



***Condensed Interim
Unconsolidated
Financial Information
for the Quarter Ended
30 September 2016***



FEROZSONS
LABORATORIES LIMITED

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60 YEARS
OF TRUST & DEVOTION

The logo features the number '60' in a large, outlined, sans-serif font. To the right of the '0' is the word 'YEARS' in a bold, solid, sans-serif font. Above the 'S' in 'YEARS' are three small, stylized bird silhouettes in flight. Below 'YEARS' is the phrase 'OF TRUST & DEVOTION' in a smaller, solid, sans-serif font.

CORPORATE INFORMATION

Board of Directors

Mrs. Akhter Khalid Waheed
Mr. Osman Khalid Waheed
Mrs. Amna Piracha Khan
Ms. Munize Azhar Peracha
Mr. Farooq Mazhar
Mr. Nihal F Cassim
Mr. Shahid Anwar

Chairperson
Chief Executive Officer

Non-Executive Director
Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director

Audit Committee

Mr. Shahid Anwar
Mrs. Amna Piracha Khan
Mr. Farooq Mazhar
Mr. Nihal F Cassim

Chairman
Member
Member
Member

Investment Committee

Mr. Farooq Mazhar
Mr. Osman Khalid Waheed
Mr. Nihal F Cassim

Chairman
Member
Member

HR & Remuneration Committee

Mr. Shahid Anwar
Mr. Farooq Mazhar
Mr. Nihal F Cassim

Chairman
Member
Member

Company Secretary/Chief Financial Officer

Syed Ghausuddin Saif

Share Registrar

CorpTec Associates (Pvt.) Limited
503-E, Johar Town, Lahore, Pakistan
Telephone: +92-42-35170336-37
Fax: +92-42-35170338

Head of Internal Audit

Mr. Rizwan Hameed Butt

Factory

P.O. Ferozsons
Amangarh
Nowshera (KPK), Pakistan
Telephone: +92-923-614295, 610159
Fax: +92-923-611302

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Internal Auditors

EY Ford Rhodes
Chartered Accountants

Bankers

Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Allied Bank Limited

Head Office

5.K.M - Sunder Raiwind Road
Lahore, Pakistan
Telephone: +92-42-36026700
Fax: +92-42-36026701-2

Legal Advisors

Khan & Piracha

Sales Office Lahore

43-Al Noor Building
Bank Square, The Mall
Lahore
Telephone: +92-42-37358194
Fax: +92-42-37313680

Registered Office

Ferozsons Laboratories Limited
197-A, The Mall
Rawalpindi-46000, Pakistan
Telephone: +92-51-4252155-57
Fax: +92-51-4252153
Email: cs@ferozsons-labs.com

Sales Office Karachi

House No. 9, Block 7/8,
Maqbool Cooperative Housing Society,
Shahrah-e-Faisal, Karachi, Pakistan
Telephone: +92-21-34386852
Fax: +92-21-34386754

(The quarterly reports can be downloaded from **Company's Website: www.ferozsons-labs.com**)

DIRECTORS' REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2016

We are pleased to present the Company's un-audited Standalone and Consolidated financial information for the quarter ended 30 September 2016. The consolidated condensed interim financial information incorporates the Company's 98% owned retail venture Farmacia and 80% owned subsidiary BF Biosciences Limited.

OPERATIONAL AND FINANCIAL PERFORMANCE

A summary of operating results for the period under review is given below:

	Individual		Consolidated	
	3 Months 30-Sep-16	3 Months 30-Sep-15	3 Months 30-Sep-16	3 Months 30-Sep-15
(Rupees in thousands)				
Sales (net)	1,155,079	2,753,293	1,331,858	3,024,888
Gross Profit	524,607	1,145,332	588,007	1,279,226
Profit before tax	242,777	846,801	262,231	930,924
Taxation	(42,250)	(150,307)	(44,795)	(175,232)
Profit after tax	200,528	696,494	217,436	755,692

Standalone Net sales of your Company showed a decline of 58% during the 1st Quarter under review over same corresponding period last year. At the consolidated level, Net sales showed a decline of 56% during the 1st Quarter under review over same period last year.

The decline in net sales of the Company is mainly due to decrease in sales of its imported flagship product Sovaldi® under franchise from Gilead Sciences Inc. Decrease in Sales of Sovaldi® is attributable to launch of several generic versions of Sofosbuvir in the market. Gross profit margin in percentage terms has shown an increase of 3.82% over the same period last year. The improvement in GP ratio is a result of the reduction in sales mix of imported products which carry lower GP Margin. At the group level, the gross profit ratio showed an increase of 1.86 % for the 1st Quarter as compared to the corresponding period last year. In absolute terms, the Gross Profit of the Company decreased by 54.20% to Rs. 524.6 million for the Quarter. The Consolidated Gross Profit of the Company stood at Rs. 588 million for the Quarter.

The Net Profit after Tax (NPAT) of the Company closed at Rs. 200.53 million, while the consolidated NPAT stood at Rs. 217.44 million.

Based on the net profit for the three months ended 30 September 2016, the Earnings per Share (EPS), both basic and diluted, stand at Rs. 6.64 compared to EPS of Rs. 23.07 of same period last year.

BF Biosciences Limited Operational Status

Net sales of subsidiary were Rs.152.29 million for the 1st quarter under review showing a decline of 39 % over the corresponding period last year. The Gross profit of the subsidiary decreased by Rs. 68 million as compared to same period last year. The Net Profit after Tax of BF Biosciences Limited closed at Rs. 20.78 million, showing a decrease of 66% over the corresponding period last year. The decline in operating results of the subsidiary is primarily due to introduction of oral treatment regimens for HCV patients and the corresponding decline

in the market for interferons. The company's product portfolios in oncology and chronic kidney disease continue to exhibit healthy growth.

Future Outlook

The current year under review is a challenging one for the Company. However management is continuously working to diversify our revenue streams. In addition to the launch of Savera, a licensed generic version of Sovaldi®, Gilead's Harvoni® is pending for approval with DRAP, and we are working on the regulatory filing of Epclusa®, a pan-genotypic agent for treatment of HCV. Expansion in distribution outreach to capitalize upon opportunities in new emerging cities have started giving results, whereby Company's GI and Cardiology segments have shown strong growth.

Your Company has also recently entered into an agreement with GE Healthcare to introduce an innovative range of diagnostic equipment, including technologies that have the potential of having a significant impact on the challenge of maternal and infant mortality in Pakistan. Our country currently has one of the highest peri-natal mortality rates in the world. We are also in the process of finalizing distribution agreements with two other innovative manufacturers of medical equipment.

Acknowledgments

We would like to register our appreciation for the tireless efforts of the Company's management and staff at all levels, for their teamwork in delivering excellent results in a difficult environment. Without their dedication and hard work, the financial and operational performance reflected in this interim period would not have been possible.

We would also like to thank our principals and business partners for their continuous support and confidence in our Company, as well as our valued customers for their continued trust in our products.

For and on behalf of the Board of Directors

(Mrs. Akhter Khalid Waheed)
Chairperson

مستقبل کے امکانات کا جائزہ

زیر جائزہ موجودہ سال کینی کیلئے چیلنجنگ ہے۔ تاہم، کینی کی انتظامیہ آمدنی کے دیگر ذرائع تلاش کرنے کیلئے مسلسل کوشش کر رہی ہے۔ سادیر (جو کہ سووالڈی® کا جنرک ورژن ہے) کو مارکیٹ میں متعارف کروانے کے علاوہ گھڈ کی بارونی® DRAP سے منظوری کیلئے زیر التوا ہے، اور ہم ایچکو سا (HCV) کے علاج کیلئے ایک چین-جینو ٹائپ ایجنٹ) کو قانونی اداروں سے منظوری کیلئے جمع کروانے پر بھی کام کر رہے ہیں۔ سنے ابھرتے ہوئے شہروں میں پیدا ہونے والے موقعوں سے فائدہ اٹھانے کیلئے تقسیم کاری کے جال (ڈسٹری بیوشن نیٹ ورک) میں کٹے گئے اضافے کے اب نتائج مانا شروع ہو گئے ہیں، جہاں کینی کے GI اور Cardio سے متعلقہ سگنٹ میں تیز نشوونما دیکھنے میں آئی ہے۔

آپ کی کینی نے حال ہی میں GE Healthcare کے ساتھ جدید تشخیصی آلات کی کئی اقسام کو متعارف کروانے کیلئے ایک معاہدہ کیا ہے، جن میں ایسی ٹیکنالوجیز بھی شامل ہیں جو پاکستان میں زچہ بچہ کی جان بچانے میں اہم کردار ادا کر سکتی ہیں۔ ہمارا ملک بلند ترین تھیری نیٹل اموات کی شرح (قبل از پیدائش، پیدائش کے وقت یا پیدائش کے بعد ایک ہفتے کے اندر ہونے والی اموات کی شرح) رکھنے والے ممالک میں شامل ہے۔ ہم طبی آلات تیار کرنے والی مزید دو کمپنیوں کے ساتھ تقسیم کاری (ڈسٹری بیوشن) کے معاہدے بھی کر رہے ہیں۔

اعتراف

ہم مشکل حالات میں بہترین نتائج کے حصول پر کینی کی انتظامیہ اور ہر سطح کے ملازمین کی انتھک کوششوں اور ہم ورک کیلئے ان کو خراج تحسین پیش کرتے ہیں۔ اس عبوری مدت کے دوران حاصل ہونے والی مالی اور عملی کارکردگی ان کی لگن اور محنت کے بنا ممکن نہ ہو پاتی۔

ہماری کینی پر اعتماد اور مسلسل حمایت کیلئے ہم اپنے عہدیداروں اور کاروباری شراکت داروں کا شکریہ ادا کرتے ہیں اور ہماری مصنوعات پر مسلسل بھروسہ رکھنے کیلئے ہم اپنے خریداروں کا شکریہ بھی ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

مسز اختر خالد وحید

چیئر پرسن

30 ستمبر 2016 پر ختم ہونے والے غیر آڈٹ شدہ مالیاتی نتائج پر ڈائریکٹرز کی رپورٹ

ہم انتہائی مسرت سے 30 ستمبر 2016 پر ختم ہونے والی سہ ماہی کیلئے کمپنی کے غیر پڑتال شدہ انفرادی اور انضمام کردہ مالیاتی گوشوارے پیش کرتے ہیں۔ انضمام کردہ عبوری مالیاتی گوشواروں میں فار بیشیا رینٹیل ونٹجر (98 فیصد ملکیت) اور ڈبلیو سی بی کمپنی (BF) بائیوسائنسز لمیٹڈ (80 فیصد ملکیت) کے مالیاتی نتائج ختم کئے گئے ہیں۔

آپریشنل اور مالیاتی کارکردگی

زیر جائزہ مدت کے آپریشنل نتائج کا خلاصہ نیچے دیا گیا ہے:

انضمام کردہ		انفرادی	
سہ ماہی	سہ ماہی	سہ ماہی	سہ ماہی
30 ستمبر 2015	30 ستمبر 2016	30 ستمبر 2015	30 ستمبر 2016
(ہزار روپے)			
3,024,888	1,331,858	2,753,293	1,155,079
1,279,226	588,007	1,145,332	524,607
930,924	262,231	846,801	242,777
(175,232)	(44,795)	(150,307)	(42,250)
755,692	217,436	696,494	200,528
		خالص فروخت	
		کل منافع	
		قبل از ٹیکس منافع	
		ٹیکس	
		بعد از ٹیکس منافع	

زیر جائزہ پہلی سہ ماہی کے دوران کمپنی کی انفرادی فروخت (خالص) میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 58% دیکھنے میں آئی۔ انضمام کردہ نتائج کے مطابق، زیر جائزہ پہلی سہ ماہی کے دوران فروخت (خالص) میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 56% کمی دیکھنے میں آئی۔

خالص فروخت میں کمی کی بڑی وجہ کمپنی کی اہم پروڈکٹ سووالڈی® (گلیڈ سائنسز انکارپوریٹڈ سے فریجائز شدہ) کی فروخت میں کمی ہے۔ سووالڈی® کی فروخت میں کمی کی وجہ مارکیٹ میں سو فیور کے جنیبرک ورڈز ناک متعارف ہونا ہے۔ کل منافع کی گنجائش میں پچھلے سال کی اسی سہ ماہی کے مقابلے میں 3.82% اضافہ ہوا۔ کل منافع کی شرح میں اضافہ کی وجہ درآمد کردہ مصنوعات کی تناسب فروخت میں کمی ہے کیونکہ درآمد کردہ مصنوعات پر کل منافع کی گنجائش کم ہوتی ہے۔ گروپ کے لحاظ سے، پہلی سہ ماہی میں کل منافع کی شرح میں پچھلے سال کی اسی سہ ماہی کے مقابلے میں 1.86% اضافہ ہوا۔ حقیقی لحاظ سے، پہلی سہ ماہی میں کمپنی کا کل منافع 54.20% کم ہو کر 524.6 ملین روپے رہ گیا۔ اس سہ ماہی میں کمپنی کا انضمام کردہ کل منافع 588 ملین روپے رہا۔

کمپنی کا انفرادی بعد از ٹیکس منافع 200.53 ملین روپے رہا جبکہ انضمام کردہ بعد از ٹیکس منافع 217.44 ملین روپے رہا۔

30 ستمبر 2016 پر ختم ہونے والی سہ ماہی کے خالص منافع کی بنیاد پر، بنیادی اور تھمیل کردہ فی حصص آمدن 6.64 روپے رہی جبکہ پچھلے سال کی اسی سہ ماہی میں بنیادی اور تھمیل کردہ فی حصص آمدن 23.07 روپے تھی۔

BF بائیوسائنسز لمیٹڈ کی آپریشنل صورتحال

زیر جائزہ سہ ماہی میں ڈبلیو سی بی کمپنی کی خالص فروخت 152.29 ملین روپے رہی جس میں پچھلے سال کی اسی سہ ماہی کے مقابلے میں 39% کمی دیکھنے میں آئی۔ ڈبلیو سی بی کمپنی کا کل منافع پچھلے سال کی سہ ماہی کے مقابلے میں 68 ملین روپے کم ہو گیا۔ BF بائیوسائنسز لمیٹڈ کا بعد از ٹیکس منافع 207.78 ملین روپے رہا، جس میں پچھلے سال کی اسی سہ ماہی کے مقابلے میں 66% کمی دیکھنے میں آئی۔ ڈبلیو سی بی کمپنی کے آپریٹنگ نتائج میں کمی کی وجہ HCV کے مریضوں کیلئے منہ کے ذریعے لیا جانے والی ادویات کی ایجاد ہے، جس سے انٹرفیرون کی فروخت میں کمی آئی۔ کیسز اور گرووں کے دیرینہ امراض کیلئے کمپنی کی مصنوعات کے پورٹ فولیو میں مسلسل اضافہ دیکھنے میں آ رہا ہے۔

**CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET
 AS AT 30 SEPTEMBER 2016**

		Un-audited 30 September 2016	Audited 30 June 2016
	Note	----- Rupees -----	
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital 50,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up capital	3	301,868,410	301,868,410
Capital reserve		321,843	321,843
Accumulated profit		3,973,119,097	3,765,936,024
		4,275,309,350	4,068,126,277
Surplus on revaluation of property, plant and equipment - net of tax		826,141,585	832,797,085
<u>Non current liabilities</u>			
Deferred taxation		145,930,470	149,191,075
<u>Current liabilities</u>			
Trade and other payables		509,890,876	651,474,148
Short term borrowings - secured	4	-	-
Accrued mark-up		871	32,767
		509,891,747	651,506,915
Contingencies and commitments	5	-	-
		5,757,273,152	5,701,621,352

The annexed notes from 1 to 16 form an integral part of this condensed interim unconsolidated financial information.

 Chief Executive Officer

		Un-audited 30 September 2016	Audited 30 June 2016
	<i>Note</i>	----- Rupees -----	----- Rupees -----
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	6	2,412,346,146	2,384,990,408
Intangibles		3,711,153	4,174,991
Long term investments	7	268,301,208	263,310,134
Long term deposits		7,066,325	6,351,325
		2,691,424,832	2,658,826,858
<u>Current assets</u>			
Stores, spare parts and loose tools		33,723,253	22,249,383
Stock in trade		1,746,997,502	1,866,923,740
Trade debts - considered good		426,401,969	387,586,473
Loans and advances - considered good		51,765,952	35,476,550
Deposits and prepayments		114,393,264	92,321,784
Other receivables		1,870,108	7,637,820
Short term investments	8	438,665,087	335,000,000
Income tax - net		14,089,026	45,918,965
Cash and bank balances	9	237,942,159	249,679,779
		3,065,848,320	3,042,794,494
		5,757,273,152	5,701,621,352

Director

**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	<i>Note</i>	Quarter Ended	
		30 September 2016	30 September 2015
		----- Rupees -----	
Revenue - net	10	1,155,079,010	2,753,293,365
Cost of sales	11	(630,471,820)	(1,607,960,974)
Gross profit		524,607,190	1,145,332,391
Administrative expenses		(67,337,434)	(52,570,418)
Selling and distribution expenses		(202,692,878)	(190,336,205)
Other expenses		(20,953,902)	(80,855,761)
Other income		10,969,595	27,319,058
Profit from operations		244,592,571	848,889,065
Finance costs		(1,815,464)	(2,088,559)
Profit before taxation		242,777,107	846,800,506
Taxation		(42,249,534)	(150,306,888)
Profit after taxation		200,527,573	696,493,618
Earnings per share - basic and diluted		6.64	23.07

The annexed notes from 1 to 16 form an integral part of this condensed interim unconsolidated financial information.

 Chief Executive Officer

 Director

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT
 OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	Quarter Ended	
	30 September 2016	30 September 2015
	----- Rupees -----	
Profit after taxation	200,527,573	696,493,618
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>200,527,573</u>	<u>696,493,618</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim unconsolidated financial information.

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT
 OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	Share capital	Capital reserve	Accumulated profit	Total
	-----Rupees-----			
Balance as at 01 July 2015	301,868,410	321,843	2,401,056,940	2,703,247,193
Total comprehensive income for the period	-	-	696,493,618	696,493,618
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	-	-	1,434,817	1,434,817
Balance as at 30 September 2015	<u>301,868,410</u>	<u>321,843</u>	<u>3,098,985,375</u>	<u>3,401,175,628</u>
Balance as at 01 July 2016	301,868,410	321,843	3,765,936,024	4,068,126,277
Total comprehensive income for the period	-	-	200,527,573	200,527,573
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	-	-	6,655,500	6,655,500
Balance as at 30 September 2016	<u><u>301,868,410</u></u>	<u><u>321,843</u></u>	<u><u>3,973,119,097</u></u>	<u><u>4,275,309,350</u></u>

The annexed notes from 1 to 16 form an integral part of this condensed interim unconsolidated financial information.

 Chief Executive Officer

 Director

**CONDENSED INTERIM UNCONSOLIDATED
 CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	Quarter Ended	
	30 September 2016	30 September 2015
	----- Rupees -----	
<u>Cash flow from operating activities</u>		
Profit before taxation	242,777,107	846,800,506
<i>Adjustments for:</i>		
Depreciation	45,343,196	31,383,892
Amortisation	463,838	106,752
(Gain) / loss on disposal of property, plant and equipment	(828,050)	1,365
Finance costs	1,815,464	2,088,559
Gain on re-measurement of short term investments to fair value	(3,665,087)	(10,823,778)
Gain on sale of short term investments	-	(1,842,996)
Profit on term deposits	(834,747)	(5,172,932)
Share in profit of Farmacia	(4,991,074)	(4,112,329)
Workers' Profit Participation Fund	13,038,513	44,771,968
Central Research Fund	2,634,043	9,044,842
Workers' Welfare Fund	4,954,635	3,866,876
	57,930,731	69,312,219
Cash generated from operations before working capital changes	300,707,838	916,112,725
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(11,473,870)	2,009,065
Advances, deposits, prepayments and other receivables	(33,280,608)	(18,592,772)
Stock in trade	119,926,238	38,362,804
Trade debts - considered good	(38,815,496)	(56,588,530)
	36,356,264	(34,809,433)
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(88,876,903)	99,308,636
Cash generated from operations	248,187,199	980,611,928
Taxes paid	(13,680,200)	(111,007,252)
Worker's Profit Participation Fund paid	(18,956,489)	(62,211,241)
Worker's Welfare Fund paid	(54,163,779)	(11,864,141)
Long term deposits	(715,000)	-
Net cash generated from operating activities	160,671,731	795,529,294
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(73,356,812)	(155,322,768)
Proceeds from sale of property, plant and equipment	1,485,928	78,500
Profit on term deposits	1,522,185	5,172,932
Acquisition of short term investments - net	(100,000,000)	(918,999,999)
Net cash used in investing activities	(170,348,699)	(1,069,071,335)
<u>Cash flow from financing activities</u>		
Finance cost paid	(1,847,360)	(1,927,988)
Dividend paid	(213,292)	(136,791)
Net cash used in financing activities	(2,060,652)	(2,064,779)
Net decrease in cash and cash equivalents	(11,737,620)	(275,606,820)
Cash and cash equivalents at the beginning of the period	249,679,779	453,966,229
Cash and cash equivalents at the end of the period	237,942,159	178,359,409

The annexed notes from 1 to 16 form an integral part of this condensed interim unconsolidated financial information.

Chief Executive Officer

Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2016

1 Reporting entity

Ferozsons Laboratories Limited ("the Company") was incorporated as a private limited company on 28 January 1954 and was converted into a public limited company on 08 September 1960. The Company is listed on the Pakistan Stock Exchange Limited (previously the Karachi, Lahore and Islamabad stock exchanges) and is primarily engaged in the imports, manufacture and sale of pharmaceuticals products and medical devices. Its registered office is situated at 197-A, The Mall, Rawalpindi and the factory is located at Amangarh, Nowshera, Khyber Pakhtun Khwa.

2 Basis of preparation

2.1 Basis of accounting

2.1.1 This condensed interim unconsolidated financial information comprises the condensed interim unconsolidated balance sheet of the Company, as at 30 September 2016 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof.

2.1.2 This condensed interim unconsolidated financial information of the Company for the three months period ended 30 September 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.1.3 This condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual unconsolidated financial statements for the year ended 30 June 2016.

2.1.4 Comparative unconsolidated balance sheet numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2016, whereas comparative unconsolidated profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information of the Company for the three months period ended 30 September 2015.

2.1.5 This condensed interim unconsolidated financial information is unaudited and being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange Limited.

2.2 Judgements and estimates

In preparing this interim unconsolidated financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the unconsolidated financial statements as at and for the year ended 30 June 2016.

2.3 Statement of consistency in accounting policies

2.3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are same as those applied in the preparation of the unconsolidated financial statements for the year ended 30 June 2016.

2.3.2 There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

	Un-audited 30 September 2016	Audited 30 June 2016
	-----Rupees-----	
3 Issued, subscribed and paid up capital		
1,441,952 (30 June 2016: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (30 June 2016: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	1,196,000	1,196,000
28,625,289 (30 June 2016: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>286,252,890</u>	<u>286,252,890</u>
	<u>301,868,410</u>	<u>301,868,410</u>
KFW Factors (Private) Limited, an associated company holds 8,286,942 (30 June 2016: 8,286,942) ordinary shares of Rs. 10 each of the Company.		
4 Short term borrowings - secured		
There is no change in short term borrowing facilities available from various banks under mark up arrangements as well as under Shariah compliant arrangements already disclosed in preceding annual published financial statements of the Company for the year ended 30 June 2016.		
5 Contingencies and commitments		
5.1 Contingencies		
There is no significant change in contingencies already disclosed in preceding annual published financial statement of the Company for the year ended 30 June 2016.		
5.2 Commitments		
5.2.1 Letter of credits		
5.2.1.1 Under Mark up arrangements		
Out of the aggregate facility of Rs. 600 million (30 June 2016: Rs. 600 million) for opening letters of credit, the amount utilized at 30 September 2016 for capital expenditure was Rs. 147.60 million (30 June 2016: Rs. 183.83 million) and for other than capital expenditure was Rs. 79.04 million (30 June 2016: Rs. 163.17 million). These facilities are secured by first pari passu charge of Rs. 1,000 million over all present and future current assets and fixed assets (excluding land & building) of the company.		
5.2.1.2 Under Shariah compliant arrangements		
The Company has facility i.e. letters of credit of Rs.75 million (30 June 2016: Rs. 75 million) available from Islamic bank, the amount utilized at 30 September 2016 for capital expenditure was Rs. 34.94 million (30 June 2016: Rs. Nil) and for other than capital expenditure was Rs. 26.85 million (30 June 2016: Rs. 20.60 million). This facility is secured by first pari passu charge of Rs. 93.75 million over current assets of the company. Lien is also marked over import documents.		

	Un-audited 30 September 2016	Audited 30 June 2016
Note	-----Rupees-----	
6 Property, plant and equipment		
<u>Cost</u>		
Opening balance at beginning of the period / year	2,222,856,411	1,484,860,787
Additions during the period / year	5,297,321	133,062,401
Transfers from CWIP during the period / year	32,172,326	376,286,460
Disposals during the period / year	(2,496,000)	(34,266,895)
Revaluation surplus	-	262,913,658
Closing balance at end of the period / year	2,257,830,058	2,222,856,411
<u>Accumulated depreciation</u>		
Opening balance at beginning of the period / year	185,948,373	366,853,196
Depreciation for the period / year	45,343,196	138,760,682
On disposals	(1,838,122)	(18,589,772)
Revaluation surplus	-	(301,075,733)
Closing balance at end of the period / year	229,453,447	185,948,373
Operating fixed assets - net book value	2,028,376,611	2,036,908,038
Capital work in progress - at cost	383,969,535	348,082,370
	2,412,346,146	2,384,990,408
7 Long term investments		
<i>Related parties - at cost:</i>		
Farmacia (partnership firm)	7.1 116,301,248	111,310,174
BF Biosciences Limited (unlisted subsidiary)	7.2 151,999,960	151,999,960
	268,301,208	263,310,134
7.1	This represents the Company's 98% share in "Farmacia", a subsidiary partnership duly registered under the Partnership Act, 1932 and engaged in operating retail pharmacy. Share of profit, if any, for the period / year not withdrawn is reinvested in capital account of partnership.	
7.2	This represents investment made in 15,199,996 ordinary shares of Rs. 10 each, in BF Biosciences Limited. BF Biosciences Limited has been set up for establishing a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company holds 80% of equity of the subsidiary and the remaining 20% is held by Gurpo Empresarial Bagó S.A, Argentina (previously known as Laboratories Bagó S.A., Argentina).	

		Un-audited 30 September 2016	Audited 30 June 2016
	Note	----- Rupees -----	
8 Short term investments			
<u>Loans and receivables</u>			
Term deposits with banks - local currency	8.1	-	335,000,000
<u>Investments at fair value through profit or loss - listed securities</u>			
Held for trading	8.2	438,665,087	-
		<u>438,665,087</u>	<u>335,000,000</u>

- 8.1 The local currency short-term deposit had a maximum maturity period of 30 days, carrying profit 5.35% per annum redeemed during current period (30 June 2016: Rs. 335 million).
 The local currency short-term deposit term deposit maintained under mark up arrangements.

		Un-audited 30 September 2016	Audited 30 June 2016
	Note	----- Rupees -----	
8.2 These investments are 'held for trading'			
Carrying value at 01 July		-	718,578,075
Acquisition during the period/year		435,000,000	-
Redemption during the period/year		-	(718,578,075)
Unrealized gain on re-measurement of investment - during the period/year		3,665,087	-
Carrying and fair value of short term investments at 30 September / 30 June	8.2.1	<u>438,665,087</u>	<u>-</u>

- 8.2.1 These investments are 'held for trading':

<u>No. of units</u>		<u>Mutual Funds</u>	<u>Fair value</u>	
Un-audited 30 September 2016	Audited 30 June 2016		Un-audited 30 September 2016	Audited 30 June 2016
			----- Rupees -----	
3,290,184	-	HBL Money Market Fund	337,939,780	-
1,980,629	-	MCB Pakistan Cash Management Fund	100,725,307	-
			<u>438,665,087</u>	<u>-</u>

- 8.3 Changes in fair values of financial assets at fair value through profit or loss are recorded in profit and loss account. Realized gain of Rs. Nil (30 September 2015: Rs. 1.8 million) has been recorded in the current period in "other income". These investments comprise mutual funds (money market / income funds).

- 8.4 Realized gain on redemption of short term investments is earned under mark up arrangements.

9 Cash and bank balances

- 9.1 These include current account of Rs. 0.67 million (30 June 2016: Rs. 0.67 million) maintained under Shariah compliant arrangements.

- 9.2 These include deposit accounts of Rs. 91.20 million (30 June 2016: Rs. 9.8 million) under mark up arrangements, which carry interest rates ranging from 3.9% - 4.9% (30 June 2016: 3.9% - 4.9%) per annum.

These also include deposit account of Rs. 3.6 million (30 June 2016: Rs. 4.6 million) under Shariah compliant arrangements, which carries profit rate ranging from 2.50% - 2.85% (30 June 2016: 2.50% - 2.85%) per annum.

		Quarter Ended (un-audited)	
		30 September	30 September
		2016	2015
		----- Rupees -----	
10	Revenue - net		
	Gross sales:		
	Local	1,154,623,048	2,800,512,445
	Export	69,015,210	59,918,890
		<u>1,223,638,258</u>	<u>2,860,431,335</u>
	Less:		
	Sales returns	(20,248,652)	(64,417,823)
	Discounts and commission	(43,360,743)	(42,240,267)
	Sales tax	(4,949,853)	(479,880)
		<u>(68,559,248)</u>	<u>(107,137,970)</u>
		<u>1,155,079,010</u>	<u>2,753,293,365</u>
11	Cost of sales		
	Raw and packing materials consumed	11.1 167,442,506	150,221,789
	Other manufacturing expenses	107,332,493	96,866,136
		<u>274,774,999</u>	<u>247,087,925</u>
	Work in process:		
	Opening	24,195,375	31,321,035
	Closing	(25,921,688)	(28,728,136)
		<u>(1,726,313)</u>	<u>2,592,899</u>
	Cost of goods manufactured	<u>273,048,686</u>	<u>249,680,824</u>
	Finished stock:		
	Opening	1,526,340,345	890,680,428
	Purchases made during the period	165,023,547	1,303,546,339
	Closing	(1,333,940,758)	(835,946,617)
		<u>357,423,134</u>	<u>1,358,280,150</u>
		<u>630,471,820</u>	<u>1,607,960,974</u>
	11.1 Raw and packing materials consumed		
	Opening	301,363,782	279,911,865
	Purchases made during the period	221,400,791	159,887,167
		<u>522,764,573</u>	<u>439,799,032</u>
	Closing	(355,322,067)	(289,577,243)
		<u>167,442,506</u>	<u>150,221,789</u>

12 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors of the Company had already proposed final cash dividend for the year ended 30 June 2016 for approval in AGM by members in addition to the interim cash dividend for the year ended 30 June 2016. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim unconsolidated financial information for the quarter ended 30 September 2016.

13 Transactions with related parties

The Company's related parties include subsidiaries, associated company, entities over which directors are able to exercise influence, staff retirement fund, directors and key management personnel. Balances with the related parties are shown in respective notes in the condensed interim unconsolidated financial information. Transactions with related parties during the period are as follows:

	Quarter Ended (un-audited)	
	30 September 2016	30 September 2015
	----- Rupees -----	
<u>Farmacia - 98% owned subsidiary partnership firm</u>		
Sale of medicines	3,165,634	413,205
Payment received	3,165,634	529,203
Share of profit reinvested	4,991,074	4,112,329
Rentals	797,205	724,731
<u>BF Biosciences Limited - 80% owned subsidiary company</u>		
Sale of finished goods	22,563,890	22,677,460
Payment received	22,563,890	23,465,568
Purchase of goods	343,728	2,122,633
Payment received	343,728	2,633,897
Management fee and expenses for sales promotion	992,427	759,491
Lease rental	-	50,000
Expenses incurred	4,108,516	3,058,742
Expenses paid	5,100,946	4,899,763
<u>Other related parties</u>		
Contribution towards employees' provident fund	6,559,998	5,809,384
Remuneration including benefits and perquisites of key management personnel	26,479,266	26,233,203
Payment into Workers' Profit Participation Fund	18,956,489	62,211,241

14 Financial risk management and financial instruments - fair value

- 14.1** The Company's financial risk management objective and policies are consistent with that disclosed in the annual unconsolidated financial statements of the Company for the year ended 30 June 2016.

14.2 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying Amount			Fair Value				
	Cash and cash equivalents	Fair Value through Income Statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----								
30 September 2016								
Financial assets measured at fair value:								
Short term investments	-	438,665,087	-	-	438,665,087	438,665,087	-	-
Financial assets not measured at fair value:								
Long term deposits	-	-	7,066,325	-	7,066,325	-	-	-
Trade debts - considered good	-	-	426,401,969	-	426,401,969	-	-	-
Loans and advances - considered good	-	-	1,358,645	-	1,358,645	-	-	-
Short term deposits	-	-	103,729,178	-	103,729,178	-	-	-
Other receivables	-	-	1,729,960	-	1,729,960	-	-	-
Short term investments	228,186,183	-	-	-	228,186,183	-	-	-
Bank balances	228,186,183	-	540,286,097	-	768,472,280	-	-	-
Financial liabilities measured at fair value:								
Trade and other payables	-	-	-	394,423,355	394,423,355	-	-	-
Accrued mark-up	-	-	-	871	871	-	-	-
	-	-	-	394,424,226	394,424,226	-	-	-
30 June 2016								
Financial assets measured at fair value:								
Long term deposits	-	-	6,351,325	-	6,351,325	-	-	-
Trade debts - considered good	-	-	387,586,473	-	387,586,473	-	-	-
Loans and advances - considered good	-	-	972,265	-	972,265	-	-	-
Short term deposits	-	-	91,162,023	-	91,162,023	-	-	-
Other receivables	-	-	4,894,747	-	4,894,747	-	-	-
Short term investments	246,574,559	-	335,000,000	-	335,000,000	-	-	-
Bank balances	246,574,559	-	825,966,533	-	1,072,541,092	-	-	-
Financial liabilities measured at fair value:								
Trade and other payables	-	-	-	486,717,760	486,717,760	-	-	-
Accrued mark-up	-	-	-	32,707	32,707	-	-	-
	-	-	-	486,750,517	486,750,517	-	-	-

15 Date of authorisation for issue

These condensed interim unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 20 October 2016.

16 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison and better presentation as per reporting framework.



60 YEARS
OF TRUST & DEVOTION

The logo features the number '60' in a large, outlined, sans-serif font. To the right of the '0' is the word 'YEARS' in a bold, solid, sans-serif font. Above the 'S' in 'YEARS' are three small, stylized bird silhouettes in flight. Below 'YEARS' is the phrase 'OF TRUST & DEVOTION' in a smaller, solid, sans-serif font.



***Condensed Interim
Consolidated Financial
Information for the
Quarter Ended
30 September 2016***



FEROZSONS
LABORATORIES LIMITED

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
 AS AT 30 SEPTEMBER 2016**

	Note	Un-audited 30 September 2016	Audited 30 June 2016
----- Rupees -----			
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital 50,000,000 (30 June 2016: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up capital	4	301,868,410	301,868,410
Capital reserve		321,843	321,843
Accumulated profit		4,504,851,785	4,279,679,051
Equity attributable to owners of the Company		4,807,042,038	4,581,869,304
Non-controlling interests		172,637,439	168,681,094
		4,979,679,477	4,750,550,398
Surplus on revaluation of property, plant and equipment - net of tax		1,011,046,352	1,022,739,340
<u>Non current liabilities</u>			
Deferred taxation		259,286,465	268,664,070
<u>Current liabilities</u>			
Trade and other payables		684,770,509	778,287,566
Short term borrowings - secured	5	11,796,920	42,851,551
Accrued mark-up		35,546	138,692
		696,602,975	821,277,809
Contingencies and commitments	6	-	-
		6,946,615,269	6,863,231,617

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

		Un-audited 30 September 2016	Audited 30 June 2016
	Note	----- Rupees -----	
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	7	3,009,925,033	3,009,074,944
Intangibles		4,947,674	5,539,396
Long term deposits		<u>11,053,325</u>	<u>10,338,325</u>
		3,025,926,032	3,024,952,665
<u>Current assets</u>			
Stores, spare parts and loose tools		57,457,821	44,734,010
Stock in trade		2,039,125,098	2,071,316,936
Trade debts - considered good		492,140,535	447,354,701
Loans and advances - considered good		60,320,220	43,691,073
Deposits and prepayments		142,534,798	116,441,665
Other receivables		1,897,992	7,637,820
Short term investments	8	791,421,745	667,166,585
Income tax - net		19,675,871	55,178,359
Cash and bank balances	9	316,115,157	384,757,803
		3,920,689,237	3,838,278,952
		 <u>6,946,615,269</u>	 <u>6,863,231,617</u>

Director

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	Note	Quarter Ended	
		30 September 2016	30 September 2015
		----- Rupees -----	
Revenue - net	10	1,331,857,515	3,024,887,557
Cost of sales	11	<u>(743,850,507)</u>	<u>(1,745,661,511)</u>
Gross profit		588,007,008	1,279,226,046
Administrative expenses		(77,275,706)	(59,327,492)
Selling and distribution expenses		(235,791,007)	(228,901,167)
Other expenses		(23,100,214)	(88,147,223)
Other income		12,706,035	30,523,040
Profit from operations		264,546,116	933,373,204
Finance costs		<u>(2,314,694)</u>	<u>(2,448,933)</u>
Profit before taxation		262,231,422	930,924,271
Taxation		(44,795,330)	(175,231,979)
Profit after taxation		217,436,092	755,692,292
Attributable to:			
Owners of the Company		214,487,244	743,676,212
Non-controlling interests		<u>2,948,848</u>	<u>12,016,080</u>
Profit after taxation		217,436,092	755,692,292
Earnings per share - basic and diluted		<u>7.11</u>	<u>24.64</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

 Chief Executive Officer

 Director

**CONDENSED INTERIM CONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	Quarter Ended	
	30 September 2016	30 September 2015
	----- Rupees -----	
Profit after taxation	217,436,092	755,692,292
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>217,436,092</u>	<u>755,692,292</u>
Attributable to:		
Owners of the Company	214,487,244	743,676,212
Non-controlling interests	<u>2,948,848</u>	<u>12,016,080</u>
	<u>217,436,092</u>	<u>755,692,292</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

 Chief Executive Officer

 Director

**CONDENSED INTERIM CONSOLIDATED
 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	Attributable to Owners of the Company				Non-controlling interests	Total
	Share capital	Capital reserve	Accumulated profit	Total		
	----- Rupees -----					
Balance as at 01 July 2015	301,868,410	321,843	2,811,333,056	3,113,523,309	138,654,363	3,252,177,672
Total comprehensive income for the period	-	-	743,676,212	743,676,212	12,016,080	755,692,292
Surplus transferred to accumulated profit: on account of incremental depreciation charged during the period - net of tax	-	-	2,557,209	2,557,209	280,598	2,837,807
Balance as at 30 September 2015	<u>301,868,410</u>	<u>321,843</u>	<u>3,557,566,477</u>	<u>3,859,756,730</u>	<u>150,951,041</u>	<u>4,010,707,771</u>
Balance as at 01 July 2016	301,868,410	321,843	4,279,679,051	4,581,869,304	168,681,094	4,750,550,398
Total comprehensive income for the period	-	-	214,487,244	214,487,244	2,948,848	217,436,092
Surplus transferred to accumulated profit: on account of incremental depreciation charged during the period - net of tax	-	-	10,685,490	10,685,490	1,007,497	11,692,987
Balance as at 30 September 2016	<u>301,868,410</u>	<u>321,843</u>	<u>4,504,851,785</u>	<u>4,807,042,038</u>	<u>172,637,439</u>	<u>4,979,679,477</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

 Chief Executive Officer

 Director

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	Quarter Ended	
	30 September 2016	30 September 2015
	----- Rupees -----	
<u>Cash flow from operating activities</u>		
Profit before taxation	262,231,422	930,924,271
<i>Adjustments for:</i>		
Depreciation	74,665,641	54,212,354
Amortisation	591,713	216,693
Gain on disposal of property, plant and equipment	(1,328,050)	(82,856)
Finance costs	2,314,694	2,448,933
Un-realised gain on re-measurement of short term investments to fair value	(9,255,160)	(16,328,164)
Gain on sale of short term investments	-	(1,866,962)
Profit on term deposits	(834,747)	(5,172,932)
Workers' Profit Participation Fund	14,407,093	49,459,331
Workers' Welfare Fund	5,474,695	5,648,074
Central Research Fund	2,910,524	9,991,784
	88,946,403	98,526,255
Cash generated from operations before working capital changes	351,177,825	1,029,450,526
Effect on cash flow due to working capital changes		
<i>Decrease / (increase) in current assets</i>		
Stores, spare parts and loose tools	(12,723,811)	1,906,968
Loans, advances, deposits and prepayments	(36,982,452)	(49,776,180)
Stock in trade	32,191,838	18,314,976
Trade debts - considered good	(44,785,834)	(50,646,984)
	(62,300,259)	(80,201,220)
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(30,310,499)	196,158,568
Cash generated from operations	258,567,067	1,145,407,874
Taxes paid	(18,670,447)	(131,956,817)
Workers' Profit Participation Fund paid	(26,938,845)	(77,680,615)
Workers' Welfare Fund paid	(58,846,725)	(17,669,077)
Long term deposits	(715,000)	-
Net cash generated from operating activities	153,396,050	918,101,365
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(76,173,608)	(178,438,325)
Proceeds from sale of property, plant and equipment	1,985,928	792,387
Profit on term deposits	834,747	5,172,932
Acquisition of short term investments - net	(115,000,000)	(1,207,587,336)
Net cash used in investing activities	(188,352,933)	(1,380,060,342)
<u>Cash flow from financing activities</u>		
Finance cost paid	(2,417,840)	(2,207,221)
Dividend paid	(213,292)	(136,791)
Net cash used in financing activities	(2,631,132)	(2,344,012)
Net decrease in cash and cash equivalents	(37,588,015)	(464,302,989)
Cash and cash equivalents at the beginning of the period	341,906,252	780,166,802
Cash and cash equivalents at the end of the period	304,318,237	315,863,813
Cash and cash equivalents comprise of the following:		
Cash and bank balances	316,115,157	352,034,662
Running finance	(11,796,920)	(36,170,849)
	304,318,237	315,863,813

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2016

1 The Group and its operation

Ferozsons Laboratories Limited ("the Holding Company") was incorporated as a private limited company on 28 January 1954 and was converted into a public limited company on 08 September 1960. The Holding Company is listed on the Pakistan Stock Exchange Limited (previously the Karachi, Lahore and Islamabad Stock Exchanges) and is primarily engaged in the imports, manufacture and sale of pharmaceuticals products and medical devices. Its registered office is situated at 197-A, The Mall, Rawalpindi and the factory is located at Amargarh, Nowshera, Khyber Pakhtoon Khwa.

BF Biosciences Limited is an 80% owned subsidiary of the Holding Company and was incorporated as an unquoted public limited company under the Companies Ordinance, 1984 on 24 February 2006. BF Biosciences Limited has been set up for establishing a biotech pharmaceutical plant to manufacture cancer and hepatitis related medicines.

The Holding Company has 98% holding in Farmacia. Farmacia is a partnership duly registered under Partnership Act, 1932. Farmacia is engaged in the retail trading of pharmaceutical products.

2 Basis of consolidation

These consolidated financial information includes the financial statements of Ferozsons Laboratories Limited and its subsidiaries – BF Biosciences Limited and Farmacia ("hereinafter referred as the Group").

Subsidiaries are those entities, including an unincorporated entities such as a partnership that are controlled by another entity (known as the parent). The financial statements of the subsidiaries are included in the consolidated financial information from the date the control commences, until the date when that control ceases. The financial statements of the subsidiaries have been consolidated on line by line basis. Details of the subsidiaries are given in note 1.

All material inter-organization balances, transactions and resulting unrealized profits / losses have been eliminated.

3 Basis of preparation

3.1 Basis of accounting

3.1.1 This condensed interim consolidated financial information comprises the condensed interim consolidated balance sheet of the Holding Company, as at 30 September 2016 and the related condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity together with the notes forming part thereof.

3.1.2 This condensed interim consolidated financial information is presented in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3.1.3 This condensed interim consolidated financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the financial statements of the Holding Company as at and for the year ended 30 June 2016.

3.1.4 Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended 30 June 2016, whereas comparative profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim consolidated financial information for the three months period ended on 30 September 2015.

3.1.5 The condensed interim consolidated financial information is un-audited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange Limited.

3.2 Statement of consistency in accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are same as those applied in the preparation of the consolidated financial statements for the year ended 30 June 2016.

3.2.2 There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed.

	Un-audited 30 September 2016	Audited 30 June 2016
	-----Rupees-----	
4 Issued, subscribed and paid up capital		
1,441,952 (30 June 2016: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (30 June 2016: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	1,196,000	1,196,000
28,625,289 (30 June 2016: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	<u>286,252,890</u>	<u>286,252,890</u>
	<u>301,868,410</u>	<u>301,868,410</u>

5 Short term borrowings - secured

There is no change in short term borrowing facilities available from various banks under mark up arrangements as well as under Shariah compliant arrangements already disclosed in preceding annual published consolidated financial statements of the Holding Company for the year ended 30 June 2016.

6 Contingencies and commitments

6.1 Contingencies:

There is no significant change in contingencies already disclosed in preceding annual published financial statement of the Holding Company for the year ended 30 June 2016.

6.2 Commitments

6.2.1 Letter of credits

6.2.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 850 million (30 June 2016: Rs. 850 million) for opening letters of credit, the amount utilized by the Group at 30 September 2016 for capital expenditure was Rs. 147.60 million (30 June 2016: Rs. 183.83 million) and for other than capital expenditure was Rs. 89.84 million (30 June 2016: Rs. 217.17 million).

6.2.1.2 Under Shariah compliant arrangements

The Holding Company has facility i.e letters of credit of Rs.75 million (30 June 2016: Rs. 75 million) availed from Islamic bank, the amount utilized at 30 September 2016 for capital expenditure was Rs. 34.94 million (30 June 2016: Rs. Nil) and for other than capital expenditure was Rs. 26.85 million (30 June 2016: Rs. 20.60 million). This facility is secured by first pari passu charge of Rs. 93.75 million over current assets of the Holding Company. Lien is also marked over import documents.

	Un-audited 30 September 2016	Audited 30 June 2016
	-----Rupees-----	
7 Property, plant and equipment		
Cost		
Opening balance	2,907,402,205	2,416,957,048
Additions during the period / year	7,922,510	144,141,959
Transfer/adjustment during the period / year	34,121,191	401,392,416
Disposals during the period / year	(3,359,000)	(30,491,276)
Revaluation surplus	-	(24,597,942)
Closing balance	<u>2,946,086,906</u>	<u>2,907,402,205</u>
Accumulated depreciation		
Opening balance	252,545,028	846,991,392
Depreciation for the period / year	74,665,641	233,406,272
Relating to disposals	(2,701,122)	(24,792,574)
Revaluation surplus	-	(803,060,062)
Closing balance	<u>324,509,547</u>	<u>252,545,028</u>
Operating assets-net book value	<u>2,621,577,359</u>	<u>2,654,857,177</u>
Capital work in progress	<u>388,347,674</u>	<u>354,217,767</u>
Net book value	<u>3,009,925,033</u>	<u>3,009,074,944</u>

	Un-audited 30 September 2016	Audited 30 June 2016
Note	----- Rupees -----	
8 Short term investments		
<u>Loans and receivables</u>		
Term deposits with banks - local currency	8.1	-
		335,000,000
<u>Investments at fair value through profit or loss - listed securities</u>		
Held for trading	8.2	791,421,745
		332,166,585
	<u>791,421,745</u>	<u>667,166,585</u>

- 8.1 The local currency short-term deposit had a maximum maturity period of 30 days, carrying profit 5.35 % per annum redeemed during current period (30 June 2016: Rs. 335 million).
The local currency short-term deposit maintained under mark up arrangements.

	Un-audited 30 September 2016	Audited 30 June 2016
Note	----- Rupees -----	
8.2 These investments are 'held for trading'		
Carrying value at 01 July	332,166,585	16,925,094
Acquisition during the period/year	450,000,000	4,412,704,072
Redemption during the period/year	-	(4,100,651,486)
Unrealized gain on re-measurement of investment - during the period/year	9,255,160	3,188,905
Carrying and fair value of short term investments at 30 September / 30 June	8.2.1	332,166,585
	<u>791,421,745</u>	<u>332,166,585</u>

- 8.2.1 These investments are 'held for trading':

No. of units		Mutual Funds		Fair value	
Un-audited 30 September 2016	Audited 30 June 2016			Un-audited 30 September 2016	Audited 30 June 2016
----- Rupees -----					
7,107,532	5,126,903	MCB Pakistan Cash Management Fund		361,454,981	257,366,938
189,850	189,850	MCB Pakistan Stock Market Fund		17,946,492	16,534,010
255,964	255,964	Faysal Money Market Fund		26,270,734	25,941,373
3,210,833	3,206,485	ABL Government Securities Fund		32,528,306	32,200,804
3,290,184	1,216	HBL Money Market Fund		338,064,656	123,460
149,120	-	Faysal MTS Fund		15,156,576	-
				<u>791,421,745</u>	<u>332,166,585</u>

- 8.3 Changes in fair values of financial assets at fair value through profit or loss are recorded in profit and loss account. Realized gain of Rs. Nil (30 September 2015: Rs. 1.8 million) has been recorded in the current period in "other income". These investments comprise mutual funds (money market / income funds).

- 8.4 Realized gain on redemption of short term investments is earned under mark up arrangements.

9 Cash and bank balances

- 9.1 These include current account of Rs. 0.67 million (30 June 2016: Rs. 0.67 million) maintained under Shariah compliant arrangements.

- 9.2 These include deposit accounts of Rs. 181.34 million (30 June 2016: Rs. 89.14 million) under mark up arrangements, which carry interest rates ranging from 3.82% - 6% (30 June 2016: 3.82% - 6%) per annum.

These also include deposit account of Rs. 3.6 million (30 June 2016: Rs. 4.6 million) under Shariah compliant arrangements, which carries profit rate ranging from 2.50% - 2.85% (30 June 2016: 2.50% - 2.85%) per annum.

		Quarter Ended (un-audited)	
		30 September	30 September
		2016	2015
		----- Rupees -----	
10	Revenue - net		
	Gross sales:		
	Local	1,348,876,141	3,102,552,789
	Export	81,396,014	63,545,628
		<u>1,430,272,155</u>	<u>3,166,098,417</u>
	Less:		
	Sales returns	(23,430,925)	(66,611,449)
	Discounts and commission	(69,463,554)	(73,713,031)
	Sales tax	(5,520,161)	(886,380)
		<u>(98,414,640)</u>	<u>(141,210,860)</u>
		<u>1,331,857,515</u>	<u>3,024,887,557</u>
11	Cost of sales		
	Raw and packing materials consumed	185,837,050	205,706,246
	Other manufacturing expenses	169,942,804	152,657,621
		<u>355,779,854</u>	<u>358,363,867</u>
	Work in process:		
	Opening	96,389,128	44,914,516
	Closing	(51,864,513)	(68,926,904)
		<u>44,524,615</u>	<u>(24,012,388)</u>
	Cost of goods manufactured	<u>400,304,469</u>	<u>334,351,479</u>
	Finished stock:		
	Opening	1,597,678,787	956,803,313
	Purchases made during the period	230,184,962	1,346,633,594
	Closing	(1,484,317,711)	(892,126,875)
		<u>343,546,038</u>	<u>1,411,310,032</u>
		<u>743,850,507</u>	<u>1,745,661,511</u>
	11.1 Raw and packing materials consumed		
	Opening	357,353,488	365,200,196
	Purchases made during the period	289,925,317	227,028,136
		<u>647,278,805</u>	<u>592,228,332</u>
	Closing	(461,441,755)	(386,522,086)
		<u>185,837,050</u>	<u>205,706,246</u>

- 12** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors of the Holding Company had already proposed final cash dividend for the year ended 30 June 2016 for approval in AGM by members in addition to the interim cash dividend for the year ended 30 June 2016. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim consolidated financial information for the quarter ended 30 September 2016.

13 Transactions with related parties

The related parties include associated companies, contributory provident fund, major shareholders, directors and key management personnel. Balances with the related parties are shown elsewhere in the accounts. Transactions with related parties during the period are as follows:

	Quarter Ended (un-audited)	
	30 September 2016	30 September 2015
	----- Rupees -----	
Other related parties		
Contribution towards employees' provident fund	8,044,338	7,120,133
Remuneration including benefits and perquisites of key management personnel	32,603,559	28,682,703

14 Financial risk management and financial instruments - fair value

- 14.1** The Group's financial risk management objective and policies are consistent with that disclosed in the annual consolidated financial statements of the Holding Company for the year ended 30 June 2016.

14.2 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying Amount			Fair Value					
	Cash and cash equivalents	Fair Value through Income Statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	
	Rupees								
30 September 2016									
Financial assets measured at fair value:									
Short term investments	-	791,421,745	-	-	-	791,421,745	-	-	
Financial assets not measured at fair value:									
Long term deposits	-	-	11,053,325	-	11,053,325	-	-	-	
Trade debts - considered good	-	-	492,100,535	-	492,100,535	-	-	-	
Loans and advances - considered good	-	-	396,394,000	-	396,394,000	-	-	-	
Short term deposits	-	-	130,154,063	-	130,154,063	-	-	-	
Other receivables	-	-	1,757,864	-	1,757,864	-	-	-	
Short term investments	-	-	-	-	-	-	-	-	
Bank balances	302,785,793	-	-	-	302,785,793	-	-	-	
	302,785,793		636,602,232		939,288,026				
Financial liabilities measured at fair value:									
Trade and other payables	-	-	-	515,451,801	515,451,801	-	-	-	
Short term borrowing	-	-	-	11,796,920	11,796,920	-	-	-	
Accrued mark-up	-	-	-	35,546	35,546	-	-	-	
				527,284,267	527,284,267				
30 June 2016									
Financial assets measured at fair value:									
Short term investments	-	332,166,585	-	-	332,166,585	-	-	-	
Financial assets not measured at fair value:									
Long term deposits	-	-	10,338,325	-	10,338,325	-	-	-	
Trade debts - considered good	-	-	447,354,701	-	447,354,701	-	-	-	
Loans and advances - considered good	-	-	1,042,505	-	1,042,505	-	-	-	
Short term deposits	-	-	115,279,573	-	115,279,573	-	-	-	
Other receivables	-	-	4,894,747	-	4,894,747	-	-	-	
Short term investments	-	-	335,000,000	-	335,000,000	-	-	-	
Bank balances	377,915,114	-	-	-	377,915,114	-	-	-	
	377,915,114		913,909,851		1,291,824,965				
Financial liabilities measured at fair value:									
Trade and other payables	-	-	-	538,478,634	538,478,634	-	-	-	
Short term borrowing	-	-	-	42,851,951	42,851,951	-	-	-	
Accrued mark-up	-	-	-	138,692	138,692	-	-	-	
				581,468,877	581,468,877				

15 Date of authorization for issue

These condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on 20 October 2016.

16 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison and better presentation as per reporting framework.

Chief Executive Officer

Director



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AND AROUND THE WORLD
IN PHARMACEUTICALS



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