



***Condensed Interim
Unconsolidated
Financial Information
for the Half Year Ended
31 December 2015***



FEROZSONS
LABORATORIES LIMITED



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CORPORATE INFORMATION

Board of Directors

Mrs. Akhter Khalid Waheed	Chairperson	Non-Executive Director
Mr. Osman Khalid Waheed	Chief Executive Officer	Executive Director
Mrs. Amna Piracha Khan		Non-Executive Director
Ms. Munize Azhar Peracha		Non-Executive Director
Mr. Farooq Mazhar		Non-Executive Director
Mr. Nihal Cassim		Non-Executive Director
Mr. Shahid Anwar	Nominee of the NIT	Independent Director

Audit Committee

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

Investment Committee

Mr. Farooq Mazhar	Chairman
Mr. Osman Khalid Waheed	Member
Mr. Nihal Cassim	Member

HR & Remuneration Committee

Mr. Shahid Anwar	Chairman
Mr. Farooq Mazhar	Member
Mr. Nihal Cassim	Member

Company Secretary/Chief Financial Officer

Syed Ghausuddin Saif

Head of Internal Audit

Mr. Rizwan Hameed Butt

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Internal Auditors

Ernst & Young Ford Rhodes Sidat Hyder
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

Legal Advisors

Khan & Piracha

Registered Office

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

Share Registrar

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Factory

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Head Office

5 K.M - Sunder Raiwind Road
Lahore, Pakistan
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Sales Office Lahore

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Fax: +92-42-37313680

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 accounts can be downloaded from Company's Website: www.ferozsons-labs.com)

DIRECTORS' REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS & QUARTER ENDED 31 DECEMBER 2015

We are pleased to present your Company's un-audited Standalone and Consolidated condensed interim financial information for the six months & quarter ended 31 December 2015. The consolidated condensed interim financial information incorporates the Company's 98% owned venture Farmacia and 80% owned subsidiary BF Biosciences Limited.

Operational and Financial Performance

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

	Individual				Consolidated			
	6 Months 31-Dec-15	6 Months 31-Dec-14	3 Months 31-Dec-15	3 Months 31-Dec-14	6 Months 31-Dec-15	6 Months 31-Dec-14	3 Months 31-Dec-15	3 Months 31-Dec-14
	(Rupees in thousands)							
Sales (net)	5,827,625	1,494,677	3,090,210	859,406	6,433,006	2,066,159	3,423,996	1,190,375
Gross Profit	2,358,322	737,495	1,229,867	413,710	2,657,307	1,005,708	1,393,959	583,521
Profit before tax	1,728,879	305,799	882,078	173,378	1,894,636	430,738	963,711	261,783
Taxation	(318,980)	(84,913)	(168,673)	(48,240)	(369,078)	(128,760)	(193,846)	(86,640)
Profit after tax	1,409,899	220,885	713,405	125,138	1,525,557	301,979	769,865	175,143

Standalone Net Sales of your Company grew by 260% for the 2nd quarter and 290% for the six months in comparison to the respective corresponding period last year. At the consolidated group level, Net Sales showed an increase of 188% for the 2nd quarter and 211% over the six months ended 31 December 2015, respectively.

This exceptional growth in top line was spurred by the growth in the Company's portfolio of imported products, particularly its franchise from Gilead Sciences Inc., as well as its medical device business in partnership with Boston Scientific Corporation. However, since these product ranges carry lower GP margins, Gross Profit margins have shown a decline of 8% in 2nd quarter and 9% in six months respectively. The same effect is also represented in the consolidated numbers where GP margins have declined by 8% for the 2nd quarter and 7% for the six months under review.

Overall, owing to the increase in scale of the business, your Company reported a healthy increase in its Net Profit after Tax (NPAT), which stood at Rs. 713 million for the Quarter, and Rs. 1,409 million for six months ended 31 December 2015.

Based on the net profit for the six months ended 31 December 2015, the Earnings per Share (EPS), both basic and diluted, stand at Rs. 46.71 compared to EPS of Rs. 7.32 of same period last year.

BF Biosciences Limited Operational Status

The Company's subsidiary company BF Biosciences Limited closed its Net Sales at Rs. 334.45 million for the quarter and Rs. 584.55 million for the six months ended 31 December 2015, with an increase of 8% in comparison with the corresponding six months period last year. Net Profit after Tax (NPAT) for the six months under review stood at Rs. 122.15 million, showing a growth of 49% over the same corresponding period last year.

Future Outlook

Your company, through its partnership with Gilead Sciences, Inc., has had the privilege of redefining the landscape of Hepatitis C treatment in Pakistan. Pakistan became the world's first country in which patients of chronic HCV began receiving FDA-approved Sovaldi treatment at a special access price, amounting to a fraction of its international price. To date, we have helped treat over 40,000 patients of chronic hepatitis C, with excellent cure rates and a highly favourable side-effect profile. Your Company would like to acknowledge the unprecedented efforts made by Gilead Sciences in not only bringing its break-through therapy to countries like Pakistan within months of its approval in the United States, but doing so at a price that ensured broad access to treatment. Our agreement to produce a licensed generic of Sovaldi will Inshallah help further extend access to treatment in lower income populations. We look forward to bringing more break-through treatments to patients in Pakistan under our partnership with Gilead.

The company has also identified new lines of business in the healthcare field that we plan to enter in the near future.

Acknowledgments

It is our privilege to thank the company staff and workers at all levels for their hard work, dedication and professionalism, without which these results would not have been possible.

We would also like to thank our valued customers for their continued trust company and our products.

For and on behalf of the Board of Directors

(Mrs. Akhter Khalid Waheed)
Chairperson



KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor,
Servis House
2-Main Gulberg Jail Road,
Lahore Pakistan

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Auditor's Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Ferozsons Laboratories Limited** ("the Company") as at 31 December 2015 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the accounts for the six month period then ended (hereinafter referred as the "interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the quarter ended 31 December 2015, have not been reviewed and we do not express a conclusion on them.

Date: 23 January 2016

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)

	Un-audited 31 December 2015	Audited 30 June 2015
Note	-----Rupees-----	
EQUITY AND LIABILITIES		
<u>Share capital and reserves</u>		
Authorized share capital 50,000,000 (30 June 2015: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and paid up capital	301,868,410	301,868,410
Capital reserve	321,843	321,843
Accumulated profit	3,361,107,670	2,401,056,940
	3,663,297,923	2,703,247,193
Surplus on revaluation of property, plant and equipment - net of tax	368,147,784	371,101,820
<u>Non current liabilities</u>		
Deferred taxation	48,367,012	40,137,245
<u>Current liabilities</u>		
Trade and other payables	1,647,775,068	1,250,144,914
Accrued mark-up	251,402	10,634
Provision for taxation - net	36,431,280	24,395,580
	1,684,457,750	1,274,551,128
	5,764,270,469	4,389,037,386
Contingencies and commitments	5	

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

AS AT 31 DECEMBER 2015

		Un-audited 31 December 2015	Audited 30 June 2015
Note		-----Rupees-----	
ASSETS			
<u>Non-current assets</u>			
		1,526,024,216	1,287,233,593
Property, plant and equipment	6		
Intangibles		4,355,386	1,040,462
Long term investments	7	251,328,158	241,708,087
Long term deposits		3,458,825	3,458,825
		1,785,166,585	1,533,440,967
<u>Current assets</u>			
		28,254,339	23,422,301
Stores, spare parts and loose tools			
Stock in trade		1,594,850,168	1,216,591,555
Trade debts - considered good	8	377,708,345	232,931,043
Loans and advances - considered good		277,536,623	33,559,605
Deposits and prepayments		75,851,432	51,496,028
Other receivables		2,660,293	2,629,658
Short term investments	9	1,406,005,183	841,000,000
Cash and bank balances		216,237,501	453,966,229
		3,979,103,884	2,855,596,419
		5,764,270,469	4,389,037,386

Chief Executive Officer

Director

**CONDENSED INTERIM UNCONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015**

	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<i>Note</i>	Rupees			
Revenue - net	10 5,827,624,769	1,494,676,961	3,090,209,629	859,406,020
Cost of sales	11 (3,468,303,170)	(757,182,429)	(1,860,342,196)	(445,696,152)
Gross profit	2,359,321,599	737,494,532	1,229,867,433	413,709,868
Administrative expenses	(120,036,565)	(91,562,565)	(67,466,147)	(51,947,465)
Selling and distribution expenses	(415,828,711)	(347,497,079)	(241,370,731)	(194,529,886)
Finance cost	(5,806,247)	(11,242,990)	(3,717,688)	(7,332,203)
Other expenses	(148,827,099)	(25,981,716)	(67,971,338)	(9,713,090)
Other income	60,055,995	44,588,414	32,736,937	23,190,988
Profit before taxation	1,728,878,972	305,798,596	882,078,466	173,378,212
Taxation	(318,979,664)	(84,913,427)	(168,672,776)	(48,240,481)
Profit after taxation	1,409,899,308	220,885,169	713,405,690	125,137,731
Earnings per share - basic and diluted	46.71	7.32	23.63	4.15

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

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF
 COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015**

	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Rupees			
Profit after taxation	1,409,899,308	220,885,169	713,405,690	125,137,731
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>1,409,899,308</u>	<u>220,885,169</u>	<u>713,405,690</u>	<u>125,137,731</u>

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

**CONDENSED INTERIM UNCONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	31 December 2015	31 December 2014
	-----Rupees-----	
<u>Cash flow from operating activities</u>		
Profit before taxation	1,728,878,972	305,798,596
Adjustments for:		
Depreciation	64,242,088	52,805,596
Amortisation	314,294	144,752
Gain on sale of property, plant and equipment	(965,165)	(3,284,446)
Finance costs	5,806,247	11,242,990
Gain on re-measurement of short term investments to fair value	(14,671,429)	(15,319,377)
Profit on term deposits	(5,172,932)	-
Mark-up on long term loan	-	(4,871,398)
Provision for Wroker's Profit Participation Fund	93,115,790	16,423,125
Provision for Central Research Fund	18,463,844	3,317,803
Provision for Worker's Welfare Fund	7,645,548	6,240,788
Share in profit of Farmacia	(9,620,071)	(5,428,674)
	159,158,214	61,271,159
Cash generated from operations before working capital changes	1,888,037,186	367,069,755
<u>Effect on cash flow due to working capital changes</u>		
Increase in current assets:		
Stores, spare parts and loose tools	(4,832,038)	(7,232,727)
Advances, deposits, prepayments and other receivables	(268,363,057)	(49,235,602)
Stock in trade	(378,258,613)	(298,077,918)
Trade debts - considered good	(144,777,302)	(57,215,388)
	(796,231,010)	(411,761,635)
Increase in current liabilities:		
Trade and other payables	349,016,451	145,461,739
Cash generated from operations	1,440,822,627	100,769,859
Taxes paid	(298,714,197)	(97,451,504)
Wroker's Profit Participation Fund paid	(62,211,241)	(33,250,628)
Central Research Fund paid	(11,636,394)	(6,152,555)
Worker's Welfare Fund paid	(11,864,141)	(11,572,956)
	(384,425,973)	(148,427,643)
Net cash generated from / (used in) operating activities	1,056,396,654	(47,657,784)
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(303,478,722)	(110,186,886)
Acquisition of intangibles	(3,629,217)	(522,000)
Proceeds from sale of property, plant and equipment	1,411,176	4,200,345
Interest income received on long term loan	-	7,060,713
Profit on term deposits	5,172,932	-
Recovery of long term loan	-	25,000,000
Decrease in long term deposits	-	370,715
(Acquisition) / redemption of short term investments - net	(550,333,754)	373,057,034
Net cash (used in) / generated from investing activities	(850,857,585)	298,979,921
<u>Cash flow from financing activities</u>		
Finance cost paid	(5,565,479)	(13,948,677)
Dividend paid	(437,702,318)	(263,074,283)
Net cash used in financing activities	(443,267,797)	(277,022,960)
Net decrease in cash and cash equivalents	(237,728,728)	(25,700,823)
Cash and cash equivalents at beginning of the period	453,966,229	104,120,993
Cash and cash equivalents at end of the period	216,237,501	78,420,170

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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Share capital	Capital reserve	Accumulated profit	Total
	Rupees			
Balance as at 30 June 2014 - audited	301,868,410	321,843	2,039,310,336	2,341,500,589
<u>Total comprehensive income</u>				
Profit for the six months period ended 31 December 2014	-	-	220,885,169	220,885,169
Other comprehensive income for the period	-	-	-	-
	-	-	220,885,169	220,885,169
<i>Surplus transferred to accumulated profit:</i>				
- on account of incremental depreciation charged during the period - net of tax	-	-	2,827,434	2,827,434
<i>Transactions with owners of the Company:</i>				
- Final dividend for the year ended 30 June 2014 at Rs. 9 per share	-	-	(271,681,569)	(271,681,569)
Balance as at 31 December 2014 - un-audited	<u>301,868,410</u>	<u>321,843</u>	<u>1,991,341,370</u>	<u>2,293,531,623</u>
Balance as at 30 June 2015 - audited	301,868,410	321,843	2,401,056,940	2,703,247,193
<u>Total comprehensive income</u>				
Profit for the six months period ended 31 December 2015	-	-	1,409,899,308	1,409,899,308
Other comprehensive income for the period	-	-	-	-
	-	-	1,409,899,308	1,409,899,308
<i>Surplus transferred to accumulated profit:</i>				
- on account of incremental depreciation charged during the period - net of tax	-	-	2,954,036	2,954,036
<i>Transactions with owners of the Company:</i>				
- Final dividend for the year ended 30 June 2015 at Rs. 15 per share	-	-	(452,802,614)	(452,802,614)
Balance as at 31 December 2015 - unaudited	<u>301,868,410</u>	<u>321,843</u>	<u>3,361,107,670</u>	<u>3,663,297,923</u>

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

**NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

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 and is primarily engaged in the import, manufacture and sale of pharmaceutical products. Its registered office is situated at 197-A, The Mall, Rawalpindi and the factory is located at Amangarh, Nowshera, Khyber Pakhtoon 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 31 December 2015 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 six months period ended 31 December 2015 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 2015.

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 2015, 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 six months period ended 31 December 2014.

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 2015.

2.3 Statement of consistency in accounting policies

- 2.3.1** Except for note 2.3.2 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 2015. The Company has adopted IFRS 13 'Fair Value Measurement' during the year which became effective for financial periods beginning on or after 1 January 2015. The effect of IFRS 13 'Fair Value Measurement' are disclosed in note 2.3.2 and 14.2 to these condensed interim unconsolidated financial information.
- 2.3.2** During the year the Company has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 1 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Company has included the additional disclosure in this regard in note 14.2 to the financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has no such significant impacts on the measurements of the Company's financial assets and liabilities.
- 2.3.3** 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.

In addition to the above, following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS 19 - Employee Benefits	01 January 2016
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 41 - Agriculture	01 January 2016
IFRS 10- Consolidated Financial Statements	01 January 2016
IAS 28 - Investments in Associates and Joint Ventures	01 January 2016
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	01 January 2016
IFRS 7 - Financial Instruments- Disclosures	01 January 2016
IAS 27 - Separate Financial Statements	01 January 2016
IAS 34 - Interim Financial Reporting	01 January 2016
IFRS 11- Joint Arrangements	01 January 2016

	Un-Audited 31 December 2015	Audited 30 June 2015
	-----Rupees-----	
3 Issued, subscribed and paid up capital		
1,441,952 (30 June 2015: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (30 June 2015: 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 2015: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	286,252,890	286,252,890
	<u>301,868,410</u>	<u>301,868,410</u>

KFW Factors (Private) Limited, an associated company holds 8,286,942 (30 June 2015: 8,286,942) ordinary shares of Rs. 10 each of the Company.

4 Trade and other payables

These mainly include balance of trade creditors of Rs. 1,381 million (30 June 2015: Rs. 1,038 million) and payable to related parties, BF Biosciences Limited amounting to Rs. Nil (30 June 2015: Rs. 2.6 million) and Farmacia amounting to Rs. Nil (30 June 2015: Rs. 3.2 million) respectively.

5 Contingencies and commitments

5.1 Contingencies

The Company is contesting the payment of customs duty of Rs. 211 million on import of Sovaldi medicine paid up to 31 December 2015. Duty is collected by Customs Authorities under Provisional Assessment by the Customs Authorities under Section 81 of Customs Act, 1969. The management is confident that pursuant to SRO 567(1) / 2006 dated 05 June 2006, no customs duty is applicable on all types of vaccines for Hepatitis, Interferon and other medicines for Hepatitis and accordingly believes that imposed provisional duty will be reversed in near future and the amount will be refunded to the Company which is currently appearing under loans and advances in current assets.

Furthermore, there is no significant change in contingencies already disclosed in preceding annual published statement of the Company for the year ended 30 June 2015.

5.2 Commitments

Letters of credit

Out of the aggregate facility of Rs. 675 million (30 June 2015: Rs. 600 million) for opening letters of credit, the amount utilized at 31 December 2015 for capital expenditure was Rs. 179.99 million (30 June 2015 : Rs. 188.75 million) and for other than capital expenditure was Rs. 147.77 million (30 June 2015: Rs. 50.57 million).

	Un-Audited 31 December 2015	Audited 30 June 2015
Note	-----Rupees-----	
6	Property, plant and equipment	
	<u>Cost</u>	
Opening balance at beginning of the period / year	1,484,860,787	1,344,135,280
Additions during the period / year	49,786,305	76,644,870
Transfers from CWIP during the period / year	21,108,734	94,350,629
Disposals during the period / year	(1,826,547)	(30,269,992)
Closing balance at end of the period / year	1,553,929,279	1,484,860,787
	<u>Accumulated depreciation</u>	
Opening balance at beginning of the period / year	366,853,196	281,777,579
Depreciation for the period / year	64,242,088	111,238,016
On disposals	(1,380,536)	(26,162,399)
Closing balance at end of the period / year	429,714,748	366,853,196
Operating fixed assets - net book value	1,124,214,531	1,118,007,591
Capital work in progress - at cost	401,809,685	169,226,002
	1,526,024,216	1,287,233,593
7	Long term investments	
	<i>Related parties - at cost:</i>	
Farmacia (partnership firm)	7.1 99,328,198	89,708,127
BF Biosciences Limited (unlisted subsidiary)	7.2 151,999,960	151,999,960
	251,328,158	241,708,087
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 pharmacies. 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.	

8 Trade debts - considered good

These include due from related parties, Farmacia amounting to Rs. Nil (30 June 2015: Rs. 0.14 million) and BF Biosciences Limited amounting to Rs. Nil (30 June 2015: Rs. 0.79 million).

		Un-Audited 31 December 2015	Audited 30 June 2015
Note	-----	Rupees	-----

9 Short term investments

Loans and receivables

Term deposits with banks - local currency	9.1	500,000,000	841,000,000
---	-----	--------------------	-------------

Investments at fair value through profit or loss - listed securities

Held for trading	9.2	906,005,183	-
		<u>1,406,005,183</u>	<u>841,000,000</u>

9.1 The local currency short-term deposits have a maximum maturity period of 30 days, carrying profit at 7% (as at 30 June 2015: ranging from 5.92 % to 7.25 %) per annum.

9.2 These investments are 'held for trading':

No. of units		Mutual Funds	Fair value	
Un-audited 31 December 2015	Audited 30 June 2015		Un-audited 31 December 2015	Audited 30 June 2015
			-----	-----
			Rupees	
26,718,694	-	ABL Government Securities Fund-B	279,202,336	-
1,897,812	-	HBL Income Fund	206,314,368	-
7,609,274	-	MCB Pakistan Sovereign Fund	420,488,479	-
			<u>906,005,183</u>	<u>-</u>

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Note	Rupees			
10 Revenue - net				
Gross sales:				
Local	5,964,996,704	1,520,746,001	3,164,484,259	854,169,221
Export	128,680,774	98,381,244	68,761,884	60,403,982
	<u>6,093,677,478</u>	<u>1,619,127,245</u>	<u>3,233,246,143</u>	<u>914,573,203</u>
Less:				
Sales returns, discounts and commission	(265,571,684)	(123,040,989)	(143,035,369)	(54,559,692)
Sales tax	(481,025)	(1,409,295)	(1,145)	(607,491)
	<u>(266,052,709)</u>	<u>(124,450,284)</u>	<u>(143,036,514)</u>	<u>(55,167,183)</u>
	<u>5,827,624,769</u>	<u>1,494,676,961</u>	<u>3,090,209,629</u>	<u>859,406,020</u>
11 Cost of sales				
Raw materials consumed 11.1	331,213,496	317,503,732	180,991,707	158,378,689
Other manufacturing expenses	169,498,534	121,267,195	72,632,398	60,652,940
	<u>500,712,030</u>	<u>438,770,927</u>	<u>253,624,105</u>	<u>219,031,629</u>
Work in process:				
Opening	31,321,035	45,827,685	28,728,136	48,902,079
Closing	(33,549,840)	(59,432,960)	(33,549,840)	(59,432,960)
	<u>(2,228,805)</u>	<u>(13,605,275)</u>	<u>(4,821,704)</u>	<u>(10,530,881)</u>
Cost of goods manufactured	<u>498,483,225</u>	<u>425,165,652</u>	<u>248,802,401</u>	<u>208,500,748</u>
Finished stock:				
Opening	890,680,428	358,018,032	835,946,617	482,375,425
Purchases made during the period	3,363,605,300	599,144,924	2,060,058,961	379,966,158
Closing	(1,284,465,783)	(625,146,179)	(1,284,465,783)	(625,146,179)
	<u>2,969,819,945</u>	<u>332,016,777</u>	<u>1,611,539,795</u>	<u>237,195,404</u>
	<u>3,468,303,170</u>	<u>757,182,429</u>	<u>1,860,342,196</u>	<u>445,696,152</u>
11.1 Raw materials consumed				
Opening	279,911,865	241,413,478	289,577,243	224,820,693
Purchases made during the period	306,183,029	318,870,479	146,295,862	176,338,221
	<u>586,094,894</u>	<u>560,283,957</u>	<u>435,873,105</u>	<u>401,158,914</u>
Closing	(254,881,398)	(242,780,225)	(254,881,398)	(242,780,225)
	<u>331,213,496</u>	<u>317,503,732</u>	<u>180,991,707</u>	<u>158,378,689</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 intends to distribute sufficient cash dividend for the year ended 30 June 2016 (refer to note 15) to comply with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim unconsolidated financial information for the period ended 31 December 2015.

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:

	Un-audited (Half year ended)	
	31 December 2015	31 December 2014
	-----Rupees-----	
<u>Farmacia - 98% owned partnership firm</u>		
Sale of medicines	728,878	953,507
Share of profit reinvested	9,620,071	5,428,674
Rental	1,449,462	1,317,690
Payment received from Farmacia against sale of medicine	868,379	1,137,972
<u>BF Biosciences Limited - 80% owned subsidiary company</u>		
Recovery of long term loan and mark up	-	32,060,713
Interest on long term loan charged during the period	-	4,871,398
Sale of medicine to subsidiary	60,546,536	47,610,528
Payment received against sale of medicine	61,334,644	59,509,501
Purchase of medicine from subsidiary	16,105,028	-
Payment made against purchase of medicine	16,616,293	-
Accrued mark up on long term loan	-	2,232,386
Marketing fee	1,640,679	540,215
Lease rental	100,000	100,000
Expenses incurred	7,108,666	4,064,826
<u>Khan & Piracha - associated</u>		
Professional services charges	9,000	12,000
<u>Other related parties</u>		
Contribution towards employees' provident fund	11,634,647	9,334,564
Remuneration including benefits and perquisites of key management personnel	68,431,930	47,246,047
Payment into Workers' Profit Participation Fund	62,211,241	33,250,628
Dividend to KFW Factors (Private) Limited	124,304,130	74,582,478
Dividend to directors	57,920,550	34,541,739

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 2015.

15 Subsequent event and date of authorization for issue

The Board of Directors of the Company in its meeting held on 23 January 2016 has authorized to issue these condensed interim unconsolidated financial statements and has approved interim cash dividend of Rs. 10 per share in the same meeting.

16 General

Figures have been rounded off to the nearest rupee.



***Condensed Interim
Consolidated
Financial Information
for the Half Year Ended
31 December 2015***



FEROZSONS
LABORATORIES LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

	Un-audited 31 December 2015	Audited 30 June 2015
Note	-----Rupees-----	
EQUITY AND LIABILITIES		
<i>Share capital and reserves</i>		
Authorized share capital 50,000,000 (30 June 2015: 50,000,000) ordinary shares of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	4 301,868,410	301,868,410
Capital reserve	321,843	321,843
Accumulated profit	<u>3,864,777,523</u>	<u>2,811,333,056</u>
Equity attributable to owners of the Company	<u>4,166,967,776</u>	<u>3,113,523,309</u>
<i>Non-controlling interests</i>	<u>163,436,856</u>	<u>138,654,363</u>
	4,330,404,632	3,252,177,672
Surplus on revaluation of property, plant and equipment - net of tax	410,956,954	416,429,177
<i>Non current liabilities</i>		
Deferred taxation	101,834,784	100,559,565
<i>Current liabilities</i>		
Trade and other payables	1,960,920,223	1,432,772,579
Accrued mark-up	251,402	10,634
Provision for taxation - net	35,717,052	21,768,977
Short term borrowings - secured	6,860,393	1,875,013
	<u>2,003,749,070</u>	<u>1,456,427,203</u>
	<u>6,846,945,440</u>	<u>5,225,593,617</u>
Contingencies and commitments	5	

The annexed notes from 1 to 13 form an integral part of this condensed interim consolidated financial information.

AS AT 31 DECEMBER 2015

	Un-audited 31 December 2015	Audited 30 June 2015
Note	-----Rupees-----	
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	6 1,966,000,834	1,742,245,896
Intangibles	4,584,113	1,489,071
Long term deposits	7,430,825	7,430,825
	<u>1,978,015,772</u>	<u>1,751,165,792</u>
<i>Current assets</i>		
Stores, spare parts and loose tools	48,698,272	41,505,418
Stock in trade	1,842,582,684	1,389,867,596
Trade debts	451,592,008	280,770,732
Loans and advances - considered good	288,806,291	41,485,927
Deposits and prepayments	93,639,190	78,201,585
Other receivables	2,660,284	2,629,658
Short term investments	7 1,771,827,041	857,925,094
Cash and bank balances	369,123,898	782,041,815
	4,868,929,668	3,474,427,825
	<u><u>6,846,945,440</u></u>	<u><u>5,225,593,617</u></u>

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015**

	Note	Half year ended		Quarter ended	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		Rupees			
Revenue - net	8	6,433,005,809	2,066,158,592	3,423,996,477	1,190,375,116
Cost of sales	9	(3,775,699,037)	(1,060,450,293)	(2,030,037,526)	(606,854,114)
Gross profit		2,657,306,772	1,005,708,299	1,393,958,951	583,521,002
Administrative expenses		(135,960,407)	(108,748,418)	(76,632,915)	(60,922,419)
Selling and distribution expenses		(520,695,415)	(451,825,836)	(307,672,473)	(252,946,644)
Finance cost		(6,457,488)	(12,321,112)	(4,008,555)	(8,142,440)
Other expenses		(163,408,393)	(39,059,086)	(75,261,170)	(18,006,784)
Other income		63,850,435	36,984,570	33,327,395	18,280,226
Profit before taxation		1,894,635,504	430,738,417	963,711,233	261,782,941
Taxation		(369,078,152)	(128,759,640)	(193,846,173)	(86,640,236)
Profit after taxation		1,525,557,352	301,978,777	769,865,060	175,142,705
Attributable to:					
Owners of the Company		1,501,278,496	285,432,918	757,602,284	165,038,824
Non-controlling interests		24,278,856	16,545,859	12,262,776	10,103,881
		1,525,557,352	301,978,777	769,865,060	175,142,705
Earnings per share					
- basic and diluted		49.73	9.46	25.10	5.47

The annexed notes from 1 to 13 form an integral part of this condensed interim consolidated financial information.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF
 COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2015**

	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Rupees			
Profit after taxation	1,525,557,352	301,978,777	769,865,060	175,142,705
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>1,525,557,352</u>	<u>301,978,777</u>	<u>769,865,060</u>	<u>175,142,705</u>
Attributable to:				
Owners of the Company	1,501,278,496	285,432,918	757,602,284	165,038,824
Non-controlling interests	<u>24,278,856</u>	<u>16,545,859</u>	<u>12,262,776</u>	<u>10,103,881</u>
	<u>1,525,557,352</u>	<u>301,978,777</u>	<u>769,865,060</u>	<u>175,142,705</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim consolidated financial information.

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	31 December 2015	31 December 2014
	-----Rupees-----	
<u>Cash flow from operating activities</u>		
Profit before taxation	1,894,635,504	430,738,417
<i>Adjustments for:</i>		
Depreciation	110,236,166	95,385,561
Amortisation	534,175	362,456
Gain on disposal of property, plant and equipment	(1,049,386)	(3,311,371)
Finance costs	6,457,488	12,321,112
Provision for Workers' Profit Participation Fund	100,704,944	23,210,596
Provision for Workers' Welfare Fund	11,182,936	8,820,027
Provision for Central Research Fund	20,344,433	4,689,009
Un-realised gain on re-measurement of short term investments to fair value	(24,681,191)	(15,994,820)
Profit on term deposits	(5,172,932)	(5,368,343)
	218,556,633	120,114,227
Cash generated from operations before working capital changes	2,113,192,137	550,852,644
<u>Effect on cash flow due to working capital changes</u>		
Increase in current assets		
Stores, spare parts and loose tools	(7,192,854)	(9,634,359)
Advances, deposits, prepayments and other receivables	(262,788,595)	(50,103,114)
Stock in trade	(452,715,088)	(338,641,497)
Trade debts - considered good	(170,821,276)	(163,492,774)
	(893,517,813)	(561,871,744)
Increase in current liabilities		
Trade and other payables	490,887,211	105,476,380
Cash generated from operations	1,710,561,535	94,457,280
Taxes paid	(353,854,858)	(112,076,163)
Payment for Workers' Profit Participation Fund	(77,680,615)	(43,420,316)
Payment for Workers' Welfare Fund	(17,669,077)	(15,392,486)
Central Research Fund paid	(14,722,485)	(8,183,140)
Net cash generated from / (used in) operating activities	1,246,634,500	(84,614,824)
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(335,066,781)	(140,334,833)
Acquisition of intangibles	(3,629,217)	(522,000)
Proceeds from sale of property, plant and equipment	2,125,063	4,272,444
Profit on term deposits	5,172,932	5,368,343
(Acquisition)/Redemption of short term investments - net	(889,220,756)	387,720,201
Long term deposit	-	370,715
Net cash (used in) / generated from investing activities	(1,220,618,759)	256,874,870
<u>Cash flow from financing activities</u>		
Finance cost paid	(6,216,720)	(12,321,112)
Dividend paid	(437,702,318)	(263,074,283)
Net cash used in financing activities	(443,919,038)	(275,395,395)
Net decrease in cash and cash equivalents	(417,903,297)	(103,135,349)
Cash and cash equivalents at the beginning of the period	780,166,802	165,359,177
Cash and cash equivalents at the end of the period	362,263,505	62,223,828
Cash and cash equivalents comprise of the following:		
Cash and bank balances	369,123,898	118,244,986
Running finance	(6,860,393)	(56,021,158)
	362,263,505	62,223,828

The annexed notes from 1 to 13 form an integral part of this condensed interim consolidated financial information.

Chief Executive Officer

Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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 Company is listed on the Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of pharmaceutical products and its registered office is situated at 197-A, The Mall, Rawalpindi and the factory is located at Amangarh, 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 31 December 2015 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 2015.

3.1.4 Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended 30 June 2015, 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 six months period ended on 31 December 2014.

- 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

- 3.2.1** Except for note 3.2.2 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 2015. The Holding Company has adopted IFRS 13 'Fair Value Measurement' during the year which became effective for financial periods beginning on or after 1 January 2015. The effect of IFRS 13 'Fair Value Measurement' are disclosed in note 3.2.2 and 11.2 to these condensed interim consolidated financial information.

- 3.2.2** During the year the Holding Company has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 1 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Holding Company has included the additional disclosure in this regard in note 11.2 to the financial statements. In accordance with the transitional provisions of IFRS 13, the Holding Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has no such significant impacts on the measurements of the Group's financial assets and liabilities.

- 3.2.3** 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.

In addition to the above, following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

Standard or interpretation	“Effective date (accounting periods beginning on or after)”
IAS 19 - Employee Benefits	01 January 2016
IAS 38 - Intangible Assets	01 January 2016
IAS 16 - Property, Plant and Equipment	01 January 2016
IAS 41 - Agriculture	01 January 2016
IFRS 10- Consolidated Financial Statements	01 January 2016
IAS 28 - Investments in Associates and Joint Ventures	01 January 2016
IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	01 January 2016
IFRS 7 - Financial Instruments- Disclosures	01 January 2016
IAS 27 - Separate Financial Statements	01 January 2016
IAS 34 - Interim Financial Reporting	01 January 2016
IFRS 11- Joint Arrangements	01 January 2016

	Un-audited 31 December 2015	Audited 30 June 2015
	-----Rupees-----	
4 Issued, subscribed and paid up capital		
1,441,952 (30 June 2015: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (30 June 2015: 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 2015: 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 Contingencies and commitments

Contingencies:

The Holding Company is contesting the payment of customs duty of Rs. 211 million on import of Sovaldi medicine paid up to 31 December 2015. Duty is collected by Customs Authorities under Provisional Assessment by the Customs Authorities under Section 81 of Customs Act, 1969. The management is confident that pursuant to SRO 567(1) / 2006 dated 05 June 2006, no customs duty is applicable on all types of vaccines for Hepatitis, Interferon and other medicines for Hepatitis and accordingly believes that imposed provisional duty will be reversed in near future and the amount will be refunded to the Holding Company which is currently appearing under loans and advances in current assets.

Furthermore, there is no significant change in contingencies already disclosed in preceding annual published statement of the Holding Company for the year ended 30 June 2015.

Commitments

Letter of credits

Out of the aggregate facility of Rs. 830 million (30 June 2015: Rs. 750 million) for opening letters of credit, the amount utilized by the Group as at 31 December 2015 for capital expenditure was Rs. 179.99 million (30 June 2015 : Rs. 188.75 million) and for other than capital expenditure was Rs. 187.77 million (30 June 2015: Rs. 63.17 million).

	Un-audited 31 December 2015	Audited 30 June 2015
Note	-----Rupees-----	
6 Property, plant and equipment		
<u>Cost</u>		
Opening balance	2,416,957,048	2,212,067,257
Additions during the period / year	50,270,018	90,813,356
Transfer/adjustment during the period / year	40,251,261	147,422,124
Disposals during the period / year	(2,571,435)	(33,345,689)
Closing balance	2,504,906,892	2,416,957,048
<u>Accumulated depreciation</u>		
Opening balance	846,991,392	678,289,997
Depreciation for the period / year	110,236,166	197,306,158
Relating to disposals	(1,495,758)	(28,604,763)
Closing balance	955,731,800	846,991,392
Operating assets-net book value	1,549,175,092	1,569,965,656
Capital work in progress	416,825,742	172,280,240
Net book value	1,966,000,834	1,742,245,896
7 Short term investments		
<u>Loans and receivables</u>		
Term deposits with banks - local currency 7.1	550,000,000	841,000,000
<u>Investments at fair value through profit or loss - listed securities</u>		
Held for trading 7.2	1,221,827,041	16,925,094
	1,771,827,041	857,925,094

7.1 The local currency short-term deposits have a maximum maturity period of 30 days, carrying profit 7% (as at 30 June 2015: ranging from 5.92 % to 7.25 %) per annum.

7.2 These investments are 'held for trading':

No. of units		Mutual Funds	Fair value	
Un-audited 31 December 2015	Audited 30 June 2015		Un-audited 31 December 2015	Audited 30 June 2015
-----Rupees-----				
26,718,694		- ABL Government Securities Fund-B	279,202,336	-
1,897,812		- HBL Income Fund	206,314,368	-
12,298,468		- MCB Pakistan Sovereign Fund	679,613,358	-
124,727		- MCB Pakistan Stock Market Fund	10,021,850	
1,174	14,897	HBL Money Market Fund	121,980	1,506,800
3,006,637	70,123	ABL Income Fund	31,418,459	703,042
145,638	145,638	Faysal Money Market Fund	15,134,689	14,715,252
			1,221,827,041	16,925,094

	<u>(Un-audited) Half year ended</u>		<u>(Un-audited) Quarter ended</u>	
	<u>31 December 2015</u>	<u>31 December 2014</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
<i>Note</i>	----- Rupees -----			
8 Revenue - net				
Gross sales				
Local	6,633,820,673	2,140,197,542	3,531,267,884	1,204,154,766
Export	137,119,409	108,188,862	73,573,781	69,308,864
	6,770,940,082	2,248,386,404	3,604,841,665	1,273,463,630
Less:				
Sales returns, discounts and commission	(336,625,006)	(179,895,734)	(180,422,301)	(82,061,790)
Sales tax	(1,309,267)	(2,332,078)	(422,887)	(1,026,724)
	(337,934,273)	(182,227,812)	(180,845,188)	(83,088,514)
	6,433,005,809	2,066,158,592	3,423,996,477	1,190,375,116
9 Cost of sales				
Raw materials consumed	508,555,615	423,375,826	302,849,369	161,111,120
Other manufacturing expenses	289,509,589	243,202,184	136,851,968	112,939,949
	798,065,204	666,578,010	439,701,337	274,051,069
<i>Work in progress:</i>				
Opening	44,914,516	97,330,065	68,926,904	143,303,599
Closing	(119,110,192)	(126,261,887)	(119,110,192)	(126,261,887)
	(74,195,676)	(28,931,822)	(50,183,288)	17,041,712
Cost of goods manufactured	723,869,528	637,646,188	389,518,049	291,092,781
<i>Finished stock:</i>				
Opening	956,803,313	424,428,669	892,126,875	573,506,266
Purchase made during the period	3,463,338,008	679,466,844	2,116,704,414	423,346,475
Closing	(1,368,311,812)	(681,091,408)	(1,368,311,812)	(681,091,408)
	3,051,829,509	422,804,105	1,640,519,477	315,761,333
	3,775,699,037	1,060,450,293	2,030,037,526	606,854,114
9.1 Raw materials consumed				
Opening	365,200,196	337,052,623	386,522,086	342,931,962
Purchase made during the period	465,460,606	461,340,492	238,432,470	193,196,447
	830,660,802	798,393,115	624,954,556	536,128,409
Closing	(322,105,187)	(375,017,289)	(322,105,187)	(375,017,289)
	508,555,615	423,375,826	302,849,369	161,111,120

10 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:

	<u>Un-audited (Half year ended)</u>	
	<u>31 December 2015</u>	<u>31 December 2014</u>
	----- Rupees -----	
Other related parties		
Contribution towards employees' provident fund	12,957,977	11,650,753
Remuneration including benefits and perquisites of key management personnel	75,688,920	53,433,840

11 Financial risk management and financial instruments - fair value

11.1 The Group's financial risk management objective and policies are consistent with that disclosed in financial statements for the year ended 30 June 2015.

11.2 Financial instruments - fair value

The additional disclosures due to the adoption of IFRS 13 Fair Value Measurement are as follows:

	Note	Carrying Amount (Un-audited)		Fair Value (Un-audited)		
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2
On-Balance sheet financial instruments						
31 December 2015						
Financial assets measured at fair value:						
Short term investments		1,221,827,041	-	1,221,827,041	1,221,827,041	-
		1,221,827,041	-	1,221,827,041	1,221,827,041	-
Financial assets not measured at fair value:						
Trade debts - considered good	11.2.1	-	451,592,008	451,592,008	-	-
Loans and receivables		-	550,000,000	550,000,000	-	-
Cash and bank balances	11.2.1	-	369,123,898	369,123,898	-	-
Loans and advances - considered good	11.2.1	-	282,018,019	282,018,019	-	-
Deposits	11.2.1	-	83,937,293	83,937,293	-	-
Other receivables	11.2.1	-	2,660,284	2,660,284	-	-
Long term deposits	11.2.1	-	7,430,825	7,430,825	-	-
		-	1,696,762,327	1,696,762,327	-	550,000,000
Financial liabilities measured at fair value:						
		-	-	-	-	-
		-	-	-	-	-
Financial liabilities not measured at fair value:						
Trade and other payables	11.2.1	-	1,862,405,987	1,862,405,987	-	-
Accrued mark-up	11.2.1	-	251,402	251,402	-	-
		-	1,862,657,389	1,862,657,389	-	-

11.2.1 The Holding Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or repriced over short term. Therefore, their carrying values are reasonable approximation of fair values.

12 Subsequent event and date of authorization for issue

The board of directors of the Holding Company in its meeting held on 23 January 2016 has authorized to issue these condensed interim consolidated financial statements and has approved interim cash dividend of Rs. 10 per share in the same meeting.

13 General

Figures have been rounded off to the nearest rupee.



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