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***Condensed Interim  
Financial Information  
for the Quarter Ended  
30 September 2017***

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**FEROZSONS**  
LABORATORIES LIMITED



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## CORPORATE INFORMATION

### Board of Directors

Mrs. Akhter Khalid Waheed  
 Mr. Osman Khalid Waheed  
 Mrs. Amna Piracha Khan  
 Ms. Munize Azhar Peracha  
 Mr. Nihal F. Cassim  
 Mr. Shahid Anwar  
 Mr. Arshad Saeed Husain

Chairperson  
 Chief Executive

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

### Audit Committee

Mr. Arshad Saeed Husain  
 Mrs. Amna Piracha Khan  
 Mr. Nihal F. Cassim  
 Mr. Shahid Anwar

Chairman  
 Member  
 Member  
 Member

### Investment Committee

Mr. Nihal F. Cassim  
 Mr. Osman Khalid Waheed  
 Mr. Shahid Anwar

Chairman  
 Member  
 Member

### HR & Remuneration Committee

Mr. Shahid Anwar  
 Mr. Osman Khalid Waheed  
 Mr. Nihal F. Cassim  
 Mr. Arshad Saeed Husain

Chairman  
 Member  
 Member  
 Member

### Company Secretary / Chief Financial Officer

Syed Ghausuddin Saif

### Share Registrar

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

### Head of Internal Audit

Mr. Rizwan Hameed Butt

### External Auditors

KPMG Taseer Hadi & Co.  
 Chartered Accountants

### Factory

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

### Internal Auditors

EY Ford Rhodes  
 Chartered Accountants

### Bankers

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

### Head Office

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

### Legal Advisors

Khan & Piracha

### Sales Office Lahore

43-Al 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

## **DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017**

We are pleased to present a brief review of your Company's un-audited Standalone and Consolidated condensed interim financial information for the three months ended 30 September 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:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>3 Months 30-Sep-17</b>	3 Months 30-Sep-16	<b>3 Months 30-Sep-17</b>	3 Months 30-Sep-16
<b>(Rupees in thousand)</b>				
<b>Sales (net)</b>	<b>905,296</b>	1,155,079	<b>1,039,325</b>	1,331,858
<b>Gross Profit</b>	<b>363,433</b>	524,607	<b>381,475</b>	588,007
<b>Profit before tax</b>	<b>94,212</b>	242,777	<b>80,810</b>	262,231
<b>Taxation</b>	<b>(33,506)</b>	(42,250)	<b>(19,779)</b>	(44,795)
<b>Profit after tax</b>	<b>60,706</b>	200,528	<b>61,031</b>	217,436

Standalone Net Sales of your Company showed a decline of 22% during the 1st Quarter under review over same corresponding period last year. At the group level, Net Sales showed a decline of 22% during the 1st Quarter under review over same period last year.

The decline in Net Sales of the Company is mainly due to decrease in 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.

Gross Profit (GP) percentage margins have declined by 5% during the 1st Quarter under review over same corresponding period last year. The decrease in GP margin is mainly due to provision for slow moving stock of Sovaldi amounting to Rs 50 million. As explained in the director's report for financial year ended 2017, the treatment landscape of HCV has been significantly changed with the introduction of over 50 generics of Sovaldi at multiple prices, and with varying market practices. Consequently, sales of Sovaldi have been adversely affected. As a matter of prudence, management is reviewing the provision for slow-moving stock of Sovaldi on quarterly basis. Provision for slow moving stock is booked on the basis of available shelf life of the stock and forecasted sales. At the group level, Gross Profit margins have declined by 7% during the 1st Quarter under review over same period last year.

Your Company reported Net Profit after Tax (NPAT) of Rs. 60.71 million for the 1st Quarter ended 30 September 2017.

Based on the Net Profit for the three months ended 30 September 2017, the Earnings per Share (EPS), both basic and diluted, stand at Rs. 2.01 compared to EPS of Rs. 6.64 of same period last year.

### **BF Biosciences Limited Operational Status**

The Company's subsidiary company BF Biosciences Limited closed its Net Sales at Rs. 116.65 million for the three months ended 30 September 2017, with a decline of 81% in comparison with the last year same period. Net Loss after Tax (NLAT) for the three months under review

stood at Rs. 0.44 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. After several years of pending applications with the DRAP, we are glad to report that we have finally obtained registrations of additional products in our range of Erythropoietin products for Chronic Kidney Disease – these should help expand our market share in dialysis centers across the country.

### **Future Outlook**

Ferozsons being a patient centric company is committed to bring latest medical treatments for the markets it serves. As a part of bringing world class therapies at an affordable price we have launched our generic version of daclatasvir under the brand name of Daklana. Daklana will be used in combination with Sovaldi®/Savera for treatment of HCV and will half the treatment cost along with more access to HCV treatment for patients in Pakistan.

Sales of the company's branded generics in gastroenterology, cardiology and diabetes, which form a high portion of the company's profitability, have registered a healthy and sustained increase. We plan to launch additional brands in the diabetes space in the coming quarter.

Our application for registration of Epclusa®, a pan-genotypic agent for the treatment of HCV is pending with DRAP, however named-patient imports of Epclusa®, have started. Epclusa has a 50% reduced treatment duration (90 days vs 180 days with Sovaldi and Ribavirin), demonstrates high cure rates across all genotypes of HCV, thus eliminating the need for expensive genotype testing, and represents a single-tablet regimen that will once again change the treatment landscape of HCV in the country.

Subsequent to quarter-end we were also able to secure substantial institutional business from different government institutions for supply of medical devices and drugs for HCV treatment. Sales against these orders will be reflected as and when supplies are made.

As a part of our strategy to offer complete medical solutions in areas of critical need, we have expanded our medical technologies division to include medical equipment from GE Healthcare. By the Grace of Almighty we were able to secure a direct order for our principal, from public sector for import of 60 portable ultrasound machines, which should help improve antenatal care in peri-urban and rural parts of the Province.

As per last available data, the Mother Mortality Rate (MMR) of Pakistan is estimated to be around 260 deaths per 100,000 births, which is the highest in the region after Afghanistan. One of the main reasons for high MMR is the lack of prenatal diagnosis facilities in the rural and peri-urban areas. As per provisional census population, the top ten cities of Pakistan account for only 20% of the total population, implying a major need to improve the standard of healthcare provision in the rural and peri-urban areas. VSCAN Access, a portable ultrasound specifically designed for use by community midwives and Lady Health Visitors (LHV's) is being deployed in 9 rural districts of the Punjab, and the company, in partnership with GE Healthcare, is providing training to 200 midwives on its use. Through our partnership with the world's leading equipment manufacturers of neonatal health we are committed to bring latest medical technologies in Pakistan for improvement of maternal health.

### **Acknowledgments**

We thank our customers, vendors, distributors, business partners and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels.

### **For and on behalf of the Board of Directors**

**Mr. Osman Khalid Waheed**  
Chief Executive Officer

**Mrs. Akhter Khalid Waheed**  
Director

التو اور خواست کے بارے میں ہم یہ بتاتے ہوئے خوش محسوس کر رہے ہیں کہ ہم نے آخر کار گردے کے دیرینہ مرض کیلئے اریٹروپوئینٹن (Erythropoietin) کی مزید مصنوعات کی رجسٹریشن حاصل کر لی ہے۔ اس سے ہمیں ملک بھر کے ڈائلایز کے مراکز میں اپنا مارکیٹ شیئر بڑھانے میں مدد ملے گی۔

#### مستقبل کے امکانات کا جائزہ

فیروز سنز ایک ایسی کمپنی ہے جس کیلئے مریض سب سے اہم ہے اس لئے یہ اپنی مارکیٹس میں جدید ترین طبی علاج متعارف کروانے کیلئے پُر عزم ہے۔ عالمی معیار کا علاج مناسب امدادوں میں مہیا کرنے کیلئے ہم نے ڈیکلاٹا ویئر (Daclatasvir) کا جنیرک ورژن متعارف کروایا ہے جس کا برانڈ نام ڈیکلانا (Daklana) ہے۔ HCV کے علاج کیلئے ڈیکلانا (Daklana) کو سواولیڈ (Sovaldi®) یا ساویرا (Savera) کے ساتھ ملا کر استعمال کیا جائے گا جس سے علاج کی لاگت آدھی رہ جائے گی اور پاکستان کے زیادہ مریضوں کو HCV کے علاج تک رسائی حاصل ہو جائے گی۔

کمپنی کی معرہ آور آنت سے متعلقہ (گیسٹرو اینٹرو لوجی)، دل سے متعلقہ (کارڈیالوجی) اور ذیابیطس سے متعلقہ برانڈز جنیرک ادویات کی فروخت میں صحتیہ اور مسلسل اضافہ دیکھنے کو ملا ہے جن سے کمپنی کو منافع کا زیادہ تر حصہ ملتا ہے۔ آئندہ سہ ماہی میں ہم ذیابیطس کیلئے مزید برانڈز متعارف کروانے کا ارادہ رکھتے ہیں۔

ایپیکوسا® (HCV) کے علاج کیلئے ایک چین-جینو ٹائپ اینجٹ کی رجسٹریشن کی درخواست DRAP کے پاس زیر التوا ہے، تاہم مریض کے نام کے تحت ایپیکوسا® کی درآمد شروع ہو چکی ہے۔ ایپیکوسا® سے علاج کا عرصہ 50% کم ہو جاتا ہے (سوالڈی اور ربارین کے 180 دنوں کے مقابلے میں 90 دن)، HCV کے تمام جینو ٹائپس کیلئے بلند شرح علاج دیکھنے کو ملتی ہے چنانچہ جینو ٹائپ کے مختلف ٹیسٹ کروانے کی ضرورت نہیں رہتی، یہ صرف ایک گولی سے کیا جانے والا علاج ہے جس سے ملک بھر میں HCV کے علاج کا منظر نامہ ایک دفعہ پھر بدل جائے گا۔

اس سہ ماہی کے اختتام کے بعد ہم نے مختلف گورنمنٹ اداروں کو HCV کے علاج کی ادویات اور میڈیکل آلات مہیا کرنے کا نمایاں بزنس بھی حاصل کیا ہے۔ ان ٹیکوں کی فروخت ترسیل مہیا کرنے کے بعد ظاہر کی جائے گی۔

اخذ ضرورت کے شعبوں میں مکمل طبی حل فراہم کرنا ہماری حکمت عملی کا حصہ ہے چنانچہ ہم نے اپنے طبی ٹیکنالوجیز کے شعبے میں اضافہ کرتے ہوئے اس میں GE ہیلتھ کیئر کے طبی آلات کو شامل کیا ہے۔ اللہ کی مہربانی سے ہم اپنے پرنسپل کیلئے عوامی شعبے (پبلک سیکٹر) سے 60 دستی (پورٹ ایبل) الٹراساؤنڈ مشینوں کی درآمد کا ایک براہ راست ٹھیکہ حاصل کرنے میں کامیاب ہوئے ہیں، جس سے صوبے کے شہری مضافات اور دیہی علاقوں میں دوران حمل نگہداشت میں بہتری آئے گی۔

آخری دستیاب اعداد و شمار کے مطابق پاکستان میں شرح اموات برائے بچہ 100,000 (MMR) پیدا کنشوں میں سے تقریباً 260 اموات کے برابر ہے، جو کہ اس خطے میں افغانستان کے بعد سب سے زیادہ ہے۔ زیادہ MMR کی ایک بڑی وجہ یہ بھی ہے کہ شہری مضافات اور دیہی علاقوں میں دوران حمل تفتیش کی سہولیات ناکافی ہیں۔ آبادی کے تخمینہ کردہ اعداد و شمار کے مطابق پاکستان کے دس بڑے شہروں میں کل آبادی کا صرف 20% لوگ رہتے ہیں، جس سے پتہ چلتا ہے کہ شہری مضافات اور دیہی علاقوں میں نگہداشت کا معیار بلند کرنے کی سخت ضرورت ہے۔ VSCAN Access، جو کہ ایک دستی (پورٹ ایبل) الٹراساؤنڈ مشین ہے، خاص طور پر دایوں اور لیڈی ہیلتھ ویزر (LHV's) کے استعمال کیلئے بنائی گئی ہے اور نگاہ کے 9 دیہی ڈسٹرکٹس میں پہنچائی جا رہی ہے، اور کمپنی GE ہیلتھ کیئر کے ساتھ مل کر 200 دایوں کو اس کے استعمال کی ٹریننگ دے رہی ہے۔ دوران حمل نگہداشت کے آلات بنانے والے دنیا کے معروف ادارے کے ساتھ شراکت کے ذریعے ہم پاکستان میں جدید ترین طبی ٹیکنالوجیز لانے کیلئے پُر عزم ہیں تاکہ زچہ کی صحت کو بہتر بنایا جاسکے۔

#### اعتراف

ہم اپنے کارکنوں، پیئرز، ڈسٹری بیوٹرز، کاروباری شراکت داروں اور بینکرز کا انکی مسلسل حمایت کیلئے شکریہ ادا کرتے ہیں۔ ہم ہر سطح کے ملازمین کی کاوشوں کا اعتراف کرتے ہیں اور انھیں خراج تحسین پیش کرتے ہیں۔

#### یورڈ آف ڈائریکٹرز کی جانب سے

مشرقیان خالد وحید  
چیف ایگزیکٹو آفیسر

مسر اختر خالد وحید  
ڈائریکٹر



### 30 ستمبر 2017 پر ختم ہونے والی سہ ماہی کے مختصر عبوری مالیاتی نتائج پر ڈائریکٹر کی جائزہ رپورٹ

ہم انتہائی مسرت سے 30 ستمبر 2017 پر ختم ہونے والی سہ ماہی کیلئے کمپنی کے غیر آڈٹ شدہ انفرادی اور انضمام کردہ مالیاتی گوشواروں کا جائزہ پیش کرتے ہیں۔ انضمام کردہ مختصر عبوری مالیاتی گوشواروں میں فارمیٹار شیل وینچر (98 فیصد ملکیت) اور ذیلی کمپنی 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:

انفرادی		انضمام کردہ	
سہ ماہی	سہ ماہی	سہ ماہی	سہ ماہی
30 ستمبر 2017	30 ستمبر 2016	30 ستمبر 2017	30 ستمبر 2016
(ہزار روپے)			
905,296	1,155,079	1,039,325	1,331,858
363,433	524,607	381,475	588,007
94,212	242,777	80,810	262,231
(33,506)	(42,250)	(19,779)	(44,795)
60,706	200,528	61,031	217,436

زیر جائزہ پہلی سہ ماہی کے دوران کمپنی کی انفرادی فروخت (خالص) میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 22% کی دیکھنے میں آئی۔ گروپ کے نتائج کے مطابق، گزشتہ پہلی سہ ماہی کے دوران فروخت (خالص) میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 22% کی دیکھنے میں آئی۔

کمپنی کی خالص فروخت میں کمی کی بڑی وجہ ایسی مصنوعات کی فروخت میں کمی ہے جو کہ کمپنی HCV کیلئے گلیڈ سائنسز انکارپوریٹڈ سے فریجائز کے تحت درآمد کرتی ہے۔ گلیڈ کے پورٹ فولیو کے علاوہ خالص فروخت میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 8% اضافہ ہوا۔

گراس منافع کی گنجائش میں پچھلے سال کی اسی سہ ماہی کے مقابلے میں 5% کمی ہوئی۔ گراس منافع کی گنجائش میں کمی کی بڑی وجہ یہ ہے کہ کمپنی نے سست رفقاری سے فروخت ہونے والے سوالڈی (Sovaldi) کے سٹاک کیلئے 50 ملین روپے کی تخمینہ کردہ لاگت (Provision) ریکارڈ کی ہے۔ جیسا کہ مالی سال برائے 2017 کی ڈائریکٹر رپورٹ میں پہلے بھی بتایا جا چکا ہے، مارکیٹ کی بدلتی ہوئی پریکٹسز کے مطابق مختلف قیمتوں پر سوالڈی (Sovaldi) کے 50 سے زیادہ جنریک برانڈز متعارف ہونے سے HCV کے علاج کے منظر نامہ میں نمایاں تبدیلی آئی ہے۔ اس کے نتیجے میں سوالڈی (Sovaldi) کی فروخت بری طرح متاثر ہوئی ہے۔ سمجھداری (Prudence) کے تقاضے سے، انتظامیہ ہر سہ ماہی میں سست رفقاری سے فروخت ہونے والے سوالڈی (Sovaldi) کے سٹاک کی تخمینہ کردہ لاگت (Provision) کا جائزہ لے رہی ہے۔ سست رفقاری سے فروخت ہونے والے سٹاک کی لاگت (Provision) سٹاک کی قابل استعمال رہنے کی مدت (شیلف لائف) اور مستقبل کی قابل قیاس فروخت کی بنیاد پر ریکارڈ کی جاتی ہے۔ گروپ کے نتائج کے مطابق، گراس منافع کی گنجائش میں پچھلے سال کی اسی سہ ماہی کے مقابلے میں 7% کمی ہوئی۔

30 ستمبر 2017 پر ختم ہونے والی پہلی سہ ماہی کے دوران آپ کی کمپنی کا بعد از ٹیکس منافع (NPAT) 60.71 ملین روپے رہا۔

30 ستمبر 2017 پر ختم ہونے والی سہ ماہی کے خالص منافع کی بنیاد پر، بنیادی اور تحلیل کردہ فی حصص آمدن 2.01 روپے رہی جبکہ پچھلے سال کی اسی سہ ماہی میں بنیادی اور تحلیل کردہ فی حصص آمدن 6.64 روپے تھی۔

BF بائیوسائنسز لمیٹڈ کی آپریشنل صورت حال

30 ستمبر 2017 پر ختم ہونے والے سہ ماہی میں کمپنی کی ذیلی کمپنی BF بائیوسائنسز لمیٹڈ کی خالص فروخت 116.65 ملین روپے رہی جس میں پچھلے سال کی اسی سہ ماہی کے مقابلے میں 81% کی دیکھنے میں آئی۔ زیر جائزہ سہ ماہی کے دوران بعد از ٹیکس نقصان (NLAT) 0.44 ملین روپے رہا۔ ذیلی کمپنی کے آپریشنل نتائج میں کمی کی بنیادی وجہ یہ ہے کہ HCV کے مریضوں کیلئے منہ کے ذریعے لی جانے والی ادویات متعارف ہو گئیں، جس سے اسٹریٹریٹو ٹریڈ کی فروخت میں کمی آئی۔ DRAP کوڈی گئی کی سال سے زیر

## CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2017

		Un-audited 30 September 2017	Audited 30 June 2017
Note		Rupees	
<b>EQUITY AND LIABILITIES</b>			
<b><u>Share capital and reserves</u></b>			
Authorized share capital			
50,000,000 (30 June 2017: 50,000,000) ordinary shares of Rs. 10 each			
		<b>500,000,000</b>	500,000,000
Issued, subscribed and paid up capital	3	<b>301,868,410</b>	301,868,410
Capital reserve		<b>321,843</b>	321,843
Surplus on revaluation of property, plant and equipment - net of tax		<b>802,246,726</b>	807,524,953
Accumulated profit		<b>3,799,415,914</b>	3,733,431,676
		<b>4,903,852,893</b>	4,843,146,882
<b><u>Non current liabilities</u></b>			
Deferred taxation		<b>154,217,092</b>	167,046,631
<b><u>Current liabilities</u></b>			
Trade and other payables		<b>826,298,058</b>	682,611,179
Short term borrowings - secured	4	<b>14,704,713</b>	2,138,283
Unclaimed dividend		<b>78,849,641</b>	80,854,747
Accrued mark-up		<b>226,025</b>	1,646,851
		<b>920,078,437</b>	767,251,060
<b>Contingencies and commitments</b>	5	<b>5,978,148,422</b>	5,777,444,573

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

Chief Executive Officer

		Un-audited 30 September 2017	Audited 30 June 2017
Note		Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
	Property, plant and equipment	6 2,627,083,004	2,566,321,990
	Intangibles	2,752,286	2,319,638
	Long term investments	7 285,773,287	280,949,050
	Long term deposits	7,066,325	7,066,325
		<u>2,922,674,902</u>	<u>2,856,657,003</u>
<b>Current assets</b>			
	Stores, spare parts and loose tools	24,288,766	20,951,720
	Stock in trade	1,717,270,068	1,547,839,685
	Trade debts - considered good	416,757,424	365,941,171
	Loans and advances - considered good	48,171,971	72,918,451
	Deposits and prepayments	191,940,619	151,421,998
	Other receivables	15,404,646	10,595,528
	Short term investments	8 413,909,618	487,884,889
	Income tax - net	124,328,010	127,916,951
	Cash and bank balances	9 103,402,398	135,317,177
		<u>3,055,473,520</u>	<u>2,920,787,570</u>
		<u>5,978,148,422</u>	<u>5,777,444,573</u>

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 Director

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 Chief Financial Officer

# **CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

		<b>Quarter Ended</b>	
		<b>30 September</b>	<b>30 September</b>
		<b>2017</b>	<b>2016</b>
		<b>Rupees</b>	
	<i>Note</i>		
Revenue - net	10	905,295,863	1,155,079,010
Cost of sales	11	(541,862,998)	(630,471,820)
<b>Gross profit</b>		<b>363,432,865</b>	<b>524,607,190</b>
Administrative expenses		(71,400,034)	(67,337,434)
Selling and distribution expenses		(202,595,992)	(202,692,878)
Other expenses		(10,179,953)	(20,953,902)
Other income		16,943,138	10,969,595
<b>Profit from operations</b>		<b>96,200,024</b>	<b>244,592,571</b>
Finance costs		(1,988,223)	(1,815,464)
<b>Profit before taxation</b>		<b>94,211,801</b>	<b>242,777,107</b>
Taxation		(33,505,795)	(42,249,534)
<b>Profit after taxation</b>		<b>60,706,006</b>	<b>200,527,573</b>
Earnings per share - basic and diluted		<b>2.01</b>	<b>6.64</b>

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

Chief Executive Officer

Director

Chief Financial Officer

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT  
 OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

	<b>Quarter Ended</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2017</b>	<b>2016</b>
	<b>----- Rupees -----</b>	
<b>Profit after taxation</b>	<b>60,706,006</b>	<b>200,527,573</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>60,706,006</b>	<b>200,527,573</b>

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

\_\_\_\_\_  
 Chief Executive Officer

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 Director

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 Chief Financial Officer

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Share capital	Capital reserve	Surplus on revaluation of property, plant and equipment - net of tax	Accumulated profit	Total
	<b>Rupees</b>				
Balance as at 01 July 2016	301,868,410	321,843	832,797,085	3,765,936,024	4,900,923,362
Total comprehensive income for the period	-	-	-	200,527,573	200,527,573
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	-	-	(6,655,500)	6,655,500	-
Balance as at 30 September 2016	301,868,410	321,843	826,141,585	3,973,119,097	5,101,450,935
Balance as at 01 July 2017	301,868,410	321,843	807,524,953	3,733,431,676	4,843,146,882
Total comprehensive income for the period	-	-	-	60,706,006	60,706,006
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	-	-	(5,278,227)	5,278,227	-
Balance as at 30 September 2017	301,868,410	321,843	802,246,726	3,799,415,909	4,903,852,888

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

Chief Executive Officer

Director

Chief Financial Officer

## CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter Ended	
	30 September 2017	30 September 2016
	----- Rupees -----	
<b><u>Cash flow from operating activities</u></b>		
Profit before taxation	94,211,801	242,777,107
<i>Adjustments for:</i>		
Depreciation	59,319,943	45,343,196
Amortisation	354,682	463,838
Provision for slow moving stock in trade	50,000,000	-
Gain on disposal of property, plant and equipment	(430,737)	(828,050)
Finance costs	1,988,223	1,815,464
Gain on re-measurement of short term investments to fair value	(5,245,797)	(3,665,087)
Realized gain on sale of short term investments	(778,932)	-
Profit on term deposits	-	(834,747)
Share in profit of Farmacia	(4,824,237)	(4,991,074)
Workers' Profit Participation Fund	5,210,818	13,038,513
Central Research Fund	1,052,691	2,634,043
Workers' Welfare Fund	2,805,521	4,954,635
	<b>109,452,175</b>	<b>57,930,731</b>
<b>Cash generated from operations before working capital changes</b>	<b>203,663,976</b>	<b>300,707,838</b>
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(3,337,046)	(11,473,870)
Advances, deposits, prepayments and other receivables	(20,581,259)	(33,280,608)
Stock in trade	(219,430,383)	119,926,238
Trade debts - considered good	(50,816,253)	(38,815,496)
	<b>(294,164,941)</b>	<b>36,356,264</b>
<i>Increase/ (decrease) in current liabilities</i>		
Trade and other payables	134,617,852	(88,876,903)
<b>Cash generated from operations</b>	<b>44,116,887</b>	<b>248,187,199</b>
Taxes paid	(42,746,395)	(13,680,200)
Workers' Profit Participation Fund paid	-	(18,956,489)
Workers' Welfare Fund paid	-	(54,163,779)
Long term deposits	-	(715,000)
<b>Net cash generated from operating activities</b>	<b>1,370,492</b>	<b>160,671,731</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	(120,608,917)	(73,356,812)
Acquisition of intangible assets	(787,330)	-
Proceeds from sale of property, plant and equipment	958,700	1,485,928
Profit on term deposits	-	1,522,185
Redemption / (Acquisition) of short term investments - net	80,000,000	(100,000,000)
<b>Net cash used in investing activities</b>	<b>(40,437,547)</b>	<b>(170,348,699)</b>
<b><u>Cash flow from financing activities</u></b>		
Finance cost paid	(3,409,049)	(1,847,360)
Dividend paid	(2,005,106)	(213,292)
	<b>(5,414,155)</b>	<b>(2,060,652)</b>
<b>Net cash used in financing activities</b>	<b>(5,414,155)</b>	<b>(2,060,652)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(44,481,209)</b>	<b>(11,737,620)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>133,178,894</b>	<b>249,679,779</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>88,697,685</b>	<b>237,942,159</b>
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	103,402,398	237,942,159
Running finance	(14,704,713)	-
	<b>88,697,685</b>	<b>237,942,159</b>

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

Chief Executive Officer

Director

Chief Financial Officer

## **NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 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 Pakistan Stock Exchanges 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 30 September 2017 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement and condensed interim unconsolidated statement of changes in equity together with the notes forming part thereof.

**2.1.2** This condensed interim unconsolidated financial information of the Company for the three months period ended 30 September 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 Act, 2017 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 2017.

**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 2017, whereas comparative unconsolidated profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information of the Company for the three months period ended 30 September 2016.

**2.1.5** This condensed interim unconsolidated financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 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 2017.

## 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 2017.

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

	Un-audited 30 September 2017	Audited 30 June 2017
	-----Rupees-----	
<b>3 Issued, subscribed and paid up capital</b>		
1,441,952 (30 June 2017: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	<b>14,419,520</b>	14,419,520
119,600 (30 June 2017: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	<b>1,196,000</b>	1,196,000
28,625,289 (30 June 2017: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>286,252,890</b>	286,252,890
	<b>301,868,410</b>	<b>301,868,410</b>
KFW Factors (Private) Limited, an associated company holds 8,286,942 (30 June 2017: 8,286,942) ordinary shares of Rs. 10 each of the Company.		

## 4 Short term borrowings - secured

There is no change in short term borrowing facilities available from various banks under mark up arrangements as well as under Shariah compliant arrangements already disclosed in preceding annual published financial statements of the Company for the year ended 30 June 2017.

## 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 2017.

### 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 2017: Rs. 600 million) for opening letters of credit, the amount utilized at 30 September 2017 for

capital expenditure was Rs. Nil (30 June 2017: Rs. Nil) and for other than capital expenditure was Rs. 50.93 million (30 June 2017: Rs. 166.15 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 2017: Rs. 75 million) available from Islamic bank, the amount utilized at 30 September 2017 for capital expenditure was Rs. Nil (30 June 2017: Rs. Nil) and for other than capital expenditure was Rs. 19.83 million (30 June 2017: Rs. 28.74 million). This facility is secured by first pari passu charge of Rs. 94 million over current assets of the company. Lien is also marked over import documents.

	Un-audited 30 September 2017	Audited 30 June 2017
Note	-----	Rupees-----

## 6 Property, plant and equipment

### Cost

Opening balance at beginning of the period / year	2,720,001,043	2,222,856,411
Additions during the period / year	3,930,226	69,850,813
Transfers from CWIP during the period / year	42,442,520	456,950,142
Disposals during the period / year	(1,911,201)	(29,656,323)
Closing balance at end of the period / year	2,764,462,588	2,720,001,043

### Accumulated depreciation

Opening balance at beginning of the period / year	370,941,222	185,948,373
Depreciation for the period / year	59,319,943	209,789,257
On disposals	(1,383,237)	(24,796,408)
Closing balance at end of the period / year	428,877,928	370,941,222
Operating fixed assets - net book value	2,335,584,660	2,349,059,821
Capital work in progress - at cost	291,498,344	217,262,169
	<u>2,627,083,004</u>	<u>2,566,321,990</u>

## 7 Long term investments

### Related parties - at cost:

Farmacia (partnership firm)	7.1	133,773,327	128,949,090
BF Biosciences Limited (unlisted subsidiary)	7.2	151,999,960	151,999,960
		<u>285,773,287</u>	<u>280,949,050</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 (formerly known as Laboratories Bagó S.A., Argentina).

		Un-audited 30 September 2017	Audited 30 June 2017			
	Note	-----Rupees-----				
<b>8 Short term investments</b>						
<b><u>Investments at fair value through profit or loss - listed securities</u></b>						
Held for trading	8.1	413,909,618	487,884,889			
		<u>413,909,618</u>	<u>487,884,889</u>			
<b>8.1</b> These investments are 'held for trading'						
Carrying value at 01 July		487,884,889	-			
Acquisition during the period/year		-	724,215,542			
Redemption during the period/year		(80,000,000)	(236,416,264)			
Realized gain on sale of short term investments		778,932	-			
Unrealized gain on re-measurement of investment - during the period/year		5,245,797	85,611			
Carrying and fair value of short term investments at 30 September / 30 June	8.1.1	<u>413,909,618</u>	<u>487,884,889</u>			
<b>8.1.1</b> These investments are 'held for trading':						
		<b>No. of units</b>	<b>Mutual Funds</b>	<b>Fair value</b>		
		<b>Un-audited</b>	<b>Audited</b>	<b>Un-audited</b>	<b>Audited</b>	
		<b>30 September</b>	<b>30 June</b>	<b>30 September</b>	<b>30 June</b>	
		<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	
		----- Rupees -----				
		<b>2,041,354</b>	2,041,354	<b>HBL Money Market Fund</b>	<b>210,385,870</b>	207,745,379
		<b>750,628</b>	1,243,740	<b>MCB Pakistan Cash Management Fund</b>	<b>76,436,931</b>	125,017,910
		<b>1,248,377</b>	1,543,804	<b>HBL Cash Fund</b>	<b>127,086,817</b>	155,121,600
					<u><b>413,909,618</b></u>	<u>487,884,889</u>
<b>8.2</b> 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. 0.78 million (30 September 2016: Rs. Nil million) has been recorded in the current period in "other income". These investments comprise mutual funds (money market / income funds).						
<b>8.3</b> Realized gain on redemption of short term investments is earned under mark up arrangements.						
<b>9 Cash and bank balances</b>						
<b>9.1</b> These include current account of Rs. 0.67 million (30 June 2017: Rs. 0.67 million) maintained under Shariah compliant arrangements.						
<b>9.2</b> These include deposit accounts of Rs. 14.63 million (30 June 2017: Rs. 52.07 million) under mark up arrangements, which carry interest rates ranging from 3.75% - 4.75% (30 June 2017: 3.75% - 5.4%) per annum.						
These also include deposit account of Rs. 0.32 million (30 June 2017: Rs. 1.42 million ) under Shariah compliant arrangements, which carries profit rate ranging from 2.40% - 2.40% (30 June 2017: 2.50% - 2.85%) per annum.						

		<b>Quarter Ended (un-audited)</b>	
		<b>30 September 2017</b>	<b>30 September 2016</b>
		<b>Rupees</b>	
<b>10</b>	<b>Revenue - net</b>		
	<b>Gross sales:</b>		
	Local	967,561,243	1,154,623,048
	Export	24,812,159	69,015,210
		<b>992,373,402</b>	<b>1,223,638,258</b>
	<b>Less:</b>		
	Sales returns	(18,664,606)	(20,248,652)
	Discounts and commission	(64,906,000)	(43,360,743)
	Sales tax	(3,506,933)	(4,949,853)
		<b>(87,077,539)</b>	<b>(68,559,248)</b>
		<b>905,295,863</b>	<b>1,155,079,010</b>
<b>11</b>	<b>Cost of sales</b>		
	Raw and packing materials consumed	153,803,119	167,442,506
	Other manufacturing expenses	117,109,523	107,332,493
		<b>270,912,642</b>	<b>274,774,999</b>
	<b>Work in process:</b>		
	Opening	33,156,171	24,195,375
	Closing	(43,550,630)	(25,921,688)
		<b>(10,394,459)</b>	<b>(1,726,313)</b>
	<b>Cost of goods manufactured</b>	<b>260,518,183</b>	<b>273,048,686</b>
	<b>Finished stock:</b>		
	Opening	1,079,226,890	1,526,340,345
	Purchases made during the period	313,232,770	165,023,547
	Closing	(1,111,114,845)	(1,333,940,758)
		<b>281,344,815</b>	<b>357,423,134</b>
		<b>541,862,998</b>	<b>630,471,820</b>
	<b>11.1 Raw and packing materials consumed</b>		
	Opening	378,989,330	301,363,782
	Purchases made during the period	174,694,141	221,400,791
		<b>553,683,471</b>	<b>522,764,573</b>
	Closing	(399,880,352)	(355,322,067)
		<b>153,803,119</b>	<b>167,442,506</b>

**11.2** This includes provision for slow moving stock in trade of Rs. 50 million (2016: Rs. Nil).

- 12** Section 5A of the Income Tax Ordinance, 2001 imposes a tax on every public company other than a scheduled bank or modaraba, that derives profits for tax year 2017 and onwards and does not distribute at least forty percent of its after tax profits through cash or bonus shares within six months of the end of the said tax year.

The Board of Directors of the Company had already proposed final cash dividend for the year ended 30 June 2017 for approval in AGM by members in addition to the interim 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 quarter ended 30 September 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:

	Quarter Ended (un-audited)	
	30 September 2017	30 September 2016
	----- Rupees -----	
<b><u>Farmacia - 98% owned subsidiary partnership firm</u></b>		
Sale of medicines	<b>8,756,053</b>	3,165,634
Payment received	<b>4,423,890</b>	3,165,634
Share of profit reinvested	<b>4,824,237</b>	4,991,074
Rentals	<b>876,924</b>	797,205

#### **BF Biosciences Limited - 80% owned subsidiary company**

Sale of finished goods	<b>28,338,494</b>	22,563,890
Payment received	<b>28,338,494</b>	22,563,890
Purchase of goods	-	343,728
Payment received	-	343,728
Management fee and expenses for sales promotion	<b>1,104,238</b>	992,427
Expenses incurred	<b>2,977,805</b>	4,108,516
Expenses paid	<b>4,082,043</b>	5,100,943

#### **Other related parties**

Contribution towards employees' provident fund	<b>7,239,607</b>	6,559,998
Remuneration including benefits and perquisites of key management personnel	<b>26,098,981</b>	26,479,266
Payment into Workers' Profit Participation Fund	<b>26,815,182</b>	18,956,489

### 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 2017.

**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.

<b>30 September 2017</b>	
<b>Financial assets measured at fair value:</b>	
Short term investments	
<b>Financial assets not measured at fair value:</b>	
Long term deposits	
Trade debts - considered good	
Loans and advances - considered good	
Short term deposits	
Other receivables	
Bank balances	
<b>Financial liabilities measured at fair value:</b>	
<b>Financial liabilities not measured at fair value:</b>	
Trade and other payables	
Accrued mark-up	
<b>30 June 2017</b>	
<b>Financial assets measured at fair value:</b>	
<b>Financial assets not measured at fair value:</b>	
Long term deposits	
Trade debts - considered good	
Loans and advances - considered good	
Short term deposits	
Other receivables	
Bank balances	
<b>Financial liabilities measured at fair value:</b>	
<b>Financial liabilities not measured at fair value:</b>	
Trade and other payables	
Accrued mark-up	

**15 Date of authorisation for issue**

These condensed interim unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 18 October 2017.

**16 Corresponding figures**

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

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Chief Executive Officer

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Director

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Chief Financial Officer







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***Condensed Interim  
Consolidated  
Financial Information  
for the Quarter Ended  
30 September 2017***

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**FEROZSONS**  
LABORATORIES LIMITED

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2017

		Un-audited 30 September 2017	Audited 30 June 2017
	Note	Rupees	
<b>EQUITY AND LIABILITIES</b>			
<b><u>Share capital and reserves</u></b>			
Authorized share capital 50,000,000 (30 June 2017: 50,000,000) ordinary shares of Rs. 10 each		<b>500,000,000</b>	<b>500,000,000</b>
Issued, subscribed and paid up capital	4	<b>301,868,410</b>	301,868,410
Capital reserve		<b>321,843</b>	321,843
Surplus on revaluation of property, plant and equipment - net of tax		<b>969,604,744</b>	979,164,891
Accumulated profit		<b>4,336,502,715</b>	4,265,339,789
<b>Equity attributable to owners of the Company</b>		<b>5,608,297,712</b>	5,546,694,933
<b>Non-controlling interests</b>		<b>170,964,523</b>	171,535,961
		<b>5,779,262,235</b>	5,718,230,894
<b><u>Non current liabilities</u></b>			
Deferred taxation		<b>217,520,837</b>	246,490,537
<b><u>Current liabilities</u></b>			
Trade and other payables		<b>926,083,686</b>	769,042,722
Short term borrowings - secured	5	<b>24,068,985</b>	24,888,862
Unclaimed dividend		<b>78,849,641</b>	80,854,747
Accrued mark-up		<b>250,843</b>	1,646,851
		<b>1,029,253,155</b>	876,433,182
<b>Contingencies and commitments</b>	6		
		<b>7,026,036,227</b>	<b>6,841,154,613</b>

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

Chief Executive Officer

	Un-audited 30 September 2017	Audited 30 June 2017
Note	----- Rupees -----	

## ASSETS

### Non-current assets

Property, plant and equipment	7	3,120,639,040	3,082,250,380
Intangibles		3,434,595	3,172,498
Long term deposits		<u>11,053,325</u>	<u>11,053,325</u>
		<b>3,135,126,960</b>	<b>3,096,476,203</b>

### Current assets

Stores, spare parts and loose tools		48,743,355	45,606,521
Stock in trade		1,942,285,161	1,766,705,139
Trade debts - considered good		483,939,226	429,773,583
Loans and advances - considered good		52,376,531	77,152,418
Deposits and prepayments		216,029,949	170,092,045
Other receivables		15,263,035	9,003,812
Short term investments	8	769,482,790	855,943,421
Income tax - net		144,888,581	146,034,709
Cash and bank balances	9	<u>217,900,639</u>	<u>244,366,762</u>
		<b>3,890,909,267</b>	<b>3,744,678,410</b>

<b><u>7,026,036,227</u></b>	<b><u>6,841,154,613</u></b>
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 Director

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 Chief Financial Officer

## CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	Quarter Ended	
		30 September	30 September
		2017	2016
		----- Rupees -----	
Revenue - net	10	1,039,324,599	1,331,857,515
Cost of sales	11	(657,849,899)	(743,850,507)
<b>Gross profit</b>		<b>381,474,700</b>	<b>588,007,008</b>
Administrative expenses		(81,443,944)	(77,275,706)
Selling and distribution expenses		(222,105,855)	(235,791,007)
Other expenses		(10,532,555)	(23,100,214)
Other income		15,709,130	12,706,035
<b>Profit from operations</b>		<b>83,101,476</b>	<b>264,546,116</b>
Finance costs		(2,291,281)	(2,314,694)
<b>Profit before taxation</b>		<b>80,810,195</b>	<b>262,231,422</b>
Taxation		(19,778,854)	(44,795,330)
<b>Profit after taxation</b>		<b>61,031,341</b>	<b>217,436,092</b>
<b>Attributable to:</b>			
Owners of the Company		62,459,163	214,487,244
Non-controlling interests		(1,427,822)	2,948,848
<b>Profit after taxation</b>		<b>61,031,341</b>	<b>217,436,092</b>
<b>Earnings per share - basic and diluted</b>		<b>2.07</b>	<b>7.11</b>

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

Chief Executive Officer

Director

Chief Financial Officer

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter Ended	
	30 September 2017	30 September 2016
	----- Rupees -----	
<b>Profit after taxation</b>	<b>61,031,341</b>	<b>217,436,092</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>61,031,341</b>	<b>217,436,092</b>
<b>Attributable to:</b>		
Owners of the Company	<b>62,459,163</b>	<b>214,487,244</b>
Non-controlling interests	<b>(1,427,822)</b>	<b>2,948,848</b>
	<b>61,031,341</b>	<b>217,436,092</b>

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

\_\_\_\_\_  
Chief Executive Officer

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Director

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Chief Financial Officer

## 30

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

Chief Financial Officer

## CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter Ended	
	30 September 2017	30 September 2016
	----- Rupees -----	
<b><u>Cash flow from operating activities</u></b>		
Profit before taxation	80,810,195	262,231,422
<i>Adjustments for:</i>		
Depreciation	86,732,576	74,665,641
Amortisation	525,233	591,713
Gain on disposal of property, plant and equipment	(787,388)	(1,328,050)
Finance costs	2,291,280	2,314,694
Un-realised gain on re-measurement of short term investments to fair value	(7,733,563)	(9,255,160)
Gain on sale of short term investments	(805,806)	-
Profit on term deposits	(72,548)	(834,747)
Workers' Profit Participation Fund	5,210,818	14,407,093
Workers' Welfare Fund	2,858,314	5,474,695
Central Research Fund	1,052,691	2,910,524
	89,271,607	88,946,403
<b>Cash generated from operations before working capital changes</b>	170,081,802	351,177,825
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(3,136,834)	(12,723,811)
Loans, advances, deposits and prepayments	(27,421,240)	(36,982,452)
Stock in trade	(180,586,946)	32,191,838
Trade debts - considered good	(54,165,643)	(44,785,834)
	(265,310,663)	(62,300,259)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	157,040,964	(30,310,499)
<b>Cash generated from operations</b>	61,812,103	258,567,067
Taxes paid	(48,780,121)	(18,670,447)
Workers' Profit Participation Fund paid	(1,364,220)	(26,938,845)
Workers' Welfare Fund paid	(1,572,982)	(58,846,725)
Long term deposits	-	(715,000)
<b>Net cash generated from operating activities</b>	10,094,780	153,396,050
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	(125,937,917)	(76,173,608)
Acquisition of intangibles	(787,330)	-
Proceeds from sale of property, plant and equipment	1,604,067	1,985,928
Profit on term deposits	72,548	834,747
Redemption / (acquisition) of short term investments - net	95,000,000	(115,000,000)
<b>Net cash used in investing activities</b>	(30,048,632)	(188,352,933)
<b><u>Cash flow from financing activities</u></b>		
Finance cost paid	(3,687,288)	(2,417,840)
Dividend paid	(2,005,106)	(213,292)
<b>Net cash used in financing activities</b>	(5,692,394)	(2,631,132)
<b>Net decrease in cash and cash equivalents</b>	(25,646,246)	(37,588,015)
<b>Cash and cash equivalents at the beginning of the period</b>	219,477,900	341,906,252
<b>Cash and cash equivalents at the end of the period</b>	193,831,654	304,318,237
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	217,900,639	316,115,157
Running finance	(24,068,985)	(11,796,920)
	193,831,654	304,318,237

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

Chief Executive Officer

Director

Chief Financial Officer

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

"The Group" consists of the following subsidiaries:

Company / Entity	County of incorporation	Nature of business	Effective holding %	
			Sep-17	Jun-17
BF Biosciences Limited	Pakistan	Import, manufacturing and sale of pharmaceutical products	80	80
Farmacia	Pakistan	Sale and distribution of medicines and other related products	98	98

## **2 Basis of consolidation**

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

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

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

## **3 Basis of preparation**

### **3.1 Basis of accounting**

**3.1.1** This condensed interim consolidated financial information comprises the condensed interim consolidated balance sheet of the Holding Company, as at 30 September 2017 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 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 2017.

**3.1.4** Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended 30 June 2017, whereas comparative profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim consolidated financial information for the three months period ended on 30 September 2016.

**3.1.5** The condensed interim consolidated financial information is un-audited and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

## **3.2 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 2017.

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

	Un-audited 30 September 2017	Audited 30 June 2017
	-----Rupees-----	
<b>4 Issued, subscribed and paid up capital</b>		
1,441,952 (30 June 2017: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	<b>14,419,520</b>	14,419,520
119,600 (30 June 2017: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	<b>1,196,000</b>	1,196,000
28,625,289 (30 June 2017: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>286,252,890</b>	286,252,890
	<b><u>301,868,410</u></b>	<b><u>301,868,410</u></b>

## **5 Short term borrowings - secured**

There is no change in short term borrowing facilities available from various banks under mark up arrangements as well as under Shariah compliant arrangements already disclosed in preceding annual published consolidated financial statements of the Holding Company for the year ended 30 June 2017.

## **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 2017.

## 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 2017: Rs. 850 million) for opening letters of credit, the amount utilized by the Group at 30 September 2017 for capital expenditure was Rs. Nil (30 June 2017: Rs. Nil) and for other than capital expenditure was Rs. 51.07 million (30 June 2017: Rs. 184.15 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 2017: Rs. 75 million) availed from Islamic bank, the amount utilized at 30 September 2017 for capital expenditure was Rs. Nil (30 June 2017: Rs. Nil) and for other than capital expenditure was Rs. 19.83 million (30 June 2017: Rs. 28.74 million). Lein is also marked over import documents.

	Un-audited 30 September 2017	Audited 30 June 2017
	-----Rupees-----	
<b>7 Property, plant and equipment</b>		
<b>Cost</b>		
Opening balance	3,407,528,666	2,907,402,205
Additions/transfers during the period / year	47,657,422	542,036,585
Disposals during the period / year	(2,930,201)	(41,910,124)
Closing balance	<u>3,452,255,887</u>	<u>3,407,528,666</u>
<b>Accumulated depreciation</b>		
Opening balance	544,758,302	252,545,028
Depreciation for the period / year	86,732,576	326,993,412
Relating to disposals	(2,113,520)	(34,780,138)
Closing balance	<u>629,377,358</u>	<u>544,758,302</u>
<b>Operating assets-net book value</b>	<u>2,822,878,529</u>	<u>2,862,770,364</u>
<b>Capital work in progress</b>	297,760,511	219,480,016
<b>Net book value</b>	<u><u>3,120,639,040</u></u>	<u><u>3,082,250,380</u></u>

## 8 Short term investments

Un-audited  
30 September  
2017

Audited  
30 June  
2017

Note ----- Rupees -----

### Investments at fair value through profit or loss - listed securities

Held for trading	8.1	769,482,790	855,943,421
		<u>769,482,790</u>	<u>855,943,421</u>

8.1	These investments are 'held for trading'		
	Carrying value at 01 July	855,943,421	332,166,585
	Acquisition during the period/year		1,072,379,518
	Redemption during the period/year	(95,000,000)	(553,650,260)
	Unrealized gain on re-measurement of investment - during the period/year	8,539,369	5,047,578
	Carrying and fair value of short term investments at 30 September / 30 June	<u>769,482,790</u>	<u>855,943,421</u>

### 8.1.1 These investments are 'held for trading':

No. of units		Mutual Funds	Fair value	
Un-audited 30 September 2017	Audited 30 June 2017		Un-audited 30 September 2017	Audited 30 June 2017
			----- Rupees -----	
206,559	206,559	MCB Pakistan Stock Market Fund	19,344,152	21,172,676
159,626	159,626	Faysal Money Market Fund	16,372,869	16,162,163
3,371,142	3,371,142	ABL Government Securities Fund	34,195,512	33,772,097
2,042,627	2,042,627	HBL Money Market Fund	210,517,072	207,874,880
6,415	155,713	Faysal MTS Fund	652,293	15,616,439
7,425	7,425	Faysal Bank Savings Growth Fund	765,597	757,430
3,540,666	4,033,778	MCB Cash Management Optimizer Fund	360,548,478	405,466,136
1,248,377	1,543,804	HBL Cash Fund	127,086,817	155,121,600
			<u>769,482,790</u>	<u>855,943,421</u>

8.2 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. 0.82 million (30 September 2016: Rs. Nil) has been recorded in the current period in "other income". These investments comprise of mutual fund (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 2017: Rs. 0.67 million) maintained under Shariah compliant arrangements.

9.2 These include deposit accounts of Rs. 32.83 million (30 June 2017: Rs. 126.06 million) under mark up arrangements, which carry interest rates ranging from 3.75% - 4.75% (30 June 2017: 3.75% - 6 %) per annum.

These also include deposit account of Rs. 0.32 million (30 June 2017: Rs. 1.42 million ) under Shariah compliant arrangements, which carries profit rate ranging from 2.40% - 2.40% (30 June 2017: 2.50% - 2.85%) per annum.

		<b>Quarter Ended (un-audited)</b>	
		<b>30 September 2017</b>	<b>30 September 2016</b>
		<b>Rupees</b>	
<b>10</b>	<b>Revenue - net</b>		
	<b>Gross sales:</b>		
	Local	1,130,797,260	1,348,876,141
	Export	24,812,159	81,396,014
		<u>1,155,609,419</u>	<u>1,430,272,155</u>
	<b>Less:</b>		
	Sales returns	(22,746,882)	(23,430,925)
	Discounts and commission	(89,040,388)	(69,463,554)
	Sales tax	(4,497,550)	(5,520,161)
		<u>(116,284,820)</u>	<u>(98,414,640)</u>
		<u><b>1,039,324,599</b></u>	<u><b>1,331,857,515</b></u>
<b>11</b>	<b>Cost of sales</b>		
	Raw and packing materials consumed 11.1	168,049,554	185,837,050
	Other manufacturing expenses	174,735,018	169,942,804
		<u>342,784,572</u>	<u>355,779,854</u>
	<b>Work in process:</b>		
	Opening	76,419,116	96,389,128
	Closing	(96,843,251)	(51,864,513)
		<u>(20,424,135)</u>	<u>44,524,615</u>
	<b>Cost of goods manufactured</b>	<u><b>322,360,437</b></u>	<u><b>400,304,469</b></u>
	<b>Finished stock:</b>		
	Opening	1,169,457,116	1,597,678,787
	Purchases made during the period	359,341,527	230,184,962
	Closing	(1,193,309,181)	(1,484,317,711)
		<u>335,489,462</u>	<u>343,546,038</u>
		<u><b>657,849,899</b></u>	<u><b>743,850,507</b></u>
<b>11.1</b>	<b>Raw and packing materials consumed</b>		
	Opening	472,681,955	357,353,488
	Purchases made during the period	191,863,934	289,925,317
		<u>664,545,889</u>	<u>647,278,805</u>
	Closing	(496,496,334)	(461,441,755)
		<u><b>168,049,555</b></u>	<u><b>185,837,050</b></u>

- 12** Section 5A of the Income Tax Ordinance, 2001 imposes a tax on every public company other than a scheduled bank or modaraba, that derives profits for tax year 2017 and onwards and does not distribute at least forty percent of its after tax profits through cash or bonus shares within six months of the end of the said tax year.

The Board of Directors of the Holding Company had already proposed final cash dividend for the year ended 30 June 2017 for approval in AGM by members in addition to the interim 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 quarter ended 30 September 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:

	<b>Quarter Ended (un-audited)</b>	
	<b>30 September 2017</b>	<b>30 September 2016</b>
	<b>----- Rupees -----</b>	
Contribution towards employees' provident fund	<b>8,552,715</b>	8,044,338
Remuneration including benefits and perquisites of key management personnel	<b>33,073,057</b>	32,603,559

### 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 2017.

**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.

	Cash and cash equivalents	Fair Value through Income Statement	Carrying Amount Loans and receivables	Other financial liabilities - Rupees	Total	Level 1	Fair Value Level 2	Level 3
<b>30 September 2017</b>								
<b>Financial assets measured at fair value:</b>								
Short term investments	-	769,482,790	-	-	-	769,482,790	-	-
<b>Financial assets not measured at fair value:</b>								
Long term deposits	-	-	11,053,325	-	11,053,325	-	-	-
Trade debts - considered good	-	-	483,939,226	-	483,939,226	-	-	-
Loans and advances - considered good	-	-	52,376,531	-	52,376,531	-	-	-
Short term deposits	-	-	2,16,029,949	-	2,16,029,949	-	-	-
Other receivables	-	-	15,263,035	-	15,263,035	-	-	-
Bank balances	202,887,759	-	-	-	202,887,759	-	-	-
	<b>202,887,759</b>		<b>778,662,066</b>		<b>981,549,824</b>			
<b>Financial liabilities measured at fair value:</b>								
<b>Financial liabilities not measured at fair value:</b>								
Trade and other payables	-	-	-	926,083,886	926,083,886	-	-	-
Short term borrowing	-	-	-	24,066,965	24,066,965	-	-	-
Accrued mark-up	-	-	-	230,843	230,843	-	-	-
	-	-	-	<b>950,403,694</b>	<b>950,403,694</b>	-	-	-
<b>30 June 2017</b>								
<b>Financial assets measured at fair value:</b>								
Short term investments	-	855,943,421	-	-	855,943,421	855,943,421	-	-
<b>Financial assets not measured at fair value:</b>								
Long term deposits	-	-	11,053,325	-	11,053,325	-	-	-
Trade debts - considered good	-	-	429,773,583	-	429,773,583	-	-	-
Loans and advances - considered good	-	-	1,612,974	-	1,612,974	-	-	-
Short term deposits	-	-	169,311,059	-	169,311,059	-	-	-
Other receivables	-	-	256,700	-	256,700	-	-	-
Bank balances	234,056,888	-	612,007,641	-	846,064,529	-	-	-
	<b>234,056,888</b>		<b>612,007,641</b>		<b>846,064,529</b>			
<b>Financial liabilities measured at fair value:</b>								
<b>Financial liabilities not measured at fair value:</b>								
Trade and other payables	-	-	-	645,368,682	645,368,682	-	-	-
Short term borrowing	-	-	-	24,888,862	24,888,862	-	-	-
Accrued mark-up	-	-	-	1,646,851	1,646,851	-	-	-
	-	-	-	<b>671,904,395</b>	<b>671,904,395</b>	-	-	-

**15 Date of authorization for issue**

These condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on 18 October 2017.

**16 Corresponding figures**

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

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Chief Executive Officer

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Director

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Chief Financial Officer





















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