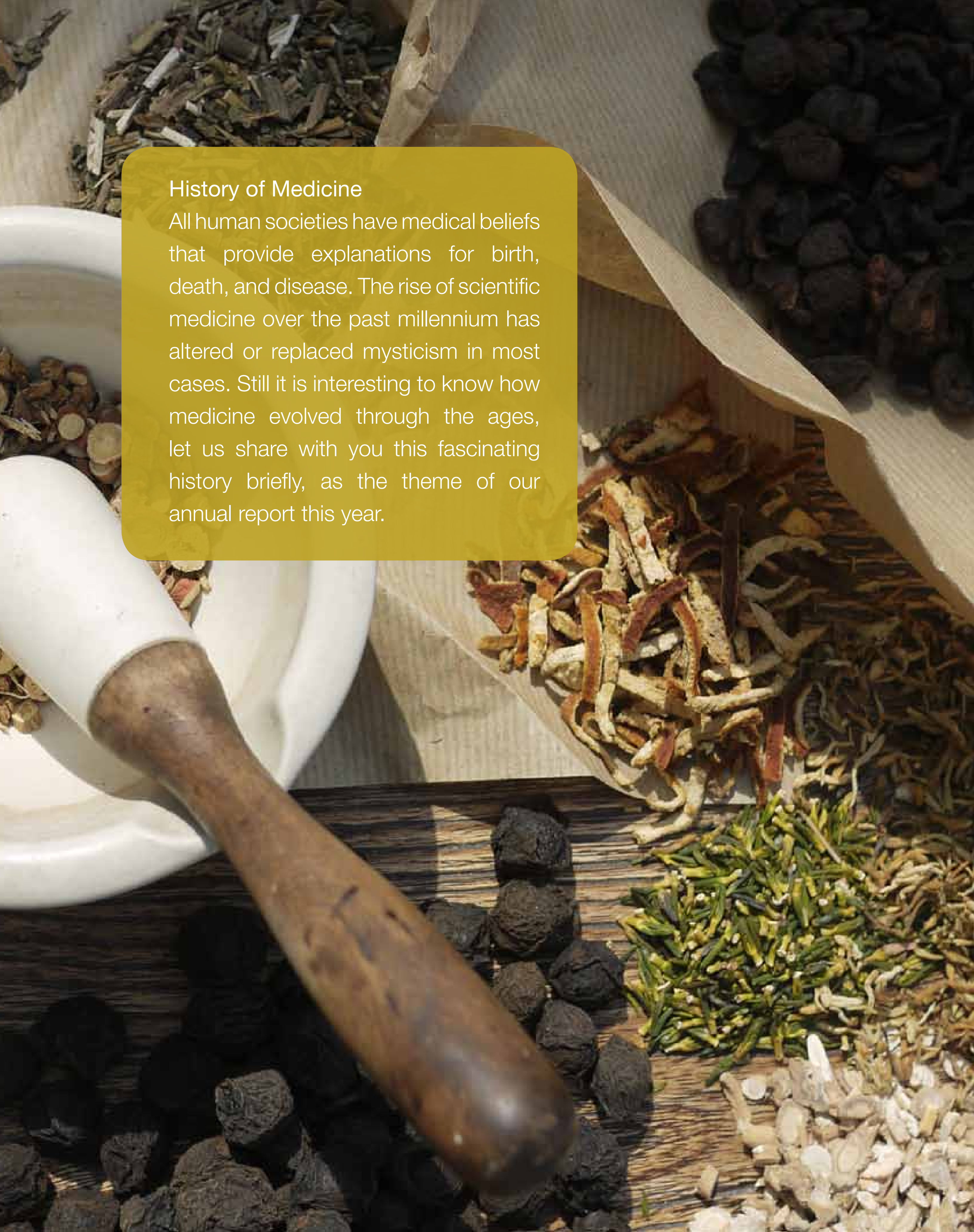
SEARLE

Research in the service of mankind

Medicine through Ages

A N N U A L   R E P O R T   2 0 1 2



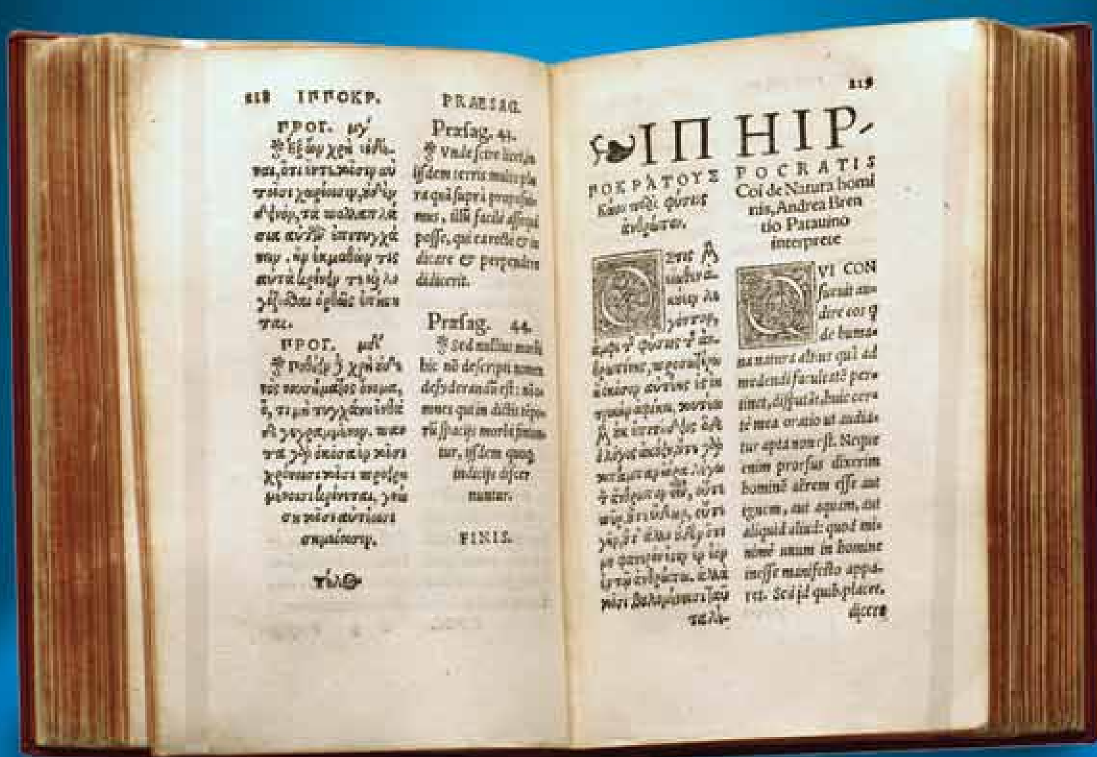
History of Medicine

All human societies have medical beliefs that provide explanations for birth, death, and disease. The rise of scientific medicine over the past millennium has altered or replaced mysticism in most cases. Still it is interesting to know how medicine evolved through the ages, let us share with you this fascinating history briefly, as the theme of our annual report this year.

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:

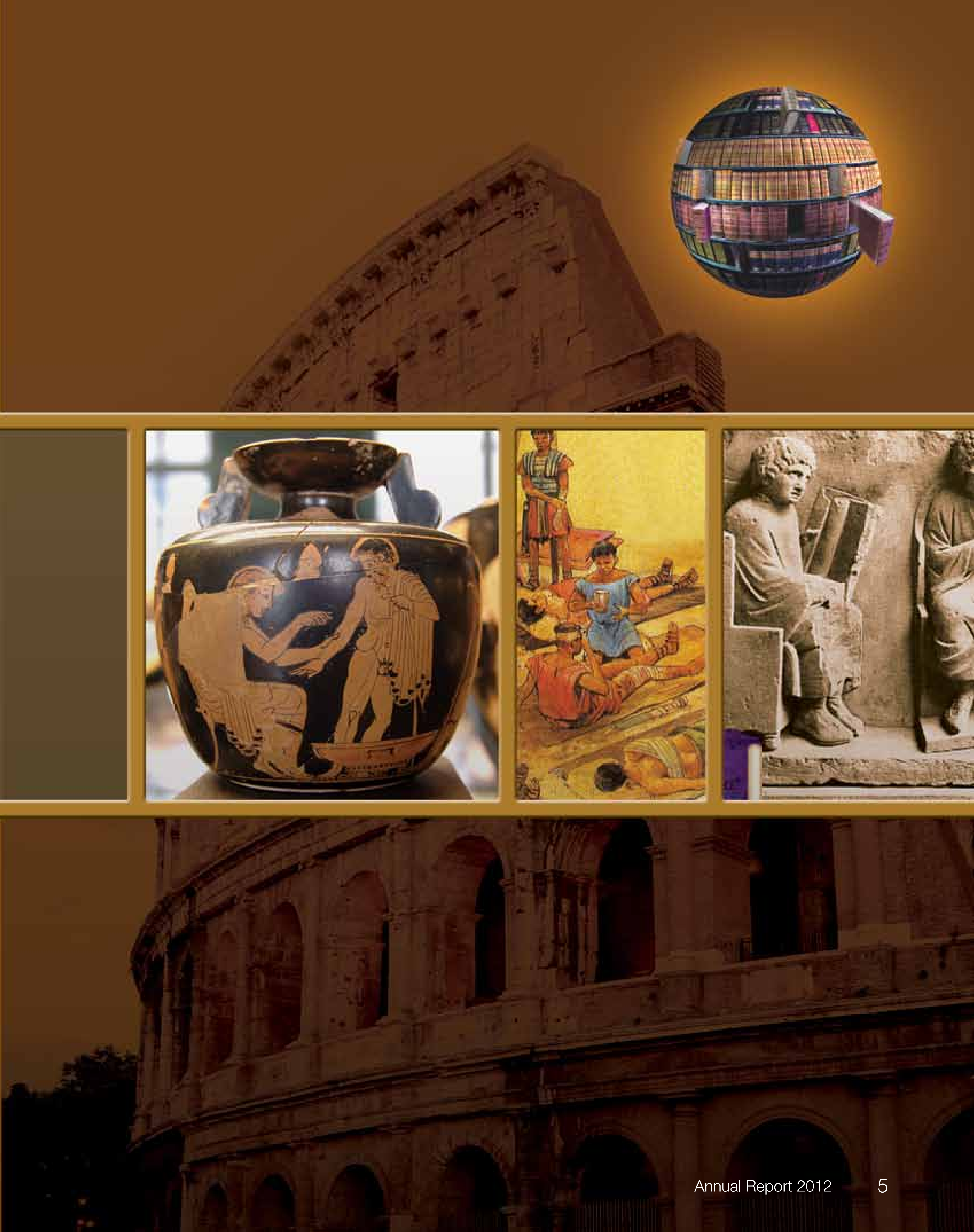
in all our dealings.

Respect:

for our customers and each other.

Greek and Roman Medicine

The first known Greek medical school opened in Cnidus in 700 BC. Alcmaeon, author of the first anatomical work, served at this school, and it was here that the practice of observing patients was established.



Company Information

Board of Directors
Mr. Rashid Abdulla — Chairman
Mr. S. Nadeem Ahmed — CEO/Managing Director
Mr. Zubair Palwala
Mr. Munis Abdullah
Mr. Asad Abdulla
Mr. Ayaz Abdulla
Mr. Adnan Asdar Ali

Board of Audit Committee
Mr. Asad Abdulla — Chairman
Mr. S. Nadeem Ahmed
Mr. Adnan Asdar Ali

Board of HR & Remuneration Committee
Mr. Munis Abdullah — Chairman
Mr. Asad Abdulla
Mr. Zubair Palwala

Chief Financial Officer & Company Secretary
Mr. Zubair Palwala

Auditors
Grant Thornton Anjum Asim Shahid Rahman

Legal Advisors
Mohsin Tayebaly & Co.

Bankers
- Standard Chartered Bank
- Habib Bank Ltd
- Habib Metropolitan Bank Ltd
- National Bank of Pakistan
- Faysal Bank Ltd (Formerly The Royal Bank of Scotland)
- The Bank of Punjab
- Soneri Bank Ltd
- Citibank N.A.

Registered Office
First Floor, N.I.C. Building, Abbasi Shaheed Road,
Off: Shahrah-e-Faisal, Karachi.

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

Notice of Annual General Meeting

Notice is hereby given that the 47th Annual General Meeting of the shareholders of The Searle Company Limited (formerly Searle Pakistan Limited) will be held on Tuesday, October 23, 2012 at 06:30 p.m. at the Institute of Chartered Accountants of Pakistan, Clifton, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last general meeting held on August 3, 2012.

2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2012 together with the directors' and auditors' reports thereon.

3. To consider and approve final cash dividend for the financial year ended June 30, 2012, at the rate of Re.1/- per share of Rs.10/- each, equivalent to 10%.

4. To appoint auditors for the year ending June 30, 2013 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

5. 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 an ordinary resolution:

   "RESOLVED that a sum of Rs.134,757,840/- out of the un-appropriated profits of the Company be capitalized and applied towards the issue of 13,475,784 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 16, 2012, 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 but shall not be eligible for the cash dividend declared for the year ended June 30, 2012.

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

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

OTHER BUSINESS

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

By order of the Board

Zubair Palwala
Company Secretary

Karachi: October 1, 2012

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

Item 5

The Directors of the Company are of the view that the Company's financial position justifies issuance of bonus shares in the ratio of 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.

Notes:

1. Share Transfer Books will be closed from October 17, 2012 to October 23, 2012 (both days inclusive).

2. A member of the Company entitled to attend, speak and vote at this meeting may appoint a proxy to attend, speak and vote on his / her behalf. Proxies in order to be effective must be duly signed, witnessed and deposited at the registered office of the Company not less than 48 hours before the time of the meeting.

3. CDC account holders will have to follow the under mentioned guidelines as laid down in Circular # 1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan for attending the meeting.

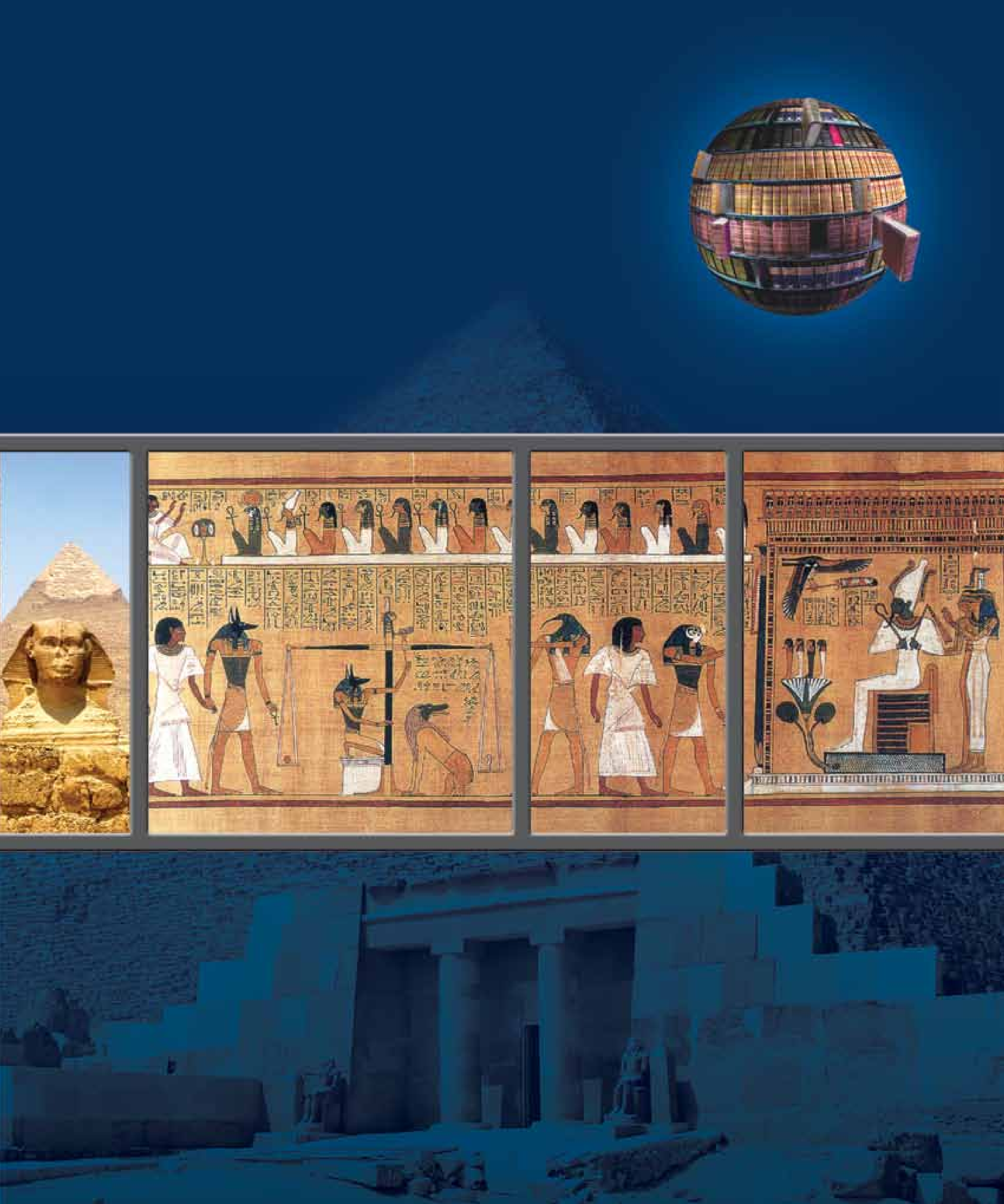
   a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

   b) 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.

4. Shareholders are requested to notify change of their addresses, if any, to Share Registrar Department, Central Depository Company of Pakistan Limited, CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400.

Egyptian Medicine

Ancient Egypt developed a large, varied and fruitful medical tradition. Herodotus described the Egyptians as “the healthiest of all men, next to the Libyans”, due to the dry climate and the notable public health system that they possessed. According to him, “The practice of medicine is so specialized among them that each physician is a healer of one disease and no more.” Although Egyptian medicine, to a good extent, dealt with the supernatural, it eventually developed a practical use in the fields of anatomy, public health, and clinical diagnostics.



Directors' Report to Shareholders

The Directors are delighted to present the 2012 Annual Report together with the Audited Financial Statements for the year ended June 30, 2012.

The Directors' Report is prepared under Section 236 of the Companies Ordinance, 1984 and Clause xvi of the Code of Corporate Governance.

Financial Performance

	2012	2011
	Rs. '000	
Revenue	4,936,049	4,238,840
Gross profit	2,129,579	1,886,410
Gross profit %	43.1	44.5
Operating expenses	1,252,330	1,124,827
Operating profit	877,249	761,583
Operating profit %	17.8	18.0
Other operating income	48,700	115,065
Profit before taxation	556,097	509,221
Taxation	179,586	141,262
Profit after taxation	376,511	367,959
Profit after tax %	7.6	8.7

We are pleased to report that compared to last year, your Company has been able to grow revenues from 4.2 billion to 4.9 billion, an increase of 16.4%. This is particularly pleasing given the adverse state of the global economy and the law and order situation prevailing in Pakistan. In 2012, we experienced positive growth in almost every category of our product base, including Solid (30%), Liquid (26%) and Consumer (60%) as compared to last year.

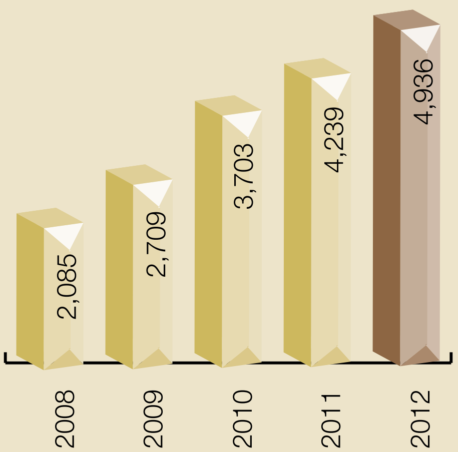
This tremendous growth was driven by strong performances from a number of our key brands, including Hydryllin (+43%), Nuberol Forte (+51%), Gravinate (+175%), Peditral (+110%), and Rotec (+63%).

New products launched during last three years grew 31% over last year and contributed 25% of 2012 sales (excluding toll revenue).

As the Company relies heavily on imported raw materials for production, the increase in international prices of raw material along with further devaluation of the Pak Rupee has resulted in higher material costs. In addition to increase in imported material cost, increased cost of utilities and domestic inflation has also contributed towards increase in Cost of Sales percentage to Net Sales.

However, the company has been able to reduce the percentage of sales devoted to operating expenses from 26.5%. to 25.4%

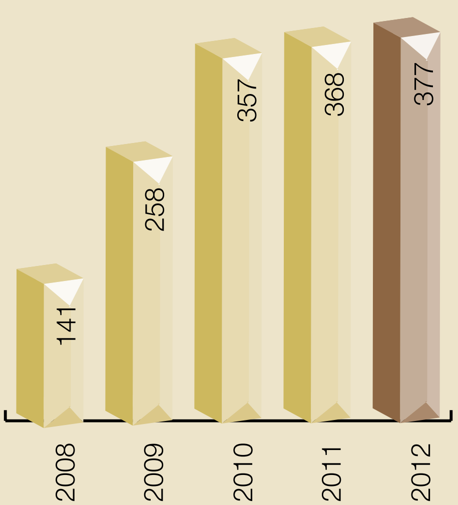
Revenue (Rs. in million)

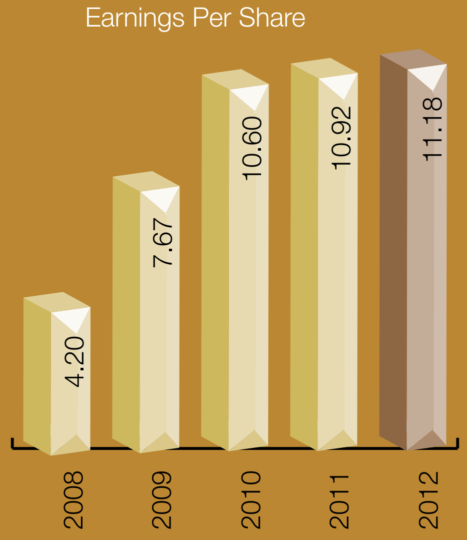


Earnings Per Share

Basic earnings per share after taxation were Rs. 11.18 (2011: Rs. 10.92).

Profit After Tax (Rs. in million)





Dividend

The Board of Directors has recommended a cash dividend of 10% and stock dividend of 40% for the year ended June 30, 2012, against cash dividend of 15% and stock dividend of 10% in June 30, 2011.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2012 and other related information are set out on pages 126 to 130.

Corporate and Social Responsibility

Corporate responsibility is an integral part of the mission of the organization. The Company makes a significant contribution to society through the research based products that we manufacture and sell. The Company continues its support through donations of medicines and cash.

Occupational Health and Safety

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

Statement of Ethics and Business Practices

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

Meetings of the Board of Directors

During the year, six meetings of the Board of Directors were held, the details of which are as follows:

Name of Directors	Meetings attended
Mr. Rashid Abdulla	6
Mr. S. Nadeem Ahmed	6
Mr. Zubair Palwala	5
Mr. Munis Abdullah	4
Mr. Asad Abdulla	5
Mr. Ayaz Abdulla	6
Mr. Adnan Asdar Ali	2

During the year Mr. S. Nadeem Ahmed was appointed as the Chief Executive Officer of the Company in place of Mr. Rashid Abdulla.

Audit Committee

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

Auditors

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, 2013, at a fee to be mutually agreed.

Subsequent Events

With effect from September 03, 2012 the Company has changed its name to "The Searle Company Limited" from "Searle Pakistan Limited" other than the said name change 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, 2012 / June 30, 2011 respectively were as follows:

	2012	2011
	PKR in thousand	
Provident Fund	143,400	124,800
Gratuity Fund	115,520	104,703
Total	258,920	229,503

Profit after tax for the year was Rs. 377 million compared to Rs. 368 million for the last year.

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 judgement.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

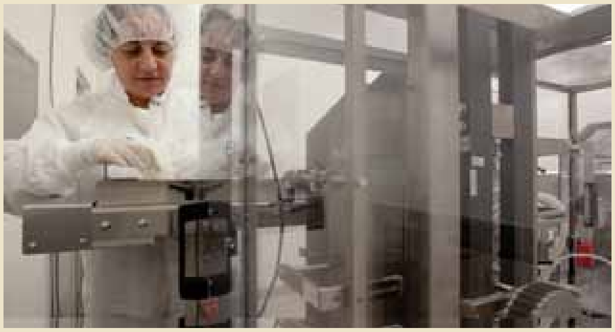
- The Company maintains a sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed.

- 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 disclosed on page 16.



Statistical Summary

	FINANCIAL YEARS ENDED ON JUNE 30					
	2012	2011	2010	2009	2008	2007
	(Rs '000)					
ASSETS EMPLOYED						
Property, plant and equipment	2,647,734	695,524	619,483	615,431	652,897	679,629
Intangible assets	43,030	52,112	8,504	12,752	17,550	13,102
Long-term loans, deposits & prepayments	6,771	7,468	7,430	3,781	7,722	14,303
Long-term investment	100,000	100,000	100,000	100,000	200,000	200,000
Net current assets	397,114	1,053,193	915,455	689,574	616,592	578,209
Total assets employed	3,194,649	1,908,297	1,650,872	1,421,538	1,494,761	1,485,243
FINANCED BY						
Issued, subscribed and paid-up capital	336,895	306,268	306,268	266,320	266,320	242,109
Reserves and Unappropriated profit	1,649,402	1,330,940	1,027,278	727,642	594,268	467,199
Shareholder's equity	1,986,297	1,637,208	1,333,546	993,962	860,588	709,308
Surplus on revaluation of fixed assets	161,383	179,901	207,484	229,852	262,644	296,663
Long-term and deferred liabilities	1,046,969	91,188	109,842	197,724	371,529	479,272
Total capital employed	3,194,649	1,908,297	1,650,872	1,421,538	1,494,761	1,485,243
TURNOVER AND PROFITS						
Turnover	4,936,049	4,238,840	3,702,518	2,708,974	2,085,344	2,104,307
Profit before tax	556,097	509,221	543,494	356,867	210,069	103,863
Profit after tax	376,511	367,959	357,164	258,414	141,472	63,535
PROFIT AFTER TAX						
% of turnover	7.63	8.68	9.65	9.54	6.78	3.02
% of capital employed	11.79	19.28	21.63	18.18	9.46	4.28
DIVIDENDS						
Cash (%)	10	15	30	15	10	10
Stock (%)	40	10	-	15	-	10

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 three years appears as under:

	2012	2011	2010
		Rs. in million	
Turnover	5,659	4,877	4,176
Operating profit	975	822	655
Profit after taxation	430	414	366
Total assets	5,277	3,988	3,152
Share capital and reserves	2,208	1,831	1,482
Consolidated earnings per share (Rupees)	12.76	13.50	11.96

Future Outlook

Searle is working diligently to overcome challenges and achieve its medium and long term goals. The medium term objectives include continued focus on producing high quality pharmaceutical products that meet the demand of health care professionals and patients. We are committed to provide accurate health information, safety and protection, clean environment, medical education and health care to the nation of Pakistan and Global Markets.

Searle is also continuously developing its high quality sales force that will enhance the sales volume of its existing products portfolio. Support to different NGOs and contribution in unforeseen calamities will continue as a regular commitment to the nation of Pakistan.

Our medium term objectives also include focusing on different operational activities that will help in optimizing the cost of product at different levels. To maximize Searle's comprehensive capabilities and expedite implementation of its growth strategies, Searle has taken great strides towards revamping and restructuring the organization. We believe these positive steps will lead to realizing our goals in the medium and long term.

In the long term, 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 Searle management continues to take positive initiatives and focus on performance to transform our vision into reality, securing profit and sustainable growth for the shareholders of "The Searle Company Ltd."

For and on behalf of the board

Rashid Abdulla
Chairman

Karachi:
September 20, 2012

Babylonian Medicine

The oldest Babylonian texts on medicine date back to the Old Babylonian period in the first half of the 2nd millennium BC. The most extensive Babylonian medical text, however, is the Diagnostic Handbook written by the umman, or chief scholar, Esagil-kin-apli of Borsippa, during the reign of the Babylonian king Adad-apla-iddina (1069-1046 BC).

Our Products

Searle Pakistan Limited (SPL) has comprehensive line of products encircle life itself - addressing important health needs from infancy to the golden years. Our portfolio includes three major division; Pharma, Consumer Health and Nutrition. Pharmaceutical range across therapeutic area 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.

NUBEROL
No. 1 muscle relaxant analgesic in Pakistan

HYDRYLLIN
No. 1 cough remedy -the gold standard

GRAVINATE
Trusted & time tested anti-emetic

SPIROMIDE
No. 1 cardio-protective diuretic in Pakistan

LOMOTIL
Leading Antidiarrheal

SUSTAC
No. 1 Nitrate with sustained release technology

ROTEC
Leading GI protective NSAIDs

TRAMAL
No. 1 Non-narcotic pain reliever in Pakistan

EZIUM
Icon in the treatment of gastric ulcer

EXTOR
Modern way to control blood pressure

PEDITRAL
High quality leading ORS

CANDEREL
Sugar that suits everyone

LUMARK
Referral in epilepsy management

MORCET
Better way for treatment of depression

NUTRACEUTICALS
Back to nature

PROBIOTIC
Emerging treatment with healthy bacteria

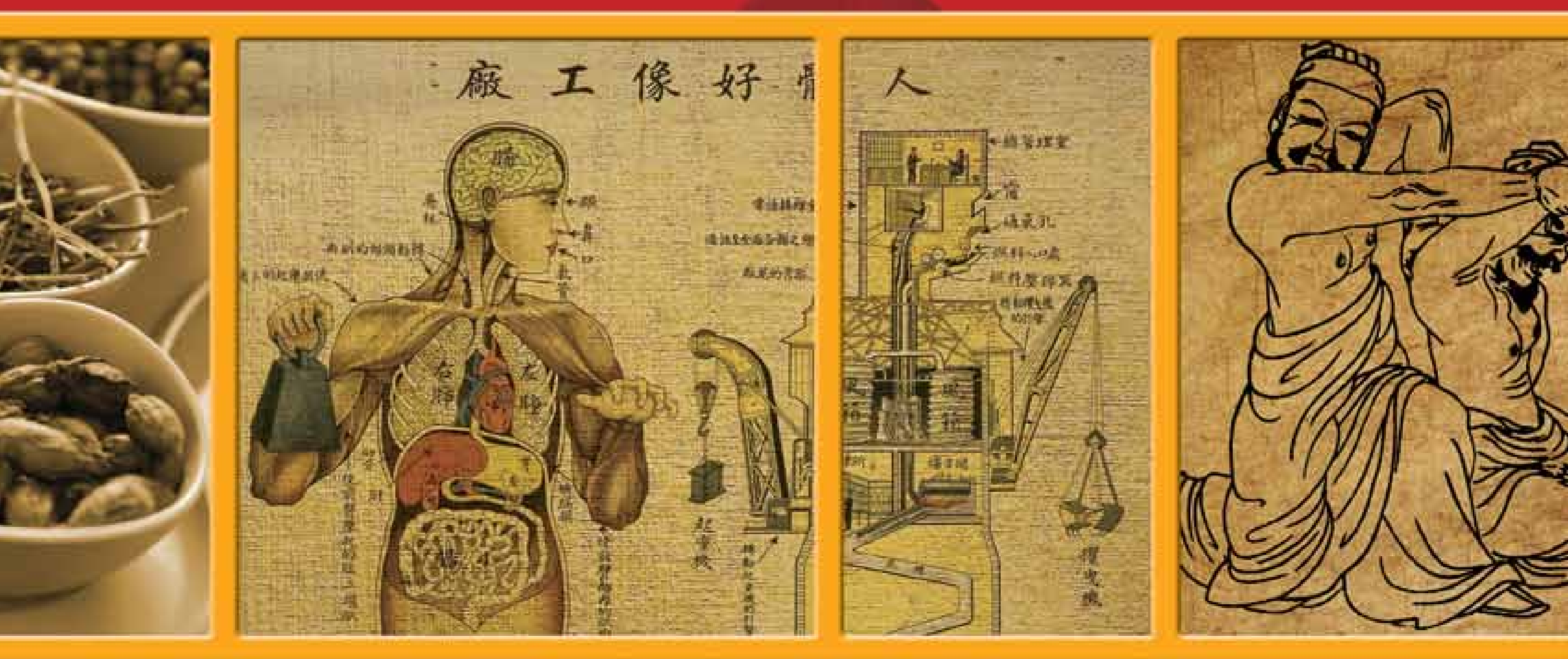
ENFAGROW & ENFA KID
Where good health begins

GLITOS PLUS
Drug of choice for diabetes

FIBERSIL
Ispaghol for healthy life style

Ancient Chinese Medicine

China also developed a large body of traditional medicine. Much of the philosophy of traditional Chinese medicine derived from empirical observations of disease and illness by Taoist physicians and reflects the classical Chinese belief that individual human experiences express causative principles effective in the environment at all scales. These causative principles, whether material, essential, or mystical, correlate as the expression of the natural order of the universe.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Grant Thornton

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Other offices: Islamabad, Lahore

Review Report to the Members on Statement of Compliance with Best Practices of 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, 2012 prepared by the board of directors of the Searle Pakistan Limited (the Company) to comply with the Listing Regulations of the Karachi and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the board of directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company 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 control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Karachi and Islamabad Stock Exchanges require the Company to place before the board of directors 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 of directors 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 of Corporate Governance.

Anjum Asim Shahid Rahman
Chartered Accountants

Karachi.
Date: September 20, 2012

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	:	None
Executive Directors	:	Mr. Rashid Abdulla
		Mr. S. Nadeem Ahmed
		Mr. Zubair Palwala
		Mr. Ayaz Abdulla
Non-Executive Directors	:	Mr. Munis Abdullah
		Mr. Asad Abdulla
		Mr. Adnan Asdar Ali

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 arranged training programs for its directors during the year.

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

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

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

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

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

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

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 set up an effective internal audit function.

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.

Karachi.
Date: September 20, 2012

Syed Nadeem Ahmed
CEO/Managing Director

Grant Thornton

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Other offices: Islamabad, Lahore

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Searle Pakistan Limited (the holding company) and its subsidiary IBL HealthCare Limited as at June 30, 2012 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 Searle Pakistan Limited. The financial statements of IBL HealthCare Limited were audited by another firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company is based solely on the report of such other auditor. 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 Searle Pakistan Limited and its subsidiary IBL HealthCare Limited as at June 30, 2012 and the results of their operations for the year then ended.

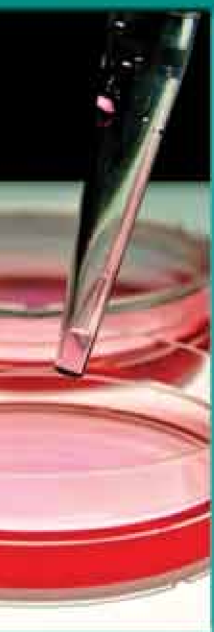
Anjum Asim Shahid Rahman

Karachi.
Date: September 20, 2012

Anjum Asim Shahid Rahman
Chartered Accountants
Shahzada Saleem Chughtai

Modern Medicine

Medicine was revolutionized in the 19th century and beyond by advances in chemistry and laboratory techniques and equipment, old ideas of infectious disease epidemiology were replaced with bacteriology and virology. Bacteria and microorganisms were first observed with a microscope by Antonie van Leeuwenhoek in 1676, initiating the scientific field, microbiology.



During the 20th century, large-scale wars were attended with medics and mobile hospital units which developed advanced techniques for healing massive injuries and controlling infections rampant in battlefield conditions. Thousands of scarred troops provided the need for improved prosthetic limbs and expanded techniques in plastic surgery or reconstructive surgery. Those practices were combined to broaden cosmetic surgery and other forms of elective surgery.

Consolidated Balance Sheet
As at June 30, 2012

ASSETS	Note	2012	2011
		----------(Rupees in '000)----------	
Non-current assets			
Fixed assets			
- Property, plant and equipment	5	2,655,209	822,026
- Intangible assets	6	86,570	104,352
		2,741,779	926,378
Investment property	7	120,952	-
Long-term loans	8	648	1,552
Long-term deposits	9	6,625	6,401
Total non-current assets		2,870,004	934,331
Current assets			
Stores and spares		2,229	2,604
Stock-in-trade	10	780,345	850,160
Trade debts	11	1,202,418	1,061,501
Loans and advances	12	109,500	698,275
Trade deposits and short term prepayments	13	74,223	74,353
Other receivables	14	156,493	198,931
Taxation - net		1,578	-
Cash and bank balances	15	80,343	167,590
Total current assets		2,407,129	3,053,414
Total assets		5,277,133	3,987,745
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorised share capital			
50,000,000 (2011: 50,000,000) ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up capital	16	336,895	306,268
General reserve		280,251	280,251
Unappropriated profit		1,430,147	1,097,505
Attributable to the holding company's shareholders		2,047,293	1,684,024
Non-controlling interest		160,998	146,818
Total equity		2,208,291	1,830,842
Surplus on revaluation of fixed assets	17	161,383	179,901
Non-current liabilities			
Long term finances - secured	18	966,667	-
Liabilities against assets subject to finance leases	19	5,606	17,077
Deferred liabilities			
Taxation	20	52,000	55,732
Gratuity - unfunded	20	37,562	32,472
		89,562	88,204
Total non-current liabilities		1,061,835	105,281
Current liabilities			
Trade and other payables	21	1,052,587	984,345
Accrued mark-up	22	35,501	28,950
Short-term finances	23	712,769	839,011
Current portion of			
- long term finances	18	33,333	-
- liabilities against assets subject to finance leases	19	11,434	11,534
Provision for taxation - net		-	7,881
Total current liabilities		1,845,624	1,871,721
Total liabilities		2,907,459	1,977,002
Contingencies and commitments	24		
Total equity and liabilities		5,277,133	3,987,745

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

Consolidated Profit and Loss Account

For the year ended June 30, 2012

	Note	2012	2011
		----------(Rupees in '000)----------	
NET SALES	25	5,659,437	4,876,869
COST OF SALES	26	3,312,050	2,817,966
GROSS PROFIT		2,347,387	2,058,903
Selling and distribution expenses	27	1,211,880	1,092,377
Administrative expenses	28	142,993	129,015
Amortization of intangible assets	6	17,782	15,093
		1,372,655	1,236,485
OPERATING PROFIT	29	974,732	822,418
Other operating income	30	28,145	115,437
Other operating expenses	31	76,094	67,938
Finance cost	32	307,960	306,520
PROFIT BEFORE INCOME TAX		618,823	563,397
Income tax expense	33	188,952	149,824
PROFIT FOR THE YEAR		429,871	413,573
		-------------Rupees-------------	
EARNINGS PER SHARE - BASIC AND DILUTED	34	12.76	13.50

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

Consolidated Statement of Comprehensive Income
For the year ended June 30, 2012

	2012	2011
	----------(Rupees in '000)----------	
PROFIT FOR THE YEAR	429,871	413,573
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	429,871	413,573
Total comprehensive income attributable to:		
Shareholders' of the holding company	390,691	390,815
Non-controlling interest	39,180	22,758
	429,871	413,573

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

Consolidated Statement of Cash Flows

For the year ended June 30, 2012

	Note	2012	2011
		----------(Rupees in '000)----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	35	1,093,248	1,176,844
Gratuity paid	14.2.4 20.3.4 & 20.4.4	(18,341)	(17,446)
Taxes paid		(202,143)	(232,285)
Recovery of long-term loans		904	234
Advance of short-term loans and advances		588,664	(631,923)
Payment of long-term deposits		(224)	(315)
Net cash from operating activities		1,462,108	295,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5.1	(1,969,552)	(143,008)
Additions to capital work in progress		(82,616)	(48,266)
Purchase of intangible assets	6	-	(50,000)
Proceeds from disposal of property, plant and equipment	5.5	8,982	13,665
Finance income received	30	203	134
Mark-up received from ultimate holding company		8,750	10,000
Exchange loss-net		(10,366)	(8,263)
Net cash used in investing activities		(2,044,599)	(225,738)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities paid		(11,571)	(5,065)
Long-term finance received		1,000,000	-
Long-term finance paid		-	(99,960)
Dividend paid		(70,203)	(90,568)
Financial charges paid		(296,740)	(292,010)
Net cash from/(used in) financing activities		621,486	(487,603)
Net increase/(decrease) in cash and cash equivalents		38,995	(418,232)
Cash and cash equivalents at the beginning of the year		(671,421)	(253,189)
Cash and cash equivalents at the end of the year	36	(632,426)	(671,421)

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2012

	Attributable to shareholders' of the holding company	Capital reserve	Revenue reserve				
	Share capital	Reserve for issue of bonus shares	General reserve	Total reserves	Unappropriated profit	Non Controlling interest	Total
	(Rupees in '000)						
Balance as at June 30, 2010	306,268	-	280,251	280,251	770,986	124,060	1,481,565
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	-	-	-	-	19,327	-	19,327
Realization of surplus on revaluation of fixed assets on disposal (net of tax)	-	-	-	-	8,256	-	8,256
Total comprehensive income for the year	-	-	-	-	390,815	22,758	413,573
Transactions with owners							
Cash dividend paid for the year ended June 30, 2010 @ Rs. 3 per share (holding company)	-	-	-	-	(91,880)	-	(91,880)
	-	-	-	-	(91,880)	-	(91,880)
Balance as at June 30, 2011	306,268	-	280,251	280,251	1,097,505	146,818	1,830,842
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	-	-	-	-	17,952	-	17,952
Realization of surplus on revaluation of fixed assets on disposal (net of tax)	-	-	-	-	566	-	566
Total comprehensive income for the year	-	-	-	-	390,691	39,180	429,871
Transactions with owners							
Transfer to reserve for issue of bonus shares	-	30,627	-	30,627	(30,627)	-	-
Bonus shares issued @ 10% in the ratio of 10 shares for every 100 shares held	30,627	(30,627)	-	(30,627)	-	-	-
Cash dividend paid for the year ended June 30, 2011 @ Rs. 1.5 per share (holding company)	-	-	-	-	(45,940)	-	(45,940)
Cash dividend paid for the year ended June 30, 2011 @ Rs. 2.5 per share (subsidiary company)	-	-	-	-	-	(25,000)	(25,000)
	30,627	-	-	-	(76,567)	(25,000)	(70,940)
Balance as at June 30, 2012	336,895	-	280,251	280,251	1,430,147	160,998	2,208,291

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

1 THE GROUP AND ITS OPERATIONS

1.1 The “Group” consist of :

Holding company

Searle Pakistan Limited

Subsidiary company

IBL HealthCare Limited

The Group is engaged in sale of food and consumer items, manufacture of pharmaceutical items for other companies and marketing, selling and distribution of healthcare products.

Searle Pakistan 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 a low calorie sweetener. In addition, the holding company is engaged in sale of food and consumer items, and manufacture of pharmaceutical items for other companies. The registered office of the holding company is situated at First Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.

With effect from September 03, 2012 the holding company has changed its name to “The Searle Company Limited” from “Searle Pakistan Limited”.

With effect from June 17, 2011 International Brands (Private) Limited has acquired additional shareholding of 15.9 % aggregating to 55.25% of shareholding of the holding company and has become ultimate holding company.

IBL - HealthCare (Private) Limited (the subsidiary company) 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.

1.2 Basis of consolidation

Due to significant representation in board of directors and 50% holding of share capital of the subsidiary, management perceive that the holding company can directly or indirectly exercise control over the subsidiary.

The consolidated financial statements comprise financial statements of the holding company and its subsidiary company - “the Group”. The assets and liabilities of the subsidiary company have been consolidated on a line by line basis and the carrying value of the investment held by the holding company has been eliminated against corresponding holding in subsidiary’s shareholders’ equity in the consolidated financial statements. All intra-group transactions, balances, income and expenses have been eliminated.

2 STATEMENT OF COMPLIANCE

2.1 These consolidated financial statements of the Group 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 New / Revised standards and interpretations to existing standards effective from current period or early adopted but not relevant to the Group:

The following standards, amendments and interpretations of approved accounting standards are effective for accounting period beginning on or after January 01, 2012. These standards are either not relevant to the Group's operations or are not expected to have significant impact on the consolidated financial statements of the Group:

- IAS 32 (Amendment) 'Financial Instruments: Presentation'
- International Financial Reporting Interpretations Committee (IFRIC) 13 (Amendment) 'Customer Loyalty Programmes'
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'
- Amendments to IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction"

The application of improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in these consolidated financial statements.

2.2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations of International Financial Reporting Standards will be effective for accounting periods beginning on or after the dates specified below:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 01, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on consolidated financial statements of the Group.

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 01, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on consolidated financial statements of the Group.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 01, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19 and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on consolidated financial statements of the Group.

- IAS 27 Separate financial statements (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated financial statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 01, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on consolidated financial statements of the Group.

- IAS 28 Investments in Associates (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on consolidated financial statements of the Group.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on consolidated financial statements of the Group.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the balance sheet or subject to master netting agreement or similar arrangement. The amendments have no impact on consolidated financial statements of the Group.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 01, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on consolidated financial statements of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These consolidated financial statements comprise consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with explanatory notes and have been prepared under the ‘historical cost convention’ except for certain items of property, plant and equipment, which have been stated at revalued amount and loans and receivables that are not held for trading, which are stated at amortized cost. Staff retirement benefits are carried at present value.

The consolidated 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 consolidated financial statements in conformity with approved accounting standards requires management to make judgements, 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 judgements 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) Provisions for doubtful debts	4.1
b) Useful life of depreciable and amortizable assets	4.5
c) Estimates of recoverable amounts of inventories	4.8
d) Loans and receivable	4.9
e) Depreciable, amortizable and financial assets	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 Group 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 consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless / otherwise stated.

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

Defined benefit plans

The holding company operates an unfunded gratuity scheme covering all unionized employees with five or more years of service with the holding company. The provision has been made in accordance with actuarial recommendations using the projected unit credit method. The results of valuation are summarized in note 20.3.

The subsidiary operates an unfunded gratuity scheme covering all employees. The eligibility period under the scheme is ten or more years of the service. Provision has been made in accordance with actuarial recommendations using the projected unit credit method. The results of current valuation are summarized in note 20.4.

The holding company also operates an approved gratuity fund for its permanent employees who complete the eligible period of service. Provision has been made in accordance with actuarial recommendations using the projected unit credit method. The results of current valuation are summarized in note 14.2.

Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the balance sheet date exceeds ten percent of the higher of defined benefit obligation and fair value of the plan assets at end of the previous reporting period. These gains or losses are recognized over the expected remaining working lives of the employees participating in the plans.

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 and employees, to the fund at the rate of 10% of basic salary.

4.3 Taxation

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.

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.

4.4 Borrowing cost

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 recognised as an expense in the period in which these are incurred.

4.5 Property, plant and equipment, and depreciation

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 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.

Measurement subsequent to initial recognition

Carried using revaluation model

Lease hold land, building on lease hold land, plant and machinery, motor vehicles and air conditioning systems of the holding Company 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. 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.

Carried using cost model

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

Depreciation

Depreciation 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.

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.

4.5.1 Capital work in progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date and represents expenditure incurred on property, plant and equipment in the course of construction. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation.

4.5.2 Intangible assets

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).

4.6 Investment property

The Group accounts for Investment Property using the fair value model given in the International Accounting Standard 40 “Investment Property”. Surplus and deficits on revaluation of investment property, if arises, will be taken to profit and loss account in the year.

4.7 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.

4.8 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 finished goods includes cost of raw material, direct labor 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.

4.9 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 Group intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the Group upon initial recognition designates as at fair value through profit or loss; (b) those that the Group upon initial recognition designates as available for sale; or (c) those for which the Group 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. 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 installments through salary of the employees.

4.10 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 Group's cash management are included as part of cash and cash equivalent for the purpose of statement of cash flows.

4.11 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.

4.12 Revenue recognition

Sales are recorded on dispatch of goods and in case of export when the goods are shipped. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.

Toll manufacturing income is recognized when services are rendered.

Dividend income is recognized when the Group's right of receipts is established.

Bank profit and commission income is recognized on accrual basis.

4.13 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

4.14 Provisions

Provisions are recognized in the balance sheet when the Group has a legal or constructive obligation as a result of past events, 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.

4.15 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 profit and loss account.

4.16 Financial instruments

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

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

Financial liabilities carried on the 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.

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.

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.

4.17 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.

4.18 Dividend

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

4.19 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.

4.20 General

Figures have been rounded-off to nearest thousand rupee.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2012	2011
		---------(Rupees in '000)---------	
Operating assets	5.1	2,523,973	773,406
Capital work in progress - at cost	5.7	131,236	48,620
		2,655,209	822,026

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	Furnitures and fixtures	Vehicles	Air - conditioning	Sub total	Plant and machinery	Vehicles	Sub Total	Total
As at June 30, 2010												
Cost / Revalued amount	304,367	175,439	610,634	38,454	22,906	110,774	53,066	1,315,640	13,500	38,707	52,207	1,367,847
Accumulated depreciation	(13,479)	(85,310)	(355,146)	(32,526)	(12,568)	(75,446)	(36,971)	(611,446)	(675)	(15,532)	(16,207)	(627,653)
Net book amount	290,888	90,129	255,488	5,928	10,338	35,328	16,095	704,194	12,825	23,175	36,000	740,194
Year ended June 30, 2011												
Opening net book amount	290,888	90,129	255,488	5,928	10,338	35,328	16,095	704,194	12,825	23,175	36,000	740,194
Additions	89,535	-	42,672	1,055	85	3,323	348	137,018	-	5,990	5,990	143,008
Transfers												
Cost / Revalued amount	-	-	-	-	-	3,081	-	3,081	-	(3,081)	(3,081)	-
Accumulated depreciation	-	-	-	-	-	(1,927)	-	(1,927)	-	1,927	1,927	-
	-	-	-	-	-	1,154	-	1,154	-	(1,154)	(1,154)	-
Disposal												
Cost / Revalued amount	-	-	(49,029)	(6,822)	-	(8,509)	-	(64,360)	-	-	-	(64,360)
Accumulated depreciation	-	-	35,709	6,789	-	5,309	-	47,807	-	-	-	47,807
	-	-	(13,320)	(33)	-	(3,200)	-	(16,553)	-	-	-	(16,553)
Deprecation charge	(1,880)	(10,122)	(52,912)	(2,720)	(1,728)	(12,520)	(4,297)	(86,179)	(1,350)	(5,714)	(7,064)	(93,243)
Closing net book amount	378,543	80,007	231,928	4,230	8,695	24,085	12,146	739,634	11,475	22,297	33,772	773,406
As at June 30, 2011												
Cost / Revalued amount	393,902	175,439	604,277	32,687	22,991	108,669	53,414	1,391,379	13,500	41,616	55,116	1,446,495
Accumulated depreciation	(15,359)	(95,432)	(372,349)	(28,457)	(14,296)	(84,584)	(41,268)	(651,745)	(2,025)	(19,319)	(21,344)	(673,089)
Net book amount	378,543	80,007	231,928	4,230	8,695	24,085	12,146	739,634	11,475	22,297	33,772	773,406
Year ended June 30, 2012												
Opening net book amount	378,543	80,007	231,928	4,230	8,695	24,085	12,146	739,634	11,475	22,297	33,772	773,406
Additions	1,916,897	-	36,809	1,379	-	13,428	875	1,969,388	-	164	164	1,969,552
Transfers												
Cost / Revalued amount	(120,952)	-	-	-	-	8,334	-	(112,618)	-	(8,334)	(8,334)	(120,952)
Accumulated depreciation	-	-	-	-	-	(4,699)	-	(4,699)	-	4,699	4,699	-
	(120,952)	-	-	-	-	3,635	-	(117,317)	-	(3,635)	(3,635)	(120,952)
Disposal												
Cost / Revalued amount	-	-	(27,362)	(218)	-	(8,483)	-	(36,063)	-	-	-	(36,063)
Accumulated depreciation	-	-	18,136	120	-	7,762	-	26,018	-	-	-	26,018
	-	-	(9,226)	(98)	-	(721)	-	(10,045)	-	-	-	(10,045)
Deprecation charge	(1,880)	(8,700)	(49,868)	(2,441)	(1,787)	(11,989)	(4,116)	(80,781)	(1,350)	(5,857)	(7,207)	(87,988)
Closing net book amount	2,172,608	71,307	209,643	3,070	6,908	28,438	8,905	2,500,879	10,125	12,969	23,094	2,523,973
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	(17,239)	(104,132)	(404,081)	(30,778)	(16,083)	(93,510)	(45,384)	(711,207)	(3,375)	(20,477)	(23,852)	(735,059)
Net book amount	2,172,608	71,307	209,643	3,070	6,908	28,438	8,905	2,500,879	10,125	12,969	23,094	2,523,973
Depreciation rate	89, 92 and 99 years	5% and 20%	10%, 20% and 33%	10%, 20% and 33%	10%, 20% and 33%	20%	10% and 20%		10%	20%		

* Includes land amounting to Rs. 88.375 million in the process of leasehold land

5.2 The holding company had revalued its lease hold land, building on lease hold land, plant and machinery, vehicles and air-conditioning system as at March 31, 2010. The revaluation was performed by an independent revaluer, M/s. Asif Associates (Private) Limited on the basis of current market value. The surplus arising as a result of this revaluation 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 also revalued earlier as at June 30, 2004 by Iqbal A. Nanjee on the basis of current market value. These assets have been carried at such revalued amounts.

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

	Cost 2012	Cost 2011	Written down value 2012	Written down value 2011
	----(Rupees in '000)----		----(Rupees in '000)----	
Owned assets				
Lease hold land	2,021,684	105,813	2,018,035	102,345
Building on lease hold land	137,805	137,805	63,778	68,716
Plant and machinery	417,743	404,684	173,041	175,941
Vehicles	99,688	89,896	25,204	23,482
Air conditioning system	17,826	16,950	1,612	1,206
	2,694,746	755,148	2,281,670	371,690
Leased assets				
Plant and machinery	13,500	13,500	10,125	11,475
Vehicles	16,293	24,627	8,729	16,432
	29,793	38,127	18,854	27,907
	2,724,539	793,275	2,300,524	399,597

5.4 The depreciation expense has been allocated as follows:

	Note	2012	2011
		----(Rupees in '000)----	
Cost of sales	26	69,849	75,271
Selling and distribution expenses	27	12,825	13,605
Administrative expenses	28	5,314	4,367
		87,988	93,243

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

	Cost/ Revalued amount	Accumulated depreciation	Net book amount	Sale proceeds	Gain/ (Loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	----(Rupees in '000)----							
Plant & machinery	22,040	13,687	8,353	2,500	(5,853)	-	Negotiation	Myplan Pharmaceuticals (Private) Limited, 32 KM, Multan Road, Lahore.
	4,857	4,008	849	2,300	1,451	850	Negotiation	-do-
Sub-total	26,897	17,695	9,202	4,800	(4,402)	850		
Vehicles	1,389	764	625	1,250	625	-	Insurance claim	PICIC Insurance Limited, 8th Floor, Shaheen Complex, M.R. Kayani Road, Karachi.
	1,084	994	90	-	(90)	-	Full and final settlement	Mr. Saleem A. Shaikh, A-215, Block-L, North Nazimabad, Karachi.
Sub-total	2,473	1,758	715	1,250	535	-		
Aggregate of assets disposed off having written down value below Rs. 50,000 each								
Plant & machinery	465	441	24	900	876	16		
Office equipment	218	120	98	-	(98)	-		
Vehicles	6,010	6,004	6	2,032	2,026	-		
Sub-total	6,693	6,565	128	2,932	2,804	16		
Total	36,063	26,018	10,045	8,982	(1,063)	866		
2011	64,360	47,807	16,553	13,665	(2,888)	12,702		

5.6 The gain on disposal of property, plant and equipment has been accounted for as follows:

	Note	2012	2011
		------(Rupees in '000)------	
Other operating income	30	4,978	5,942
Other operating expenses	31	(6,041)	(8,830)
		(1,063)	(2,888)

5.7 Movement in capital work in progress

	2012	2011
Balance as at July 1	48,620	354
Add: additions during the year - civil works	82,616	49,680
Less: transferred to operating assets	-	(1,414)
Balance as at June 30	131,236	48,620

6 INTANGIBLE ASSETS

	Distribution rights	Brand name & logo	Software licenses	Total
	----------------------(Rupees in '000)--------------------			
As at June 30, 2010				
Cost	268,475	24,703	10,711	303,889
Accumulated amortization	(202,833)	(24,703)	(6,908)	(234,444)
Net book amount	65,642	-	3,803	69,445
Year ended June 30, 2011				
Opening net book amount	65,642	-	3,803	69,445
Additions	-	50,000	-	50,000
Amortization charge	(11,164)	(2,084)	(1,845)	(15,093)
Closing net book amount	54,478	47,916	1,958	104,352
As at June 30, 2011				
Cost	268,475	74,703	10,711	353,889
Accumulated amortization	(213,997)	(26,787)	(8,753)	(249,537)
Net book amount	54,478	47,916	1,958	104,352
Year ended June 30, 2012				
Opening net book amount	54,478	47,916	1,958	104,352
Additions	-	-	-	-
Amortization charge	(10,936)	(5,000)	(1,846)	(17,782)
Closing net book amount	43,542	42,916	112	86,570
As at June 30, 2012				
Cost	268,475	74,703	10,711	353,889
Accumulated amortization	(224,933)	(31,787)	(10,599)	(267,319)
Net book amount	43,542	42,916	112	86,570
Remaining useful life in years	1-5	8.4	1	

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

		Note	2012	2011
			------(Rupees in '000)------	
7	INVESTMENT PROPERTY			
	Balance as at July 01		-	-
	Transfer during the year		120,952	-
	Balance as at June 30		120,952	-
8	LONG-TERM LOANS			
	Secured - Considered good	8.1	2,570	3,585
	Less: Current portion of long term loans shown under current assets	12	(1,922)	(2,033)
			648	1,552
	Considered doubtful		1,174	1,174
	Less: Accumulated impairment loss		(1,174)	(1,174)
			-	-
			648	1,552

8.1 These include auto loans to employees which are secured against provident fund balance of respective employees.

		Note	2012	2011
9	LONG TERM DEPOSITS			
	Deposit against rent		1,598	1,598
	Security deposits against lease		10,564	6,567
			12,162	8,165
	Less: Current maturity of security deposits against lease	13	(5,537)	(1,764)
			6,625	6,401
10	STOCKS-IN-TRADE			
	Raw materials		269,795	251,326
	Packing materials		121,971	111,232
	Work-in-process	26	47,724	73,640
	Finished goods	26	238,450	334,858
	Materials in transit		102,405	79,104
			780,345	850,160
11	TRADE DEBTS			
	Considered good			
	- Secured: Export debtors		38,458	87,178
	- Unsecured: Due from:			
	- associated/ultimate holding company	11.1 & 39.1	960,749	810,984
	- others		203,211	163,339
			1,202,418	1,061,501
	Considered doubtful - others		976	976
	Less: Provision for doubtful debts		(976)	(976)
			-	-
			1,202,418	1,061,501

11.1 The receivable is stated net of amounts payable aggregating Rs. 50.83 million (2011: Rs. 42.16 million) on account of expenses claimed by the associated company.

11.2 As at June 30, 2012, trade debts aggregating Rs. 0.976 million (2011: Rs. 0.976 million) were deemed to have been impaired. These balances are outstanding for more than 3 years.

11.3 In addition, some of the unimpaired trade debts are past due as at the reporting date. The aging of trade debts 'past due' but not impaired is as follows:

	Note	2012	2011
		------(Rupees in '000)------	
Age analysis			
More than two months but less than four months		194,778	207,947
More than four months but less than one year		59,708	-
One year or more but less than two years		62,571	7,187
Two year and more		123,930	28,893
		440,987	244,027

11.4 Competition Commission of Pakistan (CCP) through its order dated September 13, 2007 instructed the holding company to reduce terms of trade credits with IBL, re-negotiate the offered rate of commission, and conduct audit of the transactions with associate, now the ultimate holding company.

The holding company and the then directors filed a counter case in Honorable High Court of Sindh to revert the said order by CCP. The holding company, based on opinion of its legal advisor, believes that it has strong case and the matter would be decided in its favor and the matter is still pending in the court.

12 LOANS AND ADVANCES

	Note	2012	2011
Considered good			
Current portion of long-term loans	8	1,922	2,033
Advances to employees	12.1	19,594	10,465
Advances to suppliers	12.2	87,984	685,777
		107,578	696,242
Considered doubtful		51	51
Less: Provision for doubtful advances		(51)	(51)
		-	-
		109,500	698,275

12.1 These include advances to employees against salary, for house rent and expenses. These advances are interest free and repayable on monthly basis. The aggregate amount due from executives of the Group is Rs. 7.86 million (2011: Rs. 3.17 million).

12.2 These included advance to the ultimate holding company, amounting to Rs. Nil (2011: Rs. 598.94 million) for purchase of land. During the current year, the title of the land has been transferred in the name of the holding company.

12.3 As at June 30, 2012, loans and advance aggregating Rs. 0.051 million (2011: Rs. 0.051 million) were deemed to have been impaired. These balances are outstanding for more than 3 years.

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2012	2011
		------(Rupees in '000)------	
Deposits			
- Current portion of security deposit	9	5,537	1,764
- Trade deposits		34,103	37,937
Less: Provision for doubtful deposits		(2,640)	(2,640)
		31,463	35,297
		37,000	37,061
Prepayments		37,223	37,292
		74,223	74,353

13.1 As at June 30, 2012, trade deposits amounted to Rs. 17.08 million (2011: Rs. 15.37 million) were past due but not impaired. These balances are outstanding for more than one year.

14 OTHER RECEIVABLES

	Note	2012	2011
Due from:			
- International Brands (Private) Limited - ultimate holding company against mark-up on over due balance	14.1 & 39.1	-	138,882
Associated companies:			
- IBL Operations (Private) Limited against mark-up on over due balance		130,529	-
- United Distributors Pakistan Limited - against staff salaries and benefits		528	3,266
		131,057	3,266
Receivable from retirement benefit fund	14.2	1,826	1,900
Others, considered good	14.3	23,610	54,883
		156,493	198,931

14.1 The receivable from International Brands (Private) Limited (IBL) (ultimate holding company) represents mark-up charged on the cash collected and held by the branches of IBL, at the rate of 6-months KIBOR plus 3% per annum (2011: 6-months KIBOR plus 3% per annum) as late payment liquidate damages with an exception of transaction delay.

14.2 Defined benefit scheme

14.2.1 General description

The scheme provides for post employment benefits for all permanent employees who complete qualifying period of ten years of service with the holding company and are entitled to one month's last drawn basic salary for each completed year of such service.

For the current year, annual provision is based on actuarial valuation. The valuation was carried out as at June 30, 2012 by Sidat Hyder Morshed Associates (Private) Limited, independent actuaries, using the projected unit credit method.

14.2.2 Principal actuarial assumptions

Following principal actuarial assumptions were used for the valuation:

	2012 %	2011 %
	------per annum------	
Expected return on plan assets	11	11
Estimated rate of increase in salary of the employees	12.5	14
Discount rate	12.5	14

	Note	2012	2011
		------(Rupees in '000)------	

14.2.3 Reconciliation of provision for gratuity scheme

The amounts recognized in the balance sheet are as follow:

	Note	2012	2011
Present value of defined benefit obligation	14.2.5	147,358	149,723
Fair value of plan assets	14.2.6	(136,688)	(138,107)
Deficit		10,670	11,616
Unrecognized actuarial losses		(12,496)	(13,516)
Net asset		(1,826)	(1,900)

14.2.4 Movement in the net (asset)/liability recognized in the balance sheet

	2012	2011
Opening net (asset)/liability	(1,900)	1,094
Charge for the year	16,862	11,846
Paid during the year	(16,788)	(14,840)
Closing net asset	(1,826)	(1,900)

14.2.5 Movement in the present value of defined benefit obligation

	2012	2011
Balance at July 1	149,723	129,798
Current service cost	11,536	9,986
Interest cost	18,894	17,917
Benefits paid	(29,535)	(3,634)
Actuarial gain	(3,260)	(4,344)
Balance at June 30	147,358	149,723

14.2.6 Movement in the present value of plan assets

	2012	2011
Balance at January 1	138,107	116,509
Expected return on plan assets	13,567	16,057
Actuarial loss	(2,239)	(5,665)
Contributions	16,788	14,840
Benefits paid	(29,535)	(3,634)
Balance at June 30	136,688	138,107

	2012	2011
	------(Rupees in '000)------	
14.2.7 The amounts recognized in the profit and loss account		
Current service cost	11,536	9,986
Interest cost	18,893	17,917
Expected return on plan assets	(13,567)	(16,057)
	16,862	11,846

	2012	2011	2010	2009	2008
	-------------------------- (Rupees in '000) --------------------------				
Present value of defined benefit obligation	147,358	149,723	129,798	115,044	113,229
Fair value of plan assets	(136,688)	(138,107)	(116,509)	(97,071)	(115,299)
Deficit/(Surplus)	10,670	11,616	13,289	17,973	(2,070)
Experience adjustments on plan liabilities [gain/(loss)]	3,260	4,344	(1,539)	(7,306)	(8,218)
Experience adjustments on plan assets [(loss)/gain]	(2,239)	(5,665)	5,894	(11,875)	(2,184)

14.2.8 The actual return on plan assets during the year was Rs. 11.33 million (2011: Rs. 10.39 million).

14.3 This includes Rs. 15 million (2011: Rs. 35 million) receivable from Sanofi-Aventis Pakistan Limited, as consideration for early termination of license agreement for manufacture, selling, and marketing of Sanofi Aventis's pharmaceutical products.

14.4 As at June 30, 2012, due from associated company amounted to Rs. 129.53 million (2011: 110.04 million - ultimate holding company) were past due but not impaired. These balances are outstanding for more than one year.

15 CASH AND BANK BALANCES

	2012	2011
	------(Rupees in '000)------	
Cash in hand	726	103
Cheques in hand	-	144,000
Cash with banks in:		
- deposit accounts	1,471	1,826
- current accounts	78,146	21,661
	80,343	167,590

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		2012	2011
(Number of shares)			------(Rupees in '000)------	
3,969,000	3,969,000	Ordinary shares of Rs. 10 each fully paid in cash	39,690	39,690
24,000	24,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	240	240
29,696,461	26,633,783	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	296,965	266,338
33,689,461	30,626,783		336,895	306,268

16.1 Movement in number of shares

	2012	2011
	Number in '000	
Number of the shares at beginning of the year	30,627	30,627
Bonus shares issued during the year	3,063	-
Number of the shares at end of the year	33,690	30,627

16.2 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 shareholders 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 commensurating to the circumstances.

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

This represents surplus resulting from revaluation of lease hold land, building on lease hold land, plant and machinery, vehicles and air conditioning system originally carried out on June 30, 2004 by surveyors M/s. Iqbal A. Nanjee & Co. on the basis of current market value. However, the carrying amount based on above revaluation did not materially differ from the fair market value determined by an independent valuer, M/s. Asif Associates (Private) Limited as on March 31, 2010.

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

	Note	2012	2011
		------(Rupees in '000)------	
Surplus on revaluation of fixed assets at beginning of the year		179,901	207,484
Surplus transferred to retained earning (unappropriated profit) in respect of incremental depreciation charge during the year - net of tax		(17,952)	(19,327)
Surplus realized on disposal - net of tax		(566)	(8,256)
Balance at the end of the year		161,383	179,901

18 LONG TERM FINANCES - secured

	Note	2012	2011
Syndicated finance - from banking companies	18.1	1,000,000	-
Less: Current portion of long term finances shown under current liabilities		(33,333)	-
		966,667	-

18.1 The holding company has arranged syndicate term finance facilities of Rs. 1 billion for a tenure of three to five years from Habib Bank Limited, Standard Chartered Bank (Pakistan) Limited and Bank of Punjab, collectively referred to as Lead Advisors and Arrangers. The facilities are repayable from November 2012 till December 2016.

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 & 2-A, Delhi Mercantile Muslim, Co-operative Housing Society, Block 7&8, Main Shahra-e-Faisal, Karachi.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

The Group has entered into arrangements with various leasing companies for lease of plant and machinery and motor vehicles. Lease rentals include financial charges ranging from 14% to 16.68% (2011: 14% to 16.68%) per annum which have been used as discount factor and are payable in monthly rentals. The Group has option to purchase the assets upon completion of lease period.

The amount of the future lease rentals and the periods in which these payments will become due are:

	2012			2011		
	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	12,692	1,258	11,434	14,486	2,952	11,534
Later than one year and not later than five years	6,205	599	5,606	18,458	1,381	17,077
	18,897	1,857	17,040	32,944	4,333	28,611

		Note	2012	2011
			------(Rupees in '000)------	
20	DEFERRED LIABILITIES			
	Deferred taxation	20.1	52,000	55,732
	Staff retirement gratuity - unfunded	20.3.4 & 20.4.4	37,562	32,472
			89,562	88,204
20.1	Balance at beginning of the year		55,732	65,681
	Reversed during the year	33	(3,732)	(9,949)
	Balance at end of the year		52,000	55,732
20.2	The net balance of deferred taxation is in respect of following temporary differences:			
	Credit balance arising on account of:			
	Property, plant and equipment		36,847	38,773
	Surplus on revaluation of fixed assets		16,309	24,361
	Finance lease arrangements		2,023	1,535
			55,179	64,669
	Debit balance arising on account of:			
	Intangible assets		(2,016)	(1,223)
	Provisions for staff retirement gratuity, doubtful debts and doubtful refunds		(1,163)	(7,714)
			(3,179)	(8,937)
			52,000	55,732

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.

20.3 Staff retirement gratuity - unfunded (the holding company)

20.3.1 General description

The scheme provides for post employee benefits for all unionized employees who complete qualifying period of five years of service with the holding 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, 2012 by Sidat Hyder Murshid Associate (Private) Limited, independent actuaries, using the projected unit credit method.

20.3.2 Principal actuarial assumptions

	2012 %	2011 %
	per annum	
Following principal actuarial assumptions were used for the valuation:		
Estimated rate of increase in salary of the employees	12.5	14
Discount rate	12.5	14

	Note	2012	2011
20.3.3 Reconciliation of provision for gratuity scheme		------(Rupees in '000)------	
The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation		24,829	22,639
Fair value of plan assets		-	-
Deficit		24,829	22,639
Unrecognized actuarial gains/(losses)		1,179	302
Net liability		26,008	22,941
20.3.4 Movements in the net liability recognized in the balance sheet			
Opening net liability		22,941	21,234
Charge for the year	20.3.5	4,178	3,941
Paid during the year		(1,111)	(2,234)
		26,008	22,941
20.3.5 The amounts recognized in the profit and loss account			
Current service cost		1,086	1,057
Interest cost		3,092	2,884
		4,178	3,941

20.4 Staff retirement gratuity - unfunded (the subsidiary company)

20.4.1 General description

Annual provision is based on actuarial valuation. The valuation was carried out as at June 30, 2011 by Noman Associates, independent actuaries, using the projected unit credit method. No actuarial valuation was carried out in current year.

		2012 %	2011 %
		per annum	
20.4.2 Principal actuarial assumptions			
Discount rate		14	14
Salary increase rate		13	13

	Note	2012	2011
		------(Rupees in '000)------	
20.4.3 Reconciliation of provision for gratuity scheme			
Present value of defined benefit obligation		11,200	9,461
Fair value of plan assets		-	-
Deficit		11,200	9,461
Unrecognized actuarial gains		637	637
Non-vested past service cost to be recognized in later periods		(146)	(292)
Unrecognized transitional liability		(137)	(275)
		11,554	9,531
20.4.4 Movement in the net liability recognized in the balance sheet			
Opening net liability		9,531	7,953
Charge for the year		2,465	1,950
Benefits paid		(442)	(372)
		11,554	9,531
20.4.5 The amounts recognized in the profit and loss account			
Additional liability charged for the year		138	138
Current service cost		857	666
Interest cost		1,324	1,000
Amortization of non-vested past service cost		146	146
		2,465	1,950
21 TRADE AND OTHER PAYABLES			
Creditors		241,842	295,911
Bills payable in foreign currency		229,279	199,527
Accrued liabilities		500,268	403,618
Advance from customers		7,977	23,668
Unclaimed dividend		7,949	7,212
Workers' Profits Participation Fund	21.1	31,535	28,069
Workers' Welfare Fund		19,366	14,041
Sales tax and excise duty payable		2,036	1,464
Other liabilities		12,335	10,835
		1,052,587	984,345

		Note	2012	2011
			------(Rupees in '000)------	
21.1	Worker's Profits Participation Fund			
	Balance at beginning of the year		28,069	30,550
	Contribution for the year	31	30,175	27,619
			58,244	58,169
	Interest on funds utilized in the holding company's business at 22.5 % (2011: 14.85 %)	32	3,462	5,084
			61,706	63,253
	Less: Payments made during the year		(30,171)	(35,184)
	Balance at end of the year		31,535	28,069
22	ACCRUED MARK-UP			
	Accrued mark-up on:			
	long-term finances - secured		11,926	-
	finance lease obligation - secured		127	313
	short-term finances - secured		23,448	28,637
			35,501	28,950
23	SHORT-TERM FINANCES - Secured			
	Running finances under mark-up arrangements			
	- holding company	23.1	655,096	764,022
	- subsidiary company	23.2	57,673	74,989
			712,769	839,011

23.1 The holding company has arranged syndicated running finances under mark-up arrangements of Rs. 945 million (2011: Rs. 770 million). The mark-up on running finances range between 13.41% to 15.79% (2011: 14.21% to 15.71%) per annum.

The running finances under mark-up arrangements are secured jointly by registered mortgage of Rs. 172.5 million (2011: 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 (2011: 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 17).

23.2 This represents the utilised amount against the facility available from a commercial bank amounting to Rs. 57.6 million (2011: Rs. 75 million). The rate of markup is 6 months KIBOR + 2% per quarter (2011 : 6 months KIBOR + 2% per quarter). The arrangement is secured by way of hypothecation of stocks and receivables of the subsidiary company.

24 CONTINGENCIES AND COMMITMENTS

Contingencies

24.1 The facility for opening letters of credit (LCs) acceptances and guarantees as at June 30, 2012 amounted to Rs. 875 million (2011: Rs. 925 million) of which the amount remaining unutilized as at that date was Rs. 366 million (2011: Rs. 553 million).

Commitments

24.2 Future rentals payable against operating lease arrangements

During last year the holding company obtained factory building at Karachi on rent for a period of 5 years.

The holding company has also entered into operating lease arrangements in 2011and 2009 with Myplan Pharmaceuticals (Private) Limited and S.A.Pharma, a pharmaceutical concern, respectively, for a period of 20 years. Lease includes land and building located at Lahore and plant and machinery installed in leased building.

	2012	2011
	------(Rupees in '000)------	
The details of future rentals over lease period are as follows:		
Not later than one year	28,500	19,042
Later than one year and not later than five years	102,212	87,516
Later than five years	307,029	324,741
	437,741	431,299

The above also includes ujrah payments for Ijarah financing of motor vehicles.

24.3 During the current year the holding company entered into architect work and project management agreement with Arshad Shahid Abdulla (Private) Limited, a related party for head office renovation. The aggregate amount of such commitment is Rs. 0.58 million. Prior year the holding company entered into architect work and project management agreements with the same company and civil and plumbing works agreements with M/s. Total Construction for the construction of a plaza located at Shahra-e-Faisal, Karachi. The aggregate amount of such commitments is Rs. 26.48 million (2011: Rs. 64.82 million).

25 NET SALES

	Pharma		Consumer		Total	
	2012	2011	2012	2011	2012	2011
	(Rupees in '000)					
Sales						
Local	4,101,622	3,581,548	1,383,462	1,034,538	5,485,084	4,616,086
Export	277,343	249,945	31,666	20,316	309,009	270,261
	4,378,965	3,831,493	1,415,128	1,054,854	5,794,093	4,886,347
Less:						
Sales returns & discounts	217,760	94,350	103,108	102,760	320,868	197,110
Sales tax & excise duty	-	-	58,946	34,183	58,946	34,183
	217,760	94,350	162,054	136,943	379,814	231,293
	4,161,205	3,737,143	1,253,074	917,911	5,414,279	4,655,054
Add: Toll manufacturing	240,923	218,255	4,913	4,166	245,836	222,421
Less : Sales tax	-	-	678	606	678	606
	240,923	218,255	4,235	3,560	245,158	221,815
	4,402,128	3,955,398	1,257,309	921,471	5,659,437	4,876,869

26 COST OF SALES

	Pharma		Consumer		Total	
	2012	2011	2012	2011	2012	2011
	(Rupees in '000)					
Raw and packing material consumed	1,659,259	1,358,939	211,210	102,129	1,870,469	1,461,068
Processing charges paid to third parties	149,881	141,972	-	-	149,881	141,972
	1,809,140	1,500,911	211,210	102,129	2,020,350	1,603,040
Factory expenses						
Salaries wages and benefits (note 25.1)	215,306	201,040	27,407	15,109	242,713	216,149
Provision for staff gratuity (unfunded)	2,135	2,111	272	159	2,407	2,270
Gratuity fund contribution	3,443	2,350	438	177	3,881	2,527
Provident fund contribution	4,774	4,504	608	338	5,382	4,842
Carriage and duties	12,165	4,247	1,549	319	13,714	4,566
Fuel, water and power	47,352	39,944	6,028	3,002	53,380	42,946
Rent and taxes	13,534	11,821	1,723	888	15,257	12,709
Communication	874	1,099	111	83	985	1,182
Stationery and supplies	2,641	12,704	336	955	2,977	13,659
Traveling	8,738	8,221	1,112	618	9,850	8,839
Advertisement	9	89	1	7	10	96
Entertainment	145	111	18	8	163	119
Repairs and maintenance	41,636	33,645	5,300	2,528	46,936	36,173
Medical expenses	1,991	1,446	253	109	2,244	1,555
Personnel training and selection	69	95	9	7	78	102
Vehicle expenses	5,301	4,077	675	306	5,976	4,383
Subscription	41	1,113	5	84	46	1,197
Legal and professional charges	3,169	5,551	403	417	3,572	5,968
Depreciation (note 5.4)	61,962	70,010	7,887	5,261	69,849	75,271
Insurance	2,008	4,909	256	369	2,264	5,278
Corporate services charged by associated/ultimate holding company (refer note 39.1)	1,277	1,339	163	101	1,440	1,440
Sundries	12,646	10,365	1,610	779	14,256	11,144
	441,215	420,791	56,164	31,624	497,380	452,415
	2,250,355	1,921,702	267,374	133,753	2,517,730	2,055,455
Work in process as at July 01, (refer note 10)	73,640	52,831	-	-	73,640	52,831
	2,323,995	1,974,533	267,374	133,753	2,591,370	2,108,286
Work in process as at June 30, (refer note 10)	(47,724)	(73,640)	-	-	(47,724)	(73,640)
	2,276,271	1,900,893	267,374	133,753	2,543,646	2,034,646
Finished goods as at July 01, (refer note 10)	120,747	104,963	214,111	66,221	334,858	171,184
Finished goods purchased	229,904	378,412	488,721	613,828	718,625	992,240
	350,651	483,375	702,832	680,049	1,053,483	1,163,424
Cost of samples manufactured	(40,658)	(38,100)	(5,971)	(7,146)	(46,629)	(45,246)
Finished goods as at June 30, (refer note 10)	(89,996)	(120,747)	(148,453)	(214,111)	(238,450)	(334,858)
Cost of sales	2,496,268	2,225,421	815,782	592,545	3,312,050	2,817,966

26.1 Salaries, wages and benefits include Rs. 62.27 million (2011: Rs. 57.21 million) in respect of contractual labour provided by Paksons (Private) Limited.

27 SELLING AND DISTRIBUTION EXPENSES

	Pharma		Consumer		Total	
	2012	2011	2012	2011	2012	2011
	(Rupees in '000)					
Salaries wages and benefits	269,165	249,151	68,688	50,253	337,853	299,404
Provision for staff gratuity (unfunded)	1,215	1,203	2,321	1,767	3,536	2,970
Gratuity fund contribution	9,913	7,576	1,262	569	11,175	8,145
Provident fund contribution	10,129	9,949	2,466	1,894	12,595	11,843
Services charges	25,052	12,994	-	-	25,052	12,994
Carriage and duties	67,460	58,426	13,280	9,089	80,740	67,515
Water and power	1,408	2,151	804	262	2,212	2,413
Rent and taxes	11,045	11,552	4,559	3,234	15,604	14,786
Communication	9,797	11,117	2,638	1,931	12,435	13,048
Stationery and supplies	6,468	10,673	1,385	1,372	7,853	12,045
Traveling	144,031	145,581	26,821	18,743	170,852	164,324
Advertising and promotion	154,206	155,488	50,027	40,045	204,233	195,533
Samples	64,099	63,316	8,159	4,758	72,258	68,074
Bonus to salesmen	86,233	70,280	10,977	5,282	97,210	75,562
Entertainment	1,010	556	129	42	1,139	598
Repairs and maintenance	2,223	11,126	1,256	1,703	3,479	12,829
Medical expenses	3,692	4,105	470	309	4,162	4,414
Personnel training and selection	3,804	2,337	1,800	838	5,604	3,175
Vehicle expenses	50,947	31,113	8,646	6,220	59,593	37,333
Insurance	10,997	9,594	2,214	1,304	13,211	10,898
Depreciation (refer note 5.4)	8,889	11,244	3,936	2,361	12,825	13,605
Subscription	11,560	15,197	1,472	1,142	13,032	16,339
Donation (refer note 27.1)	35	31	4	2	39	33
Replacement products	15,452	10,270	1,967	772	17,419	11,042
Royalty	14,347	13,776	1,826	4,458	16,173	18,234
Corporate services charged by associated/ultimate holding company (refer note 39.1)	3,193	3,348	407	252	3,600	3,600
Legal and professional charges	6,746	10,535	875	869	7,621	11,404
Sundries	89	11	286	205	375	216
	993,205	932,701	218,675	159,676	1,211,880	1,092,377

27.1 Directors of the Group have no interest in the donee institution.

28 ADMINISTRATIVE EXPENSES

	Pharma		Consumer		Total	
	2012	2011	2012	2011	2012	2011
	(Rupees in '000)					
Salaries wages and benefits	50,374	44,162	17,413	14,003	67,787	58,165
Provision for staff gratuity (unfunded)	356	352	344	299	700	651
Gratuity fund contribution	1,602	1,092	204	82	1,806	1,174
Provident fund contribution	1,896	1,692	719	606	2,615	2,298
Carriage and duties	185	-	24	-	209	-
Water and power	212	1,231	27	93	239	1,324
Rent and taxes	3,508	4,411	447	331	3,955	4,742
Communication	2,955	2,989	563	438	3,518	3,427
Stationery and supplies	3,095	4,100	478	986	3,573	5,086
Traveling	4,770	409	766	247	5,536	656
Advertisement	474	20	94	127	568	147
Entertainment	56	48	7	4	63	52
Repairs and maintenance	10,426	14,501	1,642	1,604	12,068	16,105
Medical expenses	2,874	1,265	366	95	3,240	1,360
Personnel training and selection	39	92	5	11	44	103
Vehicle expenses	2,966	2,601	1,780	709	4,746	3,310
Insurance	2,706	395	399	84	3,105	479
Depreciation (refer note 5.4)	4,388	3,877	926	490	5,314	4,367
Subscription	287	711	1,554	884	1,841	1,595
Donation (refer note 28.1)	7,230	2	920	-	8,150	2
Corporate services charged by associated/ultimate holding company (refer note 39.1)	1,916	2,009	244	151	2,160	2,160
Legal and professional charges	9,773	19,056	1,533	2,473	11,306	21,529
Sundries	399	263	51	20	450	283
	112,487	105,278	30,506	23,737	142,993	129,015

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

29 OPERATING PROFIT

	Pharma 2012	Pharma 2011	Consumer 2012	Consumer 2011	Total 2012	Total 2011
Net sales (refer note 25)	4,402,128	3,955,398	1,257,309	921,471	5,659,437	4,876,869
Cost of goods sold (refer note 26)	2,496,268	2,225,421	815,782	592,545	3,312,050	2,817,966
Selling and distribution expenses (refer note 27)	993,205	932,701	218,675	159,676	1,211,880	1,092,377
Administrative expenses (refer note 28)	112,487	105,278	30,506	23,737	142,993	129,015
Amortization of intangible assets (refer note 6)	9,082	6,393	8,700	8,700	17,782	15,093
	3,611,042	3,269,793	1,073,663	784,658	4,684,705	4,054,451
Operating profit	791,086	685,605	183,646	136,813	974,732	822,418

30 OTHER OPERATING INCOME

	Note	2012	2011
		------(Rupees in '000)------	
Income from financial assets			
Profit on amounts placed in bank deposit accounts		203	134
Exchange gain		8,582	4,604
		8,785	4,738
Income from related parties			
Mark-up from International Brands (Private) Limited ultimate holding company	14	-	28,839
Rent income from International Franchises (Private) Limited - associated company		6,743	3,000
		6,743	31,839
Income from non-financial assets			
Gain on disposal of property, plant and equipment	5.6	5,618	5,942
Others	30.1	6,999	72,918
		12,617	78,860
		28,145	115,437

30.1 This includes Rs. Nil (2011: 70 million) as consideration from Sanofi-Aventis Pakistan Limited, for early termination of license agreement for manufacture, selling and marketing of Sanofi-Aventis's pharmaceutical products.

31 OTHER OPERATING EXPENSES

	Note	2012	2011
		-----(Rupees in '000)-----	
Contribution to:			
- workers' profits participation fund	21.1	30,175	27,619
- workers' welfare fund		13,293	11,499
- central research fund		5,618	5,144
Auditors' remuneration	31.1	2,019	1,979
Loss on disposal of property, plant and equipment	5.6	6,041	8,830
Exchange loss		18,948	12,867
		76,094	67,938

31.1 Auditors' remuneration

	2012	2011
Audit fee		
Annual audit	1,425	1,275
Half yearly review	325	325
Fee in respect of:		
Special reports and certifications	125	175
Out of pocket expenses	144	204
	2,019	1,979

32 FINANCE COST

	Note	2012	2011
		------(Rupees in '000)------	
Lease finance charges		2,635	4,058
Mark-up on long term and running finances		127,771	104,649
Interest on workers' profits participation fund	21.1	3,462	5,084
Interest charged by associated/ultimate holding company	32.1	162,500	183,535
Arrangement fee for financing facilities		6,960	-
Bank charges		4,632	9,194
		307,960	306,520

32.1 This represents compensation for delayed execution of agreement with International Brands (Private) Limited, ultimate holding company, for the purchase of land.

33 INCOME TAX EXPENSE

	Note	2012	2011
		------(Rupees in '000)------	
Current			
- for the year		187,045	169,944
- for prior years		5,639	(10,171)
		192,684	159,773
Deferred	20.1	(3,732)	(9,949)
		188,952	149,824

33.1 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 35% for the tax year 2012 (2011: 35%).

33.2 Reconciliation of tax expense

	2012	2011
	------(Rupees in '000)------	
Accounting profit	618,823	563,397
Applicable tax rate	35%	35%
Tax on accounting profit at applicable rate	216,588	197,189
Tax effect of:		
difference in method of lease accounting	3,351	3,323
permanent differences	(31,650)	(42,921)
temporary differences	14,707	7,340
applicability of lower tax rate on certain income	(7,095)	5,464
applicability of lower tax rate under final tax regime on behalf of subsidiary	(12,588)	(10,400)
demand provided and raised during the year	5,639	(10,171)
Tax expense charged on income	188,952	149,824

33.3 Current status of tax assessments

Assessments of the holding company for the assessment years 1995-1996 to 1999-2000, 2002-2003, tax years 2004, 2005, 2008, 2009 and 2010 are pending before various appellate forums in respect of issues related to certain disallowances. For all the cases, the holding company has made provisions in the consolidated financial statements as per the assessed liability.

The subsidiary's income tax has been assessed under section 153 of the Income Tax Ordinance 2001, based on final tax regime. Management therefore, believes that deferred tax liability would not be relevant for current and future periods.

34 EARNINGS PER SHARE-Basic and Diluted

Basic earnings per share

	2012	2011
Profit for the year (Rupees in thousands)	429,871	413,573
Weighted average number of shares in thousands (2011: Restated)	33,689	30,627
Earnings per share (Rupees) (2011: Restated)	12.76	13.50

Diluted earning per share

There is no dilution effect on the basic earning per share of the Group as the Group has no convertible dilutive potential ordinary shares outstanding on June 30, 2012.

35 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

	Note	2012	2011
		-----(Rupees in '000)-----	
Profit before tax		618,823	563,397
Adjustments for non-cash items:			
Depreciation	5.4	87,988	93,243
Amortization of intangible assets	6	17,782	15,093
Loss on disposal of property, plant and equipment (net)	30 & 31	1,063	2,888
Provision for staff retirement gratuity	14.2.4 & 20.3.4 20.4.4	23,505	17,737
Mark-up from ultimate holding company	30	-	(28,839)
Profit on amounts placed in bank deposit accounts	30	(203)	(134)
Exchange gain	30	(8,582)	(4,604)
Exchange loss	31	18,948	12,867
Finance cost		303,328	297,326
Net decrease in working capital	35.1	30,596	207,869
		1,093,248	1,176,844

35.1 Decrease in working capital

	2012	2011
Current assets		
Decrease in stores and spares	375	1,248
Decrease/(Increase) in stock-in-trade	69,815	(304,739)
(Increase)/Decrease in trade debts	(140,917)	325,898
Decrease/(Increase) in trade deposits and short term prepayments	130	(6,594)
Decrease/(Increase) in other receivables	33,688	(48,213)
	(36,909)	(32,400)
Current liabilities		
Increase in trade and other payables	67,505	240,269
Net decrease in working capital	30,596	207,869

36 CASH AND CASH EQUIVALENTS

	Note	2012	2011
Cash and bank balances	15	80,343	167,590
Running finances under markup arrangement	23	(712,769)	(839,011)
		(632,426)	(671,421)

37 SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in business activities from which the Group earns revenues and incur 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 two operating segments:

- Pharma
- Consumer

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

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

	Pharma		Consumer		Total	
	2012	2011	2012	2011	2012	2011
	------------------------- (Rupees in '000)-------------------------					
Segment revenue	4,402,128	3,955,398	1,257,309	921,471	5,659,437	4,876,869
Segment result	791,086	685,605	183,646	136,813	974,732	822,418
Unallocated income and expenses						
Other operating income					28,145	115,437
Finance cost					(307,960)	(306,520)
Other operating expenses					(76,094)	(67,938)
Profit before taxation					618,823	563,397
Income tax expense					(188,952)	(149,824)
Profit for the year					429,871	413,573
Segment assets and liabilities						
Segment assets	194,952	226,389	24,816	17,014	219,768	243,403
Unallocated assets	-	-	-	-	5,057,365	3,744,342
Total assets					5,277,133	3,987,745
Segment liabilities	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	2,907,459	1,977,002
Total Liabilities					2,907,459	1,977,002
Depreciation	75,239	85,131	12,749	8,112	87,988	93,243
Non-cash expenses other than depreciation	9,082	6,393	8,700	8,700	17,782	15,093
Addition in segment assets	1,747,154	126,362	222,398	9,496	1,969,552	135,858
Percentage for allocation	89%	93%	11%	7%	100%	100%

There were no inter-segment transactions during the year (2011: None).

37.1 Geographical segments

	2012	2011
	------(Rupees in '000)------	
Gross revenue analysis		
Pakistan	5,485,084	4,616,086
Asia	173,271	135,130
East Africa	3,642	1,770
South East Asia	35,931	49,663
Far Eastern Countries	93,429	63,140
Central Asian Republic States	2,736	20,558
	5,794,093	4,886,347

37.2 The Group's revenue from one of the major customer represents approximately Rs. 4,522 million (2011: Rs. 3,975 million) of the total revenue.

38 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2012			2011		
	--------(Rupees in '000)--------			--------(Rupees in '000)--------		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
Managerial remuneration	3,110	10,943	87,647	2,939	9,996	79,276
Annual bonus	518	1,608	14,111	231	1,474	12,569
Retirement benefits						
Provident fund	311	1,094	8,516	294	1,000	7,599
Gratuity fund	259	912	7,004	245	833	6,185
Perquisites						
Rent	1,400	4,924	38,038	1,323	4,498	33,929
Utilities	311	1,094	8,510	294	1,000	7,608
Telephone	-	-	208	-	-	181
Entertainment	-	-	254	-	-	221
Car maintenance	41	301	4,179	21	205	3,660
	5,950	20,876	168,467	5,347	19,006	151,228
Number of persons	1	3	85	1	3	84

38.1 In addition to the above, the chief executive officer and some of the executives have been provided with free use of the Group maintained cars.

38.2 Three non-full time working directors (2011: three) were paid fee for attending board meetings aggregating Rs. 98,000 (2011: Rs. 139,500).

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

39 TRANSACTIONS WITH RELATED PARTIES

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

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

	2012			2011		
	Associates/ Group companies/ ultimate holding company/ close family member	Directors	Key management	Associates/ Group companies/ ultimate holding company/ close family member	Directors	Key management
	------------------------(Rupees in '000)------------------------					
Transactions						
IBL Operations (Private) Limited (refer note 39.1 and 39.2)						
Sales	4,574,536	-	-	3,579,961	-	-
Sales returned	79,398	-	-	21,406	-	-
Mark-up income	-	-	-	28,839	-	-
Purchase of land	1,200,000	-	-	88,000	-	-
Advance against land	-	-	-	598,940	-	-
Expenses claimed						
Carriage and duties	15,879	-	-	11,485	-	-
Discounts	94,132	-	-	63,607	-	-
Warehouse rent	2,563	-	-	2,231	-	-
Mark-up expenses	162,500	-	-	183,535	-	-
Reimbursement of construction cost	1,300	-	-	13,985	-	-
Corporate services charged	7,200	-	-	16,579	-	-
Sales promotion expenses	54,795	-	-	46,651	-	-
IT Services	6,600	-	-	6,600	-	-
Share of employees cost and other expenses	2,474	-	-	6,637	-	-
Expenses claimed from IBL Operations (Private) Limited (refer note 39.1)						
Staff salaries and other expenses	10,184	-	-	-	-	-
International Franchises (Private) Limited						
Sales	181	-	-	41	-	-
Rent, utility and other income	3,114	-	-	3,000	-	-
United Distributors Pakistan Limited						
Sales	212	-	-	-	-	-
Purchase of vehicles	5,841	-	-	-	-	-
Tax payment of group tax relief	35,819	-	-	-	-	-
Expenses claimed						
Staff salary and benefits	1,153	-	-	3,266	-	-

	2012			2011		
	Associates/ Group companies/ ultimate holding company/ close family member	Directors	Key management	Associates/ Group companies/ ultimate holding company/ close family member	Directors	Key management
	------------------------(Rupees in '000)------------------------					
HABITT						
Sales	970	-	-	-	-	-
Expenses claimed						
Sales promotion expenses	492	-	-	601	-	-
Services relating to renovation	-	-	-	1,954	-	-
Expenses claimed from HABITT						
Share of employee costs and expenses charged	3,663	-	-	-	-	-
The Citizens Foundation						
Donations	8,150	-	-	-	-	-

One of the directors of the holding company is on the board of governors of the donee.

Arshad Shahid Abdulla (Private) Limited						
Architect fee	8,503	-	-	4,734	-	-
Project management fee	4,500	-	-	900	-	-
Shahid Abdulla						
Office and factories renovation	612	-	-	18,000	-	-
Multinet Pakistan (Private) Limited						
Internet services	312	-	-	324	-	-
United Brands Limited						
Sales	50,338	-	-	-	-	-
Sales returns	87	-	-	-	-	-
Tax payment of group tax relief	10,247	-	-	-	-	-

	2012			2011		
	Associates/ Group companies/ ultimate holding company/ close family member	Directors	Key management	Associates/ Group companies/ ultimate holding company/ close family member	Directors	Key management
	------------------------(Rupees in '000)------------------------					
Expenses claimed by United Brands Limited						
Discounts	607	-	-	-	-	-
Purchase of promotional items	3,731	-	-	-	-	-
Balances						
Loans and advances						
At beginning of the year	-	-	3,171	-	-	1,634
Given during the year	-	-	6,988	-	-	8,412
Repaid during the year	-	-	(2,294)	-	-	(6,875)
At the end of the year	-	-	7,865	-	-	3,171
Trade debts - ultimate holding company						
At beginning of the year	811,254	-	-	1,219,961	-	-
Addition during the year	4,522,237	-	-	3,987,417	-	-
Repaid during the year	(4,372,742)	-	-	(4,396,124)	-	-
At the end of the year (refer note 11)	960,749	-	-	811,254	-	-
Other receivables - associates						
At beginning of the year	138,882	-	-	120,043	-	-
Addition during the year	10,184	-	-	28,839	-	-
Repaid during the year	(18,537)	-	-	(10,000)	-	-
At the end of the year (refer note 14)	130,529	-	-	138,882	-	-
Accrued liabilities - associates						
At beginning of the year	8,900	-	-	-	-	-
Addition during the year	13,615	-	-	23,634	-	-
Repaid during the year	(21,903)	-	-	(14,734)	-	-
At the end of the year (refer note 21)	612	-	-	8,900	-	-

39.1 In pursuance of scheme of arrangement and court order dated May 2011, with effect from July 01, 2011 all assets (except for retained assets), liabilities and operation division of International Brands (Private) Limited (ultimate holding company) were transferred to IBL Operations (Private) Limited (associated company). However, the name of the associated company was changed from IBL OPS (Private) Limited in December 2011.

39.2 Sales to IBL Operations (Private) Limited (associated company) were made during the year at ex-factory price i.e. trade prices less distributor's margin of 10% and 12% (2011: 10% and 12%). In addition, the amounts of communication, utilities, salaries and wages and carriage and duties are also being reimbursed.

40 PLANT CAPACITIES AND ACTUAL PRODUCTION

	Installed capacity per annum (based in eight hours shift)					
	At owned plant (Karachi)	At leased plant (Karachi)	At leased plant (Lahore)	Total	Actual production 2012	Actual production 2011
	------------------------------Numbers in '000------------------------------					
Liquid (bottles)	8,000	-	16,400	24,400	45,078	39,037
Tablets (numbers)	440,000	-	211,000	651,000	1,653,198	1,203,334
Capsules (numbers)	45,000	-	15,000	60,000	52,133	58,750
Sachets (numbers)	19,200	30,500	-	49,700	28,024	21,467
Pouches (numbers)	-	250	-	250	734	-
Injectibles (numbers)	5,280	-	-	5,280	15,600	8,490
Jars (numbers)	-	800	-	800	1,179	-

The current actual production capacity of Capsules and Sachets was under utilized on account of lower demand.

41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The board of directors of the Group 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

41.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the 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. 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	2012	2011
		------(Rupees in '000)------	
Trade debts	11	1,202,418	1,061,501
Loans and advances	12	109,500	698,275
Trade deposits	13	31,463	35,297
Other receivables	14	156,493	198,931
		1,499,874	1,994,004

Concentration of credit risk

Out of the total financial assets of Rs. 1.59 billion (2011: Rs. 2.17 billion) financial assets amounting to Rs. 1.17 billion (2011: Rs. 1.72 billion) consist of transactions made by the Group with its affiliates and cash and bank balances. 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.

41.2 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:

			2012						
			Interest / Mark-up bearing			Non-Interest / Mark-up bearing			
	Note	Effective interest rate %	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
			------(Rupees in '000)------						
Financial assets									
Loans and advances	8 & 12		-	-	-	109,500	648	110,148	110,148
Deposits	9		-	-	-	5,537	6,625	12,162	12,162
Trade debts	11		-	-	-	1,202,418	-	1,202,418	1,202,418
Trade deposits	13		-	-	-	31,463	-	31,463	31,463
Other receivables	14	12.5	1,826	-	1,826	154,667	-	154,667	156,493
Cash and bank balances	15	4 - 8.37	1,471	-	1,471	78,872	-	78,872	80,343
			3,297	-	3,297	1,582,457	7,273	1,589,730	1,593,027
Financial liabilities									
Long-term finance	18	14.51	33,333	966,667	1,000,000	-	-	-	1,000,000
Liabilities against assets subject to finance leases	19	14 - 16.68	11,434	5,606	17,040	-	-	-	17,040
Deferred liability - gratuity	20	12.5	-	26,008	26,008	-	-	-	26,008
Trade and other payables	21		-	-	-	1,044,610	-	1,044,610	1,044,610
Accrued mark-up	22		-	-	-	35,501	-	35,501	35,501
Short-term finance	23	14.21-15.71	712,769	-	712,769	-	-	-	712,769
			757,536	998,281	1,755,817	1,080,111	-	1,080,111	2,835,928
On balance sheet date gap			(754,239)	(998,281)	(1,752,520)	502,346	7,273	509,619	(1,242,901)

	Note	Effective interest rate %	Interest / Mark-up bearing Maturity up to one year	Interest / Mark-up bearing Maturity after one year	Interest / Mark-up bearing Sub total	Non Interest / Mark-up bearing Maturity up to one year	Non Interest / Mark-up bearing Maturity after one year	Non Interest / Mark-up bearing Sub total	Total
			2011						
			--------(Rupees in '000)--------						
Financial assets									
Loans and advances	8 & 12		-	-	-	698,275	1,552	699,827	699,827
Deposits	9		-	-	-	1,764	6,401	8,165	8,165
Trade debts	11	16.62	810,984	-	810,984	250,517	-	250,517	1,061,501
Trade deposits	13		-	-	-	35,297	-	35,297	35,297
Other receivables	14	14	1,900	-	1,900	197,031	-	197,031	198,931
Cash and bank balances	15	4 - 8.37	1,826	-	1,826	165,764	-	165,764	167,590
			814,710	-	814,710	1,348,648	7,953	1,356,601	2,171,311
Financial liabilities									
Long-term finance	18		-	-	-	-	-	-	-
Liabilities against assets subject to finance leases	19	14-16.68	11,534	17,077	28,611	-	-	-	28,611
Deferred liability - gratuity	20	14	-	32,472	32,472	-	-	-	32,472
Trade and other payables	21		-	-	-	984,345	-	984,345	984,345
Accrued mark-up	22		-	-	-	28,950	-	28,950	28,950
Short-term finance	23	14.21-15.71	839,011	-	839,011	-	-	-	839,011
			850,545	49,549	900,094	1,013,295	-	1,013,295	1,913,389
On balance sheet date gap			(35,835)	(49,549)	(85,384)	335,352	7,953	343,305	257,921

41.3 Market risk

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

41.3.1 Currency risk

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

The 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 as at June 30, 2012 are Rs. 229.28 million (2011: Rs. 199.53 million) and receivable included in trade debtors and other receivable are Rs. 38.46 million (2011: Rs. 87.18 million). The Group earned / suffered exchange gain of Rs. 8.60 million (2011: Rs. 4.60 million) and exchange loss of Rs. 18.95 million (2011: Rs. 12.87 million) during the year.

41.3.2 Interest rate risk

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

	Note	2012	2011
		------(Rupees in '000)------	
Variable rate instruments			
Financial assets			
- Gratuity funded	14	1,826	1,900
- Cash with banks in deposit accounts	15	1,471	1,826
		3,297	3,726
Financial liabilities			
- Long term finance	18	(1,000,000)	-
- Liabilities against assets subject to finance lease	19	(17,040)	(28,611)
- Gratuity unfunded	20	(37,562)	(32,472)
- Short term finance	23	(712,769)	(839,011)
		(1,767,371)	(900,094)
		(1,764,074)	(896,368)

Cash flow sensitivity for variable rate instruments

A change of 100 basis points 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 2011.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	------------------(Rupees in '000)------------------			
As at June 30, 2012				
Cash flow sensitivity - variable rate instruments	(29,648)	29,648	(29,648)	29,648
As at June 30, 2011				
Cash flow sensitivity - variable rate instruments	(44,740)	44,740	(44,740)	44,740

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset could be exchanged or liability settled between knowledgeable willing parties in an arm's length transaction. The Group prepares its 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, 2012.

	Note	2012	2011
		------(Rupees in '000)------	
43 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial liabilities measured at amortized cost			
Long-term finance	18	1,000,000	-
Trade and other payable	21	1,044,610	984,345
Short-term finance	23	712,769	839,011
Financial liabilities measured at fair value through profit or loss			
Accrued mark-up	22	35,501	28,950
Financial liabilities measured at present value			
Liabilities against assets subject to finance leases	19	17,040	28,611
Deferred liability - gratuity	20	26,008	32,472
		2,835,928	1,913,389
Financial assets			
Loans and receivables			
Loans and advances	8 & 12	110,148	699,827
Long term deposit	9	12,162	8,165
Trade debts	11	1,202,418	1,061,501
Trade deposits	13	31,463	35,297
Other receivables	14	156,493	198,931
Cash and bank balances	15	80,343	167,590
		1,593,027	2,171,311
On balance sheet gap		1,242,901	(257,921)

44 DATE OF AUTHORIZATION FOR ISSUE

The consolidated financial statements were authorized for issue by the Board of Directors on September 20, 2012.

44.1 Appropriation

The Board of Directors of holding company has approved the following appropriation in the meeting held on September 20, 2012.

	2012	2011
Cash dividend - Re.1 (2011: Rs. 1.5) per share of Rs. 10 each.	33,689	45,940
Issue of bonus shares 40% in the ratio of 40 shares for every 100 shares held (2011: 10%).	134,758	30,627

The Board of Directors of subsidiary company has approved the following appropriation in the meeting held on September 20, 2012.

	2012	2011
Cash dividend - Rs. 2.5 (2011: Rs. 2.5) per share of Rs. 10 each.	50,000	50,000

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

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

Unconsolidated Financial Statements

Grant Thornton

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Auditors' Report to the Members of Searle Pakistan Limited

We have audited the annexed unconsolidated balance sheet of Searle Pakistan Limited (the Company) as at June 30, 2012 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of cash flows and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion-

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

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

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

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 cash flows and unconsolidated statement of changes in equity 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, 2012 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

Karachi.
Date: September 20, 2012

Anjum Asim Shahid Rahman
Chartered Accountants
Shahzada Saleem Chughtai

Unconsolidated Balance Sheet
As at June 30, 2012

ASSETS	Note	2012	2011
		----------(Rupees in '000)----------	
Non-current assets			
Fixed assets			
- Property, plant and equipment	5	2,647,734	695,524
- Intangible assets	6	43,030	52,112
		2,690,764	747,636
Long-term investment	7	100,000	100,000
Long-term loans	8	146	1,067
Long-term deposits	9	6,625	6,401
Total non-current assets		2,797,535	855,104
Current assets			
Stores and spares		2,229	2,604
Stock-in-trade	10	559,231	615,458
Trade debts	11	1,083,534	971,348
Loans and advances	12	103,414	678,638
Trade deposits and short term prepayments	13	68,290	69,438
Other receivables	14	153,172	199,616
Cash and bank balances	15	9,019	151,448
Total current assets		1,978,889	2,688,550
Total assets		4,776,424	3,543,654
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorised share capital			
50,000,000 (2011: 50,000,000) ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up capital	16	336,895	306,268
General reserve		280,251	280,251
Unappropriated profit		1,369,151	1,050,689
Total shareholders' equity		1,986,297	1,637,208
Surplus on revaluation of fixed assets	17	161,383	179,901
Non-current liabilities			
Long term finances - secured	18	966,667	-
Liabilities against assets subject to finance leases	19	2,294	12,515
Deferred liabilities			
Taxation	20	52,000	55,732
Gratuity - unfunded	20	26,008	22,941
		78,008	78,673
Total non-current liabilities		1,046,969	91,188
Current liabilities			
Trade and other payables	21	846,319	821,120
Accrued mark-up	22	35,501	28,950
Short-term finances	23	655,096	764,022
Current portion of			
- long term finances	18	33,333	-
- liabilities against assets subject to finance leases	19	10,184	10,465
Provision for taxation - net		1,342	10,800
Total current liabilities		1,581,775	1,635,357
Total liabilities		2,628,744	1,726,545
Contingencies and commitments	24		
Total equity and liabilities		4,776,424	3,543,654

The annexed notes 1 to 44 form an integral part of these financial statements.

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

Unconsolidated Profit and Loss Account

For the year ended June 30, 2012

	Note	2012	2011
		----------(Rupees in '000)----------	
NET SALES	25	4,936,049	4,238,840
COST OF SALES	26	2,806,470	2,352,430
GROSS PROFIT		2,129,579	1,886,410
Selling and distribution expenses	27	1,116,442	1,005,244
Administrative expenses	28	126,806	113,190
Amortization of intangible assets	6	9,082	6,393
		1,252,330	1,124,827
OPERATING PROFIT	29	877,249	761,583
Other operating income	30	48,700	115,065
		925,949	876,648
Other operating expenses	31	73,884	66,416
Finance cost	32	295,968	301,011
		369,852	367,427
PROFIT BEFORE INCOME TAX		556,097	509,221
Income tax expense	33	179,586	141,262
PROFIT FOR THE YEAR		376,511	367,959
		-------------Rupees-------------	
EARNINGS PER SHARE - BASIC AND DILUTED	34	11.18	10.92

The annexed notes 1 to 44 form an integral part of these financial statements.

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2012

	2012	2011
	----------(Rupees in '000)----------	
PROFIT FOR THE YEAR	376,511	367,959
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	376,511	367,959

The annexed notes 1 to 44 form an integral part of these financial statements.

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2012

	Note	2012	2011
		----------(Rupees in '000)----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	35	981,749	1,230,155
Gratuity paid	14.3.4 & 20.3.4	(17,973)	(17,074)
Taxes paid		(192,776)	(222,907)
Recovery of long-term loans		1,236	609
Advance of short-term loans and advances		574,909	(614,497)
Payment of long-term deposits		(224)	(315)
Net cash from operating activities		1,346,921	375,972
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5.1	(1,964,454)	(134,444)
Additions to capital work in progress	5.7	(82,616)	(49,680)
Purchase of intangible assets	6	-	(50,000)
Proceeds from disposal of property, plant and equipment	5.5	8,982	13,330
Finance income received	30	63	97
Mark-up received from associated/holding company	39.1	8,750	10,000
Exchange loss-net		(10,366)	(8,263)
Net cash used in investing activities		(2,039,641)	(218,960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities paid		(10,502)	(10,440)
Long-term finances received		1,000,000	-
Long-term finance paid		-	(99,960)
Dividend paid		(45,203)	(90,568)
Financial charges paid		(285,078)	(286,789)
Net cash from/(used in) financing activities		659,217	(487,757)
Net decrease in cash and cash equivalents		(33,503)	(330,745)
Cash and cash equivalents at the beginning of the year		(612,574)	(281,829)
Cash and cash equivalents at the end of the year	36	(646,077)	(612,574)

The annexed notes 1 to 44 form an integral part of these financial statements.

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2012

	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 June 30, 2010	306,268	-	280,251	280,251	747,027	1,333,546
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	-	-	-	-	19,327	19,327
Realization of surplus on revaluation of fixed assets on disposal (net of tax)	-	-	-	-	8,256	8,256
Total comprehensive income for the year	-	-	-	-	367,959	367,959
Transactions with owners						
Cash dividend paid for the year ended June 30, 2010 @ Rs. 3 per share	-	-	-	-	(91,880)	(91,880)
	-	-	-	-	(91,880)	(91,880)
Balance as at June 30, 2011	306,268	-	280,251	280,251	1,050,689	1,637,208
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation for the year (net of tax)	-	-	-	-	17,952	17,952
Realization of surplus on revaluation of fixed assets on disposal (net of tax)	-	-	-	-	566	566
Total comprehensive income for the year	-	-	-	-	376,511	376,511
Transactions with owners						
Transfer to reserve for issue of bonus shares	-	30,627	-	30,627	(30,627)	-
Bonus shares issued @ 10% in the ratio of 10 shares for every 100 shares held	30,627	(30,627)	-	(30,627)	-	-
Cash dividend paid for the year ended June 30, 2011 @ Rs. 1.5 per share	-	-	-	-	(45,940)	(45,940)
	30,627	-	-	-	(76,567)	(45,940)
Balance as at June 30, 2012	336,895	-	280,251	280,251	1,369,151	1,986,297

The annexed notes 1 to 44 form an integral part of these financial statements.

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

1 LEGAL STATUS AND OPERATIONS

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

With effect from September 03, 2012 the Company has changed its name to “The Searle Company Limited” from “Searle Pakistan Limited”.

With effect from June 17, 2011 International Brands (Private) Limited has acquired additional shareholding of 15.9 % aggregating to 55.25% of the shareholding of the Company and has become its holding company.

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

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 New / Revised standards and interpretations to existing standards effective from current period or early adopted but not relevant to the Company:

The following standards, amendments and interpretations of approved accounting standards are effective for accounting period beginning on or after January 1, 2012. These standards are either not relevant to the Company’s operations or are not expected to have significant impact on the unconsolidated financial statements of the Company:

- IAS 32 (Amendment) ‘Financial Instruments: Presentation’
- International Financial Reporting Interpretations Committee (IFRIC) 13 (Amendment) ‘Customer Loyalty Programmes’
- IFRIC 19 ‘Extinguishing Financial Liabilities with Equity Instruments’
- Amendments to IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction”

The application of improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in these unconsolidated financial statements.

2.2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations of International Financial Reporting Standards will be effective for accounting periods beginning on or after the dates specified below:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 01, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on unconsolidated financial statements of the Company.

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 01, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on unconsolidated financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 01, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on unconsolidated financial statements of the Company.

- IAS 27 Separate unconsolidated financial statements (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated financial statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 01, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate unconsolidated financial statements, with some minor clarifications. The amendments have no impact on unconsolidated financial statements of the Company.

- IAS 28 Investments in Associates (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on unconsolidated financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on unconsolidated financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the balance sheet or subject to master netting agreement or similar arrangement. The amendments have no impact on unconsolidated financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 01, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on unconsolidated financial statements of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These unconsolidated financial statements comprise unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of cash flows and unconsolidated statement of changes in equity together with explanatory notes and have been prepared under the ‘historical cost convention’ except certain items of property, plant and equipment, which have been stated at revalued amount and loans and receivables that are not held for trading, are stated at amortized cost. Staff retirement benefits are carried at present value.

The 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) Provisions for doubtful debts	4.1
b) Useful life of depreciable and amortizable assets	4.5
c) Estimates of recoverable amounts of inventories	4.8
d) Loans and receivable	4.9
e) Depreciable, amortizable and financial assets	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 unless or otherwise stated.

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

Defined benefit plans

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 recommendations using the projected unit credit method. The results of valuation are summarized in note 20.3.

The Company also operates an approved gratuity fund for its permanent employees who complete the eligible period of service. Provision has been made in accordance with actuarial recommendations using the projected unit credit method. The results of current valuation are summarized in note 14.3.

Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the balance sheet date exceeds ten percent of the higher of defined benefit obligation and fair value of the plan assets at end of the previous reporting period. These gains or losses are recognized over the expected remaining working lives of the employees participating in the plans.

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

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.

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.

4.4 Borrowing cost

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

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.

Measurement subsequent to initial recognition

Carried using revaluation model

Lease hold land, 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. 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.

Carried using cost model

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

Depreciation

Depreciation 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.

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.

4.5.1 Capital work in progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date and represents expenditure incurred on property, plant and equipment in the course of construction. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation.

4.5.2 Intangible assets

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).

4.6 Investment in a subsidiary company

Investment in subsidiary company 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.

4.7 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.

4.8 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 finished goods includes cost of raw material, direct labor 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.

4.9 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. 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 installments through salary of the employees.

4.10 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 equivalent for the purpose of statement of cash flows.

4.11 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.

4.12 Revenue recognition

Sales are recorded on dispatch of goods and in case of export when the goods are shipped. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.

Toll manufacturing income is recognized when services are rendered.

Dividend income is recognized when the Company's right of receipts is established.

Bank profit and commission income is recognized on accrual basis.

4.13 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.

4.14 Provisions

Provisions are recognized in the unconsolidated balance sheet when the Company has a legal or constructive obligation as a result of past events, 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.

4.15 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.

4.16 Financial instruments

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.

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.

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.

4.17 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.

4.18 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.

4.19 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.

4.20 General

Figures have been rounded-off to nearest thousand rupee.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2012	2011
		------(Rupees in '000) ------	
Operating assets	5.1	2,516,498	646,904
Capital work in progress - at cost	5.7	131,236	48,620
		2,647,734	695,524

5.1 The following is a statement of operating assets:

	Owned assets								Leased assets			Total
	Leasehold land*	Building on leasehold land	Plant and machinery	Office equipment	Furniture and fixtures	Vehicles	Air - conditioning	Sub-total	Plant and machinery	Vehicles	Sub-total	
	----------(Rupees in '000)----------											
As at June 30, 2010												
Cost / Revalued amount	185,601	175,439	610,634	38,119	22,299	94,492	53,066	1,179,650	13,500	27,708	41,208	1,220,858
Accumulated depreciation	(13,479)	(85,310)	(355,146)	(32,301)	(12,113)	(60,796)	(36,971)	(596,116)	(675)	(4,940)	(5,615)	(601,731)
Net book amount	172,122	90,129	255,488	5,818	10,186	33,696	16,095	583,534	12,825	22,768	35,593	619,127
Year ended June 30, 2011												
Opening net book amount	172,122	90,129	255,488	5,818	10,186	33,696	16,095	583,534	12,825	22,768	35,593	619,127
Additions	88,375	-	42,672	1,055	85	3,323	348	135,858	-	-	-	135,858
Transfers												
Cost / Revalued amount	-	-	-	-	-	3,081	-	3,081	-	(3,081)	(3,081)	-
Accumulated depreciation	-	-	-	-	-	(1,927)	-	(1,927)	-	1,927	1,927	-
	-	-	-	-	-	1,154	-	1,154	-	(1,154)	(1,154)	-
Disposal												
Cost / Revalued amount	-	-	(49,029)	(6,822)	-	(7,954)	-	(63,805)	-	-	-	(63,805)
Accumulated depreciation	-	-	35,709	6,789	-	4,754	-	47,252	-	-	-	47,252
	-	-	(13,320)	(33)	-	(3,200)	-	(16,553)	-	-	-	(16,553)
Deprecation charge	(1,880)	(10,122)	(52,912)	(2,610)	(1,684)	(11,491)	(4,297)	(84,996)	(1,350)	(5,182)	(6,532)	(91,528)
Closing net book amount	258,617	80,007	231,928	4,230	8,587	23,482	12,146	618,997	11,475	16,432	27,907	646,904
As at June 30, 2011												
Cost / Revalued amount	273,976	175,439	604,277	32,352	22,384	92,942	53,414	1,254,784	13,500	24,627	38,127	1,292,911
Accumulated depreciation	(15,359)	(95,432)	(372,349)	(28,122)	(13,797)	(69,460)	(41,268)	(635,787)	(2,025)	(8,195)	(10,220)	(646,007)
Net book amount	258,617	80,007	231,928	4,230	8,587	23,482	12,146	618,997	11,475	16,432	27,907	646,904
Year ended June 30, 2012												
Opening net book amount	258,617	80,007	231,928	4,230	8,587	23,482	12,146	618,997	11,475	16,432	27,907	646,904
Additions	1,915,871	-	36,809	1,379	-	9,520	875	1,964,454	-	-	-	1,964,454
Transfers												
Cost / Revalued amount	-	-	-	-	-	8,334	-	8,334	-	(8,334)	(8,334)	-
Accumulated depreciation	-	-	-	-	-	(4,699)	-	(4,699)	-	4,699	4,699	-
	-	-	-	-	-	3,635	-	3,635	-	(3,635)	(3,635)	-
Disposal												
Cost / Revalued amount	-	-	(27,362)	(218)	-	(8,483)	-	(36,063)	-	-	-	(36,063)
Accumulated depreciation	-	-	18,136	120	-	7,762	-	26,018	-	-	-	26,018
	-	-	(9,226)	(98)	-	(721)	-	(10,045)	-	-	-	(10,045)
Depreciation charge	(1,880)	(8,700)	(49,868)	(2,441)	(1,679)	(10,712)	(4,116)	(79,396)	(1,350)	(4,069)	(5,419)	(84,815)
Closing net book amount	2,172,608	71,307	209,643	3,070	6,908	25,204	8,905	2,497,645	10,125	8,728	18,853	2,516,498
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	(17,239)	(104,132)	(404,081)	(30,443)	(15,476)	(77,109)	(45,384)	(693,864)	(3,375)	(7,565)	(10,940)	(704,804)
Net book amount	2,172,608	71,307	209,643	3,070	6,908	25,204	8,905	2,497,645	10,125	8,728	18,853	2,516,498
Depreciation rate	89, 92 and 99 years	5% and 20%	10%, 20% and 33%	10%, 20% and 33%	10%, 20% and 33%	20%	10% and 20%		10%	20%		

* Includes land amounting to Rs. 88.375 million in the process of lease hold land.

5.2 The Company had revalued its lease hold land, building on lease hold land, plant and machinery, vehicles and air-conditioning system as at March 31, 2010. The revaluation was performed by an independent revaluer, M/s. Asif Associates (Private) Limited on the basis of current market value. The surplus arising as a result of this revaluation 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 also revalued earlier as at June 30, 2004 by Iqbal A. Nanjee on the basis of current market value. These assets have been carried at such revalued amounts.

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

	Cost 2012	Cost 2011	Written down value 2012	Written down value 2011
	----(Rupees in '000)----		----(Rupees in '000)----	
Owned assets				
Lease hold land	2,021,684	105,813	2,018,035	102,345
Building on lease hold land	137,805	137,805	63,778	68,716
Plant and machinery	417,743	404,684	173,041	175,941
Vehicles	99,688	89,896	25,204	23,482
Air-conditioning system	17,826	16,950	1,612	1,206
	2,694,746	755,148	2,281,670	371,690
Leased assets				
Plant and machinery	13,500	13,500	10,125	11,475
Vehicles	16,293	24,627	8,729	16,432
	29,793	38,127	18,854	27,907
	2,724,539	793,275	2,300,524	399,597

5.4 The depreciation expense has been allocated as follows:

	Note	2012	2011
		(Rupees in '000)	
Cost of goods sold	26	69,849	75,271
Selling and distribution expenses	27	10,020	12,089
Administrative expenses	28	4,946	4,168
		84,815	91,528

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

	Cost/ Revalued amount	Accumulated depreciation	Net book amount	Sale proceeds	Gain/ (Loss)	Realization of surplus	Mode of disposal	Particulars of buyers
	---------------------------(Rupees in '000)----------------------------							
Plant & machinery	22,040	13,687	8,353	2,500	(5,853)	-	Negotiation	Myplan Pharmaceuticals (Private) Limited, 32 KM, Multan Road, Lahore.
	4,857	4,008	849	2,300	1,451	850	Negotiation	-do-
Sub-total	26,897	17,695	9,202	4,800	(4,402)	850		
Vehicles	1,389	764	625	1,250	625	-	Insurance claim	PICIC Insurance Limited, 8th Floor, Shaheen Complex, M.R. Kayani Road, Karachi.
	1,084	994	90	-	(90)	-	Full and final settlement	Mr. Saleem A. Shaikh, A-215, Block-L, North Nazimabad, Karachi.
Sub-total	2,473	1,758	715	1,250	535	-		

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

	Cost/ Revalued amount	Accumulated depreciation	Net book amount	Sale proceeds	Gain/ (Loss)	Realization of surplus
Plant & machinery	465	441	24	900	876	16
Office equipment	218	120	98	-	(98)	-
Vehicles	6,010	6,004	6	2,032	2,026	-
Sub-total	6,693	6,565	128	2,932	2,804	16
Total	36,063	26,018	10,045	8,982	(1,063)	866
2011	63,805	47,252	16,553	13,330	(3,223)	12,702

5.6 The gain on disposal of property, plant and equipment has been accounted for as follows:

	Note	2012	2011
		-----(Rupees in '000)-----	
Other operating income	30	4,978	5,607
Other charges	31	(6,041)	(8,830)
		(1,063)	(3,223)

5.7 Movement in capital work in progress

	2012	2011
Balance as at July 1	48,620	354
Add: additions during the year - civil works	82,616	49,680
Less: transferred to operating assets	-	1,414
Balance as at June 30	131,236	48,620

INTANGIBLE ASSETS

	Distribution rights	Brand name & logo	Software licenses	Total
	----------------------(Rupees in '000)----------------------			
As at June 30, 2010				
Cost	76,275	24,703	10,711	111,689
Accumulated amortization	(71,575)	(24,703)	(6,906)	(103,184)
Net book amount	4,700	-	3,805	8,505
Year ended June 30, 2011				
Opening net book amount	4,700	-	3,805	8,505
Additions	-	50,000	-	50,000
Amortization charge	(2,464)	(2,084)	(1,845)	(6,393)
Closing net book amount	2,236	47,916	1,960	52,112
As at June 30, 2011				
Cost	76,275	74,703	10,711	161,689
Accumulated amortization	(74,039)	(26,787)	(8,751)	(109,577)
Net book amount	2,236	47,916	1,960	52,112
Year ended June 30, 2012				
Opening net book amount	2,236	47,916	1,960	52,112
Amortization charge	(2,236)	(5,000)	(1,846)	(9,082)
Closing net book amount	-	42,916	114	43,030
As at June 30, 2012				
Cost	76,275	74,703	10,711	161,689
Accumulated amortization	(76,275)	(31,787)	(10,597)	(118,659)
Net book amount	-	42,916	114	43,030
Remaining useful life in years	-	8.4	1	

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

		Note	2012	2011
			-----(Rupees in '000)-----	
7	LONG-TERM INVESTMENT - IN RELATED PARTY			
	Quoted subsidiary - at cost	7.1	100,000	100,000

7.1 This represents 10,000,000 (2011: 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% (2011: 50%).

		Note	2012	2011
8	LONG-TERM LOANS			
	Secured - Considered good	8.1	1,556	2,792
	Less: Current portion of long term loans shown under current assets	12	(1,410)	(1,725)
			146	1,067
	Considered doubtful		1,174	1,174
	Less: Accumulated impairment loss		(1,174)	(1,174)
			-	-
			146	1,067

8.1 These include auto loans to employees which are secured against provident fund balance of respective employees.

		Note	2012	2011
9	LONG TERM DEPOSITS			
	Deposit against rent		1,598	1,598
	Security deposits against lease		8,135	5,636
			9,733	7,234
	Less: Current maturity of security deposits against lease	13	(3,108)	(833)
			6,625	6,401
10	STOCKS-IN-TRADE			
	Raw materials		269,795	251,326
	Packing materials		121,971	111,232
	Work-in-process	26	47,724	73,640
	Finished goods	26	103,264	129,822
	Materials in transit		16,477	49,438
			559,231	615,458
11	TRADE DEBTS			
	Considered good			
	- Secured: Export debtors		38,458	87,178
	- Unsecured: Due from:			
	- associated/holding company	11.1 & 39.1	876,454	755,729
	- others		168,622	128,441
			1,083,534	971,348
	Considered doubtful - others		976	976
	Less: Provision for doubtful debts		(976)	(976)
			-	-
			1,083,534	971,348

11.1 The receivable is stated net of amounts payable aggregating Rs. 50.83 million (2011: Rs. 42.16 million) on account of expenses claimed by the associated company.

11.2 As at June 30, 2012, trade debts aggregating Rs. 0.976 million (2011: Rs. 0.976 million) were deemed to have been impaired. These balances are outstanding for more than 3 years.

11.3 In addition, some of the unimpaired trade debts are past due as at the reporting date. The aging of trade debts 'past due' but not impaired is as follows:

	Note	2012	2011
		-----(Rupees in '000)-----	
Age analysis			
More than two months but less than four months		102,204	188,639
More than four months but less than one year		58,628	-
One year or more but less than two years		59,494	7,187
Two years and more		121,206	28,893
		341,532	224,719

11.4 Competition Commission of Pakistan (CCP) through its order dated September 13, 2007 instructed the Company to reduce terms of trade credits with IBL, re-negotiate the offered rate of commission, and conduct audit of the transactions with associate, now the holding company.

The Company and the then directors filed a counter case in Honorable High Court of Sindh to revert the said order by CCP. The Company, based on opinion of its legal advisor, believes that it has strong case and the matter would be decided in its favour and the matter is still pending in the court.

12 LOANS AND ADVANCES

	Note	2012	2011
Considered good			
Current portion of long-term loans	8	1,410	1,725
Advances to employees	12.1	18,946	9,818
Advances to suppliers	12.2	83,058	667,095
		102,004	676,913
Considered doubtful	12.3	51	51
Less: Provision for doubtful advances		(51)	(51)
		-	-
		103,414	678,638

12.1 These include advances to employees against salary, for house rent and expenses. These advances are interest free and repayable on monthly basis. The aggregate amount due from executives of the Company is Rs. 7.86 million (2011: Rs. 3.17 million).

12.2 These included advance to the holding company, amounting to Rs. Nil (2011: Rs. 598.94 million) for purchase of land. During the current year, the title of the land has been transferred in the name of the Company.

12.3 As at June 30, 2012, loans and advance aggregating Rs. 0.051 million (2011: Rs. 0.051 million) were deemed to have been impaired. These balances are outstanding for more than 3 years.

		Note	2012	2011
			-----(Rupees in '000)-----	
13	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Deposits			
	- Current portion of security deposit against lease	9	3,108	833
	- Trade deposits		30,599	33,953
	Less: Provision for doubtful deposits		(2,640)	(2,640)
			27,959	31,313
			31,067	32,146
	Prepayments		37,223	37,292
			68,290	69,438

13.1 As at June 30, 2012, trade deposits amounted to Rs. 17.08 million (2011: Rs. 15.37 million) were past due but not impaired. These balances are outstanding for more than one year.

		Note	2012	2011
14	OTHER RECEIVABLES			
	Due from:			
	- holding company against mark-up on over due balance (IBL)	14.1, 14.2 & 39.1	-	138,882
	- subsidiary company against staff salaries and benefits (IBL HealthCare Limited)		3,981	685
	Associated companies:			
	- IBL Operations (Private) Limited against mark-up on over due balance	14.1, 14.2 & 39.1	130,529	-
	- United Distributors Pakistan Limited against staff salaries and benefits		528	3,266
			131,057	3,266
	Receivable from retirement benefit fund	14.3	1,826	1,900
	Others, considered good	14.4	16,308	54,883
			153,172	199,616

14.1 The receivable represents mark-up charged on the cash collected at the rate of 6-months KIBOR plus 3% per annum (2011: 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 and accordingly no mark-up has been charged since then.

14.2 As at June 30, 2012, due from associated company amounted to Rs. 129.53 million (2011: 110.04 million - holding company) were past due but not impaired. These balances are outstanding for more than one year.

14.3 Defined benefit scheme

14.3.1 General description

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

For the current year, annual provision is based on actuarial valuation. The valuation was carried out as at June 30, 2012 by Sidat Hyder Morshed Associates (Private) Limited, independent actuaries, using the projected unit credit method.

14.3.2 Principal actuarial assumptions

Following principal actuarial assumptions were used for the valuation:

	2012 %	2011 %
	------per annum------	
Expected return on plan assets	11	11
Estimated rate of increase in salary of the employees	12.5	14
Discount rate	12.5	14

	Note	2012	2011
		-----(Rupees in '000)-----	
14.3.3 Reconciliation of provision for gratuity scheme			
The amounts recognized in the balance sheet are as follow:			
Present value of defined benefit obligation	14.3.5	147,358	149,723
Fair value of plan assets	14.3.6	(136,688)	(138,107)
Deficit		10,670	11,616
Unrecognized actuarial losses		(12,496)	(13,516)
Net asset		(1,826)	(1,900)
14.3.4 Movement in the net (asset)/liability recognized in the balance sheet			
Opening net (asset)/liability		(1,900)	1,094
Charge for the year		16,862	11,846
Paid during the year		(16,788)	(14,840)
Closing net asset		(1,826)	(1,900)
14.3.5 Movement in the present value of defined benefit obligation during the year is as follows:			
Balance at July 1		149,723	129,798
Current service cost		11,536	9,986
Interest cost		18,894	17,917
Benefits paid		(29,535)	(3,634)
Actuarial gain		(3,260)	(4,344)
Balance at June 30		147,358	149,723

		2012	2011
		-----(Rupees in '000)-----	
14.3.6	**Movement in the present value of plan assets**		
	Balance at January 1	138,107	116,509
	Expected return on plan assets	13,567	16,057
	Actuarial loss	(2,239)	(5,665)
	Contributions	16,788	14,840
	Benefits paid	(29,535)	(3,634)
	Balance at June 30	136,688	138,107
14.3.7	**The amounts recognized in the profit and loss account**		
	Current service cost	11,536	9,986
	Interest cost	18,893	17,917
	Expected return on plan assets	(13,567)	(16,057)
		16,862	11,846

	2012	2011	2010	2009	2008
	----	----	(Rupees in '000)	----	----
Present value of defined benefit obligation	147,358	149,723	129,798	115,044	113,229
Fair value of plan assets	(136,688)	(138,107)	(116,509)	(97,071)	(115,299)
Deficit/(Surplus)	10,670	11,616	13,289	17,973	(2,070)
Experience adjustments on plan liabilities [gain/(loss)]	3,260	4,344	(1,539)	(7,306)	(8,218)
Experience adjustments on plan assets [(loss)/gain]	(2,239)	(5,665)	5,894	(11,875)	(2,184)

14.3.9 The actual return on plan assets during the year was Rs. 11.33 million (2011: Rs. 10.39 million).

14.4 This includes Rs. 15 million (2011: Rs. 35 million) receivable from Sanofi-Aventis Pakistan Limited, as consideration for early termination of license agreement for manufacture, selling, and marketing of Sanofi Aventis's pharmaceutical products.

		2012	2011
15	**CASH AND BANK BALANCES**	-----(Rupees in '000)-----	
	Cash in hand	726	103
	Cheques in hand	-	144,000
	Cash with banks in:		
	- deposit accounts	989	1,366
	- current accounts	7,304	5,979
		9,019	151,448

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		2012	2011
(Number of shares)			-----(Rupees in '000)-----	
3,969,000	3,969,000	Ordinary shares of Rs. 10 each fully paid in cash	39,690	39,690
24,000	24,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	240	240
29,696,461	26,633,783	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	296,965	266,338
33,689,461	30,626,783		336,895	306,268

16.1 Movement in number of shares

	2012	2011
	(Number in '000)	
Number of the shares at beginning of the year	30,627	30,627
Bonus shares issued during the year	3,063	-
Number of the shares at end of the year	33,690	30,627

16.2 Capital management policies and procedures

The Company'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 commensurating to the circumstances.

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

This represents surplus resulting from revaluation of lease hold land, building on lease hold land, plant and machinery, vehicles and air conditioning system originally carried out on June 30, 2004 by surveyors M/s. Iqbal A. Nanjee & Co. on the basis of current market value. However, the carrying amount based on above revaluation did not materially differ from the fair market value determined by an independent valuer, M/s. Asif Associates (Private) Limited as on March 31, 2010.

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

	Note	2012	2011
		-----(Rupees in '000)-----	
Surplus on revaluation of fixed assets at beginning of the year		179,901	207,484
Surplus transferred to retained earning (unappropriated profit) in respect of incremental depreciation charge during the year - net of tax		(17,952)	(19,327)
Surplus realized on disposal - net of tax		(566)	(8,256)
Balance at the end of the year		161,383	179,901

18 LONG TERM FINANCES - secured

	Note	2012	2011
Syndicated finance - from banking companies	18.1	1,000,000	-
Less: Current portion of long term finances shown under current liabilities		(33,333)	-
		966,667	-

18.1 The Company has arranged syndicate term finance facilities of Rs. 1 billion for a tenure of three to five years from Habib Bank Limited, Standard Chartered Bank (Pakistan) Limited and Bank of Punjab, collectively referred to as Lead Advisors and Arrangers. The facilities are repayable from November 2012 till December 2016.

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 & 2-A, Delhi Mercantile Muslim, Co-operative Housing Society, Block 7&8, Main Shahra-e-Faisal, Karachi.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

The Company has entered into arrangements with various leasing companies for lease of plant and machinery and motor vehicles. Lease rentals include financial charges ranging from 14% to 16.68% (2011: 14% to 16.68%) per annum which have been used as discount factor and are payable in monthly rentals. The Company has option to purchase the assets upon completion of lease period.

The amount of the future lease rentals and the periods in which these payments will become due are:

	2012 Minimum lease payments	2012 Financial charges allocated to future periods	2012 Present value of minimum lease payments	2011 Minimum lease payments	2011 Financial charges allocated to future periods	2011 Present value of minimum lease payments
	(Rupees in '000)					
Up to one year	10,905	721	10,184	12,699	2,234	10,465
Later than one year and not later than five years	2,484	190	2,294	13,544	1,029	12,515
	13,389	911	12,478	26,243	3,263	22,980

		Note	2012	2011
			-----(Rupees in '000)-----	
20	DEFERRED LIABILITIES			
	Deferred taxation	20.1	52,000	55,732
	Staff retirement gratuity - unfunded	20.3	26,008	22,941
			78,008	78,673
20.1	Balance at beginning of the year		55,732	65,681
	Reversed during the year	33	(3,732)	(9,949)
	Balance at end of the year		52,000	55,732
20.2	The net balance of deferred taxation is in respect of following temporary differences:			
	Credit balance arising on account of:			
	Property, plant and equipment		36,847	38,773
	Surplus on revaluation of property, plant and equipment		16,309	24,361
	Finance lease arrangements		2,023	1,535
			55,179	64,669
	Debit balance arising on account of:			
	Intangible assets		(2,016)	(1,223)
	Provisions for staff retirement gratuity, doubtful debts and doubtful refunds		(1,163)	(7,714)
			(3,179)	(8,937)
			52,000	55,732

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.

20.3 Staff retirement gratuity - unfunded

20.3.1 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, 2012 by Sidat Hyder Murshid Associate (Private) Limited, independent actuaries, using the projected unit credit method.

20.3.2 Principal actuarial assumptions

	2012 % per annum	2011 % per annum
Following principal actuarial assumptions were used for the valuation:		
Estimated rate of increase in salary of the employees	12.5	14
Discount rate	12.5	14

	Note	2012 -----(Rupees in '000)-----	2011
20.3.3 Reconciliation of provision for gratuity scheme			
The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation		24,829	22,639
Fair value of plan assets		-	-
Deficit		24,829	22,639
Unrecognized actuarial gains		1,179	302
Net liability		26,008	22,941
20.3.4 Movements in the net liability recognized in the balance sheet			
Opening net liability		22,941	21,234
Charge for the year	20.3.5	4,178	3,941
Paid during the year		(1,111)	(2,234)
		26,008	22,941
20.3.5 The amounts recognized in the profit and loss account			
Current service cost		1,086	1,057
Interest cost		3,092	2,884
		4,178	3,941
21 TRADE AND OTHER PAYABLES			
Creditors		62,472	148,184
Bills payable in foreign currency		229,279	199,527
Accrued liabilities		481,621	392,587
Advance from customers		7,977	23,668
Unclaimed dividend		7,949	7,212
Workers' Profits Participation Fund	21.1	31,535	28,069
Workers' Welfare Fund		16,470	12,937
Sales tax and excise duty payable		2,036	1,464
Other liabilities		6,980	7,472
		846,319	821,120

		Note	2012	2011
			-----(Rupees in '000)-----	
21.1	Worker's Profits Participation Fund			
	Balance at beginning of the year		28,069	30,550
	Contribution for the year	31	30,175	27,619
			58,244	58,169
	Interest on funds utilized in the Company's business at 22.5 % (2011: 14.85 %)	32	3,462	5,084
			61,706	63,253
	Less: Payments made during the year		(30,171)	(35,184)
	Balance at end of the year		31,535	28,069
22	ACCRUED MARK-UP			
	Accrued mark-up on:			
	long-term finances - secured		11,926	-
	finance lease obligation - secured		127	313
	short-term finances - secured		23,448	28,637
			35,501	28,950
23	SHORT-TERM FINANCES - Secured			
	Running finances under mark-up arrangements	23.1	655,096	764,022

23.1 The Company has arranged syndicated running finances under mark-up arrangements of Rs. 945 million (2011: Rs. 770 million). The mark-up on running finances ranges between 13.41% to 15.79% (2011: 14.21% to 15.71%) per annum.

The running finances under mark-up arrangements are secured jointly by registered mortgage of Rs. 172.5 million (2011: 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 (2011: 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 18).

24 CONTINGENCIES AND COMMITMENTS

Contingencies

24.1 The facility for opening letters of credit (LCs) acceptances and guarantees as at June 30, 2012 amounted to Rs. 650 million (2011: Rs. 650 million) of which the amount remaining unutilized as at that date was Rs. 276 million (2011: Rs. 335 million).

24.2 During the current year the Company has given a corporate guarantee amounting to Rs. 35 million against letter of credit facility availed by United Distributors Pakistan Limited, a related party.

Commitments

24.3 Future rentals payable against operating lease arrangements

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

The Company has also entered into operating lease arrangements in 2011 and 2009 with Myplan Pharmaceuticals (Private) Limited and S.A.Pharma, a pharmaceutical concern, respectively, for a period of 20 years. Lease includes land and building located at Lahore and plant and machinery installed in leased building.

	2012	2011
	-----(Rupees in '000)-----	
The details of future rentals over lease period are as follows:		
Not later than one year	28,500	19,042
Later than one year and not later than five years	102,212	87,516
Later than five years	307,029	324,741
	437,741	431,299

The above also includes ujrah payments for Ijarah financing of motor vehicles.

24.4 During the current year the Company entered into architect work and project management agreement with Arshad Shahid Abdulla (Private) Limited, a related party for head office renovation. The aggregate amount of such commitment is Rs. 0.58 million. Prior year the Company entered into architect work and project management agreements with the same company and civil and plumbing works agreements with M/s. Total Construction for the construction of a plaza located at Shahra-e-Faisal, Karachi. The aggregate amount of such commitments is Rs. 26.48 million (2011: Rs. 64.82 million).

25 NET SALES

	Pharma		Consumer		Total	
	2012	2011	2012	2011	2012	2011
	(Rupees in '000)					
Sales						
Local	4,101,622	3,581,548	566,893	294,013	4,668,515	3,875,561
Export	277,343	249,945	31,666	20,316	309,009	270,261
	4,378,965	3,831,493	598,559	314,329	4,977,524	4,145,822
Less:						
Sales returns & discounts	217,760	94,350	12,027	841	229,787	95,191
Sales tax & excise duty	-	-	56,846	33,606	56,846	33,606
	217,760	94,350	68,873	34,447	286,633	128,797
	4,161,205	3,737,143	529,686	279,882	4,690,891	4,017,025
Add: Toll manufacturing	240,923	218,255	4,913	4,166	245,836	222,421
Less : Sales tax	-	-	678	606	678	606
	240,923	218,255	4,235	3,560	245,158	221,815
	4,402,128	3,955,398	533,921	283,442	4,936,049	4,238,840

26 COST OF SALES

	Pharma		Consumer		Total	
	2012	2011	2012	2011	2012	2011
	(Rupees in '000)					
Raw and packing material consumed	1,659,259	1,358,939	211,210	102,129	1,870,469	1,461,068
Processing charges paid to third parties	149,881	141,972	-	-	149,881	141,972
	1,809,140	1,500,911	211,210	102,129	2,020,350	1,603,040
Factory expenses						
Salaries wages and benefits (refer note 26.1)	215,306	201,040	27,407	15,109	242,713	216,149
Provision for staff gratuity (unfunded)	2,135	2,111	272	159	2,407	2,270
Gratuity fund contribution	3,443	2,350	438	177	3,881	2,527
Provident fund contribution	4,774	4,504	608	338	5,382	4,842
Carriage and duties	12,165	4,247	1,549	319	13,714	4,566
Fuel, water and power	47,352	39,944	6,028	3,002	53,380	42,946
Rent and taxes	13,534	11,821	1,723	888	15,257	12,709
Communication	874	1,099	111	83	985	1,182
Stationery and supplies	2,641	12,704	336	955	2,977	13,659
Traveling	8,738	8,221	1,112	618	9,850	8,839
Advertisement	9	89	1	7	10	96
Entertainment	145	111	18	8	163	119
Repairs and maintenance	41,636	33,645	5,300	2,528	46,936	36,173
Medical expenses	1,991	1,446	253	109	2,244	1,555
Personal training and selection	69	95	9	7	78	102
Vehicle expenses	5,301	4,077	675	306	5,976	4,383
Subscription	40	1,113	5	84	45	1,197
Legal and professional charges	3,169	5,551	403	417	3,572	5,968
Depreciation (refer note 5.4)	61,962	70,010	7,887	5,261	69,849	75,271
Insurance	2,008	4,909	256	369	2,264	5,278
Corporate services charged by associated/holding company (refer note 39.1)	1,277	1,339	163	101	1,440	1,440
Sundries	12,646	10,365	1,610	779	14,256	11,144
	441,215	420,791	56,164	31,624	497,379	452,415
	2,250,355	1,921,702	267,374	133,753	2,517,729	2,055,455
Work in process as at July 01, (refer note 10)	73,640	52,831	-	-	73,640	52,831
	2,323,995	1,974,533	267,374	133,753	2,591,369	2,108,286
Work in process as at June 30, (refer note 10)	(47,724)	(73,640)	-	-	(47,724)	(73,640)
	2,276,271	1,900,893	267,374	133,753	2,543,645	2,034,646
Finished goods as at July 01, (refer note 10)	120,747	104,963	9,075	5,194	129,822	110,157
Finished goods purchased	229,904	378,412	47,021	-	276,925	378,412
	350,651	483,375	56,096	5,194	406,747	488,569
Cost of samples manufactured	(40,658)	(38,100)	-	(2,863)	(40,658)	(40,963)
Finished goods as at June 30, (refer note 10)	(89,996)	(120,747)	(13,268)	(9,075)	(103,264)	(129,822)
Cost of sales	2,496,268	2,225,421	310,202	127,009	2,806,470	2,352,430

26.1 Salaries, wages and benefits include Rs. 62.27 million (2011: Rs. 57.21 million) in respect of contractual labour provided by Paksons (Private) Limited.

27 SELLING AND DISTRIBUTION EXPENSES

	Pharma		Consumer		Total	
	2012	2011	2012	2011	2012	2011
	(Rupees in '000)					
Salaries wages and benefits	269,165	249,151	34,262	18,725	303,427	267,876
Provision for staff gratuity (unfunded)	1,215	1,203	155	90	1,370	1,293
Gratuity fund contribution	9,913	7,576	1,262	569	11,175	8,145
Provident fund contribution	10,129	9,949	1,289	748	11,418	10,697
Services charges	25,052	12,994	-	-	25,052	12,994
Carriage and duties	67,460	58,426	8,587	4,391	76,047	62,817
Water and power	1,408	2,151	179	162	1,587	2,313
Rent and taxes	11,045	11,552	1,406	868	12,451	12,420
Communication	9,797	11,117	1,247	836	11,044	11,953
Stationery and supplies	6,468	10,673	823	802	7,291	11,475
Traveling	144,031	145,581	18,334	10,941	162,365	156,522
Advertising and promotion	154,206	155,488	19,629	11,685	173,835	167,173
Samples	64,099	63,316	8,159	4,758	72,258	68,074
Bonus to salesmen	86,233	70,280	10,977	5,282	97,210	75,562
Entertainment	1,010	556	129	42	1,139	598
Repairs and maintenance	2,223	11,126	283	836	2,506	11,962
Medical expenses	3,692	4,105	470	309	4,162	4,414
Personal training and selection	3,804	2,337	484	176	4,288	2,513
Vehicle expenses	50,947	31,113	6,485	2,338	57,432	33,451
Insurance	10,997	9,594	1,400	721	12,397	10,315
Depreciation (refer note 5.4)	8,889	11,244	1,131	845	10,020	12,089
Subscription	11,560	15,197	1,472	1,142	13,032	16,339
Donation (refer note 27.1)	35	32	4	2	39	34
Replacement products	15,452	10,270	1,967	772	17,419	11,042
Royalty	14,347	13,776	1,826	4,458	16,173	18,234
Corporate services charged by associated/holding company (refer note 39.1)	3,193	3,348	407	252	3,600	3,600
Legal and professional charges	6,746	10,535	859	792	7,605	11,327
Sundries	89	11	11	1	100	12
	993,205	932,702	123,237	72,543	1,116,442	1,005,244

27.1 Directors of the Company have no interest in the donee institution.

28 ADMINISTRATIVE EXPENSES

	Pharma		Consumer		Total	
	2012	2011	2012	2011	2012	2011
	(Rupees in '000)					
Salaries wages and benefits	50,374	44,162	6,412	3,319	56,786	47,481
Provision for staff gratuity (unfunded)	356	352	45	26	401	378
Gratuity fund contribution	1,602	1,092	204	82	1,806	1,174
Provident fund contribution	1,896	1,692	241	127	2,137	1,819
Carriage and duties	185	-	24	-	209	-
Water and power	212	1,231	27	93	239	1,324
Rent and taxes	3,508	4,411	447	331	3,955	4,742
Communication	2,955	2,989	376	225	3,331	3,214
Stationery and supplies	3,095	4,100	394	308	3,489	4,408
Traveling	4,770	409	607	31	5,377	440
Advertisement	474	20	60	1	534	21
Entertainment	56	48	7	4	63	52
Repairs and maintenance	10,426	14,501	1,327	1,090	11,753	15,591
Medical expenses	2,874	1,265	366	95	3,240	1,360
Personal training and selection	39	92	5	7	44	99
Vehicle expenses	2,966	2,601	378	196	3,344	2,797
Insurance	2,706	395	345	30	3,051	425
Depreciation (refer note 5.4)	4,388	3,877	558	291	4,946	4,168
Subscription	287	711	37	53	324	764
Donation (refer note 28.1)	7,230	2	920	-	8,150	2
Corporate services charged by associated/holding company (refer note 39.1)	1,916	2,009	244	151	2,160	2,160
Legal and professional charges	9,773	19,056	1,244	1,432	11,017	20,488
Sundries	399	263	51	20	450	283
	112,487	105,278	14,319	7,912	126,806	113,190

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

29 OPERATING PROFIT

	Pharma 2012	Pharma 2011	Consumer 2012	Consumer 2011	Total 2012	Total 2011
Net sales (refer note 25)	4,402,128	3,955,398	533,921	283,442	4,936,049	4,238,840
Cost of goods sold (refer note 26)	2,496,268	2,225,421	310,202	127,009	2,806,470	2,352,430
Selling and distribution expenses (refer note 27)	993,205	932,701	123,237	72,543	1,116,442	1,005,244
Administrative expenses (refer note 28)	112,487	105,278	14,319	7,912	126,806	113,190
Amortization of intangible assets (refer note 6)	9,082	6,393	-	-	9,082	6,393
	3,611,042	3,269,793	447,758	207,464	4,058,800	3,477,257
Operating profit	791,086	685,605	86,163	75,978	877,249	761,583

		Note	2012	2011
			-----(Rupees in '000)-----	
30	OTHER OPERATING INCOME			
	Income from financial assets			
	Profit on amounts placed in bank deposit accounts		63	97
	Exchange gain		8,582	4,604
			8,645	4,701
	Income from related parties			
	Mark-up from International Brands (Private) Limited holding company	14.1	-	28,839
	Dividend Income from IBL HealthCare Limited subsidiary company		25,000	-
	Rent income from International Franchises (Private) Limited - associated company		3,080	3,000
			28,080	31,839
	Income from non-financial assets			
	Gain on disposal of property, plant and equipment	5.5	4,978	5,607
	Others	30.1	6,997	72,918
			11,975	78,525
			48,700	115,065

30.1 This includes Rs. Nil (2011: 70 million) as consideration from Sanofi-Aventis Pakistan Limited, for early termination of license agreement for manufacture, selling and marketing of Sanofi-Aventis's pharmaceutical products.

		Note	2012	2011
			-----(Rupees in '000)-----	
31	OTHER OPERATING EXPENSES			
	Contribution to:			
	- workers' profits participation fund	21.1	30,175	27,619
	- workers' welfare fund		11,501	10,395
	- central research fund		5,618	5,144
	Auditors' remuneration	31.1	1,601	1,561
	Loss on disposal of property, plant and equipment	5.5	6,041	8,830
	Exchange loss		18,948	12,867
			73,884	66,416
31.1	Auditors' remuneration			
	Audit fee			
	Annual audit		1,125	1,025
	Half yearly review		250	250
	Fee in respect of:			
	Special reports and certifications		125	175
	Out of pocket expenses		101	111
			1,601	1,561

		Note	2012	2011
			-----(Rupees in '000)-----	
32	FINANCE COST			
	Lease finance charges		1,940	3,902
	Mark-up on long term and running finances		116,767	99,584
	Interest on workers' profits participation fund	21.1	3,462	5,084
	Interest charged by associated/holding company	32.1	162,500	183,535
	Arrangement fee for financing facilities		6,960	-
	Bank charges		4,339	8,906
			295,968	301,011

32.1 This represents compensation for delayed execution of agreement with International Brands (Private) Limited, holding company, for purchase of land.

		Note	2012	2011
			-----(Rupees in '000)-----	
33	INCOME TAX EXPENSE			
	Current			
	- for the year		177,679	161,382
	- for prior years		5,639	(10,171)
			183,318	151,211
	Deferred	20.1	(3,732)	(9,949)
			179,586	141,262

33.1 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 35% for the tax year 2012 (2011: 35%).

		2012	2011
		-----(Rupees in '000)-----	
33.2	Reconciliation of tax expense		
	Accounting profit	556,097	509,221
	Applicable tax rate	35%	35%
	Tax on accounting profit at applicable rate	194,634	178,227
	Tax effect of:		
	difference in method of lease accounting	3,351	3,323
	permanent differences	(31,650)	(42,921)
	temporary differences	14,707	7,340
	applicability of lower tax rate on certain income	(7,095)	5,464
	demand provided and raised during the year	5,639	(10,171)
	Tax expense charged on income	179,586	141,262

33.3 Current status of tax assessments

Assessments of the Company for the assessment years 1995-1996 to 1999-2000, 2002-2003, tax years 2004, 2005, 2008, 2009 and 2010 are pending before various appellate forums in respect of issues related to certain disallowances. For all the cases, the Company has made provisions in the financial statements as per the assessed liability.

34 EARNINGS PER SHARE - Basic and Diluted

	2012	2011
Basic earnings per share		
Profit for the year (Rupees in thousands)	376,511	367,959
Weighted average number of shares in thousands (2011: Restated)	33,690	33,690
Earnings per share (Rupees) (2011: Restated)	11.18	10.92

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, 2012.

35 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

	Note	2012	2011
		-----(Rupees in '000)-----	
Profit before tax		556,097	509,221
Adjustments for non-cash items:			
Depreciation	5.4	84,815	91,528
Amortization of intangible assets	6	9,082	6,393
Loss on disposal of property, plant and equipment (net)	30 & 31	1,063	3,223
Provision for staff retirement gratuity	14.3.6 & 20.3.5	21,040	15,787
Mark-up from holding company	30	-	(28,839)
Profit on amounts placed in bank deposit accounts	30	(63)	(97)
Exchange gain	30	(8,582)	(4,604)
Exchange loss	31	18,948	12,867
Financial charges		291,629	292,106
Net increase decrease in working capital	35.1	7,720	332,570
		981,749	1,230,155

		Note	2012	2011
			-----(Rupees in '000)-----	
35.1	(Increase)/Decrease in working capital			
	Current assets			
	Decrease in stores and spares		375	1,247
	Decrease/(Increase) in stock-in-trade		56,227	(181,182)
	(Increase)/Decrease in trade debts		(112,186)	383,791
	Decrease/(Increase) in trade deposits and short term prepayments		1,148	(4,768)
	Decrease/(Increase) in other receivables		37,694	(53,989)
			(16,742)	145,099
	Current liabilities			
	Increase in trade and other payables		24,462	187,471
	Net decrease in working capital		7,720	332,570
36	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	15	9,019	151,448
	Running finances under markup arrangement	23	(655,096)	(764,022)
			(646,077)	(612,574)

37 SEGMENT INFORMATION

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

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

- Pharma
- Consumer

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

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

	Pharma		Consumer		Total	
	2012	2011	2012	2011	2012	2011
	------------------------- (Rupees in '000)-------------------------					
Segment revenue	4,402,128	3,955,398	533,921	283,442	4,936,049	4,238,840
Segment result	791,086	685,604	86,163	75,978	877,249	761,583
Unallocated income and expenses						
Other operating income					48,700	115,065
Financial cost					(295,968)	(301,011)
Other charges					(73,884)	(66,416)
Profit before taxation					556,097	509,221
Income tax expense					(179,586)	(141,262)
Profit for the year					376,511	367,959
Segment assets and liabilities						
Segment assets	194,952	226,389	24,816	17,014	219,768	243,403
Unallocated assets	-	-	-	-	4,556,656	3,300,251
Total assets					4,776,424	3,543,654
Segment liabilities	-	-	-	-	-	-
Unallocated liabilities	-	-	-	-	2,628,744	1,726,545
Total Liabilities					2,628,744	1,726,545
Depreciation	75,238	85,131	9,577	6,397	84,815	91,528
Non-cash expenses other than depreciation	9,082	6,393	-	-	9,082	6,393
Addition in segment assets	1,742,632	126,362	221,822	9,496	1,964,454	135,858
Percentage for allocation	89%	93%	11%	7%	100%	100%

There were no inter-segment transactions during the year (2011: None).

37.1 Geographical segments

	2012	2011
	-----(Rupees in '000)-----	
Gross revenue analysis		
Pakistan	4,668,515	3,875,561
Asia	173,271	135,130
East Africa	3,642	1,770
South East Asia	35,931	49,663
Far Eastern Countries	93,429	63,140
Central Asian Republic States	2,736	20,558
	4,977,524	4,145,822

37.2 The Company's revenue from one of the major customer represents approximately Rs. 4,095 million (2011: Rs. 3,579 million) of the total revenue.

38 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2012			2011		
	--------(Rupees in '000)--------			--------(Rupees in '000)--------		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
Managerial remuneration	3,110	10,943	80,194	2,939	9,996	69,734
Annual bonus	518	1,608	13,025	231	1,474	11,326
Retirement benefits						
Provident fund	311	1,094	8,019	294	1,000	6,973
Gratuity fund	259	912	6,680	245	833	5,809
Perquisites						
Rent	1,400	4,924	36,087	1,323	4,498	31,380
Utilities	311	1,094	8,019	294	1,000	6,973
Telephone	-	-	208	-	-	181
Entertainment	-	-	254	-	-	221
Car maintenance	41	301	4,179	21	205	3,660
	5,950	20,876	156,665	5,347	19,006	136,257
Number of persons	1	3	77	1	3	73

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

38.2 Three non-full time working directors (2011: three) were paid fee for attending board meetings aggregating Rs. 98,000 (2011: Rs. 139,500).

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

39 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises International Brands (Private) Limited, holding company, IBL-HealthCare Limited, a subsidiary, 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.

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

	2012			2011		
	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key management
	------------------------(Rupees in '000)------------------------					
Transactions						
IBL Operations (Private) Limited (refer note 39.1 and 39.2)						
Sales	4,094,996	-	-	3,579,565	-	-
Sales returned	79,398	-	-	21,406	-	-
Mark-up income	-	-	-	28,839	-	-
Purchase of land	1,200,000	-	-	88,000	-	-
Advance against land	-	-	-	598,940	-	-
Expenses claimed						
Carriage and duties	15,879	-	-	11,485	-	-
Discounts	94,132	-	-	63,607	-	-
Warehouse rent	2,563	-	-	2,231	-	-
Mark-up expenses	162,500	-	-	183,535	-	-
Reimbursement of construction cost	1,300	-	-	13,985	-	-
Corporate services charged	7,200	-	-	16,579	-	-
Sales promotion expenses	54,795	-	-	46,651	-	-
IT Services	6,600	-	-	6,600	-	-
Expenses claimed from IBL Operations (Private) Limited (refer note 39.1)						
Staff salaries and other expenses	10,184	-	-	-	-	-
International Franchises (Private) Limited						
Sales	181	-	-	41	-	-
Rent, utility and other income	3,114	-	-	3,000	-	-
United Distributors Pakistan Limited (UDPL)						
Sales	212	-	-	-	-	-
Purchase of vehicles	5,841	-	-	-	-	-
Tax payment of group tax relief	35,819	-	-	-	-	-
Expenses claimed from UDPL						
Staff salary and benefits	1,153	-	-	3,266	-	-
HABITT						
Sales	970	-	-	-	-	-

	2012			2011		
	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key manage-ment	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key manage-ment
	-------------------------(Rupees in '000)-------------------------					
Expenses claimed						
Sales promotion expenses	492	-	-	601	-	-
Services relating to renovation	-	-	-	1,954	-	-
IBL Healthcare Limited (IBL-HC) - subsidiary company						
Sales	-	-	-	1,872	-	-
Sales return	-	-	-	706	-	-
Staff salary and benefits	14,205	-	-	8,173	-	-
Expenses claimed						
Salaries, wages and benefits	1,047	-	-	5,387	-	-
Warehouse expenses	1,186	-	-	950	-	-
Purchases	269	-	-	-	-	-
Vehicle Hiring	2,575	-	-	-	-	-
The Citizens Foundation						
Donations	8,150	-	-	-	-	-

One of the directors of the holding company is on the board of governors of the donee.

Arshad Shahid Abdulla (Private) Limited						
Architect fee	8,503	-	-	4,734	-	-
Project management fee	4,500	-	-	900	-	-
Shahid Abdulla						
Office and factories renovation	612	-	-	18,000	-	-
Multinet Pakistan (Private) Limited						
Internet services	312	-	-	324	-	-
United Brands Limited						
Sales	50,338	-	-	-	-	-
Sales returns	87	-	-	-	-	-
Tax payment of group tax relief	10,247	-	-	-	-	-

	2012			2011		
	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key manage-ment	Associates/ Group companies/ holding and subsidiary company/ close family members	Directors	Key manage-ment
	-------------------------(Rupees in '000)-------------------------					
Expenses claimed by United Brands Limited						
Discounts	607	-	-	-	-	-
Purchase of promotional items	3,731	-	-	-	-	-
Loans and advances						
At beginning of the year	-	-	3,171	-	-	1,634
Given during the year	-	-	6,988	-	-	8,412
Repaid during the year	-	-	(2,294)	-	-	(6,875)
At the end of the year	-	-	7,865	-	-	3,171
Balances						
Trade debts - associated company						
At beginning of the year	755,729	-	-	1,205,581	-	-
Addition during the year	4,042,697	-	-	3,591,721	-	-
Repaid during the year	(3,921,972)	-	-	(4,041,573)	-	-
At the end of the year (refer note 11)	876,454	-	-	755,729	-	-
Trade debts - subsidiary						
At beginning of the year	-	-	-	1,298	-	-
Addition during the year	-	-	-	1,167	-	-
Repaid during the year	-	-	-	(2,465)	-	-
At the end of the year (refer note 11)	-	-	-	-	-	-
Other receivables - associates						
At beginning of the year	138,882	-	-	120,043	-	-
Addition during the year	10,184	-	-	28,839	-	-
Repaid during the year	(18,537)	-	-	(10,000)	-	-
At the end of the year (refer note 14)	130,529	-	-	138,882	-	-
Accrued liabilities - associates						
At beginning of the year	8,900	-	-	-	-	-
Addition during the year	13,615	-	-	23,634	-	-
Repaid during the year	(21,903)	-	-	(14,734)	-	-
At the end of the year (refer note 21)	612	-	-	8,900	-	-

39.1 In pursuance of scheme of arrangement and court order dated May 2011, with effect from July 01, 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). However, the name of the associated company was changed to IBL OPS (Private) Limited in December 2011.

39.2 Sales to International Operations (Private) Limited (associated company) were made during the year at ex-factory price i.e. trade prices less distributor's margin of 10% and 12% (2011: 10% and 12%). In addition, the amounts of communication, utilities, salaries and wages and carriage and duties are also being reimbursed.

40 PLANT CAPACITIES AND ACTUAL PRODUCTION

	Installed capacity per annum (based in eight hours shift)					
	At owned plant (Karachi)	At leased plant (Karachi)	At leased plant (Lahore)	Total	Actual production 2012	Actual production 2011
	------------------------------Numbers in '000------------------------------					
Liquid (bottles)	8,000	-	16,400	24,400	45,078	39,037
Tablets (numbers)	440,000	-	211,000	651,000	1,653,198	1,203,334
Capsules (numbers)	45,000	-	15,000	60,000	52,133	58,750
Sachets (numbers)	19,200	30,500	-	49,700	28,024	21,467
Pouches (numbers)	-	250	-	250	734	-
Injectibles (numbers)	5,280	-	-	5,280	15,600	8,490
Jars (numbers)	-	800	-	800	1,179	-

The current actual production capacity of Capsules and Sachets was under utilized on account of lower demand.

41 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

41.1 Credit risk

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

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

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

	Note	2012	2011
		-------(Rupees in '000)-------	
Trade debts	11	1,083,534	971,348
Loans and advances	12	83,058	667,095
Trade deposits	13	27,959	31,313
Other receivables	14	153,172	199,616
		1,347,723	1,869,372

Concentration of credit risk

Out of the total financial assets of Rs. 1.38 billion (2011: Rs. 2.04 billion) financial assets amounting to Rs. 1.23 billion (2011: Rs. 1.5 billion) consist of transactions made by the Company with its affiliates and cash and bank balances. The Company's major sales are with IBL Operations (Private) Limited (IBL Ops), 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.

41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company 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:

			2012						
			Interest / Mark-up bearing			Non-Interest / Mark-up bearing			
	Note	Effective interest rate %	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
			----------(Rupees in '000)----------						
Financial assets									
Loans and advances	8 & 12		-	-	-	20,356	146	20,502	20,502
Deposits	9		-	-	-	3,108	6,625	9,733	9,733
Trade debts	11		-	-	-	1,083,534	-	1,083,534	1,083,534
Trade deposits	13		-	-	-	27,959	-	27,959	27,959
Other receivables	14		1,826	-	1,826	151,346	-	151,346	153,172
Cash and bank balances	15	4 - 8.37	989	-	989	8,030	-	8,030	9,019
			2,815	-	2,815	1,294,333	6,771	1,301,104	1,303,919

			2012						
			Interest / Mark-up bearing			Non-Interest / Mark-up bearing			
	Note	Effective interest rate %	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
			--------(Rupees in '000)--------						
Financial liabilities									
Long-term finance	18	14.51	33,333	966,667	1,000,000	-	-	-	1,000,000
Liabilities against assets subject to finance leases	19	14 - 16.68	10,184	2,294	12,478	-	-	-	12,478
Deferred liability - gratuity	20	12.5	-	26,008	26,008	-	-	-	26,008
Trade and other payables	21		-	-	-	838,342	-	838,342	838,342
Accrued mark-up	22		-	-	-	35,501	-	35,501	35,501
Short-term finance	23	13.41 -15.79	655,096	-	655,096	-	-	-	655,096
			698,613	994,969	1,693,582	873,843	-	873,843	2,567,425
On balance sheet date gap			(695,798)	(994,969)	(1,690,767)	420,490	6,771	427,261	(1,263,506)

			2011						
			Interest / Mark-up bearing			Non Interest / Mark-up bearing			
	Note	Effective interest rate %	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
			--------(Rupees in '000)--------						
Financial assets									
Loans and advances	8 & 12		-	-	-	678,638	1,067	679,705	679,705
Long term deposits	9		-	-	-	833	6,401	7,234	7,234
Trade debts	11	15.37	755,729	-	755,729	215,619	-	215,619	971,348
Trade deposits	13		-	-	-	31,313	-	31,313	31,313
Other receivables	14		1,900	-	1,900	197,716	-	197,716	199,616
Cash and bank balances	16	4 - 8.37	1,366	-	1,366	150,082	-	150,082	151,448
			758,995	-	758,995	1,274,201	7,468	1,281,669	2,040,664
Financial liabilities									
Long-term finance	19	14.9	-	-	-	-	-	-	-
Liabilities against assets subject to finance leases	20	14-16.5	10,465	12,515	22,980	-	-	-	22,980
Deferred liability - gratuity	21	13	-	22,941	22,941	-	-	-	22,941
Trade and other payables	22	14	-	-	-	821,120	-	821,120	821,120
Accrued mark-up	23		-	-	-	28,950	-	28,950	28,950
Short-term finance	24	13.88-17.5	764,022	-	764,022	-	-	-	764,022
			774,487	35,456	809,943	850,070	-	850,070	1,660,013
On balance sheet date gap			(15,492)	(35,456)	(50,948)	424,131	7,468	431,599	380,651

41.3 Market risk

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

41.3.1 Currency risk

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

The Company is exposed to currency risk on purchases that are entered in a currency other than Pak Rupees. Payable exposed to foreign currency risk have been included in creditors / bills payable, which as at June 30, 2012 are Rs. 229.28 million (2011: Rs. 199.53 million) and receivable included in trade debtors and other receivable are Rs. 38.46 million (2011: Rs. 87.18 million). The Company earned exchange gain of Rs. 8.60 million (2011: Rs. 4.6 million) and suffered exchange loss of Rs. 18.95 million (2011: Rs. 12.87 million) during the year.

41.3.2 Interest rate risk

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

	Note	2012	2011
		-------(Rupees in '000)-------	
Variable rate instruments			
Financial assets			
- Gratuity funded	14.3	1,826	1,900
- Cash with banks in deposit accounts	15	989	1,366
		2,815	3,266
Financial liabilities			
- Long term finance	18	966,667	-
- Liabilities against assets subject to finance lease	19	(12,478)	(22,980)
- Gratuity unfunded	20	(26,008)	(22,941)
- Short term finance	23	(655,096)	(764,022)
		273,085	(809,943)
		275,900	(806,677)

Cash flow sensitivity for variable rate instruments

A change of 100 basis points 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 2011.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	(Rupees in '000)			
As at June 30, 2012				
Cash flow sensitivity - variable rate instruments	(30,152)	30,152	(30,152)	30,152
As at June 30, 2011				
Cash flow sensitivity - variable rate instruments	(21,569)	21,569	(21,569)	21,569

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which an asset could be exchanged or liability settled between knowledgeable willing parties in an arm's length transaction. The Company prepares its unconsolidated financial statements under the historical cost convention and where applicable at fair value and amortized cost. Estimated fair value of all financial instruments are not significantly different from their carrying values on June 30, 2011.

43 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2012	2011
		(Rupees in '000)	
Financial liabilities measured at amortized cost			
Long-term finance	18	1,000,000	-
Trade and other payable	21	838,342	821,120
Short-term finance	23	655,096	764,022
Financial liabilities measured at fair value through profit or loss			
Accrued markup	22	35,501	28,950
Financial liabilities measured at present value			
Liabilities against assets subject to finance leases	19	12,478	22,980
Deferred liability - gratuity	20	26,008	22,941
		2,567,425	1,660,013
Financial assets			
Loans and receivables			
Loans and advances	8 & 12	20,502	679,705
Long term deposit	9	9,733	7,234
Trade debts	11	1,083,534	971,348
Trade deposits	13	27,959	31,313
Other receivables	14	153,172	199,616
Cash and bank balances	15	9,019	151,448
		1,303,919	2,040,664
On balance sheet gap		1,263,506	(380,651)

44 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors on September 20, 2012.

44.1 Appropriation

The Board of Directors of the Company has approved the following appropriation in the meeting held on September 20, 2012.

	2012	2011
	-------(Rupees in '000)-------	
Cash dividend - Re.1 (2011: Rs. 1.5) per share of Rs. 10 each.	33,689	45,940
Issue of bonus shares 40% in the ratio of 40 shares for every 100 shares held (2011: 10%).	134,758	30,627

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

Rashid Abdulla
Chairman

Syed Nadeem Ahmed
CEO/Managing Director

Pattern of Shareholding

As at June 30, 2012

No of Shareholders	Shareholdings' Slab			Total Shares Held
2069	1	to	100	62,971
970	101	to	500	248,894
751	501	to	1000	585,261
474	1001	to	5000	1,032,593
89	5001	to	10000	623,806
37	10001	to	15000	453,389
6	15001	to	20000	105,696
11	20001	to	25000	246,044
5	25001	to	30000	140,141
1	30001	to	35000	33,674
1	35001	to	40000	36,353
1	45001	to	50000	46,510
2	50001	to	55000	102,618
3	55001	to	60000	176,270
2	60001	to	65000	127,044
5	65001	to	70000	328,166
1	70001	to	75000	70,558
1	90001	to	95000	94,675
1	95001	to	100000	95,819
1	105001	to	110000	106,417
1	125001	to	130000	125,622
1	135001	to	140000	139,150
1	155001	to	160000	155,306
1	205001	to	210000	206,500
2	215001	to	220000	434,403
1	265001	to	270000	270,000
1	295001	to	300000	298,760
2	395001	to	400000	796,735
1	415001	to	420000	415,803
1	425001	to	430000	428,815
1	530001	to	535000	533,102
1	655001	to	660000	659,359
1	825001	to	830000	825,171
1	835001	to	840000	839,608
1	845001	to	850000	850,000
1	995001	to	1000000	995,243
1	1175001	to	1180000	1,179,120
1	1185001	to	1190000	1,185,628
1	18630001	to	18635000	18,634,237
4,452				33,689,461

Pattern of Shareholding

As at June 30, 2012

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
Directors, CEO and their spouse and minor children			
RASHID ABDULLA	1	2,890	0.01
SYED NADEEM AHMED	1	632	0.00
ZUBAIR RAZZAK PALWALA	1	660	0.00
MUNIS ABDULLAH	1	2,037	0.01
ASAD ABDULLA	1	550	0.00
AYAZ ABDULLA	1	3,300	0.01
ADNAN ASDAR ALI	1	550	0.00
SHAKILA RASHID	1	11,000	0.03
Associated Companies, undertakings and related parties			
INTERNATIONAL BRANDS (PRIVATE) LIMITED	3	18,638,378	55.32
Trustee- Searle Pakistan Limited Employee Gratuity Fund	1	216,693	0.64
NIT & ICP			
NATIONAL BANK OF PAKISTAN TRUSTEE WING	1	100	0.00
NATIONAL BANK OF PAKISTAN TRUSTEE WING	1	100	0.00
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	1	995,243	2.95
Public Sector Companies	5	1,526,365	4.53
Banks, DFIs and NBFIs	6	32,895	0.10
Insurance Companies	3	1,088,197	3.23
Modarabas	6	874,682	2.60
Mutual Funds			
FIRST CAPITAL MUTUAL FUND LTD.	1	9,331	0.03
BSJS BALANCED FUND LTD.	1	40	0.00
SAFEWAY MUTUAL FUND LIMITED	1	107	0.00
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	270,000	0.80
CDC - TRUSTEE PICIC INVESTMENT FUND	1	825,171	2.45
CDC - TRUSTEE PICIC GROWTH FUND	1	1,185,628	3.52
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	206,500	0.61
General Public			
a. Local	4,335	4,982,160	14.79
b. Foreign	27	2,221,276	6.59
Others	48	594,976	1.77
Totals	4,452	33,689,461	100.00

Pattern of Shareholding

As at June 30, 2012

S.No.	Folio #	Name of shareholder		Number of shares
Directors, Chief Executive Officers and their Spouses and minor children				
1	1	RASHID ABDULLA		2,890
2	13667	SYED NADEEM AHMED		632
3	02113-1037	ZUBAIR RAZZAK PALWALA		660
4	13287	MUNIS ABDULLAH		2,037
5	02113-2571	ASAD ABDULLA		550
6	02113-3199	AYAZ ABDULLA		3,300
7	02113-3389	ADNAN ASDAR ALI		550
8	03277-12714	SHAKILA RASHID		11,000
			8	21,619
Associated Companies, Undertakings and Related Parties				
1	8	INTERNATIONAL BRANDS (PVT) LTD		291
2	9	INTERNATIONAL BRANDS (PVT) LTD		3,850
3	02113-3009	Trustee- Searle Pakistan.Limited Employee Gratuity Fund.		216,693
4	03277-2937	INTERNATIONAL BRANDS (PVT) LTD.		18,634,237
			4	18,855,071
NIT and ICP				
1	10	NATIONAL BANK OF PAKISTAN TRUSTEE WING		100
2	11757	NATIONAL BANK OF PAKISTAN TRUSTEE WING		100
3	02154-27	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND		995,243
			3	995,443
Public Sector Companies				
1	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN		533,102
2	03889-28	NATIONAL BANK OF PAKISTAN		94,675
3	03889-44	NATIONAL BANK OF PAKISTAN		850,000
4	11353-22	NATIONAL INVESTMENT TRUST LIMITED		25,611
5	12090	BANKERS EQUITY LIMITED		22,977
			5	1,526,365
Banks, Development Financial Institutions, Non Banking Financial Institutions				
1	11293	ATLAS INVESTMENT BANK LTD.		50
2	11306	ASSET INVESTMENT BANK LIMITED		9
3	12392	CRESCENT INVESTMENT BANK LTD		705
4	02675-16	INDUS BANK LIMITED		9,207
5	03798-52	THE BANK OF KHYBER		22,786
6	11940-4410	ESCORTS INVESTMENT BANK LIMITED		138
			6	32,895

Pattern of Shareholding

As at June 30, 2012

Insurance Companies

1	12444	BUSINESS & INDUSTRIAL INSURANCE COMPANY		23
2	03277-2184	EFU GENERAL INSURANCE LIMITED		659,359
3	03277-2538	EFU LIFE ASSURANCE LTD		428,815
			3	1,088,197

Modarabas

1	12406	FIRST UDL MODARABA		103
2	12410	FIRST UDL MODARABA		28,789
3	12626	FIRST IBL MODARABA		310
4	02113-21	FIRST EQUITY MODARABA		3,300
5	03277-1651	FIRST UDL MODARABA		839,608
6	03277-3367	FIRST IBL MODARABA		2,572
			6	874,682

Mutual Funds

1	12391	FIRST CAPITAL MUTUAL FUND LTD.		9,331
2	12676	BSJS BALANCED FUND LTD.		40
3	12791	SAFEWAY MUTUAL FUND LIMITED		107
4	05520-28	GOLDEN ARROW SELECTED STOCKS FUND LIMITED		270,000
5	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND		825,171
6	05777-29	CDC - TRUSTEE PICIC GROWTH FUND		1,185,628
7	06619-26	CDC - TRUSTEE AKD OPPORTUNITY FUND		206,500
			7	2,496,777

General Public

a. Local	4,335	4,982,160
b. Foreign	27	2,221,276

Others

1	10814	H. M. INVESTMENTS (PVT) LTD.	73
2	11988	SHAFI (PRIVATE) LTD.	386
3	12137	NH SECURITIES (PVT) LTD	36
4	12405	PROFESSIONAL SECURITIES MANAGEMENT (PVT) LTD.	730
5	12867	SADIQ TRADERS (PVT) LTD.	1,277
6	00364-115541	UHF CONSULTING (PRIVATE) LIMITED	143
7	01552-45	FIRST CAPITAL EQUITIES LIMITED	250
8	01669-26	SHAFFI SECURITIES (PVT) LIMITED	143
9	01826-60780	INTERNATIONAL KNITWEAR LIMITED	330
10	01917-33	PRUDENTIAL SECURITIES LIMITED	107

11	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.		2,160
12	03244-25	ZAFAR SECURITIES (PVT) LTD.		5,253
13	03277-48573	HILTON PHARMA (PVT.) LIMITED		968
14	03277-67767	ANAM FABRICS (PVT) LTD.		28,048
15	03293-12	S.H. BUKHARI SECURITIES (PVT) LIMITED		540
16	03459-20	ASKARI SECURITIES LIMITED		628
17	03467-11	SHAZ INVESTMENT CORPORATION (PVT) LTD.		265
18	03525-57191	SARFRAZ MAHMOOD (PRIVATE) LTD		111
19	03525-63416	H M INVESTMENTS (PVT) LIMITED		119
20	03525-63817	NH SECURITIES (PVT) LIMITED.		220
21	03863-20	ACE SECURITIES (PVT.) LIMITED		10,264
22	03939-11093	HIGHLINK CAPITAL (PVT) LTD		1,000
23	04481-26	DOSSLANI'S SECURITIES (PVT) LIMITED		38
24	04697-12	LASANI SECURITIES (PVT) LTD.		51
25	04952-28	SHERMAN SECURITIES (PRIVATE) LIMITED		155,306
26	04978-42	LIVE SECURITIES LIMITED		3,318
27	05116-28	TIME SECURITIES (PVT.) LTD.		2,569
28	05348-21	HH MISBAH SECURITIES (PRIVATE) LIMITED		6,369
29	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT		500
30	06445-28	DARSON SECURITIES (PVT) LIMITED		1,183
31	06536-18	BAGASRA SECURITIES (PRIVATE) LIMITED		8
32	06601-27	AXIS GLOBAL LIMITED		152
33	06700-41	SUMMIT CAPITAL (PRIVATE) LIMITED		189
34	06882-25	AWJ SECURITIES (SMC-PRIVATE) LIMITED.		1,698
35	06981-23	FAIR DEAL SECURITIES (PVT) LTD.		11
36	07179-20	MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.		1,265
37	07278-28	WASI SECURITIES (SMC-PVT) LTD.		99
38	07294-26	AL-HAQ SECURITIES (PVT) LTD.		85
39	07385-25	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED		62
40	07450-9878	HUM SECURITIES LIMITED		428
41	09852-25	PATEL SECURITIES (PVT) LTD.		523
42	10629-29	AKD SECURITIES LIMITED		298,760
43	11387-29	GHANI OSMAN SECURITIES (PRIVATE) LIMITED		1
44	03277-1048	MILLWALA SONS (PRIVATE) LIMITED		9
45	03277-7421	TRUSTEES SAEEDA AMIN WAKF		36,353
46	03277-7633	TRUSTEES MOHAMAD AMIN WAKF ESTATE		25,000
47	03277-9352	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F		5,500
48	03277-18119	M.C OF THE KARACHI PARSI CO-OP H.SOC LTD		2,448
			48	594,976
TOTAL			4,452	33,689,461

SEARLE

Proxy Form

THE SEARLE COMPANY LIMITED (FORMERLY SEARLE PAKISTAN LIMITED)

I / We ____________________ son / daughter / wife / husband of ____________________ , shareholder of Searle Pakistan 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 23, 2012 and / or any adjournment thereof.

Signed this______day of______2012.

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 his 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.

SEARLE

AFFIX
CORRECT
POSTAGE

The Company Secretary

The Searle Company Limited
(Formerly Searle Pakistan Limited)

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

SEARLE

THE SEARLE COMPANY LIMITED
(Formerly Searle Pakistan Limited)

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