



***Condensed Interim
Unconsolidated Financial
Information for the
Nine Months Period
Ended 31 March 2017***



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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 F Cassim		Non-Executive Director
Mr. Shahid Anwar		Independent Director

Audit Committee

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

Investment Committee

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

HR & Remuneration Committee

Mr. Shahid Anwar	Chairman
Mr. Farooq Mazhar	Member
Mr. Nihal F Cassim	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-AI Noor Building
Bank Square, The Mall
Lahore, Pakistan
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 accounts can be downloaded from Company's Website: www.ferozsons-labs.com)

DIRECTORS' REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2017

We are pleased to present a brief review of your Company's un-audited Standalone and Consolidated condensed interim financial information for the nine months ended 31 March 2017. 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			
	9 Months	9 Months	3 Months	3 Months	9 Months	9 Months	3 Months	3 Months
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	(Rupees in thousands)							
Sales (net)	3,175,090	8,471,076	866,243	2,608,577	3,710,299	9,337,846	1,043,690	2,869,967
Gross Profit	1,453,267	3,422,938	382,269	1,028,742	1,587,016	3,807,207	419,385	1,115,026
Profit before tax	586,415	2,388,371	112,749	659,492	609,039	2,582,242	119,507	687,606
Taxation	(119,765)	(482,295)	(5,186)	(163,315)	(123,445)	(536,676)	(8,466)	(167,598)
Profit after tax	466,651	1,906,076	107,563	496,177	485,594	2,045,566	111,041	520,008

Standalone Net Sales of your Company decreased by 63% for the nine months and 67% for the 3rd quarter in comparison to the respective corresponding period last year. At the group level, Net Sales showed a decline of 60% over the nine months and 64% for the 3rd quarter ended 31 March 2017, respectively.

The decline in Net Sales of the Company is mainly due to decrease in the sales of its imported products for HCV under franchise from Gilead Sciences Inc. Net Sales outside Gilead portfolio increased by 8% as compared to same period last year. The Quarter under review has been a difficult one for the pharmaceutical industry, which as a whole suffered a decline of 6% for the Quarter under review.

Gross Profit (GP) percentage margins have shown an improvement of 5% in both nine months and 3rd quarter, reflecting the reduction in sales mix of imported products, which carry lower GP margin. At the group level, Gross Profit margins have shown a growth of 2% in nine months and 1% in 3rd quarter respectively.

Your Company reported Net Profit after Tax (NPAT) of Rs. 107.56 million for the Quarter and Rs. 466.65 million for nine months ended 31 March 2017.

Based on the Net Profit for the nine months ended 31 March 2017, the Earnings per Share (EPS), both basic and diluted, stand at Rs. 15.46 compared to EPS of Rs. 63.14 of same period last year.

BF Biosciences Limited Operational Status

The Company's subsidiary company BF Biosciences Limited closed its Net Sales at Rs. 456.26 million for the nine months ended 31 March 2017, with a decline of 45% in comparison with the last year same period. Net Profit after Tax (NPAT) for the nine months under review stood at Rs. 34.80 million. 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 Interferon. Apart from its HCV segment, the

Oncology portfolio of BF Biosciences Limited have shown a growth of 17% as compared to corresponding period.

Future Outlook

The current year under review has been a challenging one for the Company, particularly as several unlicensed generics of its HCV franchise have flooded the market. However, management is continuously working to explore growth opportunities and have a cautiously optimistic outlook for the business going forward.

The Company has filed application with DRAP for the registration of Epclusa ®, a pan-genotypic agent for the treatment of HCV. The import of Epclusa ®, on patient basis is expected to start in next quarter of the current financial year. Epclusa, which has 50% reduced treatment duration, and demonstrates high cure rates across all genotypes of HCV, presents another opportunity to change the landscape of HCV treatment in the country.

An added difficulty for the company during the Quarter under review has been the controversy around registration of medical devices in Pakistan. As the importer and distributor of Boston Scientific's range of medical devices, the company has always taken its regulatory responsibilities seriously, and registered its medical devices with DRAP well in time. However, in the confusion and chaos resulting from the recent controversy related to unregistered devices, all device imports came to a standstill, including those that were registered, resulting in shortages in the market. In the long term, there is no doubt that quality regulation of medical devices will be to the benefit of patients as well as quality device manufacturers, the supply shocks in the short term have been a detriment to the industry and the company's growth. The Medical Device Registration Rules are currently under review, and we hope that imports of medical devices will soon be regularized.

Acknowledgments

We would like to acknowledge the considerable efforts and dedication of our employees towards achievement of the Company's Objectives.

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

31 مارچ 2017 پر ختم ہونے والی نوامی کے مختصر عبوری مالیاتی نتائج پر ڈائریکٹرز کی جائزہ رپورٹ

ہم انتہائی مسرت سے 31 مارچ 2017 پر ختم ہونے والی نوامی کیلئے کمپنی کے فیروز پڑتال شدہ انفرادی اور انضمام کردہ مختصر عبوری مالیاتی نتائج پیش کرتے ہیں۔ انضمام کردہ مختصر عبوری مالیاتی نتائج میں فارمیٹیا ونیچر (98 فیصد ملکیت) اور ڈیلی کھینی BF بائیوسائنسز لمیٹڈ (80 فیصد ملکیت) کے مالیاتی نتائج ضم کئے گئے ہیں۔

آپریشنل اور مالیاتی کارکردگی

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

انضمام کردہ				انفرادی			
نوامی	نوامی	نوامی	نوامی	نوامی	نوامی	نوامی	نوامی
31 مارچ 2016	31 مارچ 2017	31 مارچ 2016	31 مارچ 2017	31 مارچ 2016	31 مارچ 2017	31 مارچ 2016	31 مارچ 2017
(ہزار روپے)							
2,869,967	1,043,690	9,337,846	3,710,299	2,608,577	866,243	8,471,076	3,175,090
1,115,026	419,385	3,807,207	1,587,016	1,028,742	382,269	3,422,938	1,453,267
687,606	119,507	2,582,242	609,039	659,492	112,749	2,388,371	586,415
(167,598)	(8,466)	(536,676)	(123,445)	(163,315)	(5,186)	(482,295)	(119,765)
520,008	111,041	2,045,566	485,594	496,177	107,563	1,906,076	466,651
خالص فروخت							
کل منافع							
قبل از ٹیکس منافع							
ٹیکس							
بعد از ٹیکس منافع							

کمپنی کی انفرادی فروخت (خالص) میں اس نوامی کے دوران گزشتہ سال کی اسی نوامی کے مقابلے میں 63% کمی ہوئی جبکہ تیسری سہ ماہی کے دوران گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 67% کمی دیکھنے میں آئی۔ گروپ کی فروخت (خالص) میں 31 مارچ 2017 پر ختم ہونے والی نوامی کے دوران گزشتہ سال کی اسی نوامی کے مقابلے میں 60% کمی دیکھنے میں آئی جبکہ 31 مارچ 2017 پر ختم ہونے والی تیسری سہ ماہی کے دوران گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 64% کمی واقع ہوئی۔

کمپنی کی فروخت (خالص) میں کمی کی بڑی وجہ اُن مصنوعات کی فروخت میں کمی ہے جو کمپنی گلیڈ سائنسز انکارپوریٹڈ سے فرینچائز کے تحت HCV کیلئے درآمد کرتی ہے۔ گلیڈ پورٹ فولیو کے علاوہ دیگر مصنوعات کی فروخت (خالص) میں پچھلے سال کے اسی عرصہ کے مقابلے میں 8% اضافہ ہوا۔ زیر جائزہ سہ ماہی فارماسیوٹیکل انڈسٹری کیلئے مشکل رہی ہے جس میں اس سہ ماہی کے دوران مجموعی طور پر 6% کمی دیکھنے میں آئی۔

کل منافع کی گنجائش میں اس نوامی اور تیسری سہ ماہی کے دوران 5% اضافہ ہوا، جس 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 کل منافع کی گنجائش میں اس نوامی کے دوران 2% اضافہ جبکہ تیسری سہ ماہی کے دوران 1% اضافہ ہوا۔

31 مارچ 2017 پر ختم ہونے والی سہ ماہی اور نوامی کے دوران کمپنی کا بعد از ٹیکس خالص منافع (NPAT) بائرنٹیپ 107.56 ملین روپے اور 466.65 ملین روپے رہا۔

31 مارچ 2017 پر ختم ہونے والی نوامی کے خالص منافع کی بنیاد پر، بنیادی اور تھمیل کردہ فی حصص آمدن (EPS) 15.46 روپے رہی جبکہ پچھلے سال کے اسی نوامی میں بنیادی اور تھمیل کردہ فی حصص آمدن (EPS) 63.14 روپے تھی۔

BF بائیوسائنسز لمیٹڈ کی آپریشنل صورتحال

31 مارچ 2017 پر ختم ہونے والی نوامی کے دوران کمپنی کی ڈیلی کھینی BF بائیوسائنسز لمیٹڈ کی فروخت (خالص) 456.26 ملین روپے رہی، جس میں پچھلے سال کی اسی نوامی کے مقابلے میں 45% کمی آئی۔ زیر جائزہ نوامی کے دوران بعد از ٹیکس خالص منافع (NPAT) 34.80 ملین روپے رہا۔ ڈیلی کھینی کے آپریشنل نتائج میں کمی کی وجہ HCV

کے مریضوں کیلئے منہ کے ذریعے لے جانے والی ادویات کی ایجاد ہے، جس سے انٹرفیرونز کی فروخت میں کمی آئی۔ HCV کے سیگنٹ کو پیچھے رکھتے ہوئے دیکھا جائے تو BF ہائیڈو سائز لمیٹڈ کے کینسر سے متعلقہ (آنکولوجی) پورٹ فولیو میں پچھلے سال کے اسی عرصہ کے مقابلہ میں 17% اضافہ دیکھنے میں آیا۔

مستقبل کے امکانات کا جائزہ

یہ زیر جائزہ سال کینی کیلئے مشکل رہا ہے، خاص طور پر اس لئے کہ مارکیٹ میں کینی کی HCV کی فریجائز کے غیر لائسنس شدہ جنیرکس کی بھرمار ہو گئی ہے۔ تاہم، انتظامیہ ترقی کے مواقع تلاش کرنے کیلئے مسلسل کام کر رہی ہے اور با احتیاط طور پر کاروبار کی ترقی کے بارے پر امید ہے۔

کینی نے ایچکوسا® (HCV کے علاج کیلئے ایک نیا نیا - جینوٹائپ ایجنٹ) کی رجسٹریشن کیلئے DRAP کو درخواست دے رکھی ہے۔ توقع ہے کہ مریضوں کی بنیاد پر ایچکوسا® کی دوا اس مالی سال کی اگلی سہ ماہی میں شروع ہو جائے گی۔ ایچکوسا کے ذریعے ملک میں HCV کے علاج کا منظر نامہ بدلنے کا ایک اور موقع ہاتھ میں آیا ہے کیونکہ ایچکوسا سے HCV کے علاج کا دورانیہ 50% کم ہو جاتا ہے اور HCV کے تمام جینوٹائپس کیلئے بلند شرح علاج دیکھنے کو ملی ہے۔

پاکستان میں طبی آلات کی رجسٹریشن کا تنازعہ زیر جائزہ سہ ماہی کے دوران کینی کیلئے مزید مشکل کا موجب بنا۔ بوسٹن سائنٹفک کے طبی آلات کی اپورٹ اور ڈسٹری بیوٹر ہونے کے ناطے کینی نے ہمیشہ اپنی قانونی ذمہ داریوں کو سنبھالی ہے اور اپنے طبی آلات کو DRAP کے ساتھ بروقت رجسٹر کروایا ہے۔ تاہم غیر رجسٹرڈ آلات سے متعلق حالیہ تنازعہ میں پیدا ہونے والی بے یقینی اور افراطی کی وجہ سے تمام آلات کی درآمد روک دی گئی جس میں رجسٹرڈ آلات بھی شامل تھے، جسکی وجہ سے مارکیٹ میں قلت پیدا ہو گئی۔ اس بات میں کوئی شک نہیں کہ طویل مدت میں طبی آلات کے معیار کیلئے قوانین سے مریضوں اور معیاری آلات بنانے والی کمپنیوں کو فائدہ پہنچے گا، مگر قلیل مدت میں آلات کی فراہمی میں قحطی انڈسٹری اور کینی کی ترقی کیلئے نقصان دہ رہا۔ طبی آلات کی رجسٹریشن کے ضابطہ کار (میڈیکل ڈیوائس رجسٹریشن رولز) کا اس وقت جائزہ لیا جا رہا ہے اور ہم امید کرتے ہیں کہ طبی آلات کی درآمد کا ضابطہ کار جلد طے پا جائے گا۔

اعتراف

ہم کینی کے مقاصد کے حصول کیلئے اپنے ملازمین کی نمایاں کوششوں اور لگن کا اعتراف کرنا چاہتے ہیں۔

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۔

یورڈ آف ڈائریکٹرز کی جانب سے

(مسز اختر خالد وجید)

چیئر پرسن

**CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET
 AS AT 31 MARCH 2017**

	Un-Audited 31 March 2017	Audited 30 June 2016
Note	-----Rupees-----	
EQUITY AND LIABILITIES		
<i>Share capital and reserves</i>		
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	301,868,410	301,868,410
Capital reserve	321,843	321,843
Accumulated profit	3,799,750,619	3,765,936,024
	4,101,940,872	4,068,126,277
Surplus on revaluation of property, plant and equipment - net of tax	812,830,585	832,797,085
<i>Non current liabilities</i>		
Deferred taxation	165,231,001	149,191,075
<i>Current liabilities</i>		
Trade and other payables	531,462,879	651,474,148
Short term borrowings - secured	231,020,721	-
Accrued mark-up	2,239,083	32,767
	764,722,683	651,506,915
	5,844,725,141	5,701,621,352
Contingencies and commitments	5	

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

 Chief Executive Officer

		Un-Audited 31 March 2017	Audited 30 June 2016
	Note	-----Rupees-----	
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	6	2,600,996,375	2,384,990,408
Intangibles		2,783,476	4,174,991
Long term investments	7	275,935,149	263,310,134
Long term deposits		7,066,325	6,351,325
		<u>2,886,781,325</u>	<u>2,658,826,858</u>
<u>Current assets</u>			
Stores, spare parts and loose tools		27,790,070	22,249,383
Stock in trade		1,724,793,030	1,866,923,740
Trade debts - considered good		534,021,648	387,586,473
Loans and advances - considered good		123,821,460	35,476,550
Deposits and prepayments		118,195,034	92,321,784
Other receivables		8,213,819	7,637,820
Short term investments	8	207,585,321	335,000,000
Income tax - net		113,637,020	45,918,965
Cash and bank balances	9	99,886,414	249,679,779
		2,957,943,816	3,042,794,494
		<u>5,844,725,141</u>	<u>5,701,621,352</u>

Director

**CONDENSED INTERIM UNCONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2017**

	Note	Nine months period ended		Three months period ended	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		Rupees			
Revenue - net	10	3,175,089,688	8,471,075,710	866,243,292	2,608,577,091
Cost of sales	11	(1,721,822,556)	(5,048,138,139)	(483,974,753)	(1,579,834,969)
Gross profit		1,453,267,132	3,422,937,571	382,268,539	1,028,742,122
Administrative expenses		(206,644,771)	(181,882,768)	(70,251,725)	(58,030,565)
Selling and distribution expenses		(637,892,515)	(701,737,564)	(206,777,682)	(254,850,641)
Other expenses		(46,233,066)	(238,807,153)	(4,620,953)	(89,980,054)
Other income		37,469,248	96,049,063	15,336,432	35,993,068
Profit from operations		599,966,028	2,396,559,149	115,954,611	661,873,930
Finance costs		(13,550,758)	(8,188,298)	(3,205,372)	(2,382,051)
Profit before taxation		586,415,270	2,388,370,851	112,749,239	659,491,879
Taxation		(119,764,560)	(482,294,631)	(5,186,239)	(163,314,967)
Profit after taxation		466,650,710	1,906,076,220	107,563,000	496,176,912
Earnings per share - basic and diluted		15.46	63.14	3.56	16.44

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 NINE MONTHS PERIOD ENDED 31 MARCH 2017**

	Nine months period ended		Three months period ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	-----Rupees-----			
Profit after taxation	466,650,710	1,906,076,220	107,563,000	496,176,912
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>466,650,710</u>	<u>1,906,076,220</u>	<u>107,563,000</u>	<u>496,176,912</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 STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2017**

	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	-	-	1,906,076,220	1,906,076,220
Surplus transferred to accumulated profit: - on account of incremental depreciation charged during the period - net of tax	-	-	4,304,452	4,304,452
<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)
- Interim dividend for the year ended 30 June 2016 at Rs. 10 per share	-	-	(301,868,410)	(301,868,410)
	-	-	(754,671,024)	(754,671,024)
Balance as at 31 March 2016 - un-audited	<u>301,868,410</u>	<u>321,843</u>	<u>3,556,766,588</u>	<u>3,858,956,841</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	-	-	466,650,710	466,650,710
Surplus transferred to accumulated profit: - on account of incremental depreciation charged during the period - net of tax	-	-	19,966,500	19,966,500
<i>Transactions with owners of the Company:</i>				
- Final dividend for the year ended 30 June 2016 at Rs. 12 per share	-	-	(362,242,092)	(362,242,092)
- Interim dividend for the year ended 30 June 2017 at Rs. 3 per share	-	-	(90,560,523)	(90,560,523)
	-	-	(452,802,615)	(452,802,615)
Balance as at 31 March 2017 - un-audited	<u>301,868,410</u>	<u>321,843</u>	<u>3,799,750,619</u>	<u>4,101,940,872</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 NINE MONTHS PERIOD ENDED 31 MARCH 2017**

	31 March 2017	31 March 2016
	-----Rupees-----	
<u>Cash flow from operating activities</u>		
Profit before taxation	586,415,270	2,388,370,851
<i>Adjustments for:</i>		
Depreciation	151,881,722	99,337,962
Amortisation	1,391,515	723,418
Gain on disposal of property, plant and equipment	(10,056,951)	(7,139,224)
Finance costs	13,550,758	8,188,298
Gain on re-measurement of short term investments to fair value	(9,001,585)	(29,199,661)
Gain on sale of short term investments	(3,171,520)	(22,017,455)
Profit on term deposits	(834,747)	(8,145,534)
Share in profit of Farmacia	(12,625,015)	(16,370,015)
Worker's Profit Participation Fund	31,246,017	128,269,111
Central Research Fund	6,312,327	25,912,952
Worker's Welfare Fund	7,259,052	48,742,262
	<u>175,951,573</u>	<u>228,302,114</u>
Cash generated from operations before working capital changes	762,366,843	2,616,672,965
Effect on cash flow due to working capital changes <i>(Increase) / decrease in current assets:</i>		
Stores, spare parts and loose tools	(5,540,687)	(12,910,951)
Advances, deposits, prepayments and other receivables	(115,481,597)	(37,124,595)
Stock in trade	142,130,710	(375,331,368)
Trade debts - considered good	(146,435,175)	(227,224,595)
	<u>(125,326,749)</u>	<u>(652,591,509)</u>
<i>(Decrease) / increase in current liabilities:</i>		
Trade and other payables	(76,265,913)	178,796,698
	<u>560,774,181</u>	<u>2,142,878,154</u>
Cash generated from operations	191,640,094	1,474,084,811
Taxes paid	(171,442,689)	(472,163,525)
Worker's Profit Participation Fund paid	(19,021,668)	(62,211,241)
Worker's Welfare Fund paid	(54,163,779)	(11,864,141)
Central Research Fund paid	(28,795,204)	(11,636,394)
Long term deposits	(715,000)	(12,500)
	<u>286,635,841</u>	<u>1,584,990,353</u>
Net cash generated from operating activities	286,635,841	1,584,990,353
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(372,622,035)	(539,447,593)
Acquisition of intangibles	-	(3,629,217)
Proceeds from sale of property, plant and equipment	14,791,302	9,888,775
Profit on term deposits	1,522,185	8,145,534
Acquisition of short term investments - net	139,587,784	(528,659,086)
	<u>(216,720,764)</u>	<u>(1,053,701,587)</u>
Net cash used in investing activities	(216,720,764)	(1,053,701,587)
<u>Cash flow from financing activities</u>		
Finance cost paid	(11,344,442)	(8,196,141)
Dividend paid	(439,384,721)	(728,558,036)
	<u>(450,729,163)</u>	<u>(736,754,177)</u>
Net cash used in financing activities	(450,729,163)	(736,754,177)
Net decrease in cash and cash equivalents	(380,814,086)	(205,465,411)
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	<u>(131,134,307)</u>	<u>248,500,818</u>
Cash and cash equivalents comprise of the following:		
Cash and bank balances	99,886,414	248,500,818
Running finance	(231,020,721)	-
	<u>(131,134,307)</u>	<u>248,500,818</u>

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 NINE MONTHS PERIOD ENDED 31 MARCH 2017**

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 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 31 March 2017 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated cash flow statement together with the notes forming part thereof.

2.1.2 This condensed interim unconsolidated financial information of the Company for the nine months period ended 31 March 2017 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, statement of changes in equity and cash flow statement are stated from unaudited condensed interim unconsolidated financial information of the Company for the nine months period ended 31 March 2016.

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 except for the following:

As of 30 June 2016, the Company has revised its estimate of the remaining

useful life of building on freehold land and plant and machinery. As a result, the remaining useful life of these revalued assets have been revised from 5 years to 10 years. This change in estimate of useful life of revalued assets has been applied prospectively as required under IAS-8 'Accounting policies, changes in accounting estimates and errors'. Had the useful life estimate not been revised, the depreciation charge for the current period would have been higher by Rs. 48 million for building on free hold land and Rs. 50 million for plant and machinery.

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.

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 2017:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS 12 - Income Taxes	01 January 2017
IAS 7 - Statement of Cash Flows	01 January 2017
IAS 40 - Investment Property	01 January 2018
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2017
IFRS 2 - Share-based Payment	01 January 2018
IAS 28 - Investments in Associates and Joint Ventures	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018

	Un-Audited 31 March 2017	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	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 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 secured against current assets and short term investments 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 31 March 2017 for capital expenditure was Rs. 3.09 million (30 June 2016: Rs. 183.83 million) and for other than capital expenditure was Rs. 179.09 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 31 March 2017 for capital expenditure was Rs. 2.2 million (30 June 2016: Rs. Nil) and for other than capital expenditure was Rs. 12.53 million (30 June 2016: Rs. 20.60 million). This facility is secured by first pari passu charge over current assets of the company. Lien is also marked over import documents.

	Un-Audited 31 March 2017	Audited 30 June 2016
	-----Rupees-----	
6 Property, plant and equipment		
Cost		
Opening balance at beginning of the period / year	2,222,856,411	1,484,860,787
Additions during the period / year	56,777,104	133,062,401
Transfers from CWIP during the period / year	431,478,540	376,286,460
Disposals during the period / year	(24,713,688)	(34,266,895)
Revaluation surplus	-	262,913,658
Closing balance at end of the period / year	2,686,398,367	2,222,856,411
Accumulated depreciation		
Opening balance at beginning of the period / year	185,948,373	366,853,196
Depreciation for the period / year	151,881,722	138,760,682
On disposals	(19,979,347)	(18,589,772)
Revaluation surplus	-	(301,075,733)
Closing balance at end of the period / year	317,850,748	185,948,373
Operating fixed assets - net book value	2,368,547,619	2,036,908,038
Capital work in progress - at cost	232,448,756	348,082,370
	2,600,996,375	2,384,990,408

		Un-Audited 31 March 2017	Audited 30 June 2016
	Note	-----Rupees-----	
7	Long term investments		
	<u>Related parties - at cost:</u>		
	Farmacia (partnership firm)	7.1 123,935,189	111,310,174
	BF Biosciences Limited	7.2 151,999,960	151,999,960
		<u>275,935,149</u>	<u>263,310,134</u>

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.

8 Short term investments

Loans and receivables

Term deposits with banks - local currency 8.1 - 335,000,000

Investments at fair value through profit or loss - listed securities

Held for trading	8.2	207,585,321	-
		<u>207,585,321</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 maintained under mark up arrangements.

8.2 Following investments are classified as:

No. of units		Mutual Funds	Fair Value	
Un-audited 31 March 2017	Audited 30 June 2016		Un-audited 31 March 2017	Audited 30 June 2016
			----- Rupees -----	
1,950,379	-	HBL Money Market Fund	207,585,321	-

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. 3.17 million (31 March 2016: Rs. 22.02 million) has been recorded in the current period in "other income". These investments comprise of mutual funds (money market / income fund).

8.3 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. 16.60 million (30 June 2016: Rs. 9.8 million) under mark up arrangements, which carry interest rates ranging from 3.7% - 5.35% (30 June 2016: 3.9% - 4.9%) per annum.

These also include deposit account of Rs. 2.98 million (30 June 2016: Rs. 4.6 million) under Shariah compliant arrangements, which carries profit rate ranging from 2.40% - 2.85% (30 June 2016: 2.50% - 2.85%) per annum.

	Un-audited		Un-audited	
	Nine months period ended		Three months period ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Note ----- Rupees -----			
10 Revenue - net				
Gross sales:				
Local	3,284,781,955	8,671,334,794	936,353,529	2,706,338,090
Export	139,935,535	152,930,975	26,172,029	24,250,201
	<u>3,424,717,490</u>	<u>8,824,265,769</u>	<u>962,525,558</u>	<u>2,730,588,291</u>
Less:				
Sales returns	(89,119,916)	(217,094,922)	(39,328,168)	(100,545,410)
Discounts and commission	(148,510,170)	(135,553,415)	(53,273,942)	(21,405,093)
Sales tax	(11,997,716)	(541,722)	(3,680,156)	(60,697)
	<u>(249,627,802)</u>	<u>(353,190,059)</u>	<u>(96,282,266)</u>	<u>(122,011,200)</u>
	<u>3,175,089,688</u>	<u>8,471,075,710</u>	<u>866,243,292</u>	<u>2,608,577,091</u>
11 Cost of sales				
Raw and packing materials consumed <i>11.1</i>	547,790,274	513,226,050	189,105,164	182,012,554
Other manufacturing expenses	328,019,301	260,078,387	115,719,558	90,579,853
	<u>875,809,575</u>	<u>773,304,437</u>	<u>304,824,722</u>	<u>272,592,407</u>
Opening	24,195,375	31,321,035	38,502,875	33,549,840
Closing	(40,880,120)	(37,884,973)	(40,880,120)	(37,884,973)
	<u>(16,684,745)</u>	<u>(6,563,938)</u>	<u>(2,377,245)</u>	<u>(4,335,133)</u>
Cost of goods manufactured	<u>859,124,830</u>	<u>766,740,499</u>	<u>302,447,477</u>	<u>268,257,274</u>
Finished stock:				
Opening	1,526,340,345	890,680,428	1,260,881,619	1,284,465,783
Purchases made during the period	589,453,840	4,620,865,992	173,742,116	1,257,260,692
Closing	(1,253,096,459)	(1,230,148,780)	(1,253,096,459)	(1,230,148,780)
	<u>862,697,726</u>	<u>4,281,397,640</u>	<u>181,527,276</u>	<u>1,311,577,695</u>
	<u>1,721,822,556</u>	<u>5,048,138,139</u>	<u>483,974,753</u>	<u>1,579,834,969</u>
11.1 Raw and packing materials consumed				
Opening	301,363,782	279,911,865	335,223,246	254,881,398
Purchases made during the period	603,892,810	519,958,053	211,348,236	213,775,024
	<u>905,256,592</u>	<u>799,869,918</u>	<u>546,571,482</u>	<u>468,656,422</u>
Closing	(357,466,318)	(286,643,868)	(357,466,318)	(286,643,868)
	<u>547,790,274</u>	<u>513,226,050</u>	<u>189,105,164</u>	<u>182,012,554</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 2017. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim unconsolidated financial information for the period ended 31 March 2017.

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	
	Nine months period ended	
	31 March 2017	31 March 2016
	----- Rupees -----	
<i>Farmacia - 98% owned subsidiary partnership firm</i>		
Sale of medicines	18,608,104	1,466,838
Payment received against sale of medicine	18,608,104	1,606,341
Share of profit reinvested	12,625,015	16,370,015
Rental expenses	2,471,335	2,246,667
<i>BF Biosciences Limited - 80% owned subsidiary company</i>		
Sale of finished goods	64,340,526	90,524,074
Payment received against sale of finished goods	64,340,526	91,312,182
Purchase of medicine	1,670,936	31,182,332
Payment made against purchase of medicine	1,670,936	31,693,597
Marketing fee / (Income)	6,176,724	(1,578,172)
Lease rental (income)	-	(150,000)
Expenses incurred / (reimbursed)	15,541,057	7,674,326
(Payment made) / received	(21,717,781)	(8,546,665)
<i>Khan & Piracha - associated</i>		
Professional services charges	-	9,000
<i>Other related parties</i>		
Contribution towards employees' provident fund	19,439,678	17,235,090
Remuneration including benefits and perquisites of key management personnel	103,265,328	82,465,258
Payment into Workers' Profit Participation Fund	19,021,668	62,211,241
Dividend to KFW Factors (Private) Limited	124,304,130	207,304,130
Dividend to directors	44,193,540	87,484,910

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.

20

	Carrying Amount		Fair Value				
	Fair Value through Income Statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----							
31 March 2017 - (Un-audited)							
Financial assets measured at fair value:							
Short term investments	207,585,321	-	-	207,585,321	207,585,321	-	-
Financial assets not measured at fair value:							
Long term deposits	-	7,066,325	-	7,066,325	-	-	-
Trade debts - considered good	-	534,021,648	-	534,021,648	-	-	-
Loans and advances - considered good	-	1,221,344	-	1,221,344	-	-	-
Short term deposits	-	109,511,624	-	109,511,624	-	-	-
Other receivables	-	110,240	-	110,240	-	-	-
Short term investments	-	-	-	-	-	-	-
Bank balances	86,390,517	-	-	86,390,517	-	-	-
	86,390,517	651,931,181	-	738,321,698	-	-	-
Financial liabilities measured at fair value:							
Trade and other payables	-	-	409,731,982	409,731,982	-	-	-
Short term borrowings - secured	-	-	231,020,721	231,020,721	-	-	-
Accrued mark-up	-	-	2,239,083	2,239,083	-	-	-
	-	-	642,991,786	642,991,786	-	-	-
30 June 2016 - (Audited)							
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	-	972,285	-	972,285	-	-	-
Short term deposits	-	91,162,023	-	91,162,023	-	-	-
Other receivables	-	4,894,747	-	4,894,747	-	-	-
Short term investments	246,571,589	-	-	246,571,589	-	-	-
Bank balances	246,571,589	825,966,833	-	1,072,538,422	-	-	-
Financial liabilities measured at fair value:							
Trade and other payables	-	-	486,717,750	486,717,750	-	-	-
Short term borrowings - secured	-	-	32,767	32,767	-	-	-
Accrued mark-up	-	-	486,750,517	486,750,517	-	-	-

15 Date of authorization for issue

The The Board of Directors of the Company in its meeting held on 27 April 2017 has authorized to issue these condensed interim unconsolidated financial statements.

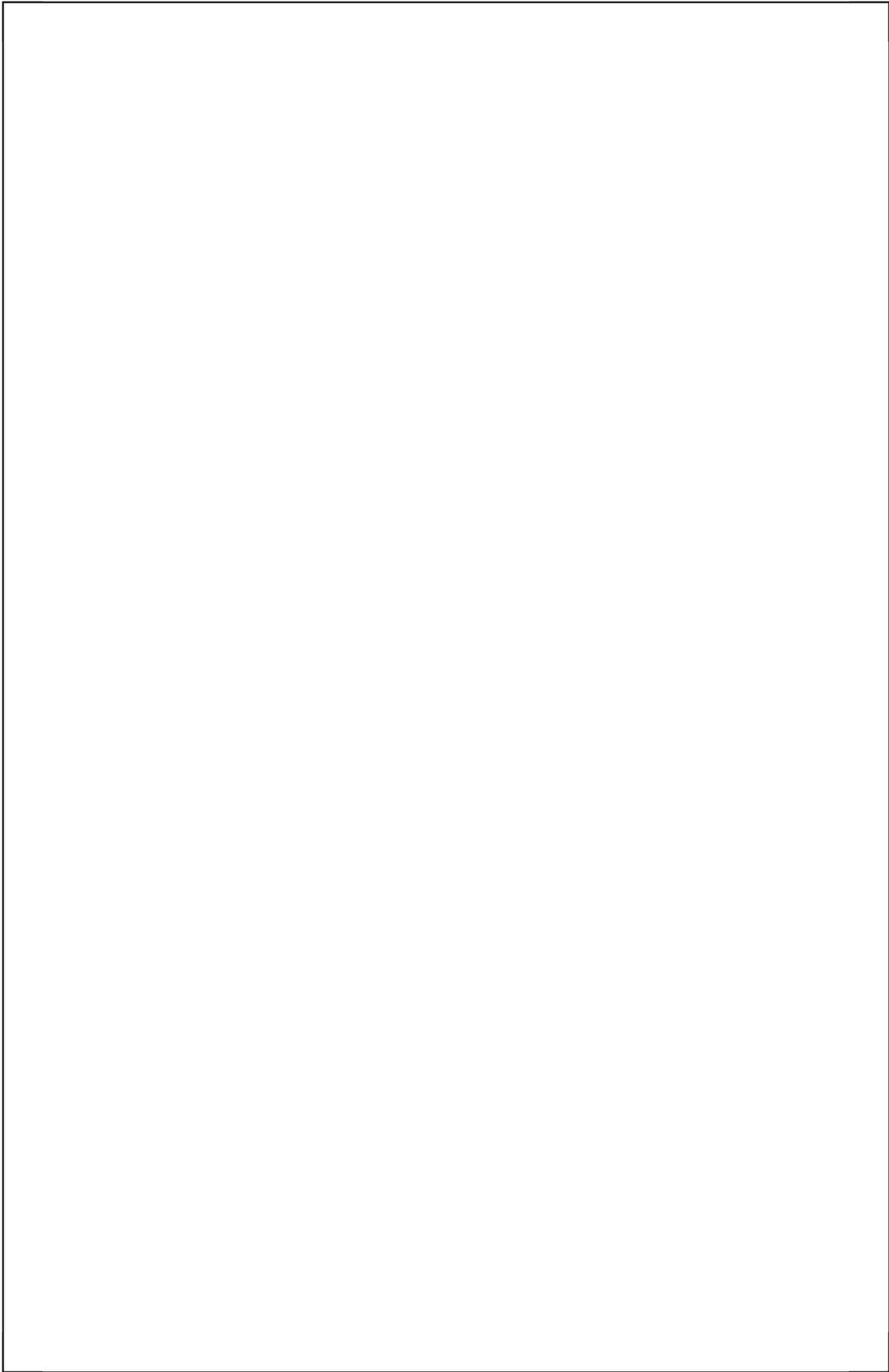
16 General

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

16.2 Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director





***Condensed Interim
Consolidated Financial
Information for the
Nine Months Period
Ended 31 March 2017***



**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
 AS AT 31 MARCH 2017**

	Un-Audited 31 March 2017	Audited 30 June 2016
EQUITY AND LIABILITIES	Note	-----Rupees-----
<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	4,340,743,337	4,279,679,051
Equity attributable to owners of the Company	4,642,933,590	4,581,869,304
Non-controlling interests	175,487,221	168,681,094
	4,818,420,811	4,750,550,398
Surplus on revaluation of property, plant and equipment - net of tax	987,660,377	1,022,739,340
<u>Non current liabilities</u>		
Deferred taxation	270,564,989	268,664,070
<u>Current liabilities</u>		
Trade and other payables	647,796,265	778,287,566
Short term borrowings - secured	5 231,020,721	42,851,551
Accrued mark-up	2,239,083	138,692
	881,056,069	821,277,809
	6,957,702,246	6,863,231,617
Contingencies and commitments	6	

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

 Chief Executive Officer

	Un-Audited 31 March 2017	Audited 30 June 2016
ASSETS	Note	-----Rupees-----
<u>Non-current assets</u>		
Property, plant and equipment	7	3,146,908,306
Intangibles		3,764,202
Long term deposits		11,053,325
		<u>3,161,725,833</u>
<u>Current assets</u>		
Stores, spare parts and loose tools		52,062,035
Stock in trade		1,983,616,065
Trade debts - considered good		613,315,590
Loans and advances - considered good		130,885,915
Deposits and prepayments		139,851,040
Other receivables		8,111,888
Short term investments	8	527,361,318
Income tax - net		128,686,195
Cash and bank balances	9	212,086,367
		<u>3,795,976,413</u>
		44,734,010
		2,071,316,936
		447,354,701
		43,691,073
		116,441,665
		7,637,820
		667,166,585
		55,178,359
		<u>384,757,803</u>
		<u>3,838,278,952</u>
		<u><u>6,957,702,246</u></u>
		<u><u>6,863,231,617</u></u>

Director

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2017**

	Note	Nine months period ended		Three months period ended	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		Rupees			
Revenue - net	10	3,710,299,172	9,337,846,490	1,043,690,465	2,869,966,831
Cost of sales	11	(2,123,282,878)	(5,530,639,598)	(624,305,547)	(1,754,940,561)
Gross profit		1,587,016,294	3,807,206,892	419,384,918	1,115,026,270
Administrative expenses		(241,568,607)	(207,520,713)	(83,440,035)	(67,744,668)
Selling and distribution expenses		(722,420,417)	(853,872,877)	(229,076,439)	(302,119,250)
Other expenses		(50,891,715)	(256,291,430)	(5,865,698)	(92,883,037)
Other income		51,722,931	101,864,914	22,070,331	38,014,479
Profit from operations		623,858,486	2,591,386,786	123,073,077	690,293,794
Finance costs		(14,819,284)	(9,145,282)	(3,566,485)	(2,687,794)
Profit before taxation		609,039,202	2,582,241,504	119,506,592	687,606,000
Taxation		(123,445,136)	(536,675,833)	(8,466,070)	(167,597,681)
Profit after taxation		485,594,066	2,045,565,671	111,040,522	520,008,319
Attributable to:					
Owners of the Company		481,810,432	2,016,404,116	110,114,404	515,125,620
Non-controlling interests		3,783,634	29,161,555	926,118	4,882,699
Profit after taxation		485,594,066	2,045,565,671	111,040,522	520,008,319
Earnings per share - basic and diluted		15.96	66.80	3.65	17.06

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

 Chief Executive Officer

 Director

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF
 COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2017**

	Nine months period ended		Three months period ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	----- Rupees -----			
Profit after taxation	485,594,066	2,045,565,671	111,040,522	520,008,319
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	485,594,066	2,045,565,671	111,040,522	520,008,319
Attributable to:				
Owners of the Company	481,810,432	2,016,404,116	110,114,404	515,125,620
Non-controlling interests	3,783,634	29,161,555	926,118	4,882,699
	485,594,066	2,045,565,671	111,040,522	520,008,319

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

 Chief Executive Officer

 Director

**CONDENSED INTERIM CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2017**

	Attributable to Owners of the Company			Non-controlling interests	Total	
	Share capital	Capital reserve	Accumulated profit			
	----- 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	-	-	2,016,404,116	2,016,404,116	29,161,555	2,045,565,671
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	-	-	7,239,938	7,239,938	733,872	7,973,810
Transactions with owners of the Company:						
-Final dividend for the year ended 30 June 2015 at Rs. 15 per share			(452,802,614)	(452,802,614)	-	(452,802,614)
-Interim dividend for the year ended 30 June 2016 at Rs. 10 per share			(301,868,410)	(301,868,410)	-	(301,868,410)
			(754,671,024)	(754,671,024)	-	(754,671,024)
Balance as at 31 March 2016 - unaudited	301,868,410	321,843	4,080,306,086	4,382,496,339	168,549,790	4,551,046,129
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	-	-	481,810,432	481,810,432	3,783,634	485,594,066
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	-	-	32,056,469	32,056,469	3,022,493	35,078,962
Transactions with owners of the Company:						
-Final dividend for the year ended 30 June 2016 at Rs. 12 per share	-	-	(362,242,092)	(362,242,092)	-	(362,242,092)
-Interim dividend for the year ended 30 June 2017 at Rs. 3 per share	-	-	(90,560,523)	(90,560,523)	-	(90,560,523)
	-	-	(452,802,615)	(452,802,615)	-	(452,802,615)
Balance as at 31 March 2017 - unaudited	301,868,410	321,843	4,340,743,337	4,642,933,590	175,487,221	4,818,420,811

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

Chief Executive Officer

Director

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2017**

	31 March 2017	31 March 2016
	-----Rupees-----	
<i>Cash flow from operating activities</i>		
Profit before taxation	609,039,202	2,582,241,504
<i>Adjustments for:</i>		
Depreciation	239,723,881	168,818,055
Amortisation	1,775,185	1,132,513
Gain on disposal of property, plant and equipment	(12,425,883)	(8,977,122)
Finance costs	14,819,284	9,145,282
Provision for doubtful debts	6,000	-
Un-realised gain on re-measurement of short term investments to fair value	(30,810,589)	(44,420,425)
Gain on sale of short term investments	(3,971,927)	(22,605,059)
Profit on term deposits	(834,747)	(8,145,534)
Workers' Profit Participation Fund	33,669,021	139,374,121
Workers' Welfare Fund	8,337,176	52,962,166
Central Research Fund	6,801,823	28,156,388
	<u>257,089,224</u>	<u>315,440,385</u>
Cash generated from operations before working capital changes	866,128,426	2,897,681,889
<i>Effect on cash flow due to working capital changes</i>		
<i>Decrease / (increase) in current assets</i>		
Stores, spare parts and loose tools	(7,328,025)	(14,297,076)
Loans, advances, deposits and prepayments	(111,078,285)	(42,065,588)
Stock in trade	87,700,871	(453,173,668)
Trade debts - considered good	(165,966,889)	(250,801,078)
	<u>(196,672,328)</u>	<u>(760,337,410)</u>
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(73,710,034)	227,769,262
	<u>(73,710,034)</u>	<u>227,769,262</u>
Cash generated from operations	595,746,064	2,365,113,741
Taxes paid	(195,052,053)	(539,757,214)
Workers' Profit Participation Fund paid	(28,875,639)	(77,680,616)
Workers' Welfare Fund paid	(58,846,725)	(17,669,077)
Central Research Fund paid	(31,284,809)	(14,722,485)
Long term deposits	(715,000)	(12,500)
	<u>(284,773,226)</u>	<u>(649,841,332)</u>
Net cash generated from operating activities	280,971,838	1,715,271,849
<i>Cash flow from investing activities</i>		
Acquisition of property, plant and equipment	(383,347,827)	(563,110,301)
Acquisition of intangibles	-	(5,164,117)
Proceeds from sale of property, plant and equipment	18,216,467	13,086,342
Profit on term deposits	834,747	8,145,534
Acquisition of short term investments - net	174,587,783	(892,115,100)
	<u>(189,708,830)</u>	<u>(1,439,157,642)</u>
Net cash used in investing activities	(189,708,830)	(1,439,157,642)
<i>Cash flow from financing activities</i>		
Finance cost paid	(12,718,893)	(9,153,125)
Dividend paid	(439,384,721)	(728,558,036)
	<u>(452,103,614)</u>	<u>(737,711,161)</u>
Net cash used in financing activities	(452,103,614)	(737,711,161)
Net decrease in cash and cash equivalents	(360,840,606)	(461,596,954)
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	(18,934,354)	318,569,848
Cash and cash equivalents comprise of the following:		
Cash and bank balances	212,086,367	329,868,143
Running finance	(231,020,721)	(11,298,295)
	<u>(18,934,354)</u>	<u>318,569,848</u>

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

Chief Executive Officer

Director

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2017**

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 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 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 March 2017 and the related condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated cash flow statement 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 nine months period ended on 31 March 16.

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 Judgements and estimates

In preparing this interim consolidated financial information, management has made judgments, 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2016 except for the following:

As of 30 June 2016, the Holding Company has revised its estimate of the remaining useful life of building on freehold land and plant and machinery. As a result, the remaining useful life of these revalued assets have been revised from 5 years to 10 years. This change in estimate of useful life of revalued assets has been applied prospectively as required under IAS-8 'Accounting policies, changes in accounting estimates and errors'. Had the useful life estimate not been revised, the depreciation charge for the current period would have been higher by Rs. 48 million for building on free hold land and Rs. 49.65 million for plant and machinery.

3.3 Statement of consistency in accounting policies

3.2.1 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.

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 2017:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS 12 - Income Taxes	01 January 2017
IAS 7 - Statement of Cash Flows	01 January 2017
IAS 40 - Investment Property	01 January 2018
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2017
IFRS 2 - Share-based Payment	01 January 2018
IAS 28 - Investments in Associates and Joint Ventures	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018

	Un-Audited 31 March 2017	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 secured against current assets and short term investments 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 31 March 2017 for capital expenditure was Rs. 3.09 million (30 June 2016: Rs. 183.83 million) and for other than capital expenditure was Rs. 192.09 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 31 March 2017 for capital expenditure was Rs. 2.2 million (30 June 2016: Rs. Nil) and for other than capital expenditure was Rs. 12.53 million (30 June 2016: Rs. 20.60 million). This facility is secured by first pari passu charge over current assets of the Holding Company. Lien is also marked over import documents.

	Un-Audited 31 March 2017	Audited 30 June 2016
7 Property, plant and equipment		
Cost		
Opening balance	2,907,402,205	2,416,957,048
Additions during the period / year	58,456,542	144,141,959
Transfer / adjustment during the period / year	443,212,007	401,392,416
Disposals during the period / year	(30,501,139)	(30,491,276)
Revaluation surplus	-	(24,597,942)
Closing balance	3,378,569,615	2,907,402,205
Accumulated depreciation		
Opening balance	252,545,028	846,991,392
Depreciation for the period / year	239,723,881	233,406,272
Relating to disposals	(24,710,555)	(24,792,574)
Revaluation surplus	-	(803,060,062)
Closing balance	467,558,354	252,545,028
Operating assets-net book value	2,911,011,261	2,654,857,177
Capital work in progress	235,897,045	354,217,767
Net book value	3,146,908,306	3,009,074,944

8 Short term investments
Loans and receivables

Term deposits with banks - local currency 8.1 - 335,000,000

Investments at fair value through profit or loss - listed securities

Held for trading 8.2 **527,361,318** 332,166,585

527,361,318 **667,166,585**

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.

8.2 Following investments are classified as:

No. of units		Mutual Funds	Fair value	
Un-audited 31 March 2017	Audited 30 June 2016		Un-audited 31 March 2017	Audited 30 June 2016
			----- Rupees -----	
4,343,375	5,126,903	MCB Pakistan Cash Management Fund	231,404,178	257,366,938
189,850	189,850	MCB Pakistan Stock Market Fund	21,864,001	16,534,010
151,800	255,964	Faysal Money Market Fund	16,175,789	25,941,373
3,210,833	3,206,485	ABL Government Securities Fund	33,906,716	32,200,804
1,951,595	1,216	HBL Money Market Fund	207,714,722	123,460
149,120	-	Investment in Faysal MTS Fund	15,538,324	-
7,124	-	Faysal Bank Savings Growth Fund	757,587	-
			527,361,318	332,166,585

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. 3.97 million (31 March 2016: Rs. 22.61 million) has been recorded in the current period in "other income". These investments comprise of mutual funds (money market / income fund).

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. 80.86 million (30 June 2016: Rs. 89.14 million) under mark up arrangements, which carry interest rates ranging from 3.7% - 5.35% (30 June 2016: 3.82% - 6%) per annum.

These also include deposit account of Rs. 2.98 million (30 June 2016: Rs. 4.6 million) under Shariah compliant arrangements, which carries profit rate ranging from 2.40% - 2.85% (30 June 2016: 2.50% - 2.85%) per annum.

Un-audited		Un-audited	
Nine months period ended		Three months period ended	
31 March	31 March	31 March	31 March
2017	2016	2017	2016
----- Rupees -----			

Note

10 Revenue - net

Gross sales:

Local	3,890,494,940	9,634,897,846	1,127,541,354	3,001,077,173
Export	161,279,776	161,369,610	30,201,912	24,250,201
	4,051,774,716	9,796,267,456	1,157,743,266	3,025,327,374

Less:

Sales returns	(101,851,176)	(223,792,102)	(43,635,320)	(106,355,931)
Discounts and commission	(224,898,123)	(232,792,304)	(65,775,123)	(48,477,319)
Sales tax	(14,726,245)	(1,836,560)	(4,642,358)	(527,293)
	(341,475,544)	(458,420,966)	(114,052,801)	(155,360,543)
	3,710,299,172	9,337,846,490	1,043,690,465	2,869,966,831

11 Cost of sales

Raw and packing materials consumed	11.1	610,696,941	740,907,283	208,050,472	232,351,668
Other manufacturing expenses		514,334,711	440,157,342	174,756,468	150,647,753
		1,125,031,652	1,181,064,625	382,806,940	382,999,421

Work in process:

Opening	96,389,128	44,914,516	96,783,220	119,110,192
Closing	(86,336,685)	(109,378,366)	(86,336,685)	(109,378,366)
	10,052,443	(64,463,850)	10,446,535	9,731,826

Cost of goods manufactured

	1,135,084,095	1,116,600,775	393,253,475	392,731,247
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Finished stock:

Opening	1,597,678,787	956,803,313	1,367,958,863	1,368,311,812
Purchases made during the period	738,235,309	4,758,187,952	210,808,522	1,294,849,944
Closing	(1,347,715,313)	(1,300,952,442)	(1,347,715,313)	(1,300,952,442)
	988,198,783	4,414,038,823	231,052,072	1,362,209,314
	2,123,282,878	5,530,639,598	624,305,547	1,754,940,561

Un-audited		Un-audited	
Nine months period ended		Three months period ended	
31 March	31 March	31 March	31 March
2017	2016	2017	2016

-----Rupees-----

11.1 Raw and packing materials consumed

Opening	357,353,488	365,200,196	449,478,950	322,105,187
Purchases made during the period	729,502,991	738,740,105	234,731,060	273,279,499
	1,086,856,479	1,103,940,301	684,210,010	595,384,686
Closing	(476,159,538)	(363,033,018)	(476,159,538)	(363,033,018)
	610,696,941	740,907,283	208,050,472	232,351,668

- 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 intends to distribute sufficient cash dividend for the year ended 30 June 2017. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim consolidated financial information for the period ended 31 March 2017.

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:

	Un-audited	
	Nine months period ended	
	31 March	30 June
	2017	2016

-----Rupees-----

Other related parties		
Contribution towards employees' provident fund	23,652,197	21,232,783
Remuneration including benefits and perquisites of key management personnel	126,314,448	96,464,052

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.

15 Date of authorization for issue

The Board of Directors of the Holding Company in its meeting held on 27 April 2017 has authorized to issue these condensed interim consolidated financial statements.

16 General

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

16.2 Figures have been rounded off to the nearest rupee.

Chief Executive Officer

Director

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