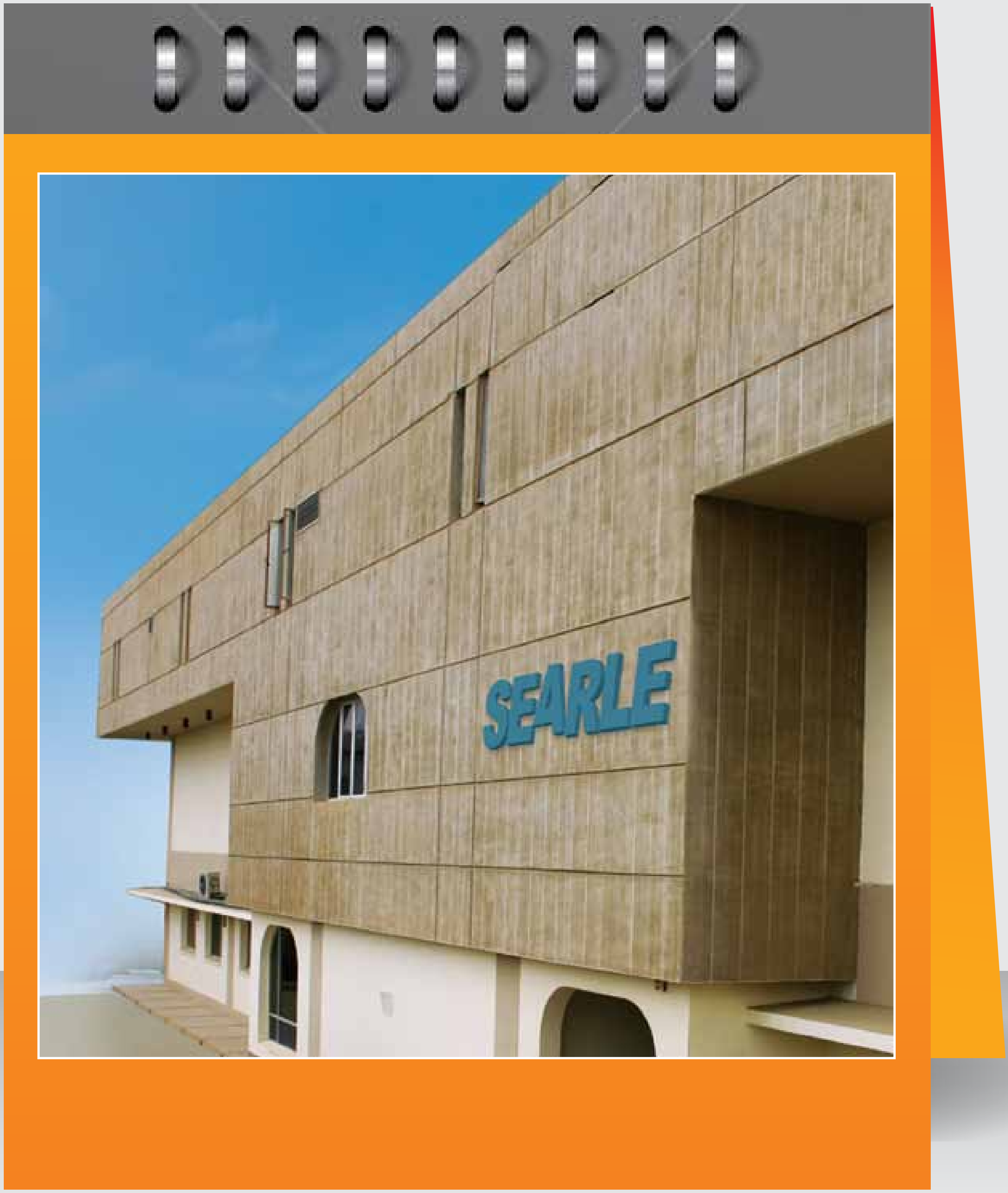
Legal Advisors
Mohsin Tayebaly & Co.

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


SEARLE

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 49th annual general meeting of the shareholders of The Searle Company Limited will be held on Friday, October 24, 2014 at 04:00 p.m. at the Institute of Chartered Accountants of Pakistan, Clifton, Karachi to transact the following business:

Ordinary Business

1. To confirm the minutes of extraordinary general meeting held on July 09, 2014.

2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2014 together with the directors' and auditors' reports thereon.

3. To appoint auditors for the year ending June 30, 2015 and to fix their remuneration. The present auditors, Grant Thornton Anjum Asim Shahid Rahman, Chartered Accountants being eligible, have offered themselves for re-appointment.

Special Business

4. To approve the issue of bonus shares in the ratio of forty shares for every hundred shares held i.e. 40% as recommended by the board of directors and, if thought appropriate, to pass with or without modification(s) the following resolutions as ordinary resolution:

   "RESOLVED that a sum of Rs.245,259,270/- out of the un-appropriated profits of the Company be capitalized and applied towards the issue of 24,525,927 ordinary shares of Rs.10/- each and allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on October 17, 2014, in the proportion of forty shares for every hundred ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares.

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

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

5. To consider the increase of authorized share capital of the Company from Rs.700 million to Rs.1,400 million divided into 140,000,000 ordinary shares of Rs.10/- each and to consider and if thought fit to pass the following resolution as special resolution:

   RESOLVED that the authorised share capital of the Company be and is hereby increased from Rs.700,000,000/- divided into 70,000,000 ordinary shares of Rs.10/- each to Rs.1,400,000,000/- divided into 140,000,000 ordinary shares of Rs.10/- each, by the creation of 70,000,000 additional ordinary shares at nominal value of Rs.10/- each to rank pari passu in every respect with the existing ordinary share of the Company.

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

   - Clause V of Memorandum of Association "The authorized capital of the Company is Rs.1,400,000,000/- divided into 140,000,000 ordinary shares of Rs.10/- each."

   - Article 3 of Articles of Association "The authorized capital of the Company is Rs.1,400,000,000/- divided into 140,000,000 ordinary shares of Rs.10/- each."

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

6. To consider and if thought fit, to pass with or without modification(s), the following resolutions as Special Resolution:

   RESOLVED that the approval of the members of the Company be and is hereby accorded in terms of section 208 of the Companies Ordinance, 1984 for investment up to Rs.100 million in IBL HealthCare Limited, a subsidiary company, by acquiring fully paid up ordinary shares of IBL HealthCare Limited, at market value, up to but not exceeding Rs.100 million, on the terms and conditions disclosed to the members.

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

7. To consider and if thought fit, to pass with or without modification(s), the following resolutions as Special Resolution:

   RESOLVED that the approval of the members of the Company be and is hereby accorded in terms of section 208 of the Companies Ordinance, 1984 for acquisition of 25% shares of Nextar Pharma (Private) Limited, an associated company, at a price to be determined by the Chief Executive Officer of the Company.

   FURTHER RESOLVED that Mr. Rashid Abdulla – Chief Executive Officer and Mr. Zubair Palwala, Secretary of the Company be and are hereby authorized, singly, to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

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

   "RESOLVED that the Company be and hereby approves and authorizes the payment of remuneration to Executive Directors including the Chief Executive of the Company for a total sum not exceeding Rs.25 million per annum exclusive of perquisites and retirement benefits, admissible under the Company's Rules."

Other Business

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

By order of the Board

Zubair Palwala
Karachi: October 3, 2014
Company Secretary

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

Item 4

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

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

Item 5

The amendment in Memorandum and Articles of Association of the Company is proposed to enhance the authorised capital of the Company to Rs.1,400 million. The enhancement of its authorised capital will enable the Company to issue the bonus shares.

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

Item 6

i)	Name of the associated company along with criteria based on which the associated relationship is established	IBL HealthCare Limited 50% ownership plus significant influence and control due to common directorship.
ii)	Purpose, benefits and period of investment	Investment in subsidiary to reap the benefits in long term.
iii)	Maximum amount of investment	Rs.100 million
iv)	Maximum price at which securities will be acquired	Market value on the date of transaction.
v)	Maximum number of securities to be acquired	Equivalent to Rs.100 million.
vi)	Number of securities and percentage thereof held before and after the proposed investment	11,500,000 shares (50%) – before investment.
vii)	Average of the preceding twelve weekly average price of the security	Rs.98.41 per share.
viii)	Break-up value of securities on the basis of the latest audited financial statements	Rs.22.68
ix)	Earning per shares of associated company for last three years	2014 : 6.47 2013 : 4.37 2012 : 3.92
x)	Sources of fund from which securities will be acquired	Own source.
xi)	Where the securities are intended to be acquired using borrowed fund	No
	a) Justification for investment through borrowing	Not applicable
	b) Detail of guarantees and assets pledged for obtaining such funds	Not applicable
xii)	Salient features of the agreement(s), if any, entered into with associated company with regard to the proposed investment	None
xiii)	Direct or indirect interest of directors, sponsors, majority members and their relatives, if any, in the associated company or the transaction under consideration	The Directors have no interest directly or indirectly in the investment in IBL HealthCare Limited, except that they are shareholders/directors in the Company.

Item 7

i)	Name of the associated company along with criteria based on which the associated relationship is established	Nextar Pharma (Private) Limited 26% ownership (The Searle Company Limited holds 26% shares of total issued capital).
ii)	Purpose, benefits and period of investment	Investment in associated company to reap the benefits in long term.
iii)	Maximum amount of investment	Rs.200 million approx.
iv)	Maximum price at which securities will be acquired	To be determined by the Chief Executive Officer of the Company.
v)	Maximum number of securities to be acquired	Up to 25% thereby accumulating shareholding to 51%.
vi)	Number of securities and percentage thereof held before and after the proposed Investment	26% before investment. 51% after investment.
vii)	Average of the preceding twelve weekly average price of the security	Not applicable
viii)	Fair market value of securities determined in terms of regulation 6(1) of the Companies (Investment in Associated Companies or Associated undertakings) Regulations, 2012	Rs.104.52 as of June 30, 2013
ix)	Break-up value of securities on the basis of the latest audited financial statements	Rs.104.52 as of June 30, 2013
x)	Earning per shares of associated company for last three years	2013 : 0.972 2012 : 1.968 2011 : 1.871
xi)	Sources of fund from which securities will be acquired	Own source
xii)	Where the securities are intended to be acquired using borrowed fund	No
	a) Justification for investment through borrowing	Not applicable
	b) Detail of guarantees and assets pledged for obtaining such funds	Not applicable

xiii)	Salient features of the agreement(s), if any, entered into with associated company with regard to the proposed investment	None
xiv)	Direct or indirect interest of directors, sponsors, majority members and their relatives, if any, in the associated company or the transaction under consideration	The Directors have no interest directly or indirectly in the investment in Nextar Pharma (Private) Limited, except that they are shareholders/directors in the Company.

Item 8

The approval is being sought for fixing the remuneration of Executive Directors including the Chief Executive of the Company in accordance with their terms and conditions of service.

The Chief Executive and Executive Directors are interested only in the remuneration payable to them.

NOTES:

i) Share Transfer Books will be closed from October 18, 2014 to October 24, 2014 (both days inclusive). Transfers in good order, received at the office of Company's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 by close of the business on October 17, 2014 will be treated in time for the purpose of attending the annual general meeting and entitlement of stock dividend, if approved by the shareholders.

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

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

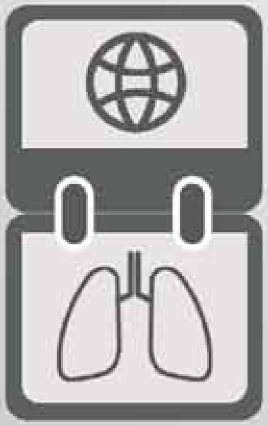
In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

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


SEARLE
VITAMIN
Water
WHEN ORDINARY WATER IS NOT ENOUGH
Vitamins ka boost
Flavors ka burst
SEARLE
VITAMIN
Water
RED BERRIES
LEMON-LIME
APPLE

MARCH

24



World TB Day

World TB Day, falling on March 24th each year, is designed to build public awareness that tuberculosis today remains an epidemic in much of the world, causing the deaths of nearly one-and-a-half million people each year, mostly in developing countries.

DIRECTORS' REPORT TO SHAREHOLDERS

It is clear that the pharmaceutical and healthcare industry is not, by any stretch of the imagination, doing enough to ensure that the poor have access to adequate medical and nutritional care. We cannot rest until we make sure that our society can afford to live and raise their families, that our seniors can remain in their homes and afford their health and pharmaceutical costs.

Year 2014 was yet again an outstanding year for the consumers we serve and for our shareholders. The Directors take pleasure in presenting the annual report together with the audited financial statements of the holding company for the year ended June 30, 2014.

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

This report is to be submitted to the members at the 49th Annual General Meeting of the Company to be held on October 24, 2014.

Operating results

We are committed in creating a culture in which behaviour is guided more by values than by rules; even when "nobody is watching," people treat each spending decision as if they were, in fact, the owner. Cost-consciousness across the group is a shared mindset, rather than a bunch of rules that are resented and resisted.

	2014	2013
	PKR in thousand	
Revenue	7,608,594	6,013,544
Gross profit	3,393,507	2,720,404
Gross profit %	44.6	45.2
Operating expenses	1,994,136	1,454,223
Operating expenses %	26.2	24.2
Operating profit	1,399,371	1,266,181
Operating profit %	18.4	21.1
Other income	117,670	34,803
Profit before taxation	1,165,879	981,603
Profit after taxation	876,057	719,066
Profit after taxation %	11.5	12.0

Early signs of an ownership culture taking hold is evident as our workforce is becoming more entrepreneurial and seizing opportunities to run the business wheel more efficiently and effectively. In 2014, we focused on building a culture, whereby colleagues apply their expertise to take appropriate risks to innovate, are accountable for their decisions, work collaboratively, deliver on their commitments, engage in constructive debate to help ensure each other's success and operate with integrity and in compliance with applicable legal requirements and group policies.

During 2014, we made decisions and took actions that enabled us to allocate our capital in ways that enhanced shareholder value.

At the end of June 2014, the holding company reported revenue of 7.6 billion, corresponding to a growth of impressive 26.5% compared with the preceding year. The holding company managed to maintain the gross margins despite the cost-push inflationary impact due to better product mix.

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

The increased operating cost relates to several factors,

including extra spending over marketing for meeting specified sales goal, additional expenditure incurred on promotion of our new Vitamin Water and increased inflationary impact on overall spendings.

The slight decrease in the profit after tax as a percentage of turnover is mainly due the above mentioned increase in operating costs.

Earnings per share

Basic earnings per share after taxation were Rs. 13.1 (2013: Rs. 10.9).

Year	EPS
2010	5.9
2011	6.4
2012	6.4
2013	10.9
2014	13.1

Dividend

The board of directors of holding company has recommended a stock dividend of 40% for the year ended June 30, 2014, against the cash dividend of 20% and stock dividend of 30% in June 2013.

Financial statements and auditors

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

Further, the present auditors, Grant Thornton Anjum Asim Shahid Rahman, Chartered Accountants, retired and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as Auditors of the holding company for the year ending June 30, 2015, at a fee to be mutually agreed.

Shareholding information

The holding company's shares are traded on the Karachi Stock Exchange and Islamabad Stock Exchange. The shareholding information as of June 30, 2014 and other related information is set out on pages 181 to 184 of the Financial Report. The Directors, CEO, Company Secretary and CFO, their spouses and minor children did not carry out any trade in the shares of the holding company except Mrs. Shakila Rashid wife of Mr. Rashid Abdulla purchased 41,500 shares.

Continuing consumer satisfaction - "product innovation"

Today's global economy is exciting and dynamic, but is also tough and confusing. Despite of various environmental pressures, customer satisfaction through product innovation and portfolio diversification is a continuous process and utmost priority at the group.

We are actively engaged in innovating products, so as to ensure a balanced business for the future, augmenting shareholders value and providing affordable healthcare solutions to the patients. The group is continuously exploring new ways of doing business through identification of new channels and geographies for business expansion and external alliances and partnerships. To add value to business, we recently launched a product in the fastest growing therapeutic segment of diabetes namely Jentin Met, a modern way to control diabetes. Further to take advantage of shift in antihypertensive market to CCB+ARB combination, Searle has launched Olesta AM, a combination of Amlodopine and Olmesartan. We are focused on marketing our caffeine free non carbonated drink 'Searle Vitamin Water' which has revolutionised the beverage industry.

DIRECTORS' REPORT TO SHAREHOLDERS

Product quality - "a non-negotiable duty"

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

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

Corporate and social responsibility - "a wilful duty"

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

Occupational health and safety

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

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

Information technology

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

Website

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

Related party transactions

All related party transactions, during the year 2014, were placed before the audit committee and the board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the board previously. The company also maintains a full record of all such transactions, along with the terms and conditions. For further details please refer note 43 to the consolidated financial statements.

Compliance with the Code of Corporate Governance

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

Directors' training program

Board of directors training helps the board fulfil its role and make a real difference to a company's performance. It takes a practical and pragmatic approach – because every board has a unique role in company oversight including duty to stakeholders. Therefore, keeping the same in mind and the requirements of the code one of the Directors has attended the directors' training program.

Code of conduct

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

Corporate and financial reporting framework

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

	2014	2013	2012	2011	2010	2009
ASSETS EMPLOYED						
Property, plant and equipment	560,152	584,168	2,672,448	837,385	742,428	621,198
Intangible assets	47,782	74,071	86,570	104,352	69,445	82,393
Investment property	2,516,865	2,312,986	120,952	-	-	-
Long-term loans, deposits & prepayments	126,976	7,212	7,273	7,953	7,872	4,766
Net current assets	1,342,194	1,030,267	580,193	1,181,693	988,979	860,853
Total assets employed	4,593,969	4,008,704	3,467,436	2,131,383	1,808,724	1,569,210
FINANCED BY						
Issued, subscribed and paid-up capital	613,148	471,652	336,895	306,268	306,268	266,320
Reserves and Unappropriated profit	2,800,929	2,221,285	1,703,731	1,393,115	1,053,117	748,429
Shareholder's equity	3,414,077	2,692,937	2,040,626	1,699,383	1,359,385	1,014,749
Non-controlling interest	260,847	201,428	176,119	146,818	124,060	119,513
Surplus on revaluation of fixed assets	168,163	185,020	201,589	179,901	207,484	229,852
Long-term and deferred liabilities	750,882	929,319	1,049,102	105,281	117,795	205,096
Total capital employed	4,593,969	4,008,704	3,467,436	2,131,383	1,808,724	1,569,210
Turnover	7,608,594	6,013,544	5,659,437	4,876,869	4,176,468	3,123,856
Profit before tax	1,165,879	981,603	620,703	565,277	559,307	327,636
Profit after tax	876,057	719,066	431,751	415,453	368,039	217,967
Profit after tax						
% of turnover	11.51	11.96	7.63	8.52	8.81	6.98
% of capital employed	19.07	17.94	12.45	19.49	20.35	13.89
Dividends						
Cash (%)	-	35	35	40	30	15
Stock (%)	40	45	40	10	-	15

DIRECTORS' REPORT TO SHAREHOLDERS

Meetings of the board of directors

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

Name of director	Meetings attended
Mr. Rashid Abdulla	4
Mr. S. Nadeem Ahmed	3
Mr. Zubair Palwala	4
Mr. Munis Abdullah	2
Mr. Asad Abdulla	4
Mr. Ayaz Abdulla	3
Mr. Adnan Asdar Ali	1

Election of directors

Election of directors was held on July 9, 2014 and the following nine directors were elected on the board:

	Mr. Adnan Asdar Ali
1.	Mr. Adnan Asdar Ali
2.	Mr. Rashid Abdulla
3.	Mr. Husain Lawai
4.	Mr. S. Nadeem Ahmed
5.	Mr. Zubair Palwala
6.	Mr. Ayaz Abdulla
7.	Mr. Asad Abdulla
8.	Mr. Munis Abdullah
9.	Ms. Faiza Naeem

Subsequent to the election Mr. Adnan Asdar Ali was elected as the Chairman of the board and Mr. Rashid Abdulla was elected as Chief Executive Officer. During the year Mr. Muhammad Jamil was appointed as the Chief Financial Officer in place of Mr. Zubair Palwala.

Audit committee

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

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

Name of director	Meetings attended
Mr. Asad Abdullah	4
Mr. S. Nadeem Ahmed	3
Mr. Adnan Asdar Ali	1

Subsequent to the election of directors, audit committee was reconstituted by the board of directors and the following members were selected for the committee:

1.	Mr. Husain Lawai - Chairman
2.	Mr. Asad Abdulla
3.	Mr. S. Nadeem Ahmed

Human resource and remuneration committee

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

1.	Mr. Munis Abdullah - Chairman
2.	Mr. Asad Abdulla
3.	Mr. Ayaz Abdulla

Subsequent events

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

Value of investments of provident and gratuity funds

The value of investments of provident and gratuity funds based on their un-audited / audited accounts as on June 30, 2014 and June 30, 2013 respectively were as follows:

	2014	2013
	PKR in thousand	
Provident Fund	246,348	159,878
Gratuity Fund	-	9,726
Total	246,348	169,604

Future outlook

Life is a lesson, understood backwards; but lived forward. The year 2014 emerged as a year making a start, of what should be a series of growth years for the Company.

Cost of Sales

55.4%

Gross Profit

44.6%

Operating expense

26.2%

At the end of June 2014, the holding company reported revenue of 7.6 billion, corresponding to a growth of impressive 26.5% compared with the preceding year.

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

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

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

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

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

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

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

APRIL

25

World Malaria Day

World Malaria Day was established and approved at the 60th World Health Assembly in March 2007. It replaced “Africa Malaria Day” which was commemorated every year since 2001 on 25 April. The purpose of the day is to raise awareness of malaria as a disease that is preventable and treatable and to mobilize communities across the world to get involved in the fight against it.

OUR PRODUCTS

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

SPL enjoys the category championship in wide range of products.

HYDRYLLIN
No. 1 cough syrup for everyone

SELANZ SR
Sustained and fine one for nine

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

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

ADRONIL
The number one prescribed Ibandronate in Pakistan

EXTOR
Effective way to control blood pressure

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

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

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

LUMARK
Mark the change in epilepsy management

ZENBAR
First line management for diabetic peripheral neuropathic pain

SPIROMIDE
No. 1 cardio-protective diuretic in Pakistan

NEZOLID
An advanced solution for gram-positive infections

VENTEK
Be in better control

TEFNO
Infection control is in your hand

XADINE
Truly non-sedative anti-allergic

ROTEC
The NSAID with
enhanced GI safety

MORCET
Effective way to manage anxiety
and depression

TRAMAL - THE ORIGINAL TRAMADOL
No. 1 non-narcotic pain reliever in Pakistan

GRAVINATE
Trusted & time tested anti-emetic

LOMOTIL
Leading Antidiarrheal

SUSTAC
No. 1 nitrate with sustained release technology

RHULEF
An effective DMARD for rheumatoid arthritis

GUTCARE
Protect moments naturally

SEARLE NUTRITION
Where good health begins

CANDEREL
Sugar that suits everyone

PEDITRAL
The most trusted ORS of Pakistan

VITRUM
Best combination Multi-Vitamin and Multi-Minerals

MAY

06

World Asthma Day

World Asthma Day is an annual event organized by the Global Initiative for Asthma to improve asthma awareness and care around the world. World Asthma Day takes place on the first Tuesday of May.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. There was no casual vacancy occurring on the board during the period.

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

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

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

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

9. The board arranges training programs for its directors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rashid Abdulla
Chief Executive Officer

Karachi.
Dated: September 24, 2014

Grant Thornton

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W : www.gtpak.com
Other offices: Islamabad, Lahore

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

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2014 prepared by the board of directors (the Board) of The Searle Company Limited (the Company) to comply with the Listing Regulation No. 35 Chapter XI of The Karachi Stock Exchange Limited and Listing Regulation No. 35 Chapter XI of Islamabad Stock Exchange Limited, where the Company is listed.

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

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

Further, Listing Regulations of Karachi and Islamabad Stock Exchanges require the Company to place before the Board for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Karachi
Date: September 24, 2014

Grant Thornton

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INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS.

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of The Searle Company Limited (the Holding Company) and its subsidiary companies IBL HealthCare Limited, Searle Pharmaceuticals (Private) Limited, Searle Laboratories (Private) Limited and Searle Biosciences (Private) Limited (the subsidiaries) as at June 30, 2014 and the related Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the holding company and its subsidiary company IBL HealthCare Limited except for Searle Pharmaceuticals (Private) Limited, Searle Laboratories (Private) Limited and Searle Biosciences (Private) Limited which were audited by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies are based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at June 30, 2014 and the results of their operations for the year then ended.

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Karachi
Date: September 24,2014

NOVEMBER

14

World Diabetes Day

World Diabetes Day is the primary global awareness campaign of the diabetes world and is held on November 14 of each year. It was introduced in 1991 by the International Diabetes Federation and the World Health Organization in response to the alarming rise of diabetes around the world.

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2014

ASSETS	Note	As at June 30, 2014	(Restated) As at June 30, 2013	(Restated) As at June 30, 2012
		---------------- (Rupees in '000) ----------------		
Non-current assets				
Fixed assets				
- Property, plant and equipment	6	560,152	584,168	2,672,448
- Intangible assets	7	47,782	74,071	86,570
		607,934	658,239	2,759,018
Investment properties	8	2,516,865	2,312,986	120,952
Long-term investment	9	124,500	-	-
Long-term loans	10	878	967	648
Long-term deposits	11	1,598	6,245	6,625
Total non-current assets		3,251,775	2,978,437	2,887,243
Current assets				
Stores and spares		1,004	2,186	2,229
Stock-in-trade	12	1,012,255	722,177	780,345
Trade debts	13	1,702,218	1,450,142	1,202,418
Loans and advances	14	191,546	81,919	109,500
Trade deposits and short-term prepayments	15	91,257	67,128	74,223
Other receivables	16	63,928	145,713	156,493
Short-term investment	17	41,042	-	-
Advance tax		196,600	-	1,578
Cash and bank balances	18	106,799	29,066	80,343
Total current assets		3,406,649	2,498,331	2,407,129
Total assets		6,658,424	5,476,768	5,294,372
EQUITY AND LIABILITIES				
Shareholders' equity				
Authorized share capital				
70,000,000 (2013: 50,000,000) ordinary shares of Rs. 10 each		700,000	500,000	500,000
Issued, subscribed and paid-up share capital	19	613,148	471,652	336,895
General reserve		280,251	280,251	280,251
Unappropriated profit		2,520,678	1,941,034	1,423,480
Equity attributable to the Holding Company's shareholders		3,414,077	2,692,937	2,040,626
Non-controlling interest		260,847	201,428	176,119
Total equity		3,674,924	2,894,365	2,216,745
Surplus on revaluation of fixed assets	20	168,163	185,020	201,589
Non-current liabilities				
Long term finances - secured	21	675,000	858,334	966,667
Liabilities against assets subject to finance leases	22	-	2,182	5,606
Deferred liabilities	23	75,882	68,803	76,829
Total non-current liabilities		750,882	929,319	1,049,102
Current liabilities				
Current portion of:				
- long term finances	21	150,000	108,333	33,333
- liabilities against assets subject to finance leases	22	-	2,513	11,434
Short-term finances	24	795,882	319,935	712,769
Trade and other payables	25	1,082,621	971,960	1,033,899
Accrued mark-up	26	35,952	21,528	35,501
Provision for taxation - net		-	43,795	-
Total current liabilities		2,064,455	1,468,064	1,826,936
Total liabilities		2,815,337	2,397,383	2,876,038
Contingencies and commitments	27			
Total shareholders' equity and liabilities		6,658,424	5,476,768	5,294,372

The annexed notes 1 to 51 form an integral part of these financial statements.

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	(Restated) 2013
		(Rupees in '000)	
NET SALES	28	7,608,594	6,013,544
COST OF SALES	29	4,215,087	3,293,140
GROSS PROFIT		3,393,507	2,720,404
Selling and distribution expenses	30	1,732,102	1,285,781
Administrative expenses	31	262,034	168,442
		1,994,136	1,454,223
OPERATING PROFIT	32	1,399,371	1,266,181
Other income	33	117,670	34,803
		1,517,041	1,300,984
Other expenses	34	134,978	86,018
Finance cost	35	216,184	233,363
		351,162	319,381
PROFIT BEFORE INCOME TAX		1,165,879	981,603
Income tax expense	36	289,822	262,537
PROFIT FOR THE YEAR		876,057	719,066
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Holding Company		801,638	668,757
Non-controlling interest		74,419	50,309
		876,057	719,066
		----------- Rupees -----------	
EARNINGS PER SHARE - BASIC AND DILUTED	37	13.07	10.91

The annexed notes 1 to 51 form an integral part of these financial statements.

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	(Restated) 2013
		(Rupees in '000)	
PROFIT FOR THE YEAR		876,057	719,066
Other comprehensive (loss)/income			
Items that may be reclassified to profit and loss account subsequently		-	-
Items that will not be subsequently reclassified to profit and loss account			
Remeasurement of defined benefit obligations	38.2.4	(3,025)	420
Total of items that will not be reclassified to profit and loss account		(3,025)	420
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		873,032	719,486
Total comprehensive income attributable to:			
Shareholders' of the holding company		798,613	669,177
Non-controlling interest		74,419	50,309
		873,032	719,486

The annexed notes 1 to 51 form an integral part of these financial statements.

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	(Restated) 2013
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	39	1,129,096	1,043,298
Gratuity paid		(147,133)	(21,545)
Taxes paid		(528,820)	(227,927)
Recovery/(advance) of long-term loans		89	(319)
Receipt of short-term loans and advances		(109,627)	27,581
Receipts of long-term deposits		4,647	380
Net cash from operating activities		348,252	821,468
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6.1	(90,947)	(44,000)
Proceeds from disposal of property, plant and equipment	6.5	108,408	15,978
(Additions to)/transfer from capital work in progress - net	6.7	(1,642)	(143,056)
Purchase of intangible assets	7	(263)	(1,645)
Expenditures incurred on investment property	8	(203,879)	(2,636)
Long-term investments made in associate	9	(124,500)	-
Mark-up received from associated company	16	52,531	34,333
Purchase of short-term investments	17	(41,042)	-
Net cash used in investing activities		(301,334)	(141,026)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease rentals paid		(4,975)	(13,350)
Long-term finance paid		(141,667)	(33,333)
Dividend paid to shareholders of the parent		(89,832)	(24,738)
Dividend paid to non controlling interest		(15,000)	(25,000)
Finance charges paid		(193,658)	(242,464)
Net cash used in financing activities		(445,132)	(338,885)
Net (decrease)/increase in cash and cash equivalents		(398,214)	341,557
Cash and cash equivalents at the beginning of the year		(290,869)	(632,426)
Cash and cash equivalents at the end of the year	40	(689,083)	(290,869)

The annexed notes 1 to 51 form an integral part of these financial statements.

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

	Note	Share capital	Capital Reserve	Revenue Reserve					
			Reserve for issue of bonus shares	General reserve	Total reserves	Unappropriated profit	Equity attributable to the Holding Company's shareholders	Non controlling interest	Total equity
		------------------ Rupees in '000 ----------------------							
Balance as at July 1, 2012 - as previously stated		336,895	-	280,251	280,251	1,447,386	2,064,532	160,998	2,225,530
Effect of restatements	3.2.1, 20.3 & 38.3	-	-	-	-	(23,906)	(23,906)	15,121	(8,785)
Balance as at July 1, 2012 - Re-stated		336,895	-	280,251	280,251	1,423,480	2,040,626	176,119	2,216,745
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	20.1	-	-	-	-	16,684	16,684	-	16,684
Realization of surplus on revaluation of fixed assets on disposal (net of tax)	20.2	-	-	-	-	140	140	-	140
Profit for the year		-	-	-	-	668,757	668,757	50,309	719,066
Other comprehensive income - Re-stated		-	-	-	-	420	420	-	420
		-	-	-	-	669,177	669,177	50,309	719,486
Transactions with owners									
Transfer to reserve for issue of bonus shares		-	134,757	-	134,757	(134,757)	-	-	-
Bonus shares issued @ 40% in the ratio of 40 shares for every 100 shares held		134,757	(134,757)	-	(134,757)	-	-	-	-
Cash dividend paid for the year ended June 30, 2012 @ Re. 1 per share (Holding Company)		-	-	-	-	(33,690)	(33,690)	-	(58,690)
Cash dividend paid for the year ended June 30, 2012 @ Rs. 2.5 per share (subsidiary company)		-	-	-	-	-	-	(25,000)	(25,000)
		134,757	-	-	-	(168,447)	(33,690)	(25,000)	(83,690)
Balance as at June 30, 2013 - Re-stated		471,652	-	280,251	280,251	1,941,034	2,692,937	201,428	2,869,365
Balance as at July 1, 2013 - Re-stated		471,652	-	280,251	280,251	1,941,034	2,692,937	201,428	2,869,365
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	20.1	-	-	-	-	16,857	16,857	-	16,857
Profit for the year		-	-	-	-	801,638	801,638	74,419	876,057
Other comprehensive income		-	-	-	-	(3,025)	(3,025)	-	(3,025)
		-	-	-	-	798,613	798,613	74,419	873,032
Transactions with owners									
Transfer to reserve for issue of bonus shares		-	141,496	-	141,496	(141,496)	-	-	-
Bonus shares issued @ 30% in the ratio of 30 shares for every 100 shares held		141,496	(141,496)	-	(141,496)	-	-	-	-
Cash dividend paid for the year ended June 30, 2013 @ Rs. 2 per share (Holding Company)		-	-	-	-	(94,330)	(94,330)	-	(94,330)
Cash dividend paid for the year ended June 30, 2013 @ Rs. 1.5 per share (subsidiary company)		-	-	-	-	-	-	(15,000)	(15,000)
		141,496	-	-	-	(235,826)	(94,330)	(15,000)	(109,330)
Balance as at June 30, 2014		613,148	-	280,251	280,251	2,520,678	3,414,077	260,847	3,649,924

The annexed notes 1 to 51 form an integral part of these financial statements.

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

1 LEGAL STATUS AND OPERATIONS

The 'Group' consist of:

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

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

Associated company
- Nextar Pharma (Private) Limited

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

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

a) The Searle Company Limited

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

b) IBL HealthCare Limited

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

c) Searle Pharmaceuticals (Private) Limited

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

d) Searle Laboratories (Private) Limited

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

e) Searle Biosciences (Private) Limited

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

2 BASIS OF CONSOLIDATION

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

Subsidiaries

a) IBL HealthCare Limited

The Holding company can directly or indirectly exercise control over IBL HealthCare Limited, as it has significant representation in Board of directors of, and 50% shareholding in, IBL HealthCare Limited.

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

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

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

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

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

Associates

The Group is able to exert significant influence over the 21.78% (2013: Nil) owned Nextar Pharma (Private) Limited (NPL). NPL has not commenced operations as of the reporting date. Management has assessed its involvement in NPL in accordance with IFRSs, and has concluded that it has significant influence but not outright control. In making its judgement, management considered the Group's voting rights, the relative size and dispersion of the voting rights held by other shareholders and the extent of recent participation by those shareholders in general meetings. Recent experience demonstrates that other shareholders participate such that they prevent the Group from having the practical ability to direct the relevant activities of NPL unilaterally.

3 STATEMENT OF COMPLIANCE

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

3.2 STANDARDS, INTERPRETATION AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.2.1 Standards, amendments to published standards and interpretations that became effective in 2013 and are relevant to the Group:

a) The following standards and amendments to published standards are applied for the financial year beginning on July 1, 2013:

i) The main change arising from the amendment in IAS 1 'Financial Statement Presentation' is a requirement for entities to group items presented in 'Other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. The amendment only affects the disclosures in the Group's financial statements.

ii) IAS 19 'Employee Benefits' was revised in June 2011. The revised standard requires that (i) actuarial gains and losses are recognized in the 'statement of comprehensive income' as other comprehensive income (OCI) in the periods in which they occur, (ii) amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense), and (iii) all other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account. Previously, actuarial gains and losses were recognized as income/(expense), under the corridor approach, when the cumulative unrecognized actuarial gains/(losses) at the balance sheet date exceed ten percent of the higher of present value of defined benefit obligation and fair value of the plan assets at end of the previous reporting period. These gains/(losses) were recognized over the expected remaining average working lives of the employees participating in the plans. The standard replaces the 'interest cost on the defined benefit obligation' and the 'expected return on plan assets' with a 'net interest cost' based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. Further, there is a new term 'remeasurements', which is cumulative effect of actuarial gains and losses arising on both the present value of defined benefit obligation and the fair value of plan assets.

In accordance with the transitional provisions as set out in IAS-19 (revised), the Group has applied the revised standard retrospectively and, consequently the earliest periods presented in these consolidated financial statements have been restated and the cumulative effect as at July 01, 2012 have been adjusted to the opening equity. The effect of change in policy on the statement of cash flows is not material. The impact of retrospective application of IAS-19 (revised) on the amounts as presented in the prior year financial statements have been summarised in note 38.3.

b) Amendments to following standards as a result of annual improvements to IFRSs are applied for the financial year beginning on July 1, 2013:

i) IAS 1 'Presentation of Financial Statements' is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

ii) IAS 16 'Property, Plant and Equipment' is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, they are accounted for using IAS 2 'Inventories'. The Group's current accounting treatment is already in line with this amendment.

iii) IAS 32 (Amendment) 'Financial Instruments: Presentation'. The amendment clarifies that the treatment of income tax relating to distributions and transaction costs is in accordance with IAS 12. So, income tax related to distributions is to be recognised in the statement of comprehensive income, and income tax related to the costs of equity transactions is to be recognized in equity. The Group's current accounting treatment is already in line with this amendment.

iv) IAS 34 (Amendment) 'Interim Financial Reporting'. The amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. The amendment brings IAS 34 line with the requirements of IFRS 8, 'Operating Segments' whereby a measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The Group has already adopted the above amendment for its interim financial reporting.

3.2.2 Standards, amendments to published standards and interpretations that are effective in 2013 but not relevant:

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2013 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and are therefore not presented here.

3.2.3 Standards, amendments to published standards and interpretations that are not effective and are not early adopted by the Group:

a) The following new standards and amendments to published standards are not effective for the financial year beginning on or after July 1, 2013 and have not been early adopted by the Group:

i) IFRS 9 'Financial Instruments' (effective for periods beginning on or after January 1, 2015). This standard is yet to be notified by the SECP. IFRS 9 replaces the parts of IAS 39, 'Financial Instruments: Recognition and Measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortized cost. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case the fair value option is taken for financial liabilities, the part of a fair value change due to entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess of IFRS 9's full impact. The Group will also consider the impact of the remaining phases of the IFRS when completed by the International Accounting Standards Board (IASB), however, the initial indications are that it may not affect the Group's financial statements significantly.

ii) IFRS 10, 'Consolidated Financial Statements'. This standard is notified by the SECP to be effective for periods beginning on or after January 1, 2015. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in determination of control where this is difficult to assess. It is unlikely that the standard will have any significant impact on the Group's financial statements.

iii) IFRS 12, 'Disclosures of Interests in Other Entities'. This standard is notified by the SECP to be effective for periods beginning on or after January 1, 2015. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The Group is yet to assess the full impact of the amendments.

iv) IFRS 13, 'Fair Value Measurement'. This standard is notified by the SECP to be effective for periods beginning on or after January 1, 2015. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Group is yet to assess the full impact of the amendments.

v) IAS 28, 'Investments in Associates and Joint Ventures (2011)'. This Standard supersedes IAS 28 'Investments in Associates' and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. SECP has notified that Companies shall follow IAS 28 'Investments in Associates' till the time they start preparing consolidated financial statements under IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities'. The revised standard has therefore no effect on the financial statements of the Group.

vi) IAS 32, (Amendment), 'Financial Instruments: Presentation' (effective for periods beginning on or after January 1, 2014). This amendment updates the application guidance in IAS 32 'Financial Instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. It is unlikely that the standard will have any significant impact on the Group's financial statements.

vii) IAS 36 (Amendment) 'Impairment of Assets' (effective for the periods beginning on or after January 1, 2014). These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment will only affect the disclosures in the Group's financial statements in the event of impairment.

b) Amendment to following standards as a result of annual improvements to International Financial Reporting Standards 2012 issued by IASB:

i) IFRS 3 (Amendment), 'Business Combinations', (effective for business combinations where the acquisition date is on or after July 1, 2014). This amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of definitions in IAS 32, 'Financial Instruments: Presentation'. The standard is further amended to clarify that all non equity contingent considerations, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognized in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and

IAS 39. It is unlikely that the amendment will have any significant impact on the Group's financial statements.

ii) IFRS 13 (Amendment), 'Fair Value Measurement' (effective for annual periods beginning on or after July 1, 2014). When IFRS 13 was published, it led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The amendment clarifies that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. The Group is yet to assess the full impact of the amendments.

iii) IAS 16 'Property, Plant and Equipment' and IAS 38' (effective for annual periods beginning on or after July 1, 2014) - clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount. An entity shall apply that amendment for annual periods beginning on or after 1 July 2014. It is unlikely that the amendment will have any significant impact on the Group's financial statements.

iv) IAS 24 'Related Party Disclosures' (effective for annual periods beginning on or after July 1, 2014) has amended to include in the definition of related party an entity, or any member of a group of which it is a part, if it provides key management personnel services to the reporting entity or to the parent of the reporting entity. Further the amendment has also clarified how payments to entities providing management services are to be disclosed.

c) There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Group and therefore, have not been presented here.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

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

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

4.2 Use of critical accounting estimates and judgments

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

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

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

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

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented except for the change in accounting policy as disclosed in note 3.2.1 to the consolidated financial statements.

5.1 Business combinations and investments in associates

5.1.1 Business combinations

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

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

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

5.1.2 Investments in associate

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

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

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

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

5.2 Loans and finances

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

5.3 Staff retirement benefits

5.3.1 Defined benefit plans (also refer note 3.2.1)

a) Gratuity scheme (un-funded)

The Group operates an unfunded gratuity scheme covering all unionized employees with five or more years of service with the Holding Company, The Searle Company Limited. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2014 using the projected unit credit method based on the significant assumptions stated in note 38.

The Group has changed its accounting policy for the gratuity scheme (unfunded) - a defined benefits scheme, in accordance with the requirements of the IAS 19 (revised) – 'Employee Benefits'. The revised standard has been applied retrospectively in accordance with the transitional provision of the standard. The impact of adoption of IAS 19 (revised) has been disclosed in note 38.3.

b) Gratuity scheme (funded)

The Group terminated its approved funded staff gratuity scheme effective December 31, 2012. The liability reported as at June 30, 2013 in respect of defined benefit gratuity scheme was based on the terminal value i.e. the benefits to be paid to the permanent employees who completed qualifying period under the scheme. All unrecognized actuarial gains or losses and past service cost had been recognized in the profit and loss account for the year ended June 30, 2013. The liability reported as at year end (i.e. June 30, 2014) is the unpaid amount based on the terminal value as determined on December 31, 2012 and later on June 30, 2013. Moreover, since the assets under fund / scheme exceeds the liability at year-end, a net surplus arising under retirement benefit scheme is recognized in these financial statements.

5.3.2 Defined contribution plan

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

5.4 Taxation

5.4.1 Current

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

5.4.2 Deferred

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

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

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

5.5 Borrowing costs

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

5.6 Property, plant and equipment, depreciation and finance leases

5.6.1 Initial recognition

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

5.6.2 Leases

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

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

5.6.3 Measurement subsequent to initial recognition

a) Carried using revaluation model

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

b) Carried using cost model

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

c) Depreciation

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

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

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

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

d) Surplus on revaluation of fixed assets

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

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets" account to accumulated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

5.6.3 Capital work in progress

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

5.7 Intangible assets

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

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

- Intangibles having infinite life are carried at cost less impairment, if any.
- Amortization is calculated using the straight line method to allocate the cost of trademarks and licenses over the useful lives (3 - 15 years) by applying the rates mentioned in note 6 to the financial statements.

5.8 Investment properties

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

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

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

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

5.9 Investments

5.9.1 Investment in associated companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or common directorship. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associate after the date of acquisition.

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

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

5.9.2 Short term investment

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

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

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

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

5.10 Stores and spares

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

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

5.11 Stocks-in-trade

These are valued at the lower of cost and net realizable value except goods-in-transit which are valued at invoice price and related expenses incurred up to the balance sheet date. Cost signifies standard cost adjusted by variances.

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

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

5.12 Loans and receivables

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

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

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

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

5.13 Cash and cash equivalents

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

5.14 Foreign currencies

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

5.15 Revenue recognition

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

- Sales are recorded on despatch of goods. Export sales are recorded when the goods are shipped.

- Toll manufacturing income is recognized when services are rendered.

- Dividend income, other than those from investments measured using equity method, is recognized when the Group's right of receipts is established.

- Bank profit and commission income are recognized on accrual basis.

- Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

5.16 Research and development cost

- Research cost is charged to income as and when incurred.

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

5.17 Provisions, contingent assets and contingent liabilities

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

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

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

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

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

5.18 Impairment

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

5.19 Financial instruments

5.19.1 Recognition

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

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

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

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

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

5.19.2 Off-setting

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

5.19.3 Regular way purchase and sale transactions

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

5.20 Operating expense

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

5.21 Related party transactions

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

5.22 Dividend

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

5.23 Functional and presentation currency

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

- For the purpose of translation, rates of Rs. 98.55 per US Dollar (2013: Rs. 105 per US Dollar) have been used.

	Note	2014	2013
		Rupees in '000	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	6.1	557,745	583,403
Capital work in progress - at cost	6.7	2,407	765
		560,152	584,168

6.1 The following is a statement of operating assets:

	Owned assets								Leased assets			
	Leasehold land*	Building on leasehold land	Plant and machinery	Office equipment	Furniture and fixtures	Vehicles	Air - conditioning	Sub-total	Plant and machinery	Vehicles	Sub-total	Total
	(Rupees in '000)											
As at June 30, 2013												
Cost / revalued amount	273,976	177,214	647,115	38,664	23,327	124,382	55,617	1,340,295	-	20,764	20,764	1,361,059
Accumulated depreciation	-	(112,853)	(455,452)	(32,531)	(17,512)	(93,417)	(49,608)	(761,373)	-	(16,283)	(16,283)	(777,656)
Net book amount	273,976	64,361	191,663	6,133	5,815	30,965	6,009	578,922	-	4,481	4,481	583,403
Year ended June 30, 2014												
Opening net book amount	273,976	64,361	191,663	6,133	5,815	30,965	6,009	578,922	-	4,481	4,481	583,403
Additions	-	4,554	55,843	5,490	853	23,354	853	90,947	-	-	-	90,947
Transfers / Adjustments												
Cost / revalued amount	-	-	-	-	-	5,892	-	5,892	-	(8,521)	(8,521)	(2,629)
Accumulated depreciation	-	-	-	-	-	(3,059)	-	(3,059)	-	5,688	5,688	2,629
	-	-	-	-	-	2,833	-	2,833	-	(2,833)	(2,833)	-
Disposal (refer note 6.5)												
Cost / revalued amount	-	-	-	(408)	-	(107,183)	-	(107,591)	-	(2,406)	(2,406)	(109,997)
Accumulated depreciation	-	-	-	290	-	73,570	-	73,860	-	1,327	1,327	75,187
	-	-	-	(118)	-	(33,613)	-	(33,731)	-	(1,079)	(1,079)	(34,810)
Depreciation charge (refer note 6.4)	-	(8,716)	(53,041)	(3,544)	(1,428)	(10,008)	(4,489)	(81,226)	-	(569)	(569)	(81,795)
Closing net book amount	273,976	60,199	194,465	7,961	5,240	13,531	2,373	557,745	-	-	-	557,745
As at June 30, 2014												
Cost / revalued amount	273,976	181,768	702,958	43,746	24,180	46,445	56,470	1,329,543	-	9,837	9,837	1,339,380
Accumulated depreciation	-	(121,569)	(508,493)	(35,785)	(18,940)	(32,914)	(54,097)	(771,798)	-	(9,837)	(9,837)	(781,635)
Net book amount	273,976	60,199	194,465	7,961	5,240	13,531	2,373	557,745	-	-	-	557,745
As at June 30, 2012												
Cost / revalued amount	2,189,847	175,439	613,724	33,848	22,991	121,948	54,289	3,212,086	13,500	33,446	46,946	3,259,032
Accumulated depreciation	-	(104,132)	(404,081)	(30,778)	(16,083)	(93,510)	(45,384)	(693,968)	(3,375)	(20,477)	(23,852)	(717,820)
Net book amount	2,189,847	71,307	209,643	3,070	6,908	28,438	8,905	2,518,118	10,125	12,969	23,094	2,541,212
Year ended June 30, 2013												
Opening net book amount	2,189,847	71,307	209,643	3,070	6,908	28,438	8,905	2,518,118	10,125	12,969	23,094	2,541,212
Additions	-	1,775	23,652	5,701	336	11,208	1,328	44,000	-	-	-	44,000
Transfers (refer note 6.8)												
Cost / revalued amount	(1,915,871)	-	13,500	-	-	12,113	-	(1,890,258)	(13,500)	(12,113)	(25,613)	(1,915,871)
Accumulated depreciation	-	-	(4,275)	-	-	(7,784)	-	(12,059)	4,275	7,784	12,059	-
	(1,915,871)	-	9,225	-	-	4,329	-	(1,902,317)	(9,225)	(4,329)	(13,554)	(1,915,871)
Disposal												
Cost / revalued amount	-	-	(3,761)	(885)	-	(20,887)	-	(25,533)	-	(569)	(569)	(26,102)
Accumulated depreciation	-	-	3,374	854	-	19,787	-	24,015	-	324	324	24,339
	-	-	(387)	(31)	-	(1,100)	-	(1,518)	-	(245)	(245)	(1,763)
Depreciation charge (refer note 6.4)	-	(8,721)	(50,470)	(2,607)	(1,429)	(11,910)	(4,224)	(79,361)	(900)	(3,914)	(4,814)	(84,175)
Closing net book amount	273,976	64,361	191,663	6,133	5,815	30,965	6,009	578,922	-	4,481	4,481	583,403
As at June 30, 2013												
Cost / revalued amount	273,976	177,214	647,115	38,664	23,327	124,382	55,617	1,340,295	-	20,764	20,764	1,361,059
Accumulated depreciation	-	(112,853)	(455,452)	(32,531)	(17,512)	(93,417)	(49,608)	(761,373)	-	(16,283)	(16,283)	(777,656)
Net book amount	273,976	64,361	191,663	6,133	5,815	30,965	6,009	578,922	-	4,481	4,481	583,403
Depreciation rate	-	5% and 20%	10%, 20% and 33%	10%, 20% and 33%	10%, 20% and 33%	20%	10% and 20%		10%	20%		

* Includes land having market value / fair value of Rs. 88.375 million (2013: Rs. 88.375 million) for which lease in the name of the Holding Company has not been finalised.

6.2 The Holding Company had revalued its operating assets classified under lease hold land, building on lease hold land, plant and machinery, vehicles and air-conditioning as at March 31, 2010. The valuation was performed by an independent valuer, M/s. Asif Associates (Private) Limited. The surplus arising as a result of accounting under revaluation model based on that valuation was not material, therefore, no effect of revaluation adjustment had been taken in the consolidated financial statements for the year ended June 30, 2010. These assets were earlier carried at such revalued amounts as determined by an independent valuer, M/s. Iqbal A. Nanjee as at June 30, 2004.

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

	Note	2014	(Restated) 2013
		(Rupees in '000)	
6.3.1 Cost of assets held under revaluation model			
Owned assets			
Lease hold land		105,813	105,813
Building on lease hold land		144,134	139,580
Plant and machinery		508,702	452,859
Vehicles		43,367	120,249
Air-conditioning system		20,006	19,153
		822,022	837,654
Leased assets			
Vehicles		-	10,927
		822,022	848,581
6.3.2 Net book amount under cost model of assets held under revaluation model			
Lease hold land		105,813	105,813
Building on lease hold land		60,199	60,596
Plant and machinery		194,465	173,534
Vehicles		13,531	30,965
Air-conditioning system		2,373	2,361
		376,381	373,269
Leased assets			
Vehicles		-	4,481
		376,381	377,750

6.4 The depreciation expense has been allocated as follows:

	Note	2014	2013
Cost of sales	29	68,572	67,737
Selling and distribution expenses	30	8,442	10,914
Administrative expenses	31	4,781	5,524
		81,795	84,175

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

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Vehicles								
	480	408	72	292	220	-	Advertisement / bid	Mr.Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
	1,794	1,017	777	1,516	739	-	Advertisement / bid	Mr.Zeeshan Ali House No. B-50, Sector X-8, Gulshan-e-Maymaar, Karachi
	1,389	1,250	139	1,152	1,013	-	Advertisement / bid	Mr.Hamid Ali Khan (Employee) Flat No. B-1, 81, Rabia Palace, Rashid Minhas Road, Block 10-A, Gulshan-e-Iqbal, Karachi
	700	105	595	810	215	-	Advertisement / bid	Mr.Ubaidullah House No. C-05, Wapda Colony, Power Station, Kotri Post Office, Kotri
	805	550	255	761	506	-	Advertisement / bid	Mr.M. Farhan House No. 1298, Azizabad, Federal B. Area, Block 2, Gulberg, Karachi
	805	550	255	637	382	-	Advertisement / bid	Mr.Asad House No. B-7, Sector W-I, Gulshan-e-Maymaar, Karachi
	1,414	919	495	1,276	781	-	Advertisement / bid	Mr.Khalid Jehangir (Employee) House No.1, Street 11, Kahkashan Colony, Adyala Road, Rawalpindi
	1,529	714	815	1,375	560	-	Advertisement / bid	Mr.Ather Iqbal (Employee) House No. A-244, Block D, North Nazimabad, Haidri, Karachi
	1,300	585	715	967	252	-	Advertisement / bid	Mr.Sajid Hussain (Employee) House No.970, Lane 20-A, Mahmood Abad, Karachi
Balance carried forward	10,216	6,098	4,118	8,786	4,668	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	10,216	6,098	4,118	8,786	4,668	-		
	805	309	496	676	180	-	Advertisement / bid	Mrs. Salma House No. 73 Bantwa Nagar, Liaquatabad Karachi
	805	564	241	775	534	-	Advertisement / bid	Mr.Mufti Ziaul Islam (Employee) FL-17, KDA, Safari Terrace, Gulshan-e-Iqbal, C-5, Block 11, Karachi
	695	266	429	709	280	-	Advertisement / bid	Mr.M.Azeem Khan House No. R-664, North Karachi, Sector 9, Karachi
	1,389	1,296	93	1,076	983	-	Advertisement / bid	Ms.Hina Khalid - 20, Rohail Khand Society, Karachi
	455	341	114	427	313	-	Advertisement / bid	Mr.Abdur Rehman - Amal Terrace, Flat No.7, Plot 63/C, Street 7, Jami Commercial, Phase 7, DHA, Karachi
	455	341	114	395	281	-	Advertisement / bid	Mr.Abdullah Khan House No. A-25, Hyderabad Colony, Near Jail Chowrangi, Karachi
	735	294	441	730	289	-	Advertisement / bid	Mr.M.Azeem Khan House No. R-664, North Karachi, Sector 9, Karachi
	1,878	689	1,189	1,800	611	-	Advertisement / bid	Mr.Atif Ahmad Khan (Employee) P.H.A. Housing Society, Flat no.7/1, Block 10, Gulistan-e-Johar, Karachi
	1,389	1,296	93	1,200	1,107	-	Advertisement / bid	Mr.Muhammad Tariq (Employee) House No. A 470, Block 5, Gulshan-e-Iqbal, Karachi
	567	198	369	500	131	-	Advertisement / bid	Mr.M. Saleem Block No. 408, Bantwa Nagar, Liaquatabad Karachi.
Balance carried forward	19,389	11,692	7,697	17,074	9,377	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	19,389	11,692	7,697	17,074	9,377	-		
	970	243	727	825	98	-	Advertisement / bid	Ms.Shaheena Sarwar House No. R-142, Gulshan e Iqbal 13-D-1 Karachi.
	612	122	490	535	45	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	470	360	110	420	310	-	Advertisement / bid	Mr.Mujtaba Aqeel - Flat No. C-15 Marhaba Galaxy Apartments, North Nazimabad Block M, Karachi.
	470	360	110	405	295	-	Advertisement / bid	Mr.Hasan Ali Warsi House No. B 60, Block 6, Gulshan-e-Iqbal, Karachi
	455	356	99	400	301	-	Advertisement / bid	Ms.Shaheena Sarwar House No. R-142, Gulshan e Iqbal 13-D-1 Karachi.
	455	356	99	415	316	-	Advertisement / bid	Mr.M.Rizwan House No. R-24 Worken Co operative housing society Gulistan e Jouhar Karachi.
	455	356	99	538	439	-	Advertisement / bid	Mr.M.Toufique House No. B-150 Gulshan e Iqbal Block 6, Karachi.
	455	356	99	415	316	-	Advertisement / bid	Mrs.Shagufta Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
	84	-	84	770	686	-	Advertisement / bid	Mr.M.Toufique House No. B-150 Gulshan e Iqbal Block 6, Karachi.
	50	-	50	450	400	-	Advertisement / bid	Mr.Hafiz Shahid (Employee) House No 2,Street No 3, Near Afzal Park, Abdali Road, Lahore
Balance carried forward	23,865	14,201	9,664	22,247	12,583	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	23,865	14,201	9,664	22,247	12,583	-		
	50	-	50	390	340	-	Advertisement / bid	Mr.Irshad Khan House No. S-1/131, Saudabad, Liaquat Market, Karachi.
	138	2	136	800	664	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	82	1	81	440	359	-	Advertisement / bid	Mrs.Shagufta Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
	341	6	335	805	470	-	Advertisement / bid	Mr.Manzoor Akhtar House No. A-81 Gulshan e Iqbal Block 13-B Karachi.
	341	-	341	700	359	-	Advertisement / bid	Mr.Sohail Nazeer (Employee) House No. A 664, Lane 2, Shadab Colony, Multan
	977	-	977	1,350	373	-	Advertisement / bid	Mr.Atif Ahmad Khan (Employee) P.H.A. Housing Society, Flat No.7/1, Block 10, Gulistan-e-Johar, Karachi
	977	-	977	1,325	348	-	Advertisement / bid	Mr.Kashif Siddiqui (Employee) Flat No. A 305, Khadija Apartment, North Nazimabad, Karachi
	735	294	441	726	285	-	Advertisement / bid	Ms.Mehwish Tahir, House No 60-4, Sector 16-A, Area KBR, North Karachi, Karachi
	977	33	944	1,350	406	-	Advertisement / bid	Mr.Sohail Shahzad House No.H-219, Street 1, Sector 10, Bismillah Colony, Orangi Town, Karachi
Balance carried forward	28,483	14,537	13,946	30,133	16,187	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	---------------------(Rupees in '000)--------------------							
Balance brought forward	28,483	14,537	13,946	30,133	16,187	-		
	977	33	944	1,350	406	-	Advertisement / bid	Mr.Arshad Taj (Employee) House No. A-330, Street No. 9, Kashmirian Chohar, Peshawar Road, Rawalpindi
	1,275	574	701	1,110	409	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	612	143	469	450	(19)	-	Advertisement / bid	Mrs.Shagufta Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
	805	617	188	750	562	-	Advertisement / bid	Mr.S.M.Saleem (Employee) Flat No 201, Rehman View, 9/4, Block 3 F, Nazimabad No 3, Karachi
	470	376	94	415	321	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	455	364	91	385	294	-	Advertisement / bid	Mr.Tauheed A.Khan, House No B-180, Area 2G 8/1, Nazimabad, Karachi
	138	7	131	792	661	-	Advertisement / bid	Mr.Sohail Shahzad House No.H-219, Street 1, Sector 10, Bismillah Colony, Orangi Town, Karachi
	206	10	196	450	254	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	296	-	296	500	204	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
Balance carried forward	33,717	16,661	17,056	36,335	19,279	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	---------------------(Rupees in '000)---------------------							
Balance brought forward	33,717	16,661	17,056	36,335	19,279	-		
	296	-	296	502	206	-	Advertisement / bid	Mr.Afaq Rasool Zaidi, House No. A-45, Sector B-11, Gulshan Sir Syed, North Karachi, Karachi
	487	-	487	845	358	-	Advertisement / bid	Mr.Abdullah Khan House No.A-25, Hyderabad Colony, Near Jail Chowrangi, Karachi
	487	-	487	850	363	-	Advertisement / bid	Mr.Hassan Tariq (Employee) 6th Floor, Flat No 12, Rafiq Center, Abdullah Haroon Road, Karachi
	487	-	487	845	358	-	Advertisement / bid	Ms. Faiza Qaisar (Employee) House No. 79, 5th street, Khayaban-e-badar, DHA, Phase 6, Karachi
	487	-	487	835	348	-	Advertisement / bid	Mr.Shakir Amin, Flat No. 15, Waseem Mention, Burns Road, Karachi
	487	-	487	850	363	-	Advertisement / bid	Mr.Atif Majeed, House No. C-437, Street 14, Wah Cantt., Taxila
	487	-	487	826	339	-	Advertisement / bid	Mr.Ovais Ahmad (Employee) House No. G265, Block 20, Faisal Town, Hyderabad
	1,414	966	448	-	(448)	-	Advertisement / bid	Mr. S.M.Iftikhar Ali (Employee) House No B-755, Block 13, F.B.Area, Karachi
	612	173	439	500	61	-	Advertisement / bid	Mr.M.Ali Khilji (Employee) Flat No. 209, Block 18, Billy's Terrace, Gulistan-e-Jauhar, Karachi East, Karachi
Balance carried forward	38,961	17,800	21,161	42,388	21,227	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	38,961	17,800	21,161	42,388	21,227	-		
	612	153	459	510	51	-	Advertisement / bid	Mr.Riazullah, Quetta Kala Khail, Tehsil Zila Bannu
	138	9	129	810	681	-	Advertisement / bid	Mr.Pervaiz Ali Shah, House No. R-468, Ghaazi Town, Malir City, Karachi
	341	23	318	841	523	-	Advertisement / bid	Mr.Ejaz Ahmad House No. J-14, ABC Apartment, Badaami Market, Karachi Central, Karachi
	612	194	418	535	117	-	Advertisement / bid	Mr.Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
	612	163	449	520	71	-	Advertisement / bid	Mr.Rashid A. Khan, House No. 4/914, Shah Faisal Colony, Karachi
	805	644	161	780	619	-	Advertisement / bid	Mr.Umair Aslam (Employee) House No. 251-E, Block 6, P.E.C.H.S. Karachi
	455	379	76	390	314	-	Advertisement / bid	Mr.Sohail Shahzad House No.H-219, Street 1, Sector 10, Bismillah Colony, Orangi Town, Karachi
	341	28	313	815	502	-	Advertisement / bid	Mr.Afaq Rasool Zaidi, House No. A-45, Sector B-11, Gulshan Sir Syed, North Karachi, Karachi
	341	28	313	778	465	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	206	17	189	515	326	-	Advertisement / bid	Mrs.Shagufta Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
Balance carried forward	43,424	19,438	23,986	48,882	24,896	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	43,424	19,438	23,986	48,882	24,896	-		
	266	-	266	529	263	-	Advertisement / bid	Mr.Amir Ejaz, House No. J-14, ABC Apartment, Badaami Market, Karachi Central, Karachi
	266	-	266	525	259	-	Advertisement / bid	Mr.Ejaz Ahmad House No. J-14, ABC Apartment, Badaami Market, Karachi Central, Karachi
	266	-	266	528	262	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	266	-	266	526	260	-	Advertisement / bid	Mr.Amir Ejaz, House No. J-14, ABC Apartment, Badaami Market, Karachi Central, Karachi
	266	-	266	465	199	-	Advertisement / bid	Mr.Faraz Hameed Siddiqui, House No. 20, Fareed Corner, F.B. Area, Block 18, Karachi
	266	-	266	517	251	-	Advertisement / bid	Mr.Ejaz Ahmad House No. J-14, ABC Apartment, Badaami Market, Karachi Central, Karachi
	266	4	262	425	163	-	Advertisement / bid	Mr.Ali Sumair, 1-D, 5/13, Nazimabad, Karachi
	266	-	266	526	260	-	Advertisement / bid	Mr.M.Rehan Qureshi, House No. A-219, Gulistan-e-Jauhar, Block 3, Karachi East, Karachi
	710	331	379	650	271	-	Advertisement / bid	Mr.Shehzad Aziz (Employee) Street No.4, Dilzaak Road, Faisal Colony, Peshawar
Balance carried forward	46,262	19,773	26,489	53,573	27,084	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	---------------------(Rupees in '000)---------------------							
Balance brought forward	46,262	19,773	26,489	53,573	27,084	-		
	970	307	663	864	201	-	Advertisement / bid	Mr.Waseem Raza Ghouri (Employee) House No. 62, Mir Fazal Town, Unit 9, Block B, Latifabad, Hyderabad
	82	8	74	428	354	-	Advertisement / bid	Mr.Jawwad Ahmad, House No. R-421, Buffer Zone, Sector 15-A-3, Karachi
	413	7	406	762	356	-	Advertisement / bid	Mr.M.Javed Siddiqui, House No. R-406, Sector 9, North Karachi, Karachi
	413	7	406	868	462	-	Advertisement / bid	Ms.Mehbooba Begum, House No. 1-H-4/02 Nazimabad 1, Karachi
	251	4	247	510	263	-	Advertisement / bid	Mr.Khawaja Naseer Ahmed (Employee) H.No 12, Street No. 36, Sector F-6/1, Islamabad
	251	-	251	530	279	-	Advertisement / bid	Mr.Afaq Rasool Zaidi, House No. A-45, Sector B-11, Gulshan Sir Syed, North Karachi, Karachi
	251	4	247	450	203	-	Advertisement / bid	Mr.M.Javed Siddiqui, House No. R-406, Sector 9, North Karachi, Karachi
	805	671	134	731	597	-	Advertisement / bid	Mr.Ghulam Mahmood (Employee) Flat No. B-1, Jan Plaza, North Nazimabad, Block K, Karachi
	341	40	301	400	99	-	Advertisement / bid	Mr.Raza Ur Rehman (Employee) House No B-8, KDA flat phase II, Shadmaan Town, Sector 14-B,Karachi
	1,389	1,250	139	-	(139)	-	Full and final settlement	Mr.Imran Asif (Employee) House No. A-466, Block 1, Gulshan-e-Iqbal, Karachi
Balance carried forward	51,428	22,071	29,357	59,116	29,759	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	51,428	22,071	29,357	59,116	29,759	-		
	45	45	-	14	14	-	Tender	Shaukat Ali (Employee) House No. R-26, Hina Bunglow, Block-19, Gulistan-e-Johar, Karachi.
	374	374	-	211	211	-	Tender	Farrukh Ahmed Choudhry (Employee) House No. A-175-A, North Nazimabad, Karachi.
	555	555	-	474	474	-	Tender	Muhammad Ehtishamuddin Syed House No. B-292, Gulshan-e-Iqbal-10, Karachi.
	647	647	-	535	535	-	Tender	Shagufta Sohail Malik House No. R-110, Sector-9, North Karachi, Karachi.
	315	315	-	242	242	-	Tender	Arif Sultan House No.875, Sector 5-E, Orangi Town, Karachi.
	1,695	876	819	1,400	581	-	Tender	Sheikh Asif Mahmood House No. A-805, Gulberg FB Area Block-12, Karachi.
	647	647	-	670	670	-	Tender	Shaikh Sultan House No .L-819, Sector 5-L, North Karachi, Karachi.
	886	886	-	757	757	-	Tender	Mehmood Hussain (Employee) House No. B-456, Gulberg, FB Area, Block-13, Karachi.
	555	555	-	510	510	-	Tender	Syed Waseem Hassan House No. E-1/11, New Dhoraji Colony, Gulshan-e-Iqbal, Karachi.
	561	243	318	467	149	-	Tender	Farrukh Ahmed Choudhry (Employee) House No. A-175-A, North Nazimabad, Karachi.
Balance carried forward	57,708	27,214	30,494	64,396	33,902	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	57,708	27,214	30,494	64,396	33,902	-		
	612	143	469	540	71	-	Tender	Reena Abdul Salam (Employee) House No.B/12 Street No.25, Ghri Shahu, Lahore.
	612	173	439	535	96	-	Tender	Syed Kasshif Mehdi House No. 1042/9, Dastagir Society, FB Area, Karachi.
	612	173	439	536	97	-	Tender	Iqbal Ahmed Khan Khilgi House No. 5C-11/9, Nazimabad, Karachi.
	886	886	-	725	725	-	Tender	Muhammad Kamran House No.464, Korangi No.21/2 Sector No. 48-B, Karachi.
	366	366	-	225	225	-	Tender	M.Shamim Akhtar Flat No. F-16, Nemat Apartment, North Nazimabad, Karachi.
	350	350	-	218	218	-	Tender	Rizwana Habib House No.1285, Block-14, FB Area, Dastagir Karachi.
	556	259	297	470	173	-	Tender	Muhammad Zeeshan House No.136, KACHS, Block-5, Karachi.
	421	421	-	332	332	-	Tender	Sehrish Sabir (Employee) House No.158, Mehar Ali Colony, Latifabad Unit No.11, Block-A, Hyderabad.
	860	860	-	891	891	-	Tender	Abdul Majeed House No.63-1,Street No 20,Model Colony, Karachi.
	1,574	736	838	1,417	579	-	Tender	Muhammad Asif House No. X-133, Street-7, Azam Town, Karachi.
Balance carried forward	64,557	31,581	32,976	70,285	37,309	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
		--------------------(Rupees in '000)--------------------						
Balance brought forward	64,557	31,581	32,976	70,285	37,309	-		
	918	566	352	725	373	-	Tender	Muhammad Kamran House No. 464, Korangi No. 21/2 Sector No. 48-B, Karachi.
	568	332	236	478	242	-	Tender	Tehsin Ahmed (Employee) House No.7, Street-1, Shalimar Colony, opposite FATA Office, Wasak Road, Peshawar.
	919	505	414	825	411	-	Tender	Hamood Bin Nazir (Employee) House No. NK-300, New Katarian, Satellite Town, Rawalpindi.
	919	490	429	845	416	-	Tender	Khurram Shahzad House No.4-G 9/4, Nazimabad No. 4, Karachi.
Sub-total	67,881	33,474	34,407	73,158	38,751	-		
Office equipment	79	15	64	-	(64)	-	Full and final settlement	Mr.Hassan Tariq (Employee) 6th Floor, Flat No 12, Rafiq Center, Abdullah Haroon Road, Karachi
Sub-total	79	15	64	-	(64)	-		
Aggregate of assets disposed off having written down value below Rs. 50,000 each								
Office equipment	329	275	54	-	(54)	-		
Vehicles	41,708	41,423	285	35,250	34,965	-		
Sub-total	42,037	41,698	339	35,250	34,911	-		
Total - 2014	109,997	75,187	34,810	108,408	73,598	-		
Total - 2013	26,102	24,339	1,763	15,978	14,215	216		

		Note	2014	2013
			(Rupees in '000)	
6.6	Net gain on disposal of property, plant and equipment has been presented as follows:			
	Other operating income - gain on disposal of property, plant and equipment	33	74,322	14,453
	Other operating expenses - loss on disposal of property, plant and equipment	34	(724)	(238)
			73,598	14,215

		Note	2014	2013
6.7	Movement in capital work in progress			
	Balance at the beginning of the year		765	131,236
	add: Additions during the year - civil works		4,915	143,056
	less: Transfer to investment property	8.2	-	(273,527)
	less: Transfer to operating assets		(3,273)	-
	Balance at the end of the year		2,407	765

6.8 During the year ended June 30, 2013, leasehold land amounting to Rs. 1.916 billion had been transferred from property, plant and equipment to investment property (refer note 8.1)

7 INTANGIBLE ASSETS

	Distribution rights	Brand name & logo	Software licenses	Total
	(Rupees in '000)			
Year ended June 30, 2014				
Opening net book value	34,842	37,916	1,313	74,071
Additions	-	-	263	263
Amortization charge	(8,723)	(5,000)	(700)	(14,423)
Impairment	(12,129)	-	-	(12,129)
Closing net book value	13,990	32,916	876	47,782
As at June 30, 2014				
Cost	268,475	74,703	12,619	355,797
Accumulated amortization	(242,356)	(41,787)	(11,743)	(295,886)
Accumulated Impairment	(12,129)	-	-	(12,129)
Net book value	13,990	32,916	876	47,782
Year ended June 30, 2013				
Opening net book value	43,542	42,916	112	86,570
Additions	-	-	1,645	1,645
Amortization charge	(8,700)	(5,000)	(444)	(14,144)
Closing net book value	34,842	37,916	1,313	74,071
As at June 30, 2013				
Cost	268,475	74,703	12,356	355,534
Accumulated amortization	(233,633)	(36,787)	(11,043)	(281,463)
Net book value	34,842	37,916	1,313	74,071
Amortization rate	10%	10%	33.33% and 20%	

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

		Note	2014	2013
			(Rupees in '000)	
8	INVESTMENT PROPERTIES			
	Leasehold land - at cost	8.1	2,039,459	2,039,459
	Investment property under work in progress - at cost	8.2	477,406	273,527
			2,516,865	2,312,986
8.1	Movement in leasehold land under investment property - at cost			
	Balance at the beginning of the year		2,039,459	120,952
	add: Addition during the year		-	2,636
	add: Transfer from operating assets	6.8	-	1,915,871
	Balance at the end of the year		2,039,459	2,039,459
8.2	Movement in investment property under work in progress - at cost			
	Balance at the beginning of the year		273,527	-
	add: Transfer from operating assets - capital work in progress	6.7	-	273,527
	add: Addition under work in progress		203,879	-
	Balance at the end of the year		477,406	273,527

8.3 Leasehold land classified, held by the Holding Company, under investment property had been valued under the market value basis by an independent valuer, M/s. Asif Associates (Private) Limited. Market value of the property based on the valuation as of August 28, 2013 was Rs. 1.904 billion. Moreover, valuation of investment property held by subsidiary, has been carried out by M/s. Harvester Services (Private) Limited, an independent valuer. The market value of the investment property as on June 30, 2014 is Rs. 128.475 million.

		Note	2014	2013
9	LONG-TERM INVESTMENT			
	Investment in associates - accounted for under equity method	9.1	124,500	-

9.1 This represents 830,000 (2013: Nil) fully paid ordinary shares of Rs. 100 each in Nextar Pharma (Private) Limited (NPL), which represents 21.78% (2013: Nil) of the total share capital of NPL.

The Holding Company had signed a memorandum of understanding (MoU) with NPL for acquisition of 1,040,000 shares at a price of Rs. 150 per share for a total consideration of Rs. 156 million. As at June 30, 2014, the Holding Company has yet to receive 210,000 shares.

The shares of NPL are not listed on any stock exchange and hence published price quotes are not available. NPL has not commenced operations as of the reporting date. The financial reporting date of NPL is June 30. Total equity/net assets of NPL amounted to Rs. 306.242 million based on audited financial statements for the year ended June 30, 2014. The financial statements of NPL for the year ended June 30, 2014 are not yet available.

All transfers of funds to the Holding Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of NPL. The Holding Company has not received any cash dividend during the year (2013: Nil). Moreover, the Holding Company has not incurred any contingent liability or other commitments relating to its investments in associates.

	Note	2014	2013
		(Rupees in '000)	
10 LONG-TERM LOANS			
Secured - considered good	10.1	4,035	2,387
less: Current portion - shown under 'loans and advances' (refer note 14)		(3,157)	(1,420)
		878	967
Considered doubtful		-	-
less: Accumulated impairment loss	10.3	-	-
		-	-
		878	967

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

10.2 The maximum aggregate amount of these loans outstanding at any time during the year was Rs. 7.93 million (2013: Rs. 2.75 million). Such maximum amount is calculated by reference to the month-end balance.

	Note	2014	2013
		(Rupees in '000)	
10.3 The movement of provision for doubtful loans is as follows:			
Balance at the beginning of the year		-	(1,174)
Reversal of provision for doubtful loans	33	-	1,174
Balance at the end of the year		-	-

	Note	2014	2013
11 LONG-TERM DEPOSITS			
Deposit against property obtained under operating lease		1,598	1,598
Security deposits against finance lease		-	5,795
less: Current maturity - shown under 'trade deposits and short term prepayments' (refer note 15)		-	(1,148)
		-	4,647
		1,598	6,245

	Note	2014	2013
12 STOCK-IN-TRADE			
Raw materials		292,963	213,141
Packing materials		160,079	119,320
Work in process	29	58,886	74,309
Finished goods - net	12.1 & 29	406,025	235,584
Materials in transit		94,302	79,823
		1,012,255	722,177

		Note	2014	2013
			(Rupees in '000)	
12.1	Finished goods - gross		408,989	242,942
	Provision for obsolesce			
	- Opening balance		-	-
	- Charge for the year		(1,301)	-
	- Closing balance		(1,301)	-
	Finished goods, directly written-off		(1,663)	(7,358)
	Finished goods - net		406,025	235,584

13 TRADE DEBTS

	Note	2014	2013
Considered good			
Export debtors, secured		37,925	61,592
Due from:			
- associated companies, unsecured	13.1, 13.2 & 43.2	1,414,832	1,145,593
- others - unsecured		249,461	242,957
		1,664,293	1,388,550
		1,702,218	1,450,142
Considered doubtful - others		2,641	976
less: Provision for doubtful debts	13.3	(2,641)	(976)
		-	-
		1,702,218	1,450,142

13.1 The receivable is stated net of amounts payable aggregating Rs. 100.87 million (2013: Rs. 62.08 million) on account of expenses claimed by IBL Operations (Private) Limited, an associated company.

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

	2014	2013
	(Rupees in '000)	
- IBL Operations (Private) Limited	1,398,461	1,132,787
- United Brands Limited	15,965	12,404
- Dunkin Donuts	284	-
- Habitt	122	402
	1,414,832	1,145,593

13.3 At year-end, trade debts aggregating Rs. 2.641 million (2013: Rs. 0.976 million) were deemed to have been impaired. These balances are outstanding for more than 3 years. The movement of provision for doubtful debts is as follows:

	Note	2014	2013
		(Rupees in '000)	
Balance at the beginning of the year		(976)	(976)
Provision made	31	(1,665)	-
Balance at the end of the year		(2,641)	(976)

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

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

	2014	2013
	(Rupees in '000)	
- More than two months but less than four months	404,218	189,943
- More than four months but less than one year	1,886	3,928
- One year or more but less than two years	42,819	2,143
- Two years and more	26	-
	448,949	196,014

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

14 LOANS AND ADVANCES

	Note	2014	2013
		(Rupees in '000)	
Considered good:			
Advances to:			
- employees	14.1	42,442	25,001
- suppliers		145,947	55,498
		188,389	80,499
Current portion of long-term loans	10	3,157	1,420
Considered doubtful:	14.2	51	51
less: Provision for doubtful advances		(51)	(51)
		-	-
		191,546	81,919

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

	2014			2013		
	Executives	Non-executives	Total	Executives	Non-executives	Total
	(Rupees in '000)					
Opening balance	7,358	17,643	25,001	12,335	7,259	19,594
add: Disbursements	47,284	92,709	139,993	50,067	64,717	114,784
less: Repayments	(36,009)	(86,543)	(122,552)	(55,044)	(54,333)	(109,377)
Closing balance	18,633	23,809	42,442	7,358	17,643	25,001

14.2 At year-end, loans and advance aggregating Rs. 0.051 million (2013: Rs. 0.051 million) were deemed to have been impaired. These balances are outstanding for more than 3 years. None of the amount due from related parties was 'past due' or impaired. There has been no movement in provision for doubtful advances during the year (2013: nil).

14.3 The maximum aggregate amount of these loans outstanding at any time during the year was Rs. 68.791 million (2013: Rs. 37.361 million). Such maximum amount is calculated by reference to the month-end balance.

	Note	2014	2013
		(Rupees in '000)	
15 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
- Trade deposits		43,612	27,752
less: Provision for doubtful deposits	15.1	(2,640)	(2,640)
		40,972	25,112
- Current portion of security deposit against finance lease	11	-	1,148
		40,972	26,260
Prepayments		50,285	40,868
		91,257	67,128

15.1 At year-end, trade deposits amounted to Rs. 13.37 million (2013: Rs. 13.99 million) were past due but not impaired. These balances are outstanding for more than one year. There has been no movement in provision for doubtful deposits during the year (2013: Nil).

16 OTHER RECEIVABLES

	Note	2014	2013
		(Rupees in '000)	
Receivables from related parties			
Due from associated companies:			
- IBL Operations (Private) Limited against:			
- mark-up on over due balance	16.1	41,292	93,823
- royalties and price adjustments		-	12,478
- staff salaries and benefits		-	1,189
- International Franchises Limited against staff salaries and benefits		3,634	416
- Habitt against staff salaries and benefits		1,342	814
- United Distributors Pakistan Limited against staff salaries and benefits		-	264
	16.2 & 43.2	46,268	108,984
Surplus arising under retirement benefit fund	38.1	7,500	9,698
Advance against issue of shares	16.3	500	-
Receivables from other than related parties			
Others, considered good	16.4	9,660	27,031
		63,928	145,713

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

16.2 At year-end, an amount of Rs. 41.29 million (2013: 94.07 million) is due from associated company which is past due but not impaired. These balances are outstanding for more than one year.

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

16.4 The Holding Company has received during the year, an amount of Rs. 15 million receivable from Sanofi-Aventis Pakistan Limited (Sanofi Aventis), as consideration for early termination, during previous year, of license agreement for manufacturing, selling, and marketing of Sanofi Aventis's pharmaceutical products.

17 SHORT-TERM INVESTMENT

Investment in other than related parties

	2014	2013	2014	2013
	(Number of units in '000)		(Rupees in '000)	
Meezan Sovereign Fund - at cost	892,126	-	41,000	-
add: Unrealised gain on revaluation of units			42	-
			41,042	-

Short term investment comprises of investment in 'Meezan Sovereign Fund' (the Fund), an open end mutual fund. The Fund has an 'AA+' rating being assigned by the JCR-VIS, a credit rating agency. The investments are made during the year and are classified as "financial assets at fair value through profit and loss. The fund is managed by the 'Al Meezan Investment Management Limited' while the Central Depository Company Limited acts as its trustee.

	Note	2014	2013
		(Rupees in '000)	
18 CASH AND BANK BALANCES			
Cash in hand		1,359	840
Cash with banks in:			
- savings accounts	18.1	12	3
- current accounts		105,428	28,223
	18.2	106,799	29,066

18.1 These balances carry mark-up at a rate of 6.5% (2013: 6%).

18.2 This include Rs. 8.19 million (2013: Rs. 6.24 million) placed in special bank accounts for dividend purposes.

19 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2014	2013	2014	2013
	(Number of shares)		(Rupees in '000)	
Ordinary shares of Rs. 10 each:				
- fully paid in cash	3,969,000	3,969,000	39,690	39,690
- issued for consideration other than cash	24,000	24,000	240	240
- issued as fully paid bonus shares	57,321,818	43,172,245	573,218	431,722
	61,314,818	47,165,245	613,148	471,652

	2014	2013
	(Number of shares)	
19.1 Movement in number of shares		
Number of shares at beginning of the year	47,165,245	33,689,461
Bonus shares issued during the year	14,149,573	13,475,784
Number of shares at end of the year	61,314,818	47,165,245

19.2 Capital management policies and procedures

The Group's objective when managing above capital are:

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

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

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

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

The Holding Company had revalued its operating assets classified under lease hold land, building on lease hold land, plant and machinery, vehicles and air-conditioning as at March 31, 2010. The valuation was performed by an independent valuer, M/s. Asif Associates (Private) Limited. The surplus arising as a result of accounting under revaluation model based on that valuation was not material, therefore, no effect of revaluation adjustment had been taken in the financial statements for the year ended June 30, 2010. These assets were earlier carried at such revalued amounts as determined by an independent valuer, M/s. Iqbal A. Nanjee as at June 30, 2004.

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

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
Surplus on revaluation of property, plant and equipment (the surplus)	20.1	168,163	193,705
less: Impact of deferred tax liability on the surplus	20.2	-	(8,685)
Surplus on revaluation of fixed assets - net of deferred tax		168,163	185,020

	2014	2013
	(Rupees in '000)	

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

	2014	2013
Surplus on revaluation of property, plant and equipment at the beginning of the year	193,705	219,588
Transferred / realization of the surplus to accumulated profit - net of deferred tax:		
- relating to incremental depreciation	(16,857)	(16,684)
- relating to surplus on revaluation of fixed assets disposed off during the year	-	(140)
	176,848	202,764
Adjustment for deferred tax liability in respect of transfers / realizations made	(8,685)	(9,059)
Surplus on revaluation of property, plant and equipment at the end of the year	168,163	193,705

20.2 Impact of deferred tax liability on the surplus

	2014	2013
Deferred tax liability at 34% (2013: 35%) on the surplus at the beginning of the year	(8,685)	(17,999)
Adjustment for deferred tax liability in respect of transfers/realizations made	8,685	9,059
	-	(8,940)
Adjustment for change in applicable tax rate to 34%	-	255
Deferred tax liability at 33% (2013: 34%) on the surplus at the end of the year	-	(8,685)

20.3 The Holding Company has restated the amounts of surplus on revaluation of property, plant and equipment and related deferred tax as a result of a reconciliation between the carrying amounts of assets under the revaluation model with the amount of surplus on revaluation of property, plant and equipment. The impacts of restatement are limited to the unappropriated profit, surplus on revaluation of fixed assets, and deferred tax liability and income/expense in the previous years. The effect of restatement on the amounts presented in the previous years is as under:

	Note	2013	2012
		(Rupees in '000)	
Increase in surplus on revaluation-gross		42,104	41,896
Decrease in deferred tax on the surplus		539	1,690
Decrease in unappropriated profit		41,849	41,896
Income tax expense, including effect of change in tax rate		794	1,690

21 LONG TERM FINANCES - secured

	Note	2013	2012
Syndicated finance - from banking companies	21.1	825,000	966,667
Less: Current portion of long term finances shown under current liabilities		(150,000)	(108,333)
		675,000	858,334

21.1 The Holding Company has arranged syndicate term finance facilities of Rs. 900 million (2013: Rs. 900 million) for a tenure of five years from Standard Chartered Bank (Pakistan) Limited (lead bank), Habib Bank Limited and The Bank of Punjab. The facilities are repayable by December 2016. Further, the Holding Company had arranged long term finance of facilities Rs. 100 million for a tenure of three years from Standard Chartered Bank (Pakistan) Limited, which has been repaid during the year.

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

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

22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

The Group had entered into arrangements with various leasing companies for lease of plant and machinery and motor vehicles. Lease rentals include financial charges ranging from 11.38% to 14.4% (2013: 11.38% to 14.4%) per annum which were used as discount factor and were payable in monthly rentals. The Group had option to purchase the assets upon completion of lease period. During the year, the Group has pre-maturely paid all of its finance lease obligations.

The amount, at year-end, of the future lease rentals and the periods in which these payments will become due are:

	2014			2013		
	Minimum lease payments	Financial charges allocated to future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges allocated to future periods	Present value of minimum lease payments
	(Rupees in '000)					
Up to one year	-	-	-	2,870	357	2,513
Later than one year and not later than five years	-	-	-	2,254	72	2,182
	-	-	-	5,124	429	4,695

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
23 DEFERRED LIABILITIES			
Deferred taxation	23.1	42,379	40,982
Staff retirement gratuity - unfunded	38.2	33,503	27,821
		75,882	68,803

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

	Note	2014	2013
Credit balance arising on account of:			
Property, plant and equipment		44,773	35,262
Surplus on revaluation of property, plant and equipment	20.2	-	8,685
		44,773	43,947
Debit balance arising on account of:			
Finance lease arrangements		-	(191)
Intangible assets		(1,264)	(1,605)
Provisions for doubtful debts and doubtful refunds		(1,130)	(1,169)
		(2,394)	(2,965)
	23.2	42,379	40,982

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

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
23.2 Balance at beginning of the year		40,982	52,000
Adjusted against deferred tax liability on the surplus	20.2	-	(255)
(Reversed)/raised during the year - through other comprehensive income		-	-
Raised/(reversed) during the year - through profit and loss account	36	1,397	(10,763)
Balance at end of the year	23.1	42,379	40,982
24 SHORT-TERM FINANCES - secured			
Running finances under mark-up arrangements	24.1	795,882	319,935

24.1 The Holding Company has arranged syndicated running finances under mark-up arrangements of Rs. 1,095 million (2013: Rs. 945 million). The mark-up on running finances ranges between 10.53% to 12.39% (2013: 10.78% to 14.22%) per annum.

The running finances under mark-up arrangements are secured jointly by registered mortgage of Rs. 172.5 million (2013: Rs. 172.5 million) of immovable property together with joint pari passu charge on all current assets of the Holding Company to the extent of Rs. 1,389 million (2013: Rs. 1,389 million). These short term facilities were arranged through Standard Chartered Bank (Pakistan) Limited from various banks. The securities are held jointly against the short term and long term finances (refer note 21).

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
25 TRADE AND OTHER PAYABLES			
Creditors		299,164	297,890
Bills payable in foreign currency		102,009	259,441
Accrued liabilities		464,221	295,400
Advance from customers		87,282	15,027
Unclaimed dividend		13,450	8,952
Payable under defunct staff retirement benefits	25.1	2,739	9,041
Workers' Profits Participation Fund	25.2	52,908	41,707
Workers' Welfare Fund		41,263	27,623
Sales tax and excise duty payable		4,784	6,431
Other liabilities		14,801	10,448
		1,082,621	971,960

25.1 Staff retirement benefits fund was terminated in previous years. The amount has been recalssified to current liabilities from non-current liabilities, during the current year.

	Note	2014	2013
		(Rupees in '000)	
25.2 Worker's Profits Participation Fund			
Balance at beginning of the year		41,707	31,535
Contribution for the year	34	51,976	40,776
		93,683	72,311
Interest on funds utilized in the Holding Company's business at 12.65% (2013: 37.5%)	35	3,816	4,247
		97,499	76,558
less: Payments made during the year		(44,591)	(34,851)
Balance at end of the year		52,908	41,707
26 ACCRUED MARK-UP			
Accrued mark-up on:			
- long term finances - secured		9,019	9,598
- finance lease obligation - secured		-	4
- short-term finances - secured		26,933	11,926
		35,952	21,528

27 CONTINGENCIES AND COMMITMENTS

Contingencies

27.1 The facility for opening letters of credit (LCs) acceptances and guarantees as at June 30, 2014 amounted to Rs. 980 million (2013: Rs. 920 million) of which the amount remaining unutilized as at that date was Rs. 540 million (2013: Rs. 326 million).

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

Commitments

27.3 Future rentals payable against operating lease arrangements

During the year ended June 30, 2010, the Holding Company obtained factory building at Karachi on rent for a period of 5 years. Moreover, the Group has entered into operating lease arrangements with both Myplan Pharmaceuticals (Private) Limited and S.A.Pharma for a period of 20 years. The operating lease includes land and building located at Lahore and plant and machinery installed in the leased building.

	2014	2013
	(Rupees in '000)	
The details of future rentals over the lease period are as follows:		
Not later than one year	14,760	31,225
Later than one year and not later than five years	89,520	94,920
Later than five years	267,861	288,021
	372,141	414,166

28 NET SALES

	2014	2013
	(Rupees in '000)	
Sales		
Local	6,858,543	5,959,212
Export	366,200	240,716
	7,224,743	6,199,928
Sales returns & discounts	(433,897)	(331,469)
Sales tax & excise duty	(118,718)	(92,059)
	(552,615)	(423,528)
	6,672,128	5,776,400
Add: Toll manufacturing	938,089	237,838
Less : Sales tax	(1,623)	(694)
	936,466	237,144
	7,608,594	6,013,544

29 COST OF SALES

	2014	(Re-stated) 2013
	(Rupees in '000)	
Material consumed		
Raw and packing material consumed	2,096,991	1,655,825
Processing charges paid to third parties	669,654	261,004
	2,766,645	1,916,829
Factory expenses		
Salaries wages and benefits (refer note 29.1)	278,913	238,128
Provision for staff gratuity (unfunded)	2,572	2,404
Gratuity fund contribution	-	1,013
Provident fund contribution	6,152	5,577
Carriage and duties	9,912	4,609
Fuel, water and power	74,897	55,129
Rent and taxes	2,115	10,079
Communication	1,005	976
Stationery and supplies	2,712	1,631
Travelling	8,858	11,669
Advertisement	787	409
Entertainment	129	35
Repairs and maintenance	82,864	51,921
Medical expenses	3,298	3,100
Personal training and selection	238	135
Vehicle expenses	6,766	6,264
Subscription	55	53
Legal and professional charges	9,006	5,493
Depreciation (refer note 6.4)	68,572	67,737
Insurance	2,551	2,608
Corporate services charged by associated company (refer note 43.2)	1,440	1,440
Sundries	17,852	13,456
	580,694	483,866
	3,347,339	2,400,695
Work in process as at beginning of the year (refer note 12)	74,309	47,724
	3,421,648	2,448,419
Work in process as at end of the year (refer note 12)	(58,886)	(74,309)
Cost of good manufactured	3,362,762	2,374,110
Finished goods as at the beginning of the year (refer note 12)	235,584	238,449
Finished goods purchased	1,116,288	965,974
	1,351,872	1,204,423
Cost of samples manufactured	(93,522)	(49,809)
Finished goods as at the end of the year (refer note 12)	(406,025)	(235,584)
Cost of sales	4,215,087	3,293,140

29.1 Salaries, wages and benefits include Rs. 70.02 million (2013: Rs. 56.38 million) in respect of contractual labour provided by Paksons (Private) Limited.

	2014	(Re-stated) 2013
	(Rupees in '000)	

30 SELLING AND DISTRIBUTION EXPENSES

	2014	2013
Salaries wages and benefits	542,395	404,509
Provision for staff gratuity (unfunded)	1,465	1,369
Gratuity fund contribution	-	10,145
Provident fund contribution	15,419	13,522
Services charges	32,104	17,218
Carriage and duties	110,981	80,771
Water and power	3,383	1,658
Rent and taxes	15,403	15,937
Communication	18,909	15,023
Stationery and supplies	8,179	6,912
Travelling	228,699	194,542
Advertising and promotion	357,122	222,264
Samples	82,757	69,033
Bonus to salesmen	81,131	63,018
Entertainment	2,605	797
Repairs and maintenance	3,513	15,848
Medical expenses	7,274	4,801
Personal training and selection	7,777	16,311
Vehicle expenses	91,911	72,580
Insurance	6,562	6,319
Depreciation (refer note 6.4)	8,442	10,914
Subscription	15,651	13,011
Donation (refer note 30.1)	4,666	-
Replacement products	53,495	12,434
Royalty	3,919	4,104
Corporate services charged by associated company (refer note 43.2)	3,600	3,600
Legal and professional charges	23,870	8,694
Sundries	870	447
	1,732,102	1,285,781

30.1 Directors of the Holding Company have no interest in the donee institution.

	2014	(Re-stated) 2013
	(Rupees in '000)	

31 ADMINISTRATIVE EXPENSES

	2014	2013
Salaries wages and benefits	93,083	69,051
Provision for staff gratuity (unfunded)	429	401
Gratuity fund contribution	-	1,306
Provident fund contribution	3,103	2,766
Carriage and duties	3,686	1,460
Water and power	1,565	285
Rent and taxes	9,228	11,905
Communication	4,701	4,266
Stationery and supplies	5,383	4,545
Travelling	3,206	5,990
Advertisement	329	763
Entertainment	85	98
Repairs and maintenance	18,366	15,744
Medical expenses	5,842	4,147
Personal training and selection	1,134	134
Vehicle expenses	5,870	4,420
Insurance	3,388	2,638
Depreciation (refer note 6.4)	4,781	5,524
Amortization (refer note 7)	14,423	14,144
Impairment (refer note 7)	12,129	-
Subscription	2,860	1,560
Donation (refer note 31.1)	29,321	1,500
Corporate services charged by associated company (refer note 43.2)	2,241	2,160
Legal and professional charges	32,238	12,649
Provision for doubtful debts (refer note 13.3)	1,665	-
Penalties	1,821	-
Sundries	1,157	986
	262,034	168,442

31.1 Directors of the Holding Company have no interest in the donee institution except as stated in note 43.

32 OPERATING PROFIT

	2014	2013
Net sales	7,608,594	6,013,544
Cost of sales	(4,215,087)	(3,293,140)
Selling and distribution expenses	(1,732,102)	(1,285,781)
Administrative expenses	(262,034)	(168,442)
	(6,209,223)	(4,747,363)
Operating profit	1,399,371	1,266,181

	Note	2014	2013
		(Rupees in '000)	
33 OTHER INCOME			
Income from financial assets			
Profit on amounts placed in bank deposit accounts		-	2
Gain on revaluation of financial assets classified as held for trading		42	-
Exchange gain		26,281	4,800
Reversal of provision for doubtful loans		-	1,174
		26,323	5,976
Income from non-financial assets			
Gain on disposal of property, plant and equipment	6.6	74,322	14,453
Others		8,781	6,803
		83,103	21,256
Income from non-financial assets - related parties			
Rental income against use of operating assets by related parties:			
- International Franchises (Private) Limited (associated company)		8,244	7,571
		117,670	34,803

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
34 OTHER EXPENSES			
Contribution to:			
- Workers' profits participation fund	25.2	51,976	40,776
- Workers' welfare fund		33,615	19,326
- Central research fund		9,678	7,606
Auditors' remuneration	34.1	3,801	2,241
Loss on disposal of property, plant and equipment	6.6	724	238
Exchange loss		35,184	15,831
		134,978	86,018

34.1 Auditors' remuneration

	2014	2013
- Anjum Asim Shahid Rahman - external audit		
Audit fee		
- Annual audit	1,664	1,125
- Half year audit	550	-
- Half yearly review	348	250
Fee in respect of special reports and certifications	343	225
Out of pocket expenses	175	123
	3,080	1,723
- F.R.A.N.T.S & Co. - external audit		
Annual audit	366	100
- Baker Tilly Mehmood Idrees Qamar - external audit		
Audit fee		
- Annual audit	-	300
- Half yearly review	-	75
Out of pocket expenses	-	43
	-	418
- BDO Ebrahim & Co. - internal audit		
Professional fee	355	-
	3,801	2,241

	Note	2014	2013
		(Rupees in '000)	
35 FINANCE COST			
Arrangement fee for financing facilities		-	7,250
Bank charges		7,822	3,867
Interest on gratuity fund		-	2,982
Interest on workers' profits participation fund	25.2	3,816	4,247
Lease finance charges		280	1,005
Mark-up on long term and running finances		204,266	214,012
		216,184	233,363

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
36 INCOME TAX EXPENSE			
Current			
- For the year		232,444	273,300
- For prior years		55,981	-
		288,425	273,300
Deferred	23.2	1,397	(10,763)
		289,822	262,537

36.1 Charge for the year

For the Holding Company, provisions for current taxation and deferred taxation have been made after considering the implications of section 169 of the Income Tax Ordinance, 2001. Income not covered under final tax regime is provided at the normal basis using the applicable rate of 34% for the tax year 2014 (2013: 35% for the tax year 2013).

For IBL HealthCare Limited, current period income tax represents provision based on section 148 of the Income Tax Ordinance, 2001 @ 5% to 5.5% on goods imported during the year.

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

36.2 Reconciliation of tax expense

	2014	2013
Profit before income tax	1,165,879	981,603
Enacted tax rate	34%	35%
Tax on accounting profit at applicable tax rate	396,399	343,561
Tax effect of:		
- difference in method of lease accounting	654	3,308
- permanent differences	1,146	(48,476)
- temporary differences	(8,448)	13,406
- applicability of lower tax rate on certain income	(3,600)	(6,940)
- demand provided and raised during the year	55,981	-
- applicability of lower tax rate under final tax regime on behalf of subsidiary	(152,310)	(42,322)
Tax expense charged on income	289,822	262,537

36.3 Current status of tax assessments

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

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

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

	2014	(Re-stated) 2013
37 EARNINGS PER SHARE - Basic and Diluted		
37.1 Basic earnings per share		
Profit attributable to shareholders of the Holding Company (2013: Restated) - Rupees in thousands	801,638	668,757
Weighted average number of shares in thousands (2013: Restated)	61,315	61,315
Earnings per share (2013: Restated) - Rupees	13.07	10.91

37.2 Diluted earning per share

There is no dilution effect on the basic earning per share of the Holding Company as the Holding Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2014.

38 EMPLOYEE BENEFITS

a) Defined benefit plans

38.1 Gratuity scheme - funded

38.1.1 General description

The Holding Company provided post employment benefits, through a funded gratuity scheme, to all permanent employees who completed qualifying period of ten years of service with the Holding Company. Under the scheme, such eligible employees were entitled to one last drawn monthly basic salary for each completed year of service. The Holding Company discontinued the scheme with effect from December 31, 2012.

The liability recognized as at June 30, 2013 was based on the terminal value i.e. the benefits to be paid to the permanent employees who completed qualifying period under the scheme.

	Note	2014	2013
		(Rupees in '000)	
38.1.2 Reconciliation of amounts recognized in respect of provision for gratuity scheme			
Terminal value of defined benefit obligation	38.1.4	-	(139,022)
Fair value of plan assets	38.1.5	7,500	148,720
Surplus arising under retirement benefit fund		7,500	9,698
38.1.3 Movement in the surplus recognized in the balance sheet			
Surplus/(deficit) at the beginning of the year		9,698	(10,670)
Terminal benefits cost/(reversal) recognized		-	11,819
Contributions made during the year - net		(2,198)	8,549
Surplus at the end of the year		7,500	9,698
38.1.4 Terminal value of defined benefit obligation			
Terminal value of defined benefit obligation at the beginning of the year		(139,022)	(147,358)
Terminal benefits cost recognized		-	(9,934)
Benefits paid		139,022	18,270
Terminal value of defined benefit obligation at the end of the year		-	(139,022)
38.1.5 Fair value of plan assets			
Fair value of plan assets at the beginning of the year		148,720	136,688
Return on plan assets		-	21,753
Contributions made during the year		-	8,549
Benefits paid		(139,022)	(18,270)
Amount received by the Holding Company from and on behalf of the Fund		(2,198)	-
Fair value of plan assets at the end of the year		7,500	148,720

38.2 Gratuity scheme - unfunded

38.2.1 General description

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

Annual provision is based on actuarial valuation. The valuation was carried out as at June 30, 2014 by M/s. Sidat Hyder Morshed Associates (Private) Limited, independent actuaries, using the projected unit credit method.

38.2.2 Principal actuarial assumptions

	2014	2013	2012
	(percentage per annum)		
Following principal actuarial assumptions were used for the valuation:			
- Estimated rate of increase in salary of the employees	12	12.5	12.5
- Discount rate	12	12.5	12.5

	2014	(Re-stated) 2013	(Re-stated) 2012
	(Rupees in '000)		
38.2.3 Movement in the present value of defined benefit obligation (DBO)			
Present value of DBO at the beginning of the year	(27,821)	(24,829)	(22,639)
Current service cost	(1,236)	(1,118)	(1,086)
Interest cost	(3,230)	(3,056)	(3,092)
	(4,466)	(4,174)	(4,178)
Benefits paid	1,809	762	1,111
Actuarial loss/(gain) on obligation	(3,025)	420	877
Present value of DBO at the end of the year (refer note 38.2.4)	(33,503)	(27,821)	(24,829)
38.2.4 Movement in the deficit recognized in the balance sheet			
Deficit at the beginning of the year	(27,821)	(24,829)	(22,639)
Expense recognized in profit & loss account (refer note 38.2.5)			
- current service cost	(1,236)	(1,118)	(1,086)
- net interest	(3,230)	(3,056)	(3,092)
	(4,466)	(4,174)	(4,178)
Remeasurement - recognized in other comprehensive income:			
Actuarial (loss)/gain arising due to change in:			
- demographic assumptions - (unfavourable)/ favourable	(717)	-	-
- financial assumptions - (unfavourable)/favourable	-	-	-
- experience adjustment - (losses)/gains	(2,308)	420	877
	(3,025)	420	877
Payment made on behalf of fund	1,809	762	111
Deficit at the end of the year (refer note 38.2.3)	(33,503)	(27,821)	(24,829)

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
38.2.5 Amount recognized as expense			
Cost of sales	29	2,572	2,404
Selling and distribution expenses	30	1,465	1,369
Administrative expenses	31	429	401
		4,466	4,174

	2014	2013
	(Rupees in '000)	
38.3 Effect of the change in accounting policy		
Increase in deferred liability - employee benefits	1,599	1,179
Decrease in unappropriated profit	1,599	1,179

The retrospective restatements has no effect on the amounts reported in the profit and loss accounts of the prior years. Consequently the previously reported EPS remains un-effected. Moreover, the retrospective restatements has no material effect on the amounts reported in the statement of cash flows.

b) Defined contribution plan

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

	2014	2013
38.4.1 Fund position *		
Size of the fund - Rupees in '000	251,971	168,028
Cost of investments made - Rupees in '000	246,348	159,878
Fair value of investments - Rupees in '000	246,348	159,878
Percentage of investments to total assets	98%	95%

	2014	2013	2014	2013
	(Percentage)		(Rupees in '000)	
38.4.2 Composition of the Fund *				
Term finance certificates	11%	20%	28,041	31,500
Deposits with banks	4%	6%	9,000	9,000
Pakistan Investments Bonds (PIBs)	11%	24%	26,000	39,000
NIT units	24%	24%	59,585	38,326
Investment in mutual fund	5%	7%	12,345	10,454
Equity investment in associated company	47%	25%	117,000	39,748
Other liabilities	-2%	-5%	(5,623)	(8,150)

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

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

	2014	2013

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

38.5.1 Fund position **

	2014	2013
Size of the fund - Rupees in '000	19,983	20,640
Cost of investments made - Rupees in '000	19,000	20,211
Fair value of investments - Rupees in '000	19,230	20,211
Percentage of investments to total assets	95%	98%

38.5.2 Composition of the Fund **

	2014	2013	2014	2013
	(Percentage)		(Rupees in '000)	
Deposits with banks	1%	100%	230	20,211
Pakistan Investments Bonds (PIBs)	78%	0%	15,000	-
Investment in mutual fund	21%	0%	4,000	-

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

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

39 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
Profit before tax		1,165,879	981,603
Adjustments for non-cash items:			
Depreciation	6.4	81,795	84,175
Gain on disposal of property, plant and equipment - net	6.6	(73,598)	(14,215)
Amortization of intangible assets	7	14,423	14,144
Impairment of intangible assets	7	12,129	-
Financial charges excluding bank charges	35	208,362	229,496
Provision for staff retirement gratuity	38.1.4 & 38.2.4	4,466	4,174
Net changes in working capital	39.1	(388,751)	(228,437)
		1,024,663	1,070,940

	2014	(Re-stated) 2013
	(Rupees in '000)	
39.1 Net changes in working capital		
Change in stores and spares	1,182	43
Change in stock-in-trade	(290,078)	58,168
Change in trade debts	(252,076)	(247,724)
Change in trade deposits and short term prepayments	(24,129)	7,095
Change in long-term loans	89	(319)
Change in short-term loans and advances	(109,627)	27,581
Change in long-term deposits	4,647	380
Change in other receivables	168,776	(5,283)
	(501,216)	(160,059)
Change in trade and other payables	112,465	(68,378)
Net changes in working capital	(388,751)	(228,437)

40 CASH AND CASH EQUIVALENTS

	2014	2013
Cash and bank balances	106,799	29,066
Running finances under mark-up arrangements	(795,882)	(319,935)
	(689,083)	(290,869)

41 SEGMENT INFORMATION

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

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

- Pharma
- Consumer
- Investment property

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.

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

		Pharma		Consumer		Investment property		Total	
		2014	(Re-stated) 2013	2014	(Re-stated) 2013	2014	2013	2014	(Re-stated) 2013
		(Rupees in '000)							
41.1	Segment result and performance								
	Segment revenue	6,852,234	5,559,464	756,360	454,080	-	-	7,608,594	6,013,544
	Cost of sales	(3,773,895)	(3,045,759)	(441,192)	(247,381)	-	-	(4,215,087)	(3,293,140)
	Selling and distribution expenses	(1,510,834)	(1,176,480)	(221,268)	(109,301)	-	-	(1,732,102)	(1,285,781)
	Administrative expenses	(236,383)	(156,397)	(25,651)	(12,045)	-	-	(262,034)	(168,442)
		(5,521,112)	(4,378,636)	(688,111)	(368,727)	-	-	(6,209,223)	(4,747,363)
	Segment result	1,331,122	1,180,828	68,249	85,353	-	-	1,399,371	1,266,181
41.2	Unallocated income and expense								
	Other income							117,670	34,803
	Other expense							(134,978)	(86,018)
	Financial cost							(216,184)	(233,363)
	Profit before taxation							1,165,879	981,603
	Income tax expense							(289,822)	(262,537)
	Profit for the year							876,057	719,066
41.3	Segment assets and liabilities								
	Segment assets	169,185	174,413	25,280	17,250	2,516,865	2,312,986	2,711,330	2,504,649
	Unallocated assets							3,947,094	2,972,119
	Total assets							6,658,424	5,476,768
	Segment liabilities					825,000	966,667	825,000	966,667
	Unallocated liabilities							1,990,337	1,430,716
	Total liabilities							2,815,337	2,397,383
41.4	Depreciation	71,356	76,808	10,439	7,367	-	-	81,795	84,175
41.5	Other non-cash expenses	14,423	14,144	-	-	-	-	14,423	14,144
41.6	Addition in segment assets	79,236	40,276	11,711	3,724	203,879	2,189,398	294,826	2,233,398
41.7	Percentage for allocation	87%	91%	13%	9%	0%	0%	100%	100%

41.8 There were no inter-segment transactions during the year (2013: None).

	Note	2014	(Re-stated) 2013
41.9 Geographical segments		(Rupees in '000)	
Net sales by region			
Pakistan		7,294,743	5,783,638
Central Asia		-	2,870
Eastern Africa		2,606	3,279
South-Eastern Asia		147,052	96,206
Southern Asia		164,193	126,454
Western Asia		-	1,097
	41.9.1	7,608,594	6,013,544

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

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

41.10 The Group has earned major revenue from one of the customer. Net sales to the customer amounts to Rs. 5.67 billion (2013: Rs. 4.98 billion) out of the net sales.

42 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive Officer	Directors	Executives*	Chief Executive Officer	Directors	Executives*
	(Rupees in '000)					
Managerial remuneration	5,428	10,197	112,356	5,835	6,990	94,657
Annual bonus	691	1,994	17,721	926	1,934	16,682
Leave fare assistance	-	-	361	-	-	144
Retirement benefits						
- Provident fund	563	1,020	11,205	584	699	9,466
- Gratuity fund	-	-	-	243	291	4,044
Perquisites						
- Rent	2,533	4,589	50,560	2,626	3,146	42,543
- Utilities	563	1,020	11,235	584	699	9,466
- Telephone	-	-	174	-	-	190
- Entertainment	-	-	297	-	-	392
- Car maintenance	179	606	3,368	150	500	4,597
	9,957	19,426	207,277	10,948	14,259	182,181
Number of persons	1	3	97	1	3	98

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

42.2 During the year, the Holding Company has paid to three non-executive working directors (2013: three) an aggregate amount of Rs. 120,000 (2013: Rs. 160,000) as fee for attending board meetings.

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

43 TRANSACTIONS WITH RELATED PARTIES

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

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

	2014			2013		
	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
	(Rupees in '000)					
43.1.1 Transactions						
(i) IBL Operations (Private) Limited - associated company (refer note 43.2 and 43.3)						
Sales	5,787,387	-	-	5,072,809	-	-
Sales returned	122,912	-	-	94,174	-	-
Expenses claimed by the associated company						
Carriage and duties	21,200	-	-	19,156	-	-
Staff salaries and benefits	4,287	-	-	822	-	-
Discounts	101,222	-	-	117,332	-	-
Warehouse rent	3,874	-	-	1,143	-	-
Mark-up expenses	-	-	-	5,810	-	-
Corporate services charged	7,200	-	-	7,200	-	-
Sales promotion expenses	66,632	-	-	29,898	-	-
IT Services	6,600	-	-	6,600	-	-
Expenses claimed by the Group						
Staff salaries and other expenses	5,465	-	-	12,266	-	-
Royalty and price difference claims	-	-	-	7,663	-	-
(ii) International Franchises (Private) Limited - associated company						
Sales	677	-	-	230	-	-
Rent, utility and other income	3,295	-	-	2,867	-	-
Staff salaries and benefits	1,123	-	-	6,084	-	-
Purchase of Promotional Items	808	-	-	523	-	-
(iii) United Distributors Pakistan Limited (UDPL) - associated company						
Payment under group tax relief	-	-	-	35,998	-	-
Purchases	-	-	-	122	-	-

		2014			2013		
		Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
		----------(Rupees in '000)----------					
	Expenses claimed by the Company						
	Staff salary and benefits	-	-	-	264	-	-
	Warehouse rent & expenses	625	-	-	534	-	-
	Staff salaries and benefits	122	-	-	-	-	-
(iv)	HABITT - associate						
	Sales	-	-	-	10	-	-
	Purchase of Promotional Items from Habitt	775	-	-	976	-	-
	Rental income	4,990	-	-	2,228	-	-
	Expenses claimed by the Holding Company						
	Sales promotion expenses	-	-	-	4,849	-	-
(v)	The Citizens Foundation - associate (refer note 43.4)						
	Donations	15,000	-	-	1,500	-	-
(vi)	Arshad Shahid Abdulla (Private) Limited - associated company						
	Architect fee	1,260	-	-	6,508	-	-
	Project management fee	-	-	-	2,675	-	-
(vii)	Shahid Abdulla						
	Office and factories renovation	-	-	-	612	-	-
(viii)	Multinet Pakistan (Private) Limited - associated company						
	Internet services	760	-	-	376	-	-
(ix)	United Brands Limited - associated company						
	Sales	84,927	-	-	35,613	-	-
	Expenses claimed by United Brands Limited						
	Discounts	1,563	-	-	566	-	-
	Purchase of promotional items	585	-	-	-	-	-

	2014			2013		
	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
	(Rupees in '000)					
43.1.2 Balances						
(i) Loans and advances						
At beginning of the year	-	-	3,458	-	-	7,865
Given during the year	-	-	4,043	-	-	2,984
Repaid during the year	-	-	(3,897)	-	-	(7,391)
At the end of the year	-	-	3,604	-	-	3,458
(ii) Trade debts - associated company (refer note 13)						
At beginning of the year	1,201,444	-	-	960,749	-	-
Addition during the year	5,811,242	-	-	5,046,815	-	-
Repaid during the year	(5,597,854)	-	-	(4,805,991)	-	-
At the end of the year	1,414,832	-	-	1,201,573	-	-
(iii) Other receivables - associates (refer note 16)						
At beginning of the year	107,490	-	-	130,529	-	-
Addition during the year	5,465	-	-	27,094	-	-
Repaid during the year	(71,663)	-	-	(50,133)	-	-
At the end of the year	41,292	-	-	107,490	-	-
(iv) Accrued liabilities - associates (refer note 25)						
At beginning of the year	-	-	-	612	-	-
Addition during the year	-	-	-	9,795	-	-
Repaid during the year	-	-	-	(10,407)	-	-
At the end of the year	-	-	-	-	-	-

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

43.3 Sales to IBL Operations (Private) Limited (associated company) are made at ex-factory price i.e. trade prices less distributor's margin of 10% and 12% (2013: 10% and 12%). In addition, the amounts of communication, utilities, salaries and wages and carriage and duties are also being reimbursed.

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

44 PLANT CAPACITIES AND ACTUAL PRODUCTION

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

45 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

45.1 Credit risk

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

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

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

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
Loans and advances	10 & 14	46,477	27,388
Long term deposit	11	1,598	7,393
Trade debts	13	1,702,218	1,450,142
Trade deposits	15	40,972	25,112
Other receivables	16	53,768	118,682
Balance with banks	18	105,440	28,226
		1,950,473	1,656,943

Concentration of credit risk

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

Out of the total financial assets of Rs. 1.99 billion (2013: Rs. 1.66 billion), financial assets which are subject to credit risk amount to Rs. 1.95 billion (2013: Rs. 1.66 billion). Moreover, financial assets amounting to Rs. 2.88 billion (2013: Rs. 2.41 billion) consist of receivables from the Group's affiliates and cash and bank balances.

45.2 Liquidity risk

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

		2014							
			Interest / mark-up bearing			Non-interest / mark-up bearing			
		Effective interest rate	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	Total
	Note	%	--(Rupees in '000)--						
Financial assets									
Loans and advances	10 & 14		-	-	-	45,599	878	46,477	46,477
Deposits	11		-	-	-	-	1,598	1,598	1,598
Trade debts	13		-	-	-	1,702,218	-	1,702,218	1,702,218
Trade deposits	15		-	-	-	40,972	-	40,972	40,972
Other receivables	16		-	-	-	53,768	-	53,768	53,768
Cash and bank balances	18	6.5	12	-	12	106,787	-	106,787	106,799
			12	-	12	1,949,344	2,476	1,951,820	1,951,832
Financial liabilities									
Long-term finance	21	13.60	(150,000)	(675,000)	(825,000)	-	-	-	(825,000)
Liabilities against assets subject to finance leases	22		-	-	-	-	-	-	-
Trade and other payables	25		-	-	-	(896,384)	-	(896,384)	(896,384)
Accrued mark-up	26		-	-	-	(35,952)	-	(35,952)	(35,952)
Short-term finances	24	10.78 to 14.22	(795,882)	-	(795,882)	-	-	-	(795,882)
			(945,882)	(675,000)	(1,620,882)	(932,336)	-	(932,336)	(2,553,218)
On balance sheet date gap			(945,870)	(675,000)	(1,620,870)	1,017,008	2,476	1,019,484	(601,386)

	Note	Effective interest rate	2013 (Re-stated) Interest / mark-up bearing Maturity up to one year	Maturity after one year	Subtotal	Non-interest / mark-up bearing Maturity up to one year	Maturity after one year	Subtotal	Total
		%	(Rupees in '000)						
Financial assets									
Loans and advances	10 & 14		-	-	-	26,421	967	27,388	27,388
Deposits	11		-	-	-	1,148	6,245	7,393	7,393
Trade debts	13		-	-	-	1,450,142	-	1,450,142	1,450,142
Trade deposits	15		-	-	-	25,112	-	25,112	25,112
Other receivables	16		-	-	-	118,682	-	118,682	118,682
Cash and bank balances	18	6	3	-	3	29,063	-	29,063	29,066
			3	-	3	1,650,568	7,212	1,657,780	1,657,783
Financial liabilities									
Long-term finance	21	14.51	(108,333)	(858,334)	(966,667)	-	-	-	(966,667)
Liabilities against assets subject to finance leases	22	11.38 - 14.4	(2,513)	(2,182)	(4,695)	-	-	-	(4,695)
Trade and other payables	25		-	-	-	(881,172)	-	(881,172)	(881,172)
Accrued mark-up	26		-	-	-	(21,528)	-	(21,528)	(21,528)
Short-term finances	24	10.78 - 14.22	(319,935)	-	(319,935)	-	-	-	(319,935)
			(430,781)	(860,516)	(1,291,297)	(902,700)	-	(902,700)	(2,193,997)
On balance sheet date gap			(430,778)	(860,516)	(1,291,294)	747,868	7,212	755,080	(536,214)

45.3 Market risk

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

45.3.1 Currency risk

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

The Group is exposed to currency risk on purchases that are entered in a currency other than Pak Rupees. Payable exposed to foreign currency risk have been included in creditors/ bills payable, which year-end are Rs. 102 million (2013: Rs. 259.4 million) and foreign currency receivable included in trade debtors are Rs. 57.7 million (2013: Rs. 61.6 million). The Group earned exchange gain of Rs. 26.3 million (2013: Rs. 4.8 million) and suffered exchange loss of Rs. 34.2 million (2013: Rs. 15.8 million) during the year.

45.3.2 Interest rate risk

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

	Note	2014	2013
		(Rupees in '000)	
Variable rate instruments			
Financial liabilities			
- Long term finance	21	(825,000)	(966,667)
- Liabilities against assets subject to finance lease	22	-	(4,695)
- Short term finance	24	(795,882)	(319,935)
		(1,620,882)	(1,291,297)

Cash flow sensitivity for variable rate instruments

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

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	-----------------(Rupees in '000)-----------------			
As at June 30, 2014				
Cash flow sensitivity - variable rate instruments	2,045	(2,045)	2,045	(2,045)
As at June 30, 2013				
Cash flow sensitivity - variable rate instruments	2,150	(2,150)	2,150	(2,150)

46 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	

47 FINANCIAL INSTRUMENTS BY CATEGORY

47.1 Financial liabilities

	Note	2014	2013
Financial liabilities measured at amortized cost			
Long-term finances	21	(825,000)	(966,667)
Trade and other payables	25	(896,384)	(881,172)
Short-term finances	24	(795,882)	(319,935)
Liabilities against assets subject to finance leases	22	-	(4,695)
Financial liabilities measured at fair value through profit or loss			
Accrued mark-up	26	(35,952)	(21,528)
		(2,553,218)	(2,193,997)

47.2 Financial assets

	Note	2014	2013
Loans and receivables			
Loans and advances	10 & 14	46,477	27,388
Long term deposit	11	1,598	7,393
Trade debts	13	1,702,218	1,450,142
Trade deposits	15	40,972	25,112
Other receivables	16	53,768	118,682
Cash and bank balances	18	106,799	29,066
		1,951,832	1,657,783
Financial assets measured at fair value through profit or loss			
Short term investment	17	41,042	-
		1,992,874	1,657,783
On balance sheet gap		(560,344)	(536,214)

48 NUMBER OF EMPLOYEES

	2014	2013
Number of employees as at the year end	1,471	1,342
Average number of employees during the year	1,516	1,251

49 RESTATEMENT

The financial statements of a subsidiary have been restated in order to rectify an error occurred in prior years. The subsidiary had not adjusted the liabilities under letter of credit (LC) due to movement in exchange gains and losses which resulted in overstatement of such liabilities. The subsidiary has restated the opening balances as the error occurred prior to the earliest prior period presented. The effects of restatement on the consolidated financial statements for the year ended June 30, 2012 have been summarised as below.

	(Rupees in '000)
Decrease in trade and other payables	30,242
Increase in unappropriated profit	15,121
Increase in non-controlling interest	15,121

The financial statements (of a subsidiary) have been restated to rectify an error occurred in prior year. The restatement has been made in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The restatement is due to error occurred in recording purchases in incorrect accounting period. Further, payable pertaining to Workers' Welfare Fund has been recorded in the year ended June 30, 2013 by restating the prior year figures.

	(Rupees in '000)
Decrease in cost of sales	16,588
Increase in other expenses	2,694
Increase in unappropriated profit	13,894

50 RECLASSIFICATION

The effects of reclassifications made for better presentation, on the consolidated financial statements for the year ended June 30, 2013 have been summarised as below.

	(Rupees in '000)
Increase in trade debts	8,683
Increase in trade and other payables	8,683
Decrease in deferred liabilities	9,041
Increase in trade and other payables	9,041

51 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors on September 24, 2014.

51.1 Event after balance sheet date

The Board of Directors of the Holding Company in the meeting held on September 24, 2014 has approved the following appropriation:

	2014	2013
	(Rupees in '000)	
- Cash dividend - nil (2013: Rs. 2) per share of Rs. 10 each	-	94,330
- Issue of bonus shares 40% (2013: 30%) in the ratio of 40 (2013: 30) shares for every 100 shares held	245,259	141,496

The Board of Directors of IBL HealthCare Limited has approved the following appropriation in the meeting held on September 16, 2014.

	2014	2013
- Cash dividend - Re.1 (2013: Rs. 1.5) per share of Rs. 10 each	23,000	30,000
- Issue of bonus shares 30% (2013: 15%) in the ratio of 30 (2013: 15) shares for every 100 shares held	69,000	30,000

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

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

Unconsolidated Financial Statements

CONTENTS

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AUDITORS' REPORT TO THE MEMBERS OF THE SEARLE COMPANY LIMITED

We have audited the annexed unconsolidated balance sheet of The Searle Company Limited (the Company) as at June 30, 2014 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion-

    i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, except for the change in accounting policy as disclosed in note 4.2.1(a) to the unconsolidated financial statements, with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Karachi.
Date: September 24, 2014

DIRECTORS' REPORT TO SHAREHOLDERS

It is clear that the pharmaceutical industry is not, by any stretch of the imagination, doing enough to ensure that the poor have access to adequate medical care. We cannot rest until we make sure that our society can afford to live and raise their families, that our seniors can remain in their homes and afford their health and pharmaceutical costs.

Year 2014 was yet again an outstanding year for the patients we serve and for our shareholders. The Directors take pleasure in presenting the annual report together with the audited financial statements of the company for the year ended June 30, 2014.

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

This report is to be submitted to the members at the 49th Annual General Meeting of the Company to be held on October 24, 2014.

Operating results

We at Searle are committed in creating a culture in which behaviour is guided more by values than by rules; even when "nobody is watching," people treat each spending decision as if they were, in fact, the owner. Cost-consciousness at Searle is a shared mindset, rather than a bunch of rules that are resented and resisted.

	2014	2013
	PKR in thousand	
Revenue	6,071,823	5,149,798
Gross profit	2,477,181	2,343,199
Gross profit (%)	40.8	45.5
Operating expenses	1,779,765	1,330,824
Operating expenses (%)	29.3	25.8
Operating profit	697,416	1,012,375
Operating profit (%)	11.5	19.7
Other income	593,049	50,974
Profit before taxation	958,120	752,976
Profit after taxation	753,225	523,274
Profit after taxation (%)	12.4	10.2

Early signs of an ownership culture taking hold is evident as our workforce is becoming more entrepreneurial and seizing opportunities to run the business wheel more efficiently and effectively. In 2014, we focused on building a culture, whereby colleagues apply their expertise to take appropriate risks to innovate, are accountable for their decisions, work collaboratively, deliver on their commitments, engage in constructive debate to help ensure each other's success and operate with integrity and in compliance with applicable legal requirements and company policies.

During 2014, we made decisions and took actions that enabled us to allocate our capital in ways that enhanced shareholder value.

At the end of June 2014, Searle reported revenue of 6 billion, corresponding to a growth of impressive 17.9% compared with the preceding year. The drop in gross margins reflects the cost-push inflationary impact.

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

The increased operating cost relates to several factors, including extra spending over marketing for meeting specified sales goal, additional expenditure incurred

Financial Performance

on promotion of our new Vitamin Water and increased inflationary impact on overall spendings.

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

Earnings per share

Basic earnings per share after taxation were Rs. 12.28 (2013: Rs. 8.53).

Year	EPS
2010	5.86
2011	6.03
2012	6.17
2013	8.53
2014	12.28

There is no dilution effect on the basic earnings per share of the Company, as the Company has no convertible dilutive potential ordinary shares outstanding as at June 30, 2014.

Dividend

The board of directors has recommended a stock dividend of 40% for the year ended June 30, 2014, against the cash dividend of 20% and stock dividend of 30% in June 2013.

Financial statements and auditors

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

Further, the present auditors, Grant Thornton Anjum Asim Shahid Rahman, Chartered Accountants, retired and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as Auditors of the Company for the year ending June 30, 2015, at a fee to be mutually agreed.

Shareholding information

The Company's shares are traded on the Karachi Stock Exchange and Islamabad Stock Exchange. The shareholding information as of June 30, 2014 and other related information is set out on pages 181 to 184 of the Financial Report. The Directors, CEO, Company Secretary and CFO, their spouses and minor children did not carry out any trade in the shares of the Company except Mrs. Shakila Rashid wife of Mr. Rashid Abdulla purchased 41,500 shares.

Continuing consumer satisfaction - "product innovation"

Today's global economy is exciting and dynamic, but is also tough and confusing. Despite of various environmental pressures, customer satisfaction through product innovation and portfolio diversification is a continuous process and utmost priority at Searle.

We are actively engaged in innovating products, so as to ensure a balanced business for the future, augmenting shareholders value and providing affordable healthcare solutions to the patients. The company is continuously exploring new ways of doing business through identification of new channels and geographies for business expansion and external alliances and partnerships. To add value to business, we recently launched a product in the fastest growing therapeutic segment of diabetes namely Jentin Met, a modern way to control diabetes. Further to take advantage of shift in antihypertensive market to CCB+ARB combination, Searle has launched Olesta AM, a combination of Amlodopine and Olmesartan. We are focused on marketing our caffeine free non carbonated drink 'Searle Vitamin Water' which has revolutionised the beverage industry.

DIRECTORS' REPORT TO SHAREHOLDERS

Product quality - "a non-negotiable duty"

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

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

Corporate and social responsibility - "a wilful duty"

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

Occupational health and safety

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

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

Information technology

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

Website

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

Related party transactions

All related party transactions, during the year 2014, were placed before the audit committee and the board for their review and approval. These transactions were duly approved by the Audit Committee and the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the board previously. The company also maintains a full record of all such transactions, along with the terms and conditions. For further details please refer note 41 to the financial statements.

Compliance with the Code of Corporate Governance

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

Directors' training program

Board of directors training helps the board fulfil its role and make a real difference to a company's performance. It takes a practical and pragmatic approach – because every board has a unique role in company oversight including duty to stakeholders. Therefore, keeping the same in mind and the requirements of the code one of the Directors has attended the directors' training program.

Code of conduct

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

Corporate and financial reporting framework

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

	2014	2013	2012	2011	2010	2009
ASSETS EMPLOYED						
Property, plant and equipment	558,306	576,639	2,664,973	710,883	621,361	617,311
Intangible assets	33,572	39,008	43,030	52,112	8,505	12,752
Investment property	2,393,277	2,189,398	-	-	-	-
Long-term investment	359,900	100,800	100,000	100,000	100,000	100,000
Long-term loans, deposits & prepayments	2,100	7,027	6,771	7,468	7,430	3,781
Net current assets	715,954	671,708	397,114	1,053,193	915,456	689,574
Total assets employed	4,063,109	3,584,580	3,211,888	1,923,656	1,652,752	1,423,418
FINANCED BY						
Issued, subscribed and paid-up capital	613,148	471,652	336,895	306,268	306,268	266,320
Reserves and Unappropriated profit	2,530,916	1,999,685	1,627,614	1,346,299	1,029,158	729,522
Shareholder's equity	3,144,064	2,471,337	1,964,509	1,652,567	1,335,426	995,842
Surplus on revaluation of fixed assets	168,163	185,020	201,589	179,901	207,484	229,852
Long-term and deferred liabilities	750,882	928,223	1,045,790	91,188	109,842	197,724
Total capital employed	4,063,109	3,584,580	3,211,888	1,923,656	1,652,752	1,423,418
Turnover	6,071,823	5,149,798	4,936,049	4,238,840	3,702,518	2,708,974
Profit before tax	958,120	752,976	557,977	511,101	545,374	358,747
Profit after tax	753,225	523,274	378,391	369,839	359,044	260,294
Profit after tax						
% of turnover	12.41	10.16	7.67	8.73	9.70	9.61
% of capital employed	18.54	14.60	11.78	19.23	21.72	18.29
Dividends						
Cash (%)	-	20	10	15	30	15
Stock (%)	40	30	40	10	-	15

DIRECTORS' REPORT TO SHAREHOLDERS

Meetings of the board of directors

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

Name of director	Meetings attended
Mr. Rashid Abdulla	4
Mr. S. Nadeem Ahmed	3
Mr. Zubair Palwala	4
Mr. Munis Abdullah	2
Mr. Asad Abdulla	4
Mr. Ayaz Abdulla	3
Mr. Adnan Asdar Ali	1

Election of directors

Election of directors was held on July 9, 2014 and the following nine directors were elected on the board:

1.	Mr. Adnan Asdar Ali
2.	Mr. Rashid Abdulla
3.	Mr. Husain Lawai
4.	Mr. S. Nadeem Ahmed
5.	Mr. Zubair Palwala
6.	Mr. Ayaz Abdulla
7.	Mr. Asad Abdulla
8.	Mr. Munis Abdullah
9.	Ms. Faiza Naeem

Subsequent to the election Mr. Adnan Asdar Ali was elected as the Chairman of the board and Mr. Rashid Abdulla was elected as Chief Executive Officer. During the year Mr. Muhammad Jamil was appointed as the Chief Financial Officer in place of Mr. Zubair Palwala.

Audit committee

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

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

Name of director	Meetings attended
Mr. Asad Abdullah	4
Mr. S. Nadeem Ahmed	3
Mr. Adnan Asdar Ali	1

Subsequent to the election of directors, audit committee was reconstituted by the board of directors and the following members were selected for the committee:

1.	Mr. Husain Lawai - Chairman
2.	Mr. Asad Abdulla
3.	Mr. S. Nadeem Ahmed

Human resource and remuneration committee

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

1.	Mr. Munis Abdullah - Chairman
2.	Mr. Asad Abdulla
3.	Mr. Ayaz Abdulla

Subsequent events

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

Value of investments of provident and gratuity funds

The value of investments of provident and gratuity funds based on their un-audited / audited accounts as on June 30, 2014 and June 30, 2013 respectively were as follows:

	2014	2013
	PKR in thousand	
Provident Fund	246,348	159,878
Gratuity Fund	-	9,726
Total	246,348	169,604

Consolidated performance

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

- Annual consolidated financial statements are attached.
- Relevant financial information of the Group for last

Cost of Sales
59.2%

Gross Profit
40.8%

Operating expense
29.3%

At the end of June 2014, Searle reported revenue of 6 billion, corresponding to a growth of impressive 17.9% compared with the preceding year.

three years appears as under:

	2014	2013	2012
	PKR in million		
Turnover	7,609	6,014	5,659
Operating profit	1,399	1,266	977
Profit after taxation	876	719	432
Total assets	6,658	5,477	5,294
Share capital and reserves	3,675	2,894	2,217
Consolidated earnings per share (Rupees)	13.07	10.91	6.40

Future outlook

Life is a lesson, understood backwards; but lived forward. The year 2014 emerged as a year making a start, of what should be a series of growth years for the Company.

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

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

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

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

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

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

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

UNCONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2014

ASSETS	Note	As at June 30, 2014	(Restated) As at June 30, 2013	(Restated) As at June 30, 2012
		----------------	(Rupees in '000)	----------------
Non-current assets				
Fixed assets				
- Property, plant and equipment	5	558,306	576,639	2,664,973
- Intangible assets	6	33,572	39,008	43,030
		591,878	615,647	2,708,003
Investment property	7	2,393,277	2,189,398	-
Long-term investment	8	359,900	100,800	100,000
Long-term loans	9	502	782	146
Long-term deposits	10	1,598	6,245	6,625
Total non-current assets		3,347,155	2,912,872	2,814,774
Current assets				
Stores and spares		1,004	2,186	2,229
Stock-in-trade	11	804,579	569,342	559,231
Trade debts	12	1,462,656	1,298,386	1,083,534
Loans and advances	13	144,837	75,531	103,414
Trade deposits and short-term prepayments	14	86,290	63,441	68,290
Other receivables	15	209,028	147,535	153,172
Advance tax		195,232	-	-
Cash and bank balances	16	20,621	12,738	9,019
Total current assets		2,924,247	2,169,159	1,978,889
Total assets		6,271,402	5,082,031	4,793,663
EQUITY AND LIABILITIES				
Shareholders' equity				
Authorized share capital				
70,000,000 (2013: 50,000,000) ordinary shares of Rs. 10 each		700,000	500,000	500,000
Issued, subscribed and paid-up share capital	17	613,148	471,652	336,895
General reserve		280,251	280,251	280,251
Unappropriated profit		2,250,665	1,719,434	1,347,363
Total shareholders' equity		3,144,064	2,471,337	1,964,509
Surplus on revaluation of fixed assets	18	168,163	185,020	201,589
Non-current liabilities				
Long term finances - secured	19	675,000	858,334	966,667
Liabilities against assets subject to finance leases	20	-	1,086	2,294
Deferred liabilities	21	75,882	68,803	76,829
Total non-current liabilities		750,882	928,223	1,045,790
Current liabilities				
Current portion of:				
- long term finances	19	150,000	108,333	33,333
- liabilities against assets subject to finance leases	20	-	1,196	10,184
Short-term finances	22	795,882	319,935	655,096
Trade and other payables	23	1,226,459	1,010,783	846,319
Accrued mark-up	24	35,952	21,528	35,501
Provision for taxation - net		-	35,676	1,342
Total current liabilities		2,208,293	1,497,451	1,581,775
Total liabilities		2,959,175	2,425,674	2,627,565
Contingencies and commitments	25			
Total shareholders' equity and liabilities		6,271,402	5,082,031	4,793,663

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

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	(Restated) 2013
		(Rupees in '000)	
NET SALES	26	6,071,823	5,149,798
COST OF SALES	27	3,594,642	2,806,599
GROSS PROFIT		2,477,181	2,343,199
Selling and distribution expenses	28	1,577,011	1,193,921
Administrative expenses	29	202,754	136,903
		1,779,765	1,330,824
OPERATING PROFIT	30	697,416	1,012,375
Other income	31	593,049	50,974
		1,290,465	1,063,349
Other expenses	32	118,943	80,324
Finance cost	33	213,402	230,049
		332,345	310,373
PROFIT BEFORE INCOME TAX		958,120	752,976
Income tax expense	34	204,895	229,702
PROFIT FOR THE YEAR		753,225	523,274
		----------- Rupees -----------	
EARNINGS PER SHARE - BASIC AND DILUTED	35	12.28	8.53

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

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	(Restated) 2013
		(Rupees in '000)	
PROFIT FOR THE YEAR		753,225	523,274
Other comprehensive (loss)/income			
Items that may be reclassified to profit and loss account subsequently		-	-
Items that will not be subsequently reclassified to profit and loss account			
Remeasurement of defined benefit obligations	36.2.4	(3,025)	420
Total of items that will not be reclassified to profit and loss account		(3,025)	420
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		750,200	523,694

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

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	(Restated) 2013
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	37	1,011,393	985,537
Gratuity paid	36.1.4 & 36.2.4	(140,831)	(12,438)
Taxes paid		(434,406)	(206,132)
Recovery/(advance) of long-term loans		280	(636)
Receipt of short-term loans and advances		(69,306)	27,883
Receipts of long-term deposits		4,647	380
Net cash from operating activities		371,777	794,594
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5.1	(90,087)	(41,378)
(Additions to)/transfer from capital work in progress - net	5.7	(1,642)	130,471
Purchase of intangible assets	6	-	(1,310)
Transfers to investment property	7	-	(273,527)
Expenditures incurred on investment property		(203,879)	-
Long-term investment in unquoted subsidiaries	8	(259,100)	(800)
Proceeds from disposal of property, plant and equipment	5.5	94,366	13,045
Mark-up received from associated company	41.1	52,531	34,672
Net cash used in investing activities		(407,811)	(138,827)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease rentals paid		(2,388)	(10,196)
Long-term finance paid		(141,667)	(33,333)
Dividend paid		(94,330)	(32,687)
Finance charges paid		(193,645)	(240,671)
Net cash used in financing activities		(432,030)	(316,887)
Net (decrease)/increase in cash and cash equivalents		(468,064)	338,880
Cash and cash equivalents at the beginning of the year		(307,197)	(646,077)
Cash and cash equivalents at the end of the year	38	(775,261)	(307,197)

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

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2014

	Note	Share capital	Capital Reserve: Reserve for issue of bonus shares	Revenue Reserve: General reserve	Total reserves	Unappropriated profit	Share holders' equity
		------------------ Rupees in '000 -----------------------					
Balance as at July 1, 2012 - as previously stated		336,895	-	280,251	280,251	1,386,390	2,003,536
Effect of restatements	2.2.1, 18.3 & 36.3	-	-	-	-	(39,027)	(39,027)
Balance as at July 1, 2012 - Re-stated		336,895	-	280,251	280,251	1,347,363	1,964,509
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	18.1	-	-	-	-	16,684	16,684
Realization of surplus on revaluation of fixed assets on disposal (net of tax)	18.2	-	-	-	-	140	140
Profit for the year		-	-	-	-	523,274	523,274
Other comprehensive income - Re-stated		-	-	-	-	420	420
		-	-	-	-	523,694	523,694
Transactions with owners							
Transfer to reserve for issue of bonus shares		-	134,757	-	134,757	(134,757)	-
Bonus shares issued @ 40% in the ratio of 40 shares for every 100 shares held		134,757	(134,757)	-	(134,757)	-	-
Cash dividend paid for the year ended June 30, 2012 @ Re. 1 per share		-	-	-	-	(33,690)	(33,690)
		134,757	-	-	-	(168,447)	(33,690)
Balance as at June 30, 2013 - Re-stated		471,652	-	280,251	280,251	1,719,434	2,471,337
Balance as at July 1, 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)	18.1	-	-	-	-	16,857	16,857
Profit for the year		-	-	-	-	753,225	753,225
Other comprehensive income		-	-	-	-	(3,025)	(3,025)
		-	-	-	-	750,200	750,200
Transactions with owners							
Transfer to reserve for issue of bonus shares		-	141,496	-	141,496	(141,496)	-
Bonus shares issued @ 30% in the ratio of 30 shares for every 100 shares held		141,496	(141,496)	-	(141,496)	-	-
Cash dividend paid for the year ended June 30, 2013 @ Rs. 2 per share		-	-	-	-	(94,330)	(94,330)
		141,496	-	-	-	(235,826)	(94,330)
Balance as at June 30, 2014		613,148	-	280,251	280,251	2,250,665	3,144,064

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

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

1 LEGAL STATUS AND OPERATIONS

The Searle Company Limited (the Company) was incorporated in Pakistan as a private limited company in October 1965. In November 1993, the Company was converted 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 products, and manufacture of pharmaceutical products for other companies. The registered office of the Company is situated at First Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

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

The Company is the holding company of IBL HealthCare Limited due to significant representation in Board of directors of, and 50% shareholding in, IBL HealthCare Limited.

The Company own three 100% owned subsidiaries namely Searle Pharmaceuticals (Private) Limited, Searle Laboratories (Private) Limited and Searle Biosciences (Private) Limited.

2 STATEMENT OF COMPLIANCE

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

2.2 STANDARDS, INTERPRETATION AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

2.2.1 Standards, amendments to published standards and interpretations that became effective in 2013 and are relevant to the Company:

a) The following standards and amendments to published standard are applied for the financial year beginning on July 1, 2013:

i) The main change arising from the amendment in IAS 1 ‘Financial Statement Presentation’ is a requirement for entities to group items presented in ‘Other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. The amendment only affects the disclosures in the company’s financial statements.

ii) IAS 19 ‘Employee Benefits’ was revised in June 2011. The revised standard requires that (i) actuarial gains and losses are recognized in ‘statement of comprehensive income’ as other comprehensive income (OCI) in the periods in which they occur, (ii) amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense), and (iii) all other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account. Previously, actuarial gains and losses were recognized as income/ (expense), under the corridor approach, when the cumulative unrecognized actuarial gains/

(losses) at the balance sheet date exceed ten percent of the higher of present value of defined benefit obligation and fair value of the plan assets at end of the previous reporting period. These gains/(losses) were recognized over the expected remaining average working lives of the employees participating in the plans. The standard replaces the 'interest cost on the defined benefit obligation' and the 'expected return on plan assets' with a 'net interest cost' based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. Further, there is a new term 'remeasurements', which is made up/ cumulative effect of actuarial gains and losses arising on both the present value of defined benefit obligation and the fair value of plan assets.

In accordance with the transitional provisions as set out in IAS-19 (Revised), the Company has applied the revised standard retrospectively and, consequently the earliest periods presented in the balance sheet, statement of comprehensive income and the statement of changes in equity have been restated. The effect of change in policy on the statement of cash flows is not material. The impact of retrospective application of IAS-19 (Revised) on the amounts as presented in the prior year financial statements have been summarised in note 36.3.

b) Amendments to following standards as a result of annual improvements to IFRSs are applied for the financial year beginning on July 1, 2013:

i) IAS 1 'Presentation of Financial Statements' is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

ii) IAS 16 'Property, Plant and Equipment' is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 'Inventories'. The Company's current accounting treatment is already in line with this amendment.

iii) IAS 32 (Amendment) 'Financial Instruments: Presentation'. The amendment clarifies that the treatment of income tax relating to distributions and transaction costs is in accordance with IAS 12. So, income tax related to distributions is to be recognised in the statement of comprehensive income, and income tax related to the costs of equity transactions is to be recognized in equity. The Company's current accounting treatment is already in line with this amendment.

iv) IAS 34 (Amendment) 'Interim Financial Reporting'. The amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments' whereby a measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The Company has already adopted the above amendment for its interim financial reporting.

2.2.2 Standards, amendments to published standards and interpretations that are effective in 2013 but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2013 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.2.3 Standards, amendments to published standards and interpretations that are effective in 2013 but not relevant

a) The following new standards and amendments to published standards are not effective for the financial year beginning on July 1, 2013 and have not been early adopted by the Company:

i) IFRS 9 'Financial Instruments' (effective for periods beginning on or after January 1, 2015). This standard is yet to be notified by the SECP. IFRS 9 replaces the parts of IAS 39, 'Financial Instruments: Recognition and Measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case the fair value option is taken for financial liabilities, the part of a fair value change due to entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess of IFRS 9's full impact. The Company will also consider the impact of the remaining phases of IFRS when completed by the Board, however, the initial indications are that it may not affect the Company's financial statements significantly.

ii) IFRS 10, 'Consolidated Financial Statements'. This standard is notified by the SECP to be effective for periods beginning on or after January 1, 2015. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in determination of control where this is difficult to assess. It is unlikely that the standard will have any significant impact on the Company's financial statements.

iii) IFRS 11, 'Joint Arrangements'. This standard is notified by the SECP to be effective for periods beginning on or after January 1, 2015. This standard focuses on the right and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement a joint operator accounts for its share in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint ventures is no longer allowed. The Company is yet to assess the full impact of the amendments.

iv) IFRS 12, 'Disclosures of Interests in Other Entities'. This standard is notified by the SECP to be effective for periods beginning on or after January 1, 2015. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The Company is yet to assess the full impact of the amendments.

v) IFRS 13 'Fair Value Measurement'. This standard is notified by the SECP to be effective for periods beginning on or after January 1, 2015. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Company is yet to assess the full impact of the amendments.

vi) IAS 19 (Amendment) regarding defined benefit plans (effective for the periods beginning on or after July 1, 2014). These amendments apply to contributions from employees or third parties to defined benefit plans.

The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment is not relevant to the Company as the Company has no funded defined benefit plans.

vii) IAS 28 'Investments in Associates and Joint Ventures (2011)'. This Standard supersedes IAS 28 'Investments in Associates' and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment. This SECP has notified that Companies shall follow IAS 28 'Investments in Associates' till the time they start preparing consolidated financial statements under IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities'. The revised standard has therefore no effect on the financial statements of the Company.

viii) IAS 32 (Amendment), 'Financial Instruments: Presentation' (effective for periods beginning on or after January 1, 2014). This amendment updates the application guidance in IAS 32 'Financial Instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. It is unlikely that the standard will have any significant impact on the Company's financial statements.

ix) IAS 36 (Amendment) 'Impairment of Assets' (effective for the periods beginning on or after January 1, 2014). These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment will only affect the disclosures in the Company's financial statements in the event of impairment.

b) Amendment to following standards as a result of annual improvements to International Financial Reporting Standards 2012 issued by IASB:

i) IFRS 3 (Amendment), 'Business Combinations', (effective for business combinations where the acquisition date is on or after July 1, 2014). This amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of definitions in IAS 32, 'Financial Instruments: Presentation'. The standard is further amended to clarify that all non equity contingent considerations, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognized in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39. It is unlikely that the amendment will have any significant impact on the Company's financial statements.

ii) IFRS 13 (Amendment), 'Fair Value Measurement' (effective for annual periods beginning on or after July 1, 2014). When IFRS 13 was published, it led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The amendment clarifies that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. The Company is yet to assess the full impact of the amendments.

iii) IAS 16 'Property, Plant and Equipment' and IAS 38' (effective for annual periods beginning on or after July 1, 2014) - clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount. An entity shall apply that amendment for annual periods beginning on or after July 1, 2014. It is unlikely that the amendment will have any significant impact on the Company's financial statements.

iv) IAS 24 'Related Party Disclosures' (effective for annual periods beginning on or after July 1, 2014) has amended to include in the definition of related party an entity, or any member of a group of which it is a part, if it provides key management personnel services to the reporting entity or to the parent of the reporting entity. Further the amendment has also clarified how payments to entities providing management services are to be disclosed.

c) There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

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

3.2 Use of critical accounting estimates and judgments

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

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

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Loans and finances

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

4.2 Staff retirement benefits

4.2.1 Defined benefit plans (also refer note 2.2.1)

a) *Gratuity scheme (un-funded)*

The Company operates an unfunded gratuity scheme covering all unionized employees with five or more years of service with the Company. The provision has been made in accordance with actuarial valuations carried out as of June 30, 2014 using the projected unit credit method based on the significant assumptions stated in note 36.

The Company has changed its accounting policy for the gratuity scheme (unfunded) - a defined benefits scheme, in accordance with the requirements of the IAS 19 (revised) – ‘Employee Benefits’. The revised standard has been applied retrospectively in accordance with the transitional provision of the standard. The impact of adoption of IAS 19 (revised) has been disclosed in note 36.3.

b) *Gratuity scheme (funded)*

The Company terminated its approved funded staff gratuity scheme effective December 31, 2012. The liability reported as at June 30, 2013 in respect of defined benefit gratuity scheme was based on the terminal value i.e. the benefits to be paid to the permanent employees who completed qualifying period under the scheme. All unrecognized actuarial gains or losses and past service cost had been recognized in the profit and loss account for the year ended June 30, 2014. The liability reported as at year end (i.e. June 30, 2014) is the unpaid amount based on the terminal value as determined on December 31, 2012 and later on June 30, 2013. Moreover, since the assets under fund / scheme exceeds the liability at year-end, a net surplus arising under retirement benefit scheme is recognized in these financial statements.

4.2.2 Defined contribution plan

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

4.3 Taxation

4.3.1 Current

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

4.3.2 Deferred

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

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

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

4.4 Borrowing costs

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

4.5 Property, plant and equipment, and depreciation

4.5.1 Initial recognition

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

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

4.5.2 Measurement subsequent to initial recognition

a) Carried using revaluation model

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

b) Carried using cost model

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

c) Depreciation

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

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

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

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

d) Surplus on revaluation of fixed assets

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

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.5.3 Capital work in progress

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

4.6 Intangible assets

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

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

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

- Amortization is calculated using the straight line method to allocate the cost of trademarks and licenses over the useful lives (3 - 15 years) by applying the rates mentioned in note 6 to the financial statements.

4.7 Investment property

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

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

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

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

4.8 Investments

4.8.1 Investment in subsidiary companies

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

4.8.2 Investment in associated companies

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or common directorship. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the associate after the date of acquisition.

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

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

4.9 Stores and spares

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

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

4.10 Stocks-in-trade

These are valued at the lower of cost and net realizable value except goods-in-transit which are valued at invoice price and related expenses incurred up to the balance sheet date. Cost signifies standard cost adjusted by variances.

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

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessary to be incurred in order to make the sale.

4.11 Loans and receivables

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

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

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

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

4.12 Cash and cash equivalents

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

4.13 Foreign currencies

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

4.14 Revenue recognition

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

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

4.15 Research and development cost

- Research cost is charged to income as and when incurred.

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

4.16 Provisions

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

4.17 Impairment

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

4.18 Financial instruments

4.18.1 Recognition

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

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

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

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

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

4.18.2 Off-setting

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

4.18.3 Regular way purchase and sale transactions

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

4.19 Related party transactions

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

4.20 Dividend

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

4.21 Functional and presentation currency

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

4.22 General

- Figures have been rounded-off to nearest thousand rupee.
- The comparative figures have been reclassified where considered necessary for the purpose of better presentation of the financial statements. However, no material reclassifications are made in these unconsolidated financial statements which have not been disclosed separately.
- For the purpose of translation, rates of Rs. 98.55 per US Dollar (2013: Rs. 105 per US Dollar) have been used.

		Note	2014	2013
			Rupees in '000	
5	PROPERTY, PLANT AND EQUIPMENT			
	Operating assets	5.1	555,899	575,874
	Capital work in progress - at cost	5.7	2,407	765
			558,306	576,639

5.1 The following is a statement of operating assets:

	Owned assets								Leased assets			
	Leasehold land*	Building on leasehold land	Plant and machinery	Office equipment	Furniture and fixtures	Vehicles	Air - conditioning	Sub-total	Plant and machinery	Vehicles	Sub-total	Total
	-----(Rupees in '000)-----											
As at June 30, 2013												
Cost / revalued amount	273,976	177,214	647,115	38,155	22,720	103,697	55,617	1,318,494	-	5,460	5,460	1,323,954
Accumulated depreciation	-	(112,853)	(455,452)	(32,181)	(16,905)	(77,303)	(49,608)	(744,302)	-	(3,778)	(3,778)	(748,080)
Net book amount	273,976	64,361	191,663	5,974	5,815	26,394	6,009	574,192	-	1,682	1,682	575,874
Year ended June 30, 2014												
Opening net book amount	273,976	64,361	191,663	5,974	5,815	26,394	6,009	574,192	-	1,682	1,682	575,874
Additions	-	4,554	55,843	4,630	853	23,354	853	90,087	-	-	-	90,087
Transfers												
Cost / revalued amount	-	-	-	-	-	5,460	-	5,460	-	(5,460)	(5,460)	-
Accumulated depreciation	-	-	-	-	-	(4,141)	-	(4,141)	-	4,141	4,141	-
	-	-	-	-	-	1,319	-	1,319	-	(1,319)	(1,319)	-
Disposal (refer note 5.5)												
Cost / revalued amount	-	-	-	(408)	-	(93,136)	-	(93,544)	-	-	-	(93,544)
Accumulated depreciation	-	-	-	290	-	63,494	-	63,784	-	-	-	63,784
	-	-	-	(118)	-	(29,642)	-	(29,760)	-	-	-	(29,760)
Depreciation charge (refer note 5.4)	-	(8,716)	(53,041)	(3,261)	(1,428)	(9,004)	(4,489)	(79,939)	-	(363)	(363)	(80,302)
Closing net book amount	273,976	60,199	194,465	7,225	5,240	12,421	2,373	555,899	-	-	-	555,899
As at June 30, 2014												
Cost / revalued amount	273,976	181,768	702,958	42,377	23,573	39,375	56,470	1,320,497	-	-	-	1,320,497
Accumulated depreciation	-	(121,569)	(508,493)	(35,152)	(18,333)	(26,954)	(54,097)	(764,598)	-	-	-	(764,598)
Net book amount	273,976	60,199	194,465	7,225	5,240	12,421	2,373	555,899	-	-	-	555,899
As at June 30, 2012												
Cost / revalued amount	2,189,847	175,439	613,724	33,513	22,384	102,313	54,289	3,191,509	13,500	16,293	29,793	3,221,302
Accumulated depreciation	-	(104,132)	(404,081)	(30,443)	(15,476)	(77,109)	(45,384)	(676,625)	(3,375)	(7,565)	(10,940)	(687,565)
Net book amount	2,189,847	71,307	209,643	3,070	6,908	25,204	8,905	2,514,884	10,125	8,728	18,853	2,533,737
Year ended June 30, 2013												
Opening net book amount	2,189,847	71,307	209,643	3,070	6,908	25,204	8,905	2,514,884	10,125	8,728	18,853	2,533,737
Additions	-	1,775	23,652	5,527	336	8,760	1,328	41,378	-	-	-	41,378
Transfers (refer note 5.8)												
Cost / revalued amount	(1,915,871)	-	13,500	-	-	10,833	-	(1,891,538)	(13,500)	(10,833)	(24,333)	(1,915,871)
Accumulated depreciation	-	-	(4,275)	-	-	(6,504)	-	(10,779)	4,275	6,504	10,779	-
	(1,915,871)	-	9,225	-	-	4,329	-	(1,902,317)	(9,225)	(4,329)	(13,554)	(1,915,871)
Disposal												
Cost / revalued amount	-	-	(3,761)	(885)	-	(18,209)	-	(22,855)	-	-	-	(22,855)
Accumulated depreciation	-	-	3,374	854	-	17,109	-	21,337	-	-	-	21,337
	-	-	(387)	(31)	-	(1,100)	-	(1,518)	-	-	-	(1,518)
Depreciation charge (refer note 5.4)	-	(8,721)	(50,470)	(2,592)	(1,429)	(10,799)	(4,224)	(78,235)	(900)	(2,717)	(3,617)	(81,852)
Closing net book amount	273,976	64,361	191,663	5,974	5,815	26,394	6,009	574,192	-	1,682	1,682	575,874
As at June 30, 2013												
Cost / revalued amount	273,976	177,214	647,115	38,155	22,720	103,697	55,617	1,318,494	-	5,460	5,460	1,323,954
Accumulated depreciation	-	(112,853)	(455,452)	(32,181)	(16,905)	(77,303)	(49,608)	(744,302)	-	(3,778)	(3,778)	(748,080)
Net book amount	273,976	64,361	191,663	5,974	5,815	26,394	6,009	574,192	-	1,682	1,682	575,874
Depreciation rate	-	5% and 20%	10%, 20% and 33%	10%, 20% and 33%	10%, 20% and 33%	20%	10% and 20%		10%	20%		

* Includes land having market value / fair value of Rs. 88.375 million (2013: Rs. 88.375 million) for which lease in the name of the Company has not been finalised.

5.2 The Company had revalued its operating assets classified under lease hold land, building on lease hold land, plant and machinery, vehicles and air-conditioning as at March 31, 2010. The valuation was performed by an independent valuer, M/s. Asif Associates (Private) Limited. The surplus arising as a result of accounting under revaluation model based on that valuation was not material, therefore, no effect of revaluation adjustment had been taken in the financial statements for the year ended June 30, 2010. These assets were earlier carried at such revalued amounts as determined by an independent valuer, M/s. Iqbal A. Nanjee as at June 30, 2004.

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

	Note	2014	(Restated) 2013
		(Rupees in '000)	
5.3.1 Cost of assets held under revaluation model			
Owned assets			
Lease hold land		105,813	105,813
Building on lease hold land		144,134	139,580
Plant and machinery		508,702	452,859
Vehicles		39,375	102,642
Air-conditioning system		20,006	19,153
		818,030	820,047
Leased assets			
Vehicles		-	5,460
		818,030	825,507
5.3.2 Net book amount under cost model of assets held under revaluation model			
Owned assets			
Lease hold land		105,813	105,813
Building on lease hold land		60,199	60,596
Plant and machinery		194,465	173,534
Vehicles		12,421	26,394
Air-conditioning system		2,373	2,361
		375,271	368,698
Leased assets			
Vehicles		-	-
		375,271	368,698

5.4 The depreciation expense has been allocated as follows:

	Note	2014	2013
Cost of sales	27	68,572	67,737
Selling and distribution expenses	28	7,105	8,860
Administrative expenses	29	4,625	5,255
		80,302	81,852

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

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Vehicles								
	480	408	72	292	220	-	Advertisement / bid	Mr.Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
	1,794	1,017	777	1,516	739	-	Advertisement / bid	Mr.Zeeshan Ali House No. B-50, Sector X-8, Gulshan-e-Maymaar, Karachi
	1,389	1,250	139	1,152	1,013	-	Advertisement / bid	Mr.Hamid Ali Khan (Employee) Flat No. B-1, 81, Rabia Palace, Rashid Minhas Road, Block 10-A, Gulshan-e-Iqbal, Karachi
	700	105	595	810	215	-	Advertisement / bid	Mr.Ubaidullah House No. C-05, Wapda Colony, Power Station, Kotri Post Office, Kotri
	805	550	255	761	506	-	Advertisement / bid	Mr.M. Farhan House No. 1298, Azizabad, Federal B. Area, Block 2, Gulberg, Karachi
	805	550	255	637	382	-	Advertisement / bid	Mr.Asad - House No. B-7, Sector W-I, Gulshan-e-Maymaar, Karachi
	1,414	919	495	1,276	781	-	Advertisement / bid	Mr.Khalid Jehangir (Employee) House No.1, Street 11, Kahkashan Colony, Adyala Road, Rawalpindi
	1,529	714	815	1,375	560	-	Advertisement / bid	Mr.Ather Iqbal (Employee) House No. A-244, Block D, North Nazimabad, Haidri, Karachi
	1,300	585	715	967	252	-	Advertisement / bid	Mr.Sajid Hussain (Employee) House No.970, Lane 20-A, Mahmood Abad, Karachi
Balance carried forward	10,216	6,098	4,118	8,786	4,668	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	10,216	6,098	4,118	8,786	4,668	-		
	805	309	496	676	180	-	Advertisement / bid	Mrs. Salma - House No. 73 Bantwa Nagar, Liaquatabad Karachi
	805	564	241	775	534	-	Advertisement / bid	Mr.Mufti Ziaul Islam (Employee) FL-17, KDA, Safari Terrace, Gulshan-e-Iqbal, C-5, Block 11, Karachi
	695	266	429	709	280	-	Advertisement / bid	Mr.M.Azeem Khan House No. R-664, North Karachi, Sector 9, Karachi
	1,389	1,296	93	1,076	983	-	Advertisement / bid	Ms.Hina Khalid - 20, Rohail Khand Society, Karachi
	455	341	114	427	313	-	Advertisement / bid	Mr.Abdur Rehman Amal Terrace, Flat No.7, Plot 63/C, Street 7, Jami Commercial, Phase 7, DHA, Karachi
	455	341	114	395	281	-	Advertisement / bid	Mr.Abdullah Khan House No.A-25, Hyderabad Colony, Near Jail Chowrangi, Karachi
	735	294	441	730	289	-	Advertisement / bid	Mr.M.Azeem Khan House No. R-664, North Karachi, Sector 9, Karachi
	1,878	689	1,189	1,800	611	-	Advertisement / bid	Mr.Atif Ahmad Khan (Employee) P.H.A. Housing Society, Flat No.7/1, Block 10, Gulistan-e-Johar, Karachi
	1,389	1,296	93	1,200	1,107	-	Advertisement / bid	Mr.Muhammad Tariq (Employee) House No. A 470, Block 5, Gulshan-e-Iqbal, Karachi
	567	198	369	500	131	-	Advertisement / bid	Mr.M. Saleem Block No. 408, Bantwa Nagar, Liaquatabad Karachi.
Balance carried forward	19,389	11,692	7,697	17,074	9,377	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	19,389	11,692	7,697	17,074	9,377	-		
	970	243	727	825	98	-	Advertisement / bid	Ms.Shaheena Sarwar House No. R-142, Gulshan e Iqbal 13-D-1 Karachi.
	612	122	490	535	45	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	470	360	110	420	310	-	Advertisement / bid	Mr.Mujtaba Aqeel Flat No. C-15 Marhaba Galaxy Apartments, North Nazimabad Block M, Karachi.
	470	360	110	405	295	-	Advertisement / bid	Mr.Hasan Ali Warsi House No. B 60, Block 6, Gulshan-e-Iqbal, Karachi
	455	356	99	400	301	-	Advertisement / bid	Ms.Shaheena Sarwar House No. R-142, Gulshan e Iqbal 13-D-1 Karachi.
	455	356	99	415	316	-	Advertisement / bid	Mr.M.Rizwan House No. R-24 Worken Co operative housing society Gulistan e Jouhar Karachi.
	455	356	99	538	439	-	Advertisement / bid	Mr.M.Toufique House No. B-150 Gulshan e Iqbal Block 6, Karachi.
	455	356	99	415	316	-	Advertisement / bid	Mrs.Shagufta Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
	84	-	84	770	686	-	Advertisement / bid	Mr.M.Toufique House No. B-150 Gulshan e Iqbal Block 6, Karachi.
	50	-	50	450	400	-	Advertisement / bid	Mr.Hafiz Shahid (Employee) H. No 2,Street No 3, Near Afzal Park, Abdali Road, Lahore
Balance carried forward	23,865	14,201	9,664	22,247	12,583	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------	--------------------	(Rupees in '000)	--------------------				
Balance brought forward	23,865	14,201	9,664	22,247	12,583	-		
	50	-	50	390	340	-	Advertisement / bid	Mr.Irshad Khan House No. S-1/131, Saudabad, Liaquat Market, Karachi.
	138	2	136	800	664	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	82	1	81	440	359	-	Advertisement / bid	Mrs.Shagufta Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
	341	6	335	805	470	-	Advertisement / bid	Mr.Manzoor Akhtar House No. A-81 Gulshan e Iqbal Block 13-B Karachi.
	341	-	341	700	359	-	Advertisement / bid	Mr.Sohail Nazeer (Employee) House No. A 664, Lane 2, Shadab Colony, Multan
	977	-	977	1,350	373	-	Advertisement / bid	Mr.Atif Ahmad Khan (Employee) P.H.A. Housing Society, Flat No.7/1, Block 10, Gulistan-e-Johar, Karachi
	977	-	977	1,325	348	-	Advertisement / bid	Mr.Kashif Siddiqui (Employee) Flat No A 305, Khadija Apartment, North Nazimabad, Karachi
	735	294	441	726	285	-	Advertisement / bid	Ms.Mehwish Tahir, House No 60-4, Sector 16-A, Area KBR, North Karachi, Karachi
	977	33	944	1,350	406	-	Advertisement / bid	Mr.Sohail Shahzad House No.H-219, Street 1, Sector 10, Bismillah Colony, Orangi Town, Karachi
Balance carried forward	28,483	14,537	13,946	30,133	16,187	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	---------------------(Rupees in '000)---------------------							
Balance brought forward	28,483	14,537	13,946	30,133	16,187	-		
	977	33	944	1,350	406	-	Advertisement / bid	Mr.Arshad Taj (Employee) House No. A-330, Street No. 9, Kashmirian Chohar, Peshawar Road, Rawalpindi
	1,275	574	701	1,110	409	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	612	143	469	450	(19)	-	Advertisement / bid	Mrs.Shagufta Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
	805	617	188	750	562	-	Advertisement / bid	Mr.S.M.Saleem (Employee) Flat No 201, Rehman View, 9/4, Block 3 F, Nazimabad No 3, Karachi
	470	376	94	415	321	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	455	364	91	385	294	-	Advertisement / bid	Mr.Tauheed A.Khan, House No B-180, Area 2G 8/1, Nazimabad, Karachi
	138	7	131	792	661	-	Advertisement / bid	Mr.Sohail Shahzad House No.H-219, Street 1, Sector 10, Bismillah Colony, Orangi Town, Karachi
	206	10	196	450	254	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	296	-	296	500	204	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No C-21 Noor Apartment North Nazimabad Block E, Karachi.
Balance carried forward	33,717	16,661	17,056	36,335	19,279	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	33,717	16,661	17,056	36,335	19,279	-		
	296	-	296	502	206	-	Advertisement / bid	Mr.Afaq Rasool Zaidi, House No. A-45, Sector B-11, Gulshan Sir Syed, North Karachi, Karachi
	487	-	487	845	358	-	Advertisement / bid	Mr.Abdullah Khan House No.A-25, Hyderabad Colony, Near Jail Chowrangi, Karachi
	487	-	487	850	363	-	Advertisement / bid	Mr.Hassan Tariq (Employee) 6th Floor, Flat No 12, Rafiq Center, Abdullah Haroon Road, Karachi
	487	-	487	845	358	-	Advertisement / bid	Ms. Faiza Qaisar (Employee) House No. 79, 5th street, Khayaban-e-badar, DHA, Phase 6, Karachi
	487	-	487	835	348	-	Advertisement / bid	Mr.Shakir Amin, Flat No. 15, Waseem Mention, Burns Road, Karachi
	487	-	487	850	363	-	Advertisement / bid	Mr.Atif Majeed, House No. C-437, Street 14, Wah Cantt., Taxila
	487	-	487	826	339	-	Advertisement / bid	Mr.Ovais Ahmad (Employee) House No. G265, Block 20, Faisal Town, Hyderabad
	1,414	966	448	-	(448)	-	Advertisement / bid	Mr. S.M.Iftikhar Ali (Employee) House No B-755, Block 13, F.B.Area, Karachi
	612	173	439	500	61	-	Advertisement / bid	Mr.M.Ali Khilji (Employee) Flat No. 209, Block 18, Billy's Terrace, Gulistan-e-Jauhar, Karachi East, Karachi
Balance carried forward	38,961	17,800	21,161	42,388	21,227	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	---------------------(Rupees in '000)---------------------							
Balance brought forward	38,961	17,800	21,161	42,388	21,227	-		
	612	153	459	510	51	-	Advertisement / bid	Mr.Riazullah, Quetta Kala Khail, Tehsil Zila Bannu
	138	9	129	810	681	-	Advertisement / bid	Mr.Pervaiz Ali Shah, House No. R-468, Ghaazi Town, Malir City, Karachi
	341	23	318	841	523	-	Advertisement / bid	Mr.Ejaz Ahmad House No. J-14, ABC Apartment, Badaami Market, Karachi Central, Karachi
	612	194	418	535	117	-	Advertisement / bid	Mr.Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
	612	163	449	520	71	-	Advertisement / bid	Mr.Rashid A. Khan, House No. 4/914, Shah Faisal Colony, Karachi
	805	644	161	780	619	-	Advertisement / bid	Mr.Umair Aslam (Employee) House No. 251-E, Block 6, P.E.C.H.S. Karachi
	455	379	76	390	314	-	Advertisement / bid	Mr.Sohail Shahzad House No. H-219, Street 1, Sector 10, Bismillah Colony, Orangi Town, Karachi
	341	28	313	815	502	-	Advertisement / bid	Mr.Afaq Rasool Zaidi, House No. A-45, Sector B-11, Gulshan Sir Syed, North Karachi, Karachi
	341	28	313	778	465	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	206	17	189	515	326	-	Advertisement / bid	Mrs.Shagufta Sohail Malik House No. B-110, Sector 9, North Karachi, Karachi
Balance carried forward	43,424	19,438	23,986	48,882	24,896	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	43,424	19,438	23,986	48,882	24,896	-		
	266	-	266	529	263	-	Advertisement / bid	Mr.Amir Ejaz, House No. J-14, ABC Apartment, Badaami Market, Karachi Central, Karachi
	266	-	266	525	259	-	Advertisement / bid	Mr.Ejaz Ahmad House No. J-14, ABC Apartment, Badaami Market, Karachi Central, Karachi
	266	-	266	528	262	-	Advertisement / bid	Mr.Ali Diamond Peerani - Flat No. C-21 Noor Apartment North Nazimabad Block E, Karachi.
	266	-	266	526	260	-	Advertisement / bid	Mr.Amir Ejaz, House No. J-14, ABC Apartment, Badaami Market, Karachi Central, Karachi
	266	-	266	465	199	-	Advertisement / bid	Mr.Faraz Hameed Siddiqui, House No 20, Fareed Corner, F.B. Area, Block 18, Karachi
	266	-	266	517	251	-	Advertisement / bid	Mr.Ejaz Ahmad House No. J-14, ABC Apartment, Badaami Market, Karachi Central, Karachi
	266	4	262	425	163	-	Advertisement / bid	Mr.Ali Sumair, 1-D, 5/13, Nazimabad, Karachi
	266	-	266	526	260	-	Advertisement / bid	Mr.M.Rehan Qureshi, House No. A-219, Gulistan-e-Jauhar, Block 3, Karachi East, Karachi
	710	331	379	650	271	-	Advertisement / bid	Mr.Shehzad Aziz (Employee) Street No.4, Dilzaak Road, Faisal Colony, Peshawar
Balance carried forward	46,262	19,773	26,489	53,573	27,084	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Balance brought forward	46,262	19,773	26,489	53,573	27,084	-		
	970	307	663	864	201	-	Advertisement / bid	Mr.Waseem Raza Ghouri (Employee) Nouse No. 62, Mir Fazal Town, Unit 9, Block B, Latifabad, Hyderabad
	82	8	74	428	354	-	Advertisement / bid	Mr.Jawwad Ahmad, House No. R-421, Buffer Zone, Sector 15-A-3, Karachi
	413	7	406	762	356	-	Advertisement / bid	Mr.M.Javed Siddiqui, House No. R-406, Sector 9, North Karachi, Karachi
	413	7	406	868	462	-	Advertisement / bid	Ms.Mehbooba Begum, House No. 1-H-4/02 Nazimabad 1, Karachi
	251	4	247	510	263	-	Advertisement / bid	Mr.Khawaja Naseer Ahmed (Employee) House No 12, Street No 36, Sector F-6/1, Islamabad
	251	-	251	530	279	-	Advertisement / bid	Mr.Afaq Rasool Zaidi, House No. A-45, Sector B-11, Gulshan Sir Syed, North Karachi, Karachi
	251	4	247	450	203	-	Advertisement / bid	Mr.M.Javed Siddiqui, House No. R-406, Sector 9, North Karachi, Karachi
	805	671	134	731	597	-	Advertisement / bid	Mr.Ghulam Mahmood (Employee) Flat No B-1, Jan Plaza, North Nazimabad, Block K, Karachi
	341	40	301	400	99	-	Advertisement / bid	Mr.Raza Ur Rehman (Employee) House No B-8, KDA flat phase II, Shadmaan Town, Sector 14-B,Karachi
	1,389	1,250	139	-	(139)	-	Full and final settlement	Mr.Imran Asif (Employee) House No A-466, Block 1, Gulshan-e-Iqbal, Karachi
Sub-total	51,428	22,071	29,357	59,116	29,759	-		

Description of asset sold	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	--------------------(Rupees in '000)--------------------							
Office equipment	79	15	64	-	(64)	-	Full and final settlement	Mr.Hassan Tariq (Employee) 6th Floor, Flat No 12, Rafiq Center, Abdullah Haroon Road, Karachi
Sub-total	79	15	64	-	(64)	-		
Aggregate of assets disposed off having written down value below Rs. 50,000 each								
Office equipment	329	275	54	-	(54)	-		
Vehicles	41,708	41,423	285	35,250	34,965	-		
Sub-total	42,037	41,698	339	35,250	34,911	-		
Total - 2014	93,544	63,784	29,760	94,366	64,606	-		
Total - 2013	22,855	21,337	1,518	13,045	11,527	216		

	Note	2014	2013
		(Rupees in '000)	
5.6 Net gain on disposal of property, plant and equipment has been presented as follows:			
Other operating income - gain on disposal of property, plant and equipment	31	65,330	11,765
Other operating expenses - loss on disposal of property, plant and equipment	32	(724)	(238)
		64,606	11,527

5.7 Movement in capital work in progress

	Note	2014	2013
Balance at the beginning of the year		765	131,236
add: Additions during the year - civil works		4,915	143,056
less: Transfer to investment property	7.2	-	(273,527)
less: Transfer to operating assets		(3,273)	-
Balance at the end of the year		2,407	765

5.8 During the year ended June 30, 2013, leasehold land amounting to Rs. 1.916 billion had been transferred from property, plant and equipment to investment property (refer note 7.1)

6 INTANGIBLE ASSETS

	Distribution rights	Brand name & logo	Software licenses	Total
	--------(Rupees in '000)--------			
Year ended June 30, 2014				
Opening net book value	-	37,916	1,092	39,008
Additions	-	-	-	-
Amortization charge	-	(5,000)	(436)	(5,436)
Closing net book value	-	32,916	656	33,572
As at June 30, 2014				
Cost	76,275	74,703	12,021	162,999
Accumulated amortization	(76,275)	(41,787)	(11,365)	(129,427)
Net book value	-	32,916	656	33,572
Year ended June 30, 2013				
Opening net book value	-	42,916	114	43,030
Additions	-	-	1,310	1,310
Amortization charge	-	(5,000)	(332)	(5,332)
Closing net book value	-	37,916	1,092	39,008
As at June 30, 2013				
Cost	76,275	74,703	12,021	162,999
Accumulated amortization	(76,275)	(36,787)	(10,929)	(123,991)
Net book value	-	37,916	1,092	39,008
Amortization rate	10%	10%	33.33% and 20%	

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

	Note	2014	2013
		(Rupees in '000)	
7 INVESTMENT PROPERTIES			
Leasehold land - at cost	7.1	1,915,871	1,915,871
Investment property under work in progress - at cost	7.2	477,406	273,527
		2,393,277	2,189,398
7.1 Movement in leasehold land under investment property - at cost			
Balance at the beginning of the year		1,915,871	-
add: Transfer from operating assets	5.8	-	1,915,871
Balance at the end of the year		1,915,871	1,915,871
7.2 Movement in investment property under work in progress - at cost			
Balance at the beginning of the year		273,527	-
add: Transfer from operating assets - capital work in progress	5.7	-	273,527
add: Addition under work in progress		203,879	-
Balance at the end of the year		477,406	273,527

7.3 Leasehold land classified under investment property had been valued under the market value basis by an independent valuer, M/s. Asif Associates (Private) Limited. Market value of the property based on the valuation as of August 28, 2013 was Rs. 1.904 billion.

	Note	2014	2013
		(Rupees in '000)	
8 LONG-TERM INVESTMENTS - in related parties			
Quoted subsidiary - at cost	8.1	100,000	100,000
Unquoted subsidiaries - at cost	8.2	135,400	800
Other investment - accounted for under equity method	8.3	124,500	-
		359,900	100,800

8.1 This represents 10,000,000 (2013: 10,000,000) fully paid ordinary shares of Rs. 10 each in IBL HealthCare Limited. The proportion of ownership interest of the Company is 50% (2013: 50%).

8.2 This represents:

- 40,000 (2013: 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 (2013: Rs. 0.4 million).

- 12,500,000 (2013: 40,000) fully paid ordinary shares of Rs. 10 each in wholly owned subsidiary named Searle Laboratories (Private) Limited, amounting to Rs. 125 million (2013: Rs. 0.4 million).

- 1,000,000 (2013: Nil) fully paid ordinary shares of Rs. 10 each in wholly owned subsidiary named Searle Biosciences (Private) Limited, amounting to Rs. 10 million (2013: Nil).

8.3 This represents 830,000 (2013: Nil) fully paid ordinary shares of Rs. 100 each in Nextar Pharma (Private) Limited (NPL), which represents 21.78% (2013: Nil) of the total share capital of NPL.

The Company had signed a memorandum of understanding (MoU) with NPL for acquisition of 1,040,000 shares at a price of Rs. 150 per share for a total consideration of Rs. 156 million. As at June 30, 2014, the Company has yet to receive 210,000 shares.

The shares of NPL are not listed on any stock exchange and hence published price quotes are not available. NPL has not commenced operations as of the reporting date. The financial reporting date of NPL is June 30. Total equity/net assets of NPL amounted to Rs. 306.242 million based on audited financial statements for the year ended June 30, 2014. The financial statements of NPL for the year ended June 30, 2014 are not yet available.

All transfers of funds to the Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of NPL. The Company has not received any cash dividend during the year (2013: Nil). Moreover, the Company has not incurred any contingent liability or other commitments relating to its investments in associates.

	Note	2014	2013
		(Rupees in '000)	
9 LONG-TERM LOANS			
Secured - considered good	9.1	3,028	1,847
less: Current portion shown under 'loans and advances' (refer note 13)		(2,526)	(1,065)
		502	782
Considered doubtful		-	-
less: Accumulated impairment loss	9.3	-	-
		-	-
		502	782

9.1 This represents interest-free loans for automobiles to employees other than executives, as defined in note 40. These are secured against provident fund balances of respective employees.

9.2 The maximum aggregate amount of these loans outstanding at any time during the year was Rs. 7.6 million (2013: Rs. 2.617 million). Such maximum amount is calculated by reference to the month-end balance.

9.3 The movement of provision for doubtful loans is as follows:

	Note	2014	2013
		(Rupees in '000)	
Balance at the beginning of the year		-	(1,174)
Reversal of provision for doubtful loans	31	-	1,174
Balance at the end of the year		-	-

10 LONG-TERM DEPOSITS

	Note	2014	2013
Deposit against rent		1,598	1,598
Security deposits against lease		-	5,795
less: Current maturity shown under 'trade deposits and short term prepayments' (refer note 14)		-	(1,148)
		-	4,647
		1,598	6,245

11 STOCK-IN-TRADE

	Note	2014	2013
Raw materials		292,963	213,141
Packing materials		160,079	119,320
Work in process	27	58,886	74,309
Finished goods	27	203,089	108,384
Materials in transit		89,562	54,188
		804,579	569,342

	Note	2014	2013
		(Rupees in '000)	

12 TRADE DEBTS

	Note	2014	2013
Considered good			
Export debtors, secured		37,925	61,592
Due from:			
- associated companies, unsecured	12.1, 12.2 & 41.2	1,252,643	1,071,559
- others - unsecured		172,088	165,235
		1,424,731	1,236,794
		1,462,656	1,298,386
Considered doubtful - others		976	976
less: Provision for doubtful debts	12.3	(976)	(976)
		-	-
		1,702,218	1,450,142

12.1 The receivable is stated net of amounts payable aggregating Rs. 100.87 million (2013: Rs. 62.08 million) on account of expenses claimed by the associated company.

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

	2014	2013
	(Rupees in '000)	
- IBL Operations (Private) Limited	1,236,272	1,058,753
- United Brands Limited	15,965	12,404
- Dunkin Donuts	284	-
- Habitt	122	402
	1,252,643	1,071,559

12.3 At year-end, trade debts aggregating Rs. 0.976 million (2013: 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 year (2013: nil).

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

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

	2014	2013
	(Rupees in '000)	
- More than two months but less than four months	285,973	189,728
- More than four months but less than one year	52	3,611
- One year or more but less than two years	673	2,143
- Two years and more	26	-
	286,724	195,482

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

13 LOANS AND ADVANCES

	Note	2014	2013
		(Rupees in '000)	
Considered good:			
Advances to:			
- employees	13.1	41,692	22,962
- suppliers		100,619	51,504
		142,311	74,466
Current portion of long-term loans	9	2,526	1,065
Considered doubtful:	13.2	51	51
less: Provision for doubtful advances		(51)	(51)
		-	-
		144,837	75,531

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

	2014			2013		
	Executives	Non-executives	Total	Executives	Non-executives	Total
	(Rupees in '000)					
Opening balance	6,808	16,154	22,962	12,335	6,611	18,946
add: Disbursements	47,284	89,525	136,809	49,477	61,963	111,440
less: Repayments	(36,009)	(82,070)	(118,079)	(55,004)	(52,420)	(107,424)
Closing balance	18,083	23,609	41,692	6,808	16,154	22,962

13.2 At year-end, loans and advance aggregating Rs. 0.051 million (2013: Rs. 0.051 million) were deemed to have been impaired. These balances are outstanding for more than 3 years. None of the amount due from related parties was 'past due' or impaired. There has been no movement in provision for doubtful advances during the year (2013: nil).

13.3 The maximum aggregate amount of these loans outstanding at any time during the year was Rs. 68.791 million (2013: Rs. 37.361 million). Such maximum amount is calculated by reference to the month-end balance.

	Note	2014	2013
		(Rupees in '000)	
14 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
- Trade deposits		40,564	24,716
less: Provision for doubtful deposits	14.1	(2,640)	(2,640)
		37,924	22,076
- Current portion of security deposit against lease	10	-	1,148
		37,924	23,224
Prepayments		48,366	40,217
		86,290	63,441

14.1 At year-end, trade deposits amounted to Rs. 13.37 million (2013: Rs. 13.99 million) were past due but not impaired. These balances are outstanding for more than one year. There has been no movement in provision for doubtful deposits during the year (2013: nil).

	Note	2014	2013
		(Rupees in '000)	
15 OTHER RECEIVABLES			
Receivables from related parties			
Due from subsidiary companies:			
- IBL HealthCare Limited against staff salaries and benefits		-	8,030
- Searle Laboratories (Private) Limited against expenses		66	-
- Searle Pharmaceuticals (Private) Limited:			
- against staff salaries and benefits		77	77
- rental income against use of operating assets		3,000	-
- against dividend income		150,000	-
Due from associated companies:			
- IBL Operations (Private) Limited against:			
- mark-up on over due balance	15.1	41,292	93,823
- royalties and price adjustments		-	12,478
- staff salaries and benefits		-	1,189
- International Franchises Limited against staff salaries and benefits		681	1,231
- United Distributors Pakistan Limited against staff salaries and benefits		-	264
	15.2 & 41.2	41,973	108,985
Surplus arising under retirement benefit fund	36.1	7,500	9,698
Advance against issue of shares	15.3	500	-
Receivables from other than related parties			
Others, considered good	15.4	5,912	20,745
		209,028	147,535

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

15.2 At year-end, an amount of Rs. 41.29 million (2013: 94.07 million) is due from associated company which is past due but not impaired. These balances are outstanding for more than one year.

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

15.4 The Company has received during the year, an amount of Rs. 15 million receivable from Sanofi-Aventis Pakistan Limited (Sanofi Aventis), as consideration for early termination, during previous year, of license agreement for manufacturing, selling, and marketing of Sanofi Aventis's pharmaceutical products.

	Note	2014	2013
		(Rupees in '000)	
16 CASH AND BANK BALANCES			
Cash in hand		1,342	840
Cash with banks in:			
- savings accounts	16.2	9	8
- current accounts		19,270	11,890
	16.1	20,621	12,738

16.1 This include Rs. 8.19 million (2013: Rs. 6.24 million) placed in special bank accounts for dividend purposes.

16.2 These balances carry mark-up at a rate of 6.5% (2013: 6%).

17 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2014	2013	2014	2013
	(Number of shares)		(Rupees in '000)	
Ordinary shares of Rs. 10 each:				
- fully paid in cash	3,969,000	3,969,000	39,690	39,690
- issued for consideration other than cash	24,000	24,000	240	240
- issued as fully paid bonus shares	57,321,818	43,172,245	573,218	431,722
	61,314,818	47,165,245	613,148	471,652

	2014	2013
	(Number of shares)	
17.1 Movement in number of shares		
Number of shares at beginning of the year	47,165,245	33,689,461
Bonus shares issued during the year	14,149,573	13,475,784
Number of shares at end of the year	61,314,818	47,165,245

17.2 Capital management policies and procedures

The Group's objective when managing above capital are:

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

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

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

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

The Company had revalued its operating assets classified under lease hold land, building on lease hold land, plant and machinery, vehicles and air-conditioning as at March 31, 2010. The valuation was performed by an independent valuer, M/s. Asif Associates (Private) Limited. The surplus arising as a result of accounting under revaluation model based on that valuation was not material, therefore, no effect of revaluation adjustment had been taken in the financial statements for the year ended June 30, 2010. These assets were earlier carried at such revalued amounts as determined by an independent valuer, M/s. Iqbal A. Nanjee as at June 30, 2004.

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

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
Surplus on revaluation of property, plant and equipment (the surplus)	18.1	168,163	193,705
less: Impact of deferred tax liability on the surplus	18.2	-	(8,685)
Surplus on revaluation of fixed assets - net of deferred tax		168,163	185,020

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

	2014	2013
	(Rupees in '000)	
Surplus on revaluation of property, plant and equipment at the beginning of the year	193,705	219,588
Transferred / realization of the surplus to accumulated profit - net of deferred tax:		
- relating to incremental depreciation	(16,857)	(16,684)
- relating to surplus on revaluation of fixed assets disposed off during the year	-	(140)
	176,848	202,764
Adjustment for deferred tax liability in respect of transfers / realizations made	(8,685)	(9,059)
Surplus on revaluation of property, plant and equipment at the end of the year	168,163	193,705

18.2 Impact of deferred tax liability on the surplus

	2014	2013
	(Rupees in '000)	
Deferred tax liability at 34% (2013: 35%) on the surplus at the beginning of the year	(8,685)	(17,999)
Adjustment for deferred tax liability in respect of transfers/ realizations made	8,685	9,059
	-	(8,940)
Adjustment for change in applicable tax rate to 34%	-	255
Deferred tax liability at 33% (2013: 34%) on the surplus at the end of the year	-	(8,685)

18.3 The Company has restated the amounts of surplus on revaluation of property, plant and equipment and related deferred tax as a result of a reconciliation between the carrying amounts of assets under the revaluation model with the amount of surplus on revaluation of property, plant and equipment. The impacts of restatement are limited to the unappropriated profit, surplus on revaluation of fixed assets, and deferred tax liability and income/expense in the previous years. The effect of restatement on the amounts presented in the previous years is as under:

	June 30, 2013			June 30, 2012		
	Before	After	Change	Before	After	Change
	(Rupees in '000)			(Rupees in '000)		
Surplus on revaluation - gross	151,601	193,705	42,104	177,692	219,588	41,896
Deferred tax on the surplus	(40,443)	(40,982)	539	(52,000)	(53,690)	1,690
Income tax expense, including effect of change in tax rate	228,908	229,702	794	179,586	177,896	(1,690)

19 LONG TERM FINANCES - secured

	Note	2014	2013
		(Rupees in '000)	
Syndicated finance - from banking companies	21.1	825,000	966,667
Less: Current portion of long term finances shown under current liabilities		(150,000)	(108,333)
		675,000	858,334

19.1 The Company has arranged syndicate term finance facilities of Rs. 900 million (2013: Rs. 900 million) for a tenure of five years from Standard Chartered Bank (Pakistan) Limited (lead bank), Habib Bank Limited and The Bank of Punjab. The facilities are repayable by December 2016. Further, the Company had arranged long term finance of facilities Rs. 100 million for a tenure of three years from Standard Chartered Bank (Pakistan) Limited, which has been repaid during the year.

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

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

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

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

The Company had entered into arrangements with various leasing companies for lease of plant and machinery and motor vehicles. Lease rentals include financial charges ranging from 11.38% to 14.4% (2013: 11.38% to 14.4%) per annum which have been used as discount factor and were payable in monthly rentals. The Company has option to purchase the assets upon completion of lease period. During the year, the Company has pre-maturely paid all of its finance lease obligations.

The amount, at year-end, of the future lease rentals and the periods in which these payments will become due are:

	2014			2013		
	Minimum lease payments	Financial charges allocated to future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges allocated to future periods	Present value of minimum lease payments
	----(Rupees in '000)----					
Up to one year	-	-	-	1,334	138	1,196
Later than one year and not later than five years	-	-	-	1,102	16	1,086
	-	-	-	2,436	154	2,282

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	

21 DEFERRED LIABILITIES

	Note	2014	2013
Deferred taxation	21.1	42,379	40,982
Staff retirement gratuity - unfunded	36.2	33,503	27,821
		75,882	68,803

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

	Note	2014	2013
Credit balance arising on account of:			
Property, plant and equipment		44,773	35,262
Surplus on revaluation of property, plant and equipment	18.2	-	8,685
		44,773	43,947
Debit balance arising on account of:			
Finance lease arrangements		-	(191)
Intangible assets		(1,264)	(1,605)
Provisions for staff retirement gratuity, doubtful debts and doubtful refunds		(1,130)	(1,169)
		(2,394)	(2,965)
	21.2	42,379	40,982

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

		Note	2014	(Re-stated) 2013
			(Rupees in '000)	
21.2	Balance at beginning of the year		40,982	52,000
	Adjusted against deferred tax liability on the surplus	18.2	-	(255)
	Raised/(reversed) during the year - through profit and loss account	34	1,397	(10,763)
	Balance at end of the year	21.1	42,379	40,982

22 SHORT-TERM FINANCES - secured

	Note	2014	2013
Running finances under mark-up arrangements	22.1	795,882	319,935

22.1 The Company has arranged syndicated running finances under mark-up arrangements of Rs. 1,095 million (2013: Rs. 945 million). The mark-up on running finances ranges between 10.53% to 12.39% (2013: 10.78% to 14.22%) per annum.

The running finances under mark-up arrangements are secured jointly by registered mortgage of Rs. 172.5 million (2013: Rs. 172.5 million) of immovable property together with joint pari passu charge on all current assets of the Company to the extent of Rs. 1,389 million (2013: Rs. 1,389 million). These short term facilities were arranged through Standard Chartered Bank (Pakistan) Limited from various banks. The securities are held jointly against the short term and long term finances (refer note 19).

23 TRADE AND OTHER PAYABLES

	Note	2014	2013
		(Rupees in '000)	
Creditors		521,551	392,867
Bills payable in foreign currency		102,009	259,441
Accrued liabilities		432,511	268,593
Advance from customers		72,361	6,344
Unclaimed dividend		10,902	8,952
Workers' Profits Participation Fund	23.1	52,908	41,707
Workers' Welfare Fund		21,892	19,551
Sales tax and excise duty payable		3,284	6,431
Other liabilities		9,041	6,897
		1,226,459	1,010,783

23.1 Worker's Profits Participation Fund

	Note	2014	2013
Balance at beginning of the year		41,707	31,535
Contribution for the year	32	51,976	40,776
		93,683	72,311
Interest on funds utilized in the Company's business at 12.65% (2013: 37.5%)	33	3,816	4,247
		97,499	76,558
less: Payments made during the year		(44,591)	(34,851)
Balance at end of the year		52,908	41,707

24 ACCRUED MARK-UP

	2014	2013
Accrued mark-up on:		
- long term finances - secured	9,019	9,598
- finance lease obligation - secured	-	4
- short-term finances - secured	26,933	11,926
	35,952	21,528

25 CONTINGENCIES AND COMMITMENTS

Contingencies

25.1 The facility for opening letters of credit (LCs) acceptances and guarantees as at June 30, 2014 amounted to Rs. 715 million (2013: Rs. 655 million) of which the amount remaining unutilized as at that date was Rs. 329 million (2013: Rs. 237 million).

25.2 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.

Commitments

25.3 Future rentals payable against operating lease arrangements

During the year ended June 30, 2010, the Company obtained factory building at Karachi on rent for a period of 5 years.

	2014	(Re-stated) 2013
	(Rupees in '000)	
The details of future rentals over the lease period are as follows:		
Not later than one year	1,386	2,705
Later than one year and not later than five years	-	1,386
	1,386	4,091

The figure for the year ended June 30, 2014 have been restated as the Company has transferred the leased plants located at Karachi and Lahore to its subsidiaries.

26 NET SALES

	2014	2013
	(Rupees in '000)	
Sales		
Local	5,838,713	4,989,482
Export	366,200	240,716
	6,204,913	5,230,198
Sales returns & discounts	(324,469)	(225,891)
Sales tax & excise duty	(118,320)	(91,653)
	(442,789)	(317,544)
	5,762,124	4,912,654
Add: Toll manufacturing	311,322	237,838
Less : Sales tax	(1,623)	(694)
	309,699	237,144
	6,071,823	5,149,798

27 COST OF SALES

	2014	(Re-stated) 2013
	(Rupees in '000)	
Material consumed		
Raw and packing material consumed	2,096,991	1,852,835
Processing charges paid to third parties	669,654	261,004
	2,766,645	2,113,839
Factory expenses		
Salaries wages and benefits (refer note 27.1)	278,913	238,128
Provision for staff gratuity (unfunded)	2,572	2,404
Gratuity fund contribution	-	1,013
Provident fund contribution	6,152	5,577
Carriage and duties	9,912	4,609
Fuel, water and power	74,897	55,129
Rent and taxes	5,115	10,079
Communication	1,005	976
Stationery and supplies	2,712	1,631
Travelling	8,858	11,669
Advertisement	787	409
Entertainment	129	35
Repairs and maintenance	82,864	51,921
Medical expenses	3,298	3,100
Personal training and selection	238	135
Vehicle expenses	6,766	6,264
Subscription	55	53
Legal and professional charges	9,006	5,493
Depreciation (refer note 5.4)	68,572	67,737
Insurance	2,551	2,608
Corporate services charged by associated company (refer note 41.2)	1,440	1,439
Sundries	17,852	13,457
	583,694	483,866
	3,350,339	2,597,705
Work in process as at beginning of the year (refer note 11)	74,309	47,724
	3,424,648	2,645,429
Work in process as at end of the year (refer note 11)	(58,886)	(74,309)
Cost of good manufactured	3,365,762	2,571,120
Finished goods as at the beginning of the year (refer note 11)	108,384	103,264
Finished goods purchased	408,352	284,988
	516,736	388,252
Cost of samples manufactured	(84,767)	(44,389)
Finished goods as at the end of the year (refer note 11)	(203,089)	(108,384)
Cost of sales	3,594,642	2,806,599

27.1 Salaries, wages and benefits include Rs. 70.02 million (2013: Rs. 56.38 million) in respect of contractual labour provided by Paksons (Private) Limited.

	2014	(Re-stated) 2013
	(Rupees in '000)	

28 SELLING AND DISTRIBUTION EXPENSES

	2014	2013
Salaries wages and benefits	473,938	362,201
Provision for staff gratuity (unfunded)	1,465	1,369
Gratuity fund contribution	-	9,462
Provident fund contribution	13,755	11,357
Services charges	32,104	17,218
Carriage and duties	95,372	77,204
Water and power	3,061	1,084
Rent and taxes	14,073	11,593
Communication	17,988	13,950
Stationery and supplies	7,715	6,319
Travelling	211,169	187,314
Advertising and promotion	326,154	199,491
Samples	82,616	69,033
Bonus to salesmen	78,531	63,018
Entertainment	1,266	797
Repairs and maintenance	2,451	15,414
Medical expenses	6,766	4,801
Personal training and selection	6,124	16,311
Vehicle expenses	85,811	69,925
Insurance	5,367	5,242
Depreciation (refer note 5.4)	7,105	8,860
Subscription	14,226	13,011
Donation (refer note 28.1)	4,666	-
Replacement products	53,495	12,434
Royalty	3,919	4,104
Corporate services charged by associated company (refer note 41.2)	3,600	3,600
Legal and professional charges	23,788	8,694
Sundries	486	115
	1,577,011	1,193,921

28.1 Directors of the Company have no interest in the donee institution.

29 ADMINISTRATIVE EXPENSES

	2014	(Re-stated) 2013
	(Rupees in '000)	
Salaries wages and benefits	78,813	61,532
Provision for staff gratuity (unfunded)	429	401
Gratuity fund contribution	-	1,201
Provident fund contribution	2,634	2,333
Carriage and duties	369	247
Water and power	1,125	285
Rent and taxes	5,004	4,073
Communication	4,343	4,020
Stationery and supplies	4,213	3,704
Travelling	1,947	5,768
Advertisement	84	572
Entertainment	85	98
Repairs and maintenance	16,010	14,872
Medical expenses	5,842	4,147
Personal training and selection	1,121	134
Vehicle expenses	4,177	3,810
Insurance	2,588	2,611
Depreciation (refer note 5.4)	4,625	5,255
Amortization (refer note 6)	5,436	5,332
Subscription	2	40
Donation (refer note 29.1)	29,321	1,500
Corporate services charged by associated company (refer note 41.2)	2,160	2,160
Legal and professional charges	31,269	11,822
Sundries	1,157	986
	202,754	136,903

29.1 Directors of the Company have no interest in the donee institution except as stated in note 41.

30 OPERATING PROFIT

	2014	2013
Net sales	6,071,823	5,149,798
Cost of sales	(3,594,642)	(2,806,599)
Selling and distribution expenses	(1,577,011)	(1,193,921)
Administrative expenses	(202,754)	(136,903)
	(5,374,407)	(4,137,423)
Operating profit	697,416	1,012,375

	Note	2014	2013
		(Rupees in '000)	
31 OTHER INCOME			
Income from financial assets			
Exchange gain		26,281	4,800
Income from financial assets - related parties			
Dividend income from IBL HealthCare Limited (subsidiary company)		15,000	25,000
Dividend income from Searle Pharmaceuticals (Private) Limited (subsidiary company)		475,000	-
		490,000	25,000
Income from non-financial assets			
Gain on disposal of property, plant and equipment	5.6	65,330	11,765
Reversal of provision for doubtful loans	9.3	-	1,174
Others		5,689	5,616
		71,019	18,555
Income from non-financial assets - related parties			
Rental income against use of operating assets by related parties:			
- Searle Pharmaceuticals (Private) Limited (subsidiary company)		3,000	-
- International Franchises (Private) Limited (associated company)		2,749	2,619
		5,749	2,619
		593,049	50,974

32 OTHER EXPENSES

	Note	2014	2013
Contribution to:			
- Workers' profits participation fund	23.1	51,976	40,776
- Workers' welfare fund		19,751	14,150
- Central research fund		9,678	7,606
Auditors' remuneration	32.1	2,607	1,723
Loss on disposal of property, plant and equipment	5.6	724	238
Exchange loss		34,207	15,831
		118,943	80,324

32.1 Auditors' remuneration

	2014	2013
Audit fee		
- Annual audit	1,300	1,125
- Half year audit	550	-
- Half yearly review	250	250
Fee in respect of special reports and certifications	343	225
Out of pocket expenses	164	123
	2,607	1,723

	Note	2014	2013
		(Rupees in '000)	

33 FINANCE COST

	Note	2014	2013
Arrangement fee for financing facilities		-	7,250
Bank charges		5,227	3,351
Interest on gratuity fund		-	2,982
Interest on workers' profits participation fund	23.1	3,816	4,247
Lease finance charges		102	551
Mark-up on long term and running finances		204,257	211,668
		213,402	230,049

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	

34 INCOME TAX EXPENSE

	Note	2014	2013
Current			
- For the year		147,517	240,465
- For prior years		55,981	-
		203,498	240,465
Deferred	21.2	1,397	(10,763)
		204,895	229,702

34.1 Charge for the year

Provisions for current taxation and deferred taxation have been made after considering the implications of section 169 of the Income Tax Ordinance, 2001. Income not covered under final tax regime is provided at the normal basis using the applicable rate of 34% for the tax year 2014 (2013: 35% for the tax year 2013).

34.2 Reconciliation of tax expense

	2014	2013
Profit before income tax	958,120	752,976
Enacted tax rate	34%	35%
Tax on accounting profit at applicable tax rate	325,761	263,542
Tax effect of:		
- difference in method of lease accounting	654	3,308
- permanent differences	(165,453)	(43,614)
- temporary differences	(8,448)	13,406
- applicability of lower tax rate on certain income	(3,600)	(6,940)
- demand provided and raised during the year	55,981	-
Tax expense charged on income	204,895	229,702

34.3 Current status of tax assessments

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

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

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

	2014	(Re-stated) 2013
35 EARNINGS PER SHARE - Basic and Diluted		
35.1 Basic earnings per share		
Profit for the year (Rupees in thousands) (2013: Restated)	753,225	523,274
Weighted average number of shares in thousands (2013: Restated)	61,315	61,315
Earnings per share (Rupees) (2013: Restated)	12.28	8.53

35.2 Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2014.

36 EMPLOYEE BENEFITS

a) Defined benefit plans

36.1 Gratuity scheme - funded

36.1.1 General description

The Company provided post employment benefits, through a funded gratuity scheme, to all permanent employees who completed qualifying period of ten years of service with the Company. Under the scheme, such eligible employees were entitled to one last drawn monthly basic salary for each completed year of service. The Company discontinued the scheme with effect from December 31, 2012.

The liability recognized as at June 30, 2013 was based on the terminal value i.e. the benefits to be paid to the permanent employees who completed qualifying period under the scheme. The liability recognized as at June 30, 2014 is the unpaid amount based on the terminal value as determined June 30, 2013.

		Note	2014	2013
			(Rupees in '000)	
36.1.2	Reconciliation of amounts recognized in respect of provision for gratuity scheme			
	Terminal value of defined benefit obligation	36.1.4	-	(139,022)
	Fair value of plan assets	36.1.5	7,500	148,720
	Surplus arising under retirement benefit fund		7,500	9,698
36.1.3	Movement in the surplus recognized in the balance sheet			
	Surplus/(deficit) at the beginning of the year		9,698	(10,670)
	Terminal benefits reversed -net		-	11,819
	Contribution (received back)/made during the year - net		(2,198)	8,549
	Surplus at the end of the year		7,500	9,698
36.1.4	Terminal value of defined benefit obligation			
	Terminal value of defined benefit obligation at the beginning of the year		(139,022)	(147,358)
	Terminal benefits cost recognized		-	(9,934)
	Benefits paid		139,022	18,270
	Terminal value of defined benefit obligation at the end of the year		-	(139,022)
36.1.5	Fair value of plan assets			
	Fair value of plan assets at the beginning of the year		148,720	136,688
	Return on plan assets		-	21,753
	Contributions made during the year		-	8,549
	Benefits paid		(139,022)	(18,270)
	Amount received by the Company from and on behalf of the Fund		(2,198)	-
	Fair value of plan assets at the end of the year		7,500	148,720

36.2 Gratuity scheme - unfunded

36.2.1 General description

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

Annual provision is based on actuarial valuation. The valuation was carried out as at June 30, 2014 by M/s. Sidat Hyder Morshed Associates (Private) Limited, independent actuaries, using the projected unit credit method.

36.2.2 Principal actuarial assumptions

	2014	2013	2012
	(percentage per annum)		
Following principal actuarial assumptions were used for the valuation:			
- Estimated rate of increase in salary of the employees	12	12.5	12.5
- Discount rate	12	12.5	12.5

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

	2014	(Re-stated) 2013	(Re-stated) 2012
	(Rupees in '000)		
Present value of DBO at the beginning of the year	(27,821)	(24,829)	(22,639)
Current service cost	(1,236)	(1,118)	(1,086)
Interest cost	(3,230)	(3,056)	(3,092)
	(4,466)	(4,174)	(4,178)
Benefits paid	1,809	762	1,111
Actuarial loss/(gain) on obligation	(3,025)	420	877
Present value of DBO at the end of the year (refer note 36.2.4)	(33,503)	(27,821)	(24,829)

36.2.4 Movement in the deficit recognized in the balance sheet

	2014	2013	2012
Deficit at the beginning of the year	(27,821)	(24,829)	(22,639)
Expense recognized in profit & loss account (refer note 36.2.5)			
- current service cost	(1,236)	(1,118)	(1,086)
- net interest	(3,230)	(3,056)	(3,092)
	(4,466)	(4,174)	(4,178)
Remeasurement - recognized in other comprehensive income:			
Actuarial (loss)/gain arising due to change in:			
- demographic assumptions - (unfavourable)/ favourable	(717)	-	-
- financial assumptions - (unfavourable)/favourable	-	-	-
- experience adjustment - (losses)/gains	(2,308)	420	877
	(3,025)	420	877
Payment made on behalf of fund	1,809	762	111
Deficit at the end of the year (refer note 36.2.3)	(33,503)	(27,821)	(24,829)

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
36.2.5 Amount recognized as expense			
Cost of sales	27	2,572	2,404
Selling and distribution expenses	28	1,465	1,369
Administrative expenses	29	429	401
		4,466	4,174

36.3 Effect of the change in accounting policy

	June 30, 2013			June 30, 2012		
	Before	After	Change	Before	After	Change
	----------------(Rupees in '000)----------------			----------------(Rupees in '000)----------------		
Deferred liability - employee benefits	29,420	27,821	(1,599)	26,008	24,829	(1,179)
Unappropriated profit	1,759,939	1,761,538	1,599	1,386,390	1,387,569	1,179

The retrospective restatements has no effect on the amounts reported in the profit and loss accounts of the prior years. Consequently the previously reported EPS remains un-effected. Moreover, the retrospective restatements has no effect on the amounts reported in the statement of cash flows.

b) Defined contribution plan	2014	2013
36.4 Employees Provident Fund (the Fund)		
36.4.1 Fund position *		
Size of the fund - Rupees in '000	251,971	168,028
Cost of investments made - Rupees in '000	246,348	159,878
Fair value of investments - Rupees in '000	246,348	159,878
Percentage of investments to total assets	98%	95%
Number of members	-	-

	2014	2013	2014	2013
	(Percentage)		(Rupees in '000)	
36.4.2 Composition of the Fund *				
Term finance certificates	11%	19%	28,041	31,500
Deposits with banks	4%	5%	9,000	9,000
Pakistan Investments Bonds (PIBs)	10%	23%	26,000	39,000
NIT units	24%	23%	59,585	38,326
Investment in mutual fund	5%	6%	12,345	10,454
Shares of associated company	46%	24%	117,000	39,748

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

	Note	2014	(Re-stated) 2013
		(Rupees in '000)	
37 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
Profit before tax		958,120	752,976
Adjustments for non-cash items:			
Depreciation	5.4	80,302	81,852
Gain on disposal of property, plant and equipment - net	5.6	(64,606)	(11,527)
Amortization of intangible assets	6	5,436	5,332
Financial charges excluding bank charges	33	208,175	226,698
Provision for staff retirement gratuity	36.1.4 & 36.2.4	4,466	15,851
Net (increase)/decrease in working capital	37.1	(180,500)	(85,645)
		1,011,393	985,537

37.1 (Increase)/Decrease in working capital

	2014	2013
Current assets		
Decrease in stores and spares	1,182	43
(Increase) in stock-in-trade	(235,237)	(10,111)
Increase in trade debts	(164,270)	(214,852)
(Increase)/decrease in trade deposits and short term prepayments	(22,849)	4,849
Decrease/(increase) in other receivables	24,998	(29,035)
	(396,176)	(249,106)
Current liabilities		
Increase in trade and other payables	215,676	163,461
Net (increase) in working capital	(180,500)	(85,645)

38 CASH AND CASH EQUIVALENTS

	Note	2014	2013
Cash and bank balances	16	20,621	12,738
Running finances under mark-up arrangements	22	(795,882)	(319,935)
		(775,261)	(307,197)

39 SEGMENT INFORMATION

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

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

- Pharma
- Consumer
- Investment property

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance.

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

		Pharma		Consumer		Investment property		Total	
		2014	(Re-stated) 2013	2014	(Re-stated) 2013	2014	2013	2014	(Re-stated) 2013
		(Rupees in '000)							
39.1	Segment result and performance								
	Segment revenue	5,315,463	4,695,718	756,360	454,080	-	-	6,071,823	5,149,798
	Cost of sales	(3,153,450)	(2,559,218)	(441,192)	(247,381)	-	-	(3,594,642)	(2,806,599)
	Selling and distribution expenses	(1,355,743)	(1,084,620)	(221,268)	(109,301)	-	-	(1,577,011)	(1,193,921)
	Administrative expenses	(177,103)	(124,858)	(25,651)	(12,045)	-	-	(202,754)	(136,903)
		(4,686,296)	(3,768,696)	(688,111)	(368,727)			(5,374,407)	(4,137,423)
	Segment result	629,167	927,022	68,249	85,353	-	-	697,416	1,012,375
39.2	Unallocated income and expense								
	Other income							593,049	50,974
	Other expense							(118,943)	(80,324)
	Financial cost							(213,402)	(230,049)
	Profit before taxation							958,120	752,976
	Income tax expense							(204,895)	(229,702)
	Profit for the year							753,225	523,274
39.3	Segment assets and liabilities								
	Segment assets	169,185	174,413	25,280	17,250	2,393,277	2,189,398	2,587,742	2,381,061
	Unallocated assets							3,683,660	2,700,970
	Total assets							6,271,402	5,082,031
	Segment liabilities					825,000	966,667	825,000	966,667
	Unallocated liabilities							2,134,175	1,459,007
	Total liabilities							2,959,175	2,425,674
39.4	Depreciation	69,863	74,485	10,439	7,367	-	-	80,302	81,852
39.5	Other non-cash expenses	5,436	5,332	-	-	-	-	5,436	5,332
39.6	Addition in segment assets	78,376	37,654	11,711	3,724	203,879	2,189,398	293,966	2,230,776
39.7	Percentage for allocation	87%	91%	13%	9%	0%	0%	100%	100%

39.8 There were no inter-segment transactions during the year (2013: None).

	Note	2014	2013
39.9 Geographical segments		(Rupees in '000)	
Net sales by region			
Pakistan		5,757,972	4,919,892
Central Asia		-	2,870
Eastern Africa		2,606	3,279
South-Eastern Asia		147,052	96,206
Southern Asia		164,193	126,454
Western Asia		-	1,097
	39.9.1	6,071,823	5,149,798

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

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

39.10 The Company has earned major revenue from one of the customer, which amounts to Rs. 5.11 billion (2013: Rs. 4.46 billion) out of the total revenue.

40 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive Officer	Directors	Executives*	Chief Executive Officer	Directors	Executives*
	(Rupees in '000)					
Managerial remuneration	3,840	10,197	107,852	5,835	6,990	92,218
Annual bonus	570	1,994	16,754	926	1,934	16,213
Retirement benefits						
- Provident fund	384	1,020	10,785	584	699	9,222
- Gratuity fund	-	-	-	243	291	3,841
Perquisites						
- Rent	1,728	4,589	48,533	2,626	3,146	41,498
- Utilities	384	1,020	10,785	584	699	9,222
- Telephone	-	-	174	-	-	190
- Entertainment	-	-	297	-	-	392
- Car maintenance	179	606	3,368	150	500	4,597
	7,085	19,426	198,548	10,948	14,259	177,393
Number of persons	1	3	92	1	3	95

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

40.2 During the year, the Company has paid to three non-executive working directors (2013: three) an aggregate amount of Rs. 120,000 (2013: Rs. 160,000) as fee for attending board meetings.

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

41 TRANSACTIONS WITH RELATED PARTIES

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

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

	2014			2013		
	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
	(Rupees in '000)					
41.1.1 Transactions						
(i) IBL Operations (Private) Limited - associated company (refer note 41.2 and 41.3)						
Sales	5,095,810	-	-	4,463,419	-	-
Sales returned	122,912	-	-	94,174	-	-
Expenses claimed by the associated company						
Carriage and duties	21,200	-	-	19,156	-	-
Staff salaries and benefits	4,287	-	-	-	-	-
Discounts	101,222	-	-	117,332	-	-
Warehouse rent	3,874	-	-	1,143	-	-
Mark-up expenses	-	-	-	5,810	-	-
Corporate services charged	7,200	-	-	7,200	-	-
Sales promotion expenses	66,632	-	-	29,898	-	-
IT Services	6,600	-	-	6,600	-	-
Expenses claimed by the Company						
Staff salaries and other expenses	5,465	-	-	13,088	-	-
Royalty and price difference claims	-	-	-	7,663	-	-
(ii) International Franchises (Private) Limited - associated company						
Sales	677	-	-	230	-	-
Rent, utility and other income	2,749	-	-	2,619	-	-
Staff salaries and benefits	1,123	-	-	2,749	-	-
Purchase of Promotional Items	808	-	-	523	-	-
(iii) United Distributors Pakistan Limited (UDPL) - associated company						
Payment under group tax relief	-	-	-	35,998	-	-
Purchases	-	-	-	122	-	-

		2014			2013		
		Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
		(Rupees in '000)					
	Expenses claimed by the Company						
	Staff salary and benefits	-	-	-	264	-	-
	Warehouse rent & expenses	625	-	-	534	-	-
	Staff salaries and benefits	122	-	-	-	-	-
(iv)	HABITT - associate						
	Sales	-	-	-	10	-	-
	Purchase of Promotional Items from Habitt	775	-	-	976	-	-
(v)	IBL HealthCare Limited - subsidiary company						
	Staff salary and benefits	-	-	-	5,506	-	-
	Expenses claimed by the Company						
	Salaries, wages and benefits	1,139	-	-	415	-	-
	Purchases of promotional items	620	-	-	1,113	-	-
	Vehicle Hiring	1,926	-	-	3,181	-	-
(vi)	The Citizens Foundation - associate (refer note 41.4)						
	Donations	15,000	-	-	1,500	-	-
(vii)	Arshad Shahid Abdulla (Private) Limited - associated company						
	Architect fee	1,260	-	-	6,508	-	-
	Project management fee	-	-	-	2,675	-	-
(viii)	Shahid Abdulla						
	Office and factories renovation	-	-	-	612	-	-
(ix)	Multinet Pakistan (Private) Limited - associated company						
	Internet services	760	-	-	376	-	-

		2014			2013		
		Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
		-----(Rupees in '000)-----					
(x)	United Brands Limited - associated company						
	Sales	84,927	-	-	35,613	-	-
	Expenses claimed by United Brands Limited						
	Discounts	1,563	-	-	566	-	-
	Purchase of promotional items	585	-	-	-	-	-
(xi)	Searle Pharmaceuticals (Private) Limited - subsidiary company						
	Purchases	657,991	-	-	197,010	-	-
	Dividend income	474,980	-	-	-	-	-
(xii)	Searle Laboratories (Private) Limited - subsidiary company						
	Purchases	17,771	-	-	-	-	-
41.1.2	Balances						
(i)	Loans and advances						
	At beginning of the year	-	-	3,458	-	-	7,865
	Given during the year	-	-	4,043	-	-	2,984
	Repaid during the year	-	-	(3,897)	-	-	(7,391)
	At the end of the year	-	-	3,604	-	-	3,458
(ii)	Trade debts - associated company (refer note 12)						
	At beginning of the year	1,071,559	-	-	876,454	-	-
	Addition during the year	5,119,950	-	-	4,437,425	-	-
	Repaid during the year	(4,938,866)	-	-	(4,242,320)	-	-
	At the end of the year	1,252,643	-	-	1,071,559	-	-
(iii)	Other receivables - associates (refer note 15)						
	At beginning of the year	107,490	-	-	130,529	-	-
	Addition during the year	5,465	-	-	27,094	-	-
	Repaid during the year	(71,663)	-	-	(50,133)	-	-
	At the end of the year	41,292	-	-	107,490	-	-

	2014			2013		
	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management personnel
	------(Rupees in '000)------					
(iv) Accrued liabilities - associates (refer note 23)						
At beginning of the year	-	-	-	612	-	-
Addition during the year	-	-	-	9,795	-	-
Repaid during the year	-	-	-	(10,407)	-	-
At the end of the year	-	-	-	-	-	-
(v) Creditors - subsidiary company (refer note 23)						
At beginning of the year	153,645	-	-	-	-	-
Addition during the year	675,762	-	-	197,010	-	-
Repaid during the year	(537,713)	-	-	(43,365)	-	-
At the end of the year	291,694	-	-	153,645	-	-

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

41.3 Sales to IBL Operations (Private) Limited (associated company) are made at ex-factory price i.e. trade prices less distributor's margin of 10% and 12% (2013: 10% and 12%). In addition, the amounts of communication, utilities, salaries and wages and carriage and duties are also being reimbursed.

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

42 PLANT CAPACITIES AND ACTUAL PRODUCTION

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

43 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

43.1 Credit risk

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

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

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

	Note	2014	2013
		(Rupees in '000)	
Loans and advances	9 & 13	44,720	24,809
Long term deposit	10	1,598	7,393
Trade debts, excluding secured debtors	12	1,424,731	1,236,794
Trade deposits	14	37,924	22,076
Other receivables	15	202,616	126,790
		1,711,589	1,417,862

Concentration of credit risk

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

Out of the total financial assets of Rs. 1.77 billion (2013: Rs. 1.49 billion), financial assets which are subject to credit risk amount to Rs. 1.71 billion (2013: Rs. 1.42 billion). Moreover, financial assets amounting to Rs. 1.46 billion (2013: Rs. 1.20 billion) consist of receivables from the Company's affiliates and cash and bank balances.

43.2 Liquidity risk

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

		2014							
			Interest / mark-up bearing			Non-interest / mark-up bearing			
		Effective interest rate	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	Total
	Note	%	(Rupees in '000)						
Financial assets									
Loans and advances	9 & 13		-	-	-	44,218	502	44,720	44,720
Deposits	10		-	-	-	-	1,598	1,598	1,598
Trade debts	12		-	-	-	1,462,656	-	1,462,656	1,462,656
Trade deposits	14		-	-	-	37,924	-	37,924	37,924
Other receivables	15		-	-	-	202,616	-	202,616	202,616
Cash and bank balances	16	6.5	8,555	-	8,555	12,066	-	12,066	20,621
			8,555	-	8,555	1,759,480	2,100	1,761,580	1,770,135
Financial liabilities									
Long-term finance	19	13.60	(150,000)	(675,000)	(825,000)	-	-	-	(825,000)
Liabilities against assets subject to finance leases	20		-	-	-	-	-	-	-
Trade and other payables	23		-	-	-	(1,076,014)	-	(1,076,014)	(1,076,014)
Accrued mark-up	24		-	-	-	(35,952)	-	(35,952)	(35,952)
Short-term finances	22	10.78 - 14.22	(795,882)	-	(795,882)	-	-	-	(795,882)
			(945,882)	(675,000)	(1,620,882)	(1,111,966)	-	(1,111,966)	(2,732,848)
On balance sheet date gap			(937,327)	(675,000)	(1,612,327)	647,514	2,100	649,614	(962,713)

		2013 (Re-stated)							
			Interest / mark-up bearing			Non-interest / mark-up bearing			
		Effective interest rate	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	Total
	Note	%	(Rupees in '000)						
Financial assets									
Loans and advances	9 & 13		-	-	-	24,027	782	24,809	24,809
Deposits	10		-	-	-	1,148	6,245	7,393	7,393
Trade debts	12		-	-	-	1,298,386	-	1,298,386	1,298,386
Trade deposits	14		-	-	-	22,076	-	22,076	22,076
Other receivables	15		-	-	-	126,790	-	126,790	126,790
Cash and bank balances	16	6	8,133	-	8,133	4,605	-	4,605	12,738
			8,133	-	8,133	1,477,032	7,027	1,484,059	1,492,192
Financial liabilities									
Long-term finance	19	14.51	(108,333)	(858,334)	(966,667)	-	-	-	(966,667)
Liabilities against assets subject to finance leases	20	11.38 - 14.4	(1,196)	(1,086)	(2,282)	-	-	-	(2,282)
Trade and other payables	23		-	-	-	(936,750)	-	(936,750)	(936,750)
Accrued mark-up	24		-	-	-	(21,528)	-	(21,528)	(21,528)
Short-term finances	22	10.78 - 14.22	(319,935)	-	(319,935)	-	-	-	(319,935)
			(429,464)	(859,420)	(1,288,884)	(958,278)	-	(958,278)	(2,247,162)
On balance sheet date gap			(421,331)	(859,420)	(1,280,751)	518,754	7,027	525,781	(754,970)

43.3 Market risk

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

43.3.1 Currency risk

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

The Company is exposed to currency risk on purchases that are entered in a currency other than Pak Rupees. Payable exposed to foreign currency risk have been included in creditors/ bills payable, which year-end are Rs. 102 million (2013: Rs. 259.4 million) and foreign currency receivable included in trade debtors are Rs. 57.7 million (2013: Rs. 61.6 million). The Company earned exchange gain of Rs. 26.3 million (2013: Rs. 4.8 million) and suffered exchange loss of Rs. 34.2 million (2013: Rs. 15.8 million) during the year.

43.3.2 Interest rate risk

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

	Note	2014	2013
		(Rupees in '000)	
Variable rate instruments			
Financial liabilities			
- Long term finance	19	(825,000)	(966,667)
- Liabilities against assets subject to finance lease	20	-	(2,282)
- Short term finance	22	(795,882)	(319,935)
		(1,620,882)	(1,288,884)

Cash flow sensitivity for variable rate instruments

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

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	-----------------(Rupees in '000)-----------------			
As at June 30, 2014				
Cash flow sensitivity - variable rate instruments	2,044	(2,044)	2,044	(2,044)
As at June 30, 2013				
Cash flow sensitivity - variable rate instruments	2,122	(2,122)	2,122	(2,122)

44 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset could be exchanged or liability settled between knowledgeable willing parties in an arm's length transaction. The Company prepares its unconsolidated financial statements under the historical cost convention and where applicable at fair value and amortized cost. Estimated fair value of all financial instruments are not significantly different from their carrying values on June 30, 2013.

45 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2014	2013
		(Rupees in '000)	
45.1 Financial liabilities			
Financial liabilities measured at amortized cost			
Long-term finances	19	(825,000)	(966,667)
Trade and other payables	23	(1,076,014)	(936,750)
Short-term finances	22	(795,882)	(319,935)
Liabilities against assets subject to finance leases	20	-	(2,282)
Financial liabilities measured at fair value through profit or loss			
Accrued mark-up	24	(35,952)	(21,528)
		(2,732,848)	(2,247,162)
45.2 Financial assets			
Loans and receivables			
Loans and advances	9 & 13	44,720	24,809
Long term deposit	10	1,598	7,393
Trade debts	12	1,462,656	1,298,386
Trade deposits	14	37,924	22,076
Other receivables	15	202,616	126,790
Cash and bank balances	16	20,621	12,738
		1,770,135	1,492,192
On balance sheet gap		(962,713)	(754,970)

46 NUMBER OF EMPLOYEES

	2014	2013
Number of employees as at the year end	1,399	1,275
Average number of employees during the year	1,447	1,189

47 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors on September 24, 2014.

47.1 Event after balance sheet date

The Board of Directors of the Company in the meeting held on September 24, 2014 has approved the following appropriation:

	2014	2013
	(Rupees in '000)	
- Cash dividend - Nil (2013: Rs. 2) per share of Rs. 10 each	-	94,330
- Issue of bonus shares 40% (2013: 30%) in the ratio of 40 (2013: 30) shares for every 100 shares held	245,259	141,496

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

Rashid Abdulla
Chief Executive Officer

Syed Nadeem Ahmed
Managing Director

PATTERN OF SHAREHOLDING
AS OF JUNE 30, 2014

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1925	1	to	100	50,803
1349	101	to	500	359,623
604	501	to	1000	467,634
1155	1001	to	5000	2,410,365
182	5001	to	10000	1,308,132
65	10001	to	15000	805,924
36	15001	to	20000	636,770
13	20001	to	25000	288,014
15	25001	to	30000	407,817
4	30001	to	35000	133,800
11	35001	to	40000	421,156
5	40001	to	45000	209,044
4	45001	to	50000	195,393
3	50001	to	55000	159,996
2	60001	to	65000	123,285
2	65001	to	70000	133,520
3	70001	to	75000	223,500
1	75001	to	80000	80,000
1	80001	to	85000	84,648
1	90001	to	95000	93,973
1	95001	to	100000	100,000
1	100001	to	105000	100,600
1	105001	to	110000	107,230
3	115001	to	120000	355,517
2	120001	to	125000	247,415
2	130001	to	135000	269,500
1	150001	to	155000	153,270
1	155001	to	160000	155,150
1	165001	to	170000	165,486
1	170001	to	175000	174,389
1	200001	to	205000	200,112
1	205001	to	210000	208,000
1	215001	to	220000	215,150
1	225001	to	230000	228,617
1	250001	to	255000	253,253
1	295001	to	300000	300,000
1	340001	to	345000	344,200
1	390001	to	395000	394,381
1	570001	to	575000	575,000
1	635001	to	640000	635,700
1	655001	to	660000	655,800
1	740001	to	745000	741,400
1	755001	to	760000	756,761
1	765001	to	770000	767,427
1	835001	to	840000	835,800
1	945001	to	950000	948,400
1	1100001	to	1105000	1,100,244
1	1130001	to	1135000	1,134,032
1	1380001	to	1385000	1,380,348
1	1695001	to	1700000	1,698,180
1	1790001	to	1795000	1,794,243
1	1810001	to	1815000	1,811,506
1	33910001	to	33915000	33,914,310
5418				61,314,818

PATTERN OF SHAREHOLDING
AS OF JUNE 30, 2014

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Rashid Abdulla	2	5,259	0.01
Syed Nadeem Ahmed	1	1,149	0.00
Zubair Razzak Palwala	1	1,201	0.00
Munis Abdullah	1	3,706	0.01
Asad Abdulla	1	1,001	0.00
Ayaz Abdulla	1	6,006	0.01
Adnan Asdar Ali	1	1,001	0.00
Shakila Rashid	1	153,270	0.25
Associated Companies, undertakings and related parties			
International Brands Limited	3	33,921,846	55.32
Trustee Searle Pakistan Limited Provident Fund	1	394,381	0.64
Executives	-	-	-
Public Sector Companies and Corporations	5	1,316,609	2.15
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	20	3,870,422	6.31
Mutual Funds			
SAFEWAY MUTUAL FUND LIMITED	1	193	0.00
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	50,000	0.08
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	835,800	1.36
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	50,000	0.08
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	948,400	1.55
CDC - TRUSTEE APF-EQUITY SUB FUND	1	6,000	0.01
CDC - TRUSTEE HBL - STOCK FUND	1	741,400	1.21
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	10,000	0.02
CDC - TRUSTEE IGI STOCK FUND	1	66,700	0.11
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	30,000	0.05
CDC - TRUSTEE HBL ISLAMIC STOCK FUND	1	100,600	0.16
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	16,500	0.03
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	13,500	0.02
CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	62,000	0.10
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	73,500	0.12
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,811,506	2.95
FIRST CAPITAL MUTUAL FUND LTD.	1	16,981	0.03
BSJS BALANCED FUND LTD.	1	72	0.00
General Public			
a. Local	5331	11,256,878	18.36
b. Foreign	31	5,548,937	9.05
Totals	5418	61,314,818	100.00

Share holders holding 5% or more	Shares Held	Percentage
International Brands Limited	33,921,846	55.32

S.No.	Folio #	Name of shareholder	Number of shares	Percentage
Directors and their spouse(s) and minor children				
1	1	Rashid Abdulla	2,408	0.00
2	03277-11384	Rashid Abdulla	2,851	0.00
3	13667	Syed Nadeem Ahmed	1,149	0.00
4	02113-1037	Zubair Razzak Palwala	1,201	0.00
5	13287	Munis Abdullah	3,706	0.01
6	03277-20909	Asad Abdulla	1,001	0.00
7	03277-21385	Ayaz Abdulla	6,006	0.01
8	02113-3389	Adnan Asdar Ali	1,001	0.00
9	03277-12714	Shakila Rashid	153,270	0.25
		9	172,593	0.28
Associated companies, undertakings and related parties				
1	8	International Brands Limited	529	0.00
2	9	International Brands Limited	7,007	0.01
3	03277-2937	International Brands Limited	33,914,310	55.31
4	02113-3439	Trustee Searle Pakistan Limited Provident Fund	394,381	0.64
		4	34,316,227	55.97
Executive				
		NIL		
		-	-	
Public sector companies and corporations				
1	10	National Bank of Pakistan Trustee Wing	100	0.00
2	11757	National Bank of Pakistan Trustee Wing	100	0.00
3	03889-28	National Bank of Pakistan	1,015	0.00
4	03889-44	National Bank of Pakistan	215,150	0.35
5	02683-23	State Life Insurance Corporation of Pakistan	1,100,244	1.79
		5	1,316,609	2.15
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
1	11293	ATLAS INVESTMENT BANK LTD.	91	0.00
2	11306	ASSET INVESTMENT BANK LIMITED	15	0.00
3	12392	CRESCENT INVESTMENT BANK LTD	1,283	0.00
4	02675-16	INDUS BANK LIMITED	16,755	0.03
5	03079-83	SONERI BANK LIMITED	2,100	0.00
6	03798-52	THE BANK OF KHYBER	40,000	0.07
7	04127-28	MCB BANK LIMITED - TREASURY	2,900	0.00
8	11940-4410	ESCORTS INVESTMENT BANK LIMITED	250	0.00
9	12444	BUSINESS & INDUSTRIAL INSURANCE COMPANY	41	0.00
10	03277-2184	EFU GENERAL INSURANCE LIMITED	1,134,032	1.85

11	03277-2538	EFU LIFE ASSURANCE LTD	1,794,243	2.93
12	05264-10293	THE UNITED INSURANCE COMPANY OF PAK. LTD.	35,000	0.06
13	12406	FIRST UDL MODARABA	187	0.00
14	12410	FIRST UDL MODARABA	52,395	0.09
15	12626	FIRST IBL MODARABA	564	0.00
16	02113-21	FIRST EQUITY MODARABA	20,400	0.03
17	02113-708	First UDL Modaraba	25,000	0.04
18	03277-1651	FIRST UDL MODARABA	575,000	0.94
19	03277-3367	FIRST IBL MODARABA	4,680	0.01
20	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	165,486	0.27
		20	3,870,422	6.31

Mutual Funds

1	12791	SAFEWAY MUTUAL FUND LIMITED	193	0.00
2	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	50,000	0.08
3	07377-26	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	835,800	1.36
4	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	50,000	0.08
5	09456-24	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	948,400	1.55
6	10603-21	CDC - TRUSTEE APF-EQUITY SUB FUND	6,000	0.01
7	10728-27	CDC - TRUSTEE HBL - STOCK FUND	741,400	1.21
8	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	10,000	0.02
9	11809-26	CDC - TRUSTEE IGI STOCK FUND	66,700	0.11
10	11924-22	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	30,000	0.05
11	13391-26	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	100,600	0.16
12	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	16,500	0.03
13	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	13,500	0.02
14	14845-29	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	62,000	0.10
15	14860-27	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	73,500	0.12
16	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,811,506	2.95
17	12391	FIRST CAPITAL MUTUAL FUND LTD.	16,981	0.03
18	12676	BSJS BALANCED FUND LTD.	72	0.00
		18	4,833,152	7.88

General Public Foreign

a. Local	5331	11,256,878	18.36
b. Foreign	31	5,548,937	9.05
	5362	16,805,815	27.41

Total	5418	61,314,818	100.00

SEARLE

Proxy Form

THE SEARLE COMPANY LIMITED

I / We ____________________ son / daughter / wife / husband of ____________________, shareholder of The Searle Company Limited, holding _________ ordinary shares hereby appoint ____________________ who is my ______________ [state relationship (if any) with the proxy; required by Government regulations] and the son / daughter / wife / husband of _______________ , (holding _________ ordinary shares in the Company under Folio No. _________) [required by Government] as my / our proxy, to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 24, 2014 and / or any adjournment thereof.

Signed this______day of______2014.

Witness:

Rs. 5/- Revenue Stamp

1. ____________________

2. ____________________

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

Note:

1. The member is requested:

   I. To affix revenue stamp of Rs. 5/- at the place indicated above.

   II. To sign across the revenue stamp in the same style of signature as is registered with the Company.

   III. To write down their Folio Number.

2. In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the Meeting, duly completed in all respects.

3. CDC Shareholders or their proxies should bring their original Computerized National Identity Card or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the Notes to the Notice of AGM.

AFFIX
CORRECT
POSTAGE

The Company Secretary

The Searle Company Limited

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

THE SEARLE COMPANY LIMITED

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