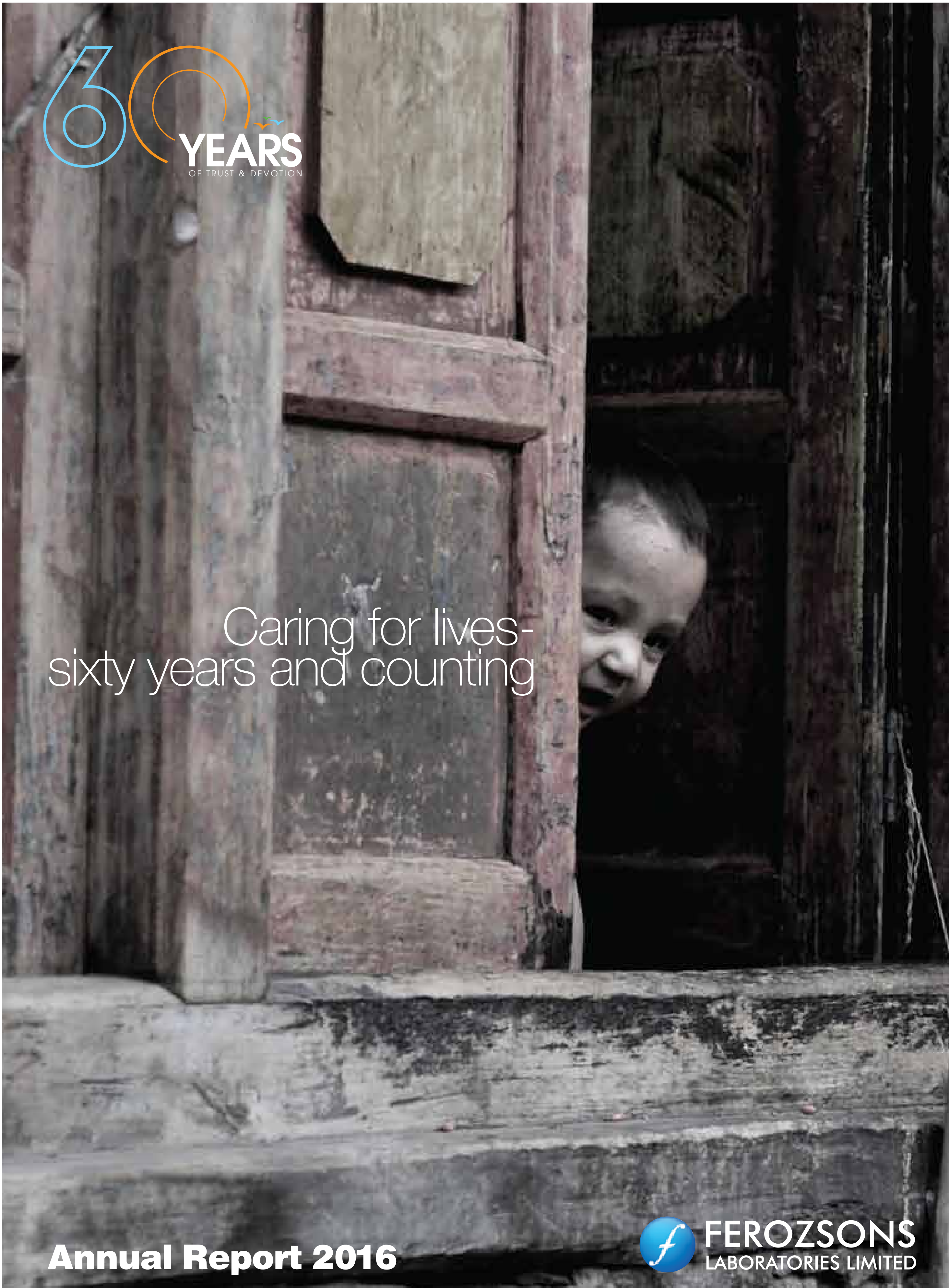

60 YEARS
OF TRUST & DEVOTION
Caring for lives-
sixty years and counting
Annual Report 2016
FEROZSONS
LABORATORIES LIMITED

FEROZSONS
LABORATORIES LIMITED

60 YEARS
OF TRUST & DEVOTION

The foundations of the Ferozsons business group were laid in 1894 by Maulvi Ferozuddin Khan, who founded the Ferozsons publishing house. From the outset, the group's corporate vision involved playing a meaningful role in the education and health of the underprivileged population of the sub-continent. Ferozsons Laboratories Limited was thus established in 1956 as one of the first Pharmaceutical manufacturing companies in Pakistan, and has now entered its sixth decade of serving the cause of health and well-being in Pakistan and a growing number of international markets.

In 1960, we became the first Pakistani pharmaceutical company to be listed on the Karachi Stock Exchange (KSE) Limited, and have a consistent track record of financial performance. The company is a multiple-time recipient of the KSE Top 25 Companies Award.

Through our range of branded generics and in-licensed products, the company has established a leading presence in the areas of cardiology, gastroenterology, hepatology, oncology, dermatology and anti-infective treatments, and is expanding in other key therapeutic areas where unmet needs exist.

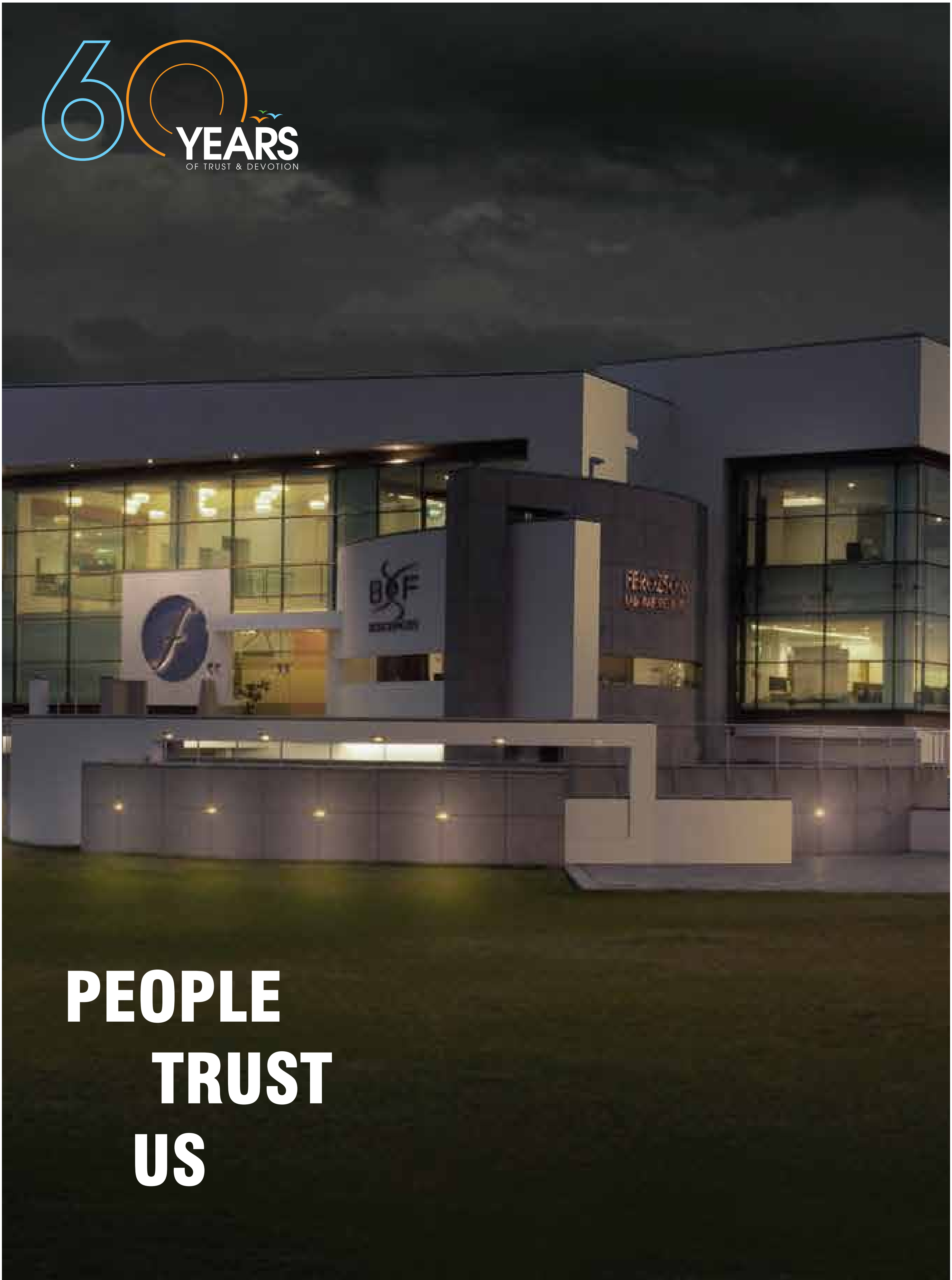
In addition to representing Gilead Sciences Inc., one of the world's most innovative biotech companies in the viral hepatitis and HIV space, Ferozsons Laboratories Limited is the Pakistan marketing and distribution partner for the Boston Scientific Corporation, USA for its range of cardiac and peripheral products and interventional devices. This partnership allows us to offer complete medical solutions in cardiology, oncology, urology and gastroenterology.

In 2009, Ferozsons Laboratories Limited entered into a joint venture with the Bagó Group of Argentina to establish BF Biosciences Limited, Pakistan's first biotech pharmaceutical company.

Ferozsons Laboratories Limited has a fully current Good Manufacturing Practices (cGMP) compliant production facility in Nowshera, which is ISO 9001 certified and we are fully equipped with state-of-the-art manufacturing and testing equipment. Our production capabilities include the manufacturing of tablets, capsules, syrups, suspensions, creams and ointments.

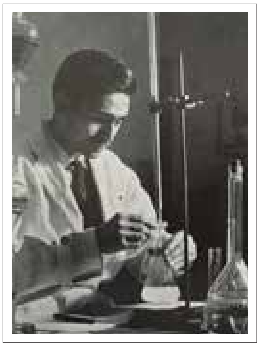
The Company has recently undertaken a major expansion in its manufacturing, adding a new production wing for the production of solid dosage forms, and offers an excellent manufacturing, marketing and distribution platform to principals for launching their products in the Pakistan market.

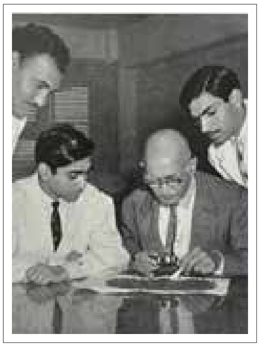
60 YEARS
OF TRUST & DEVOTION

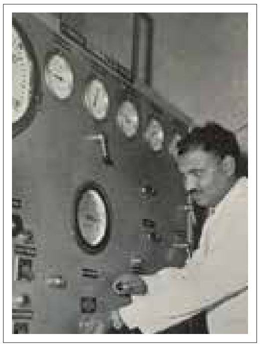


PEOPLE TRUST US

contents







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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
Mrs. 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

Head of Internal Audit
Mr. Rizwan Hameed Butt

External Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

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

Legal Advisors
Khan & Piracha

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

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

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

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

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

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

(The annual reports can be downloaded from the company's website: www.ferozsons-labs.com)


60 YEARS
OF TRUST & DEVOTION
putting patients first...

FEROZSONS LABORATORIES LIMITED

our vision

We will strive to attain market leadership by putting patients first and seeing every day as a new opportunity to earn trust and credibility

mission statement

We aim to improve the quality of life by providing innovative healthcare solutions, ensuring patient access to treatment & cure. In doing so we will,

- Enhance shareholder value
- Lead in employee development
- Collaborate for excellence
- Be ethical & transparent

our values

Putting Patients First
Our purpose for existence and ultimate measure of success is our impact on the improvement of human lives. All our activities are built around this central philosophy

Trustworthiness
We work hard every day to earn the trust of patients, healthcare providers, employees, business partners and stakeholders

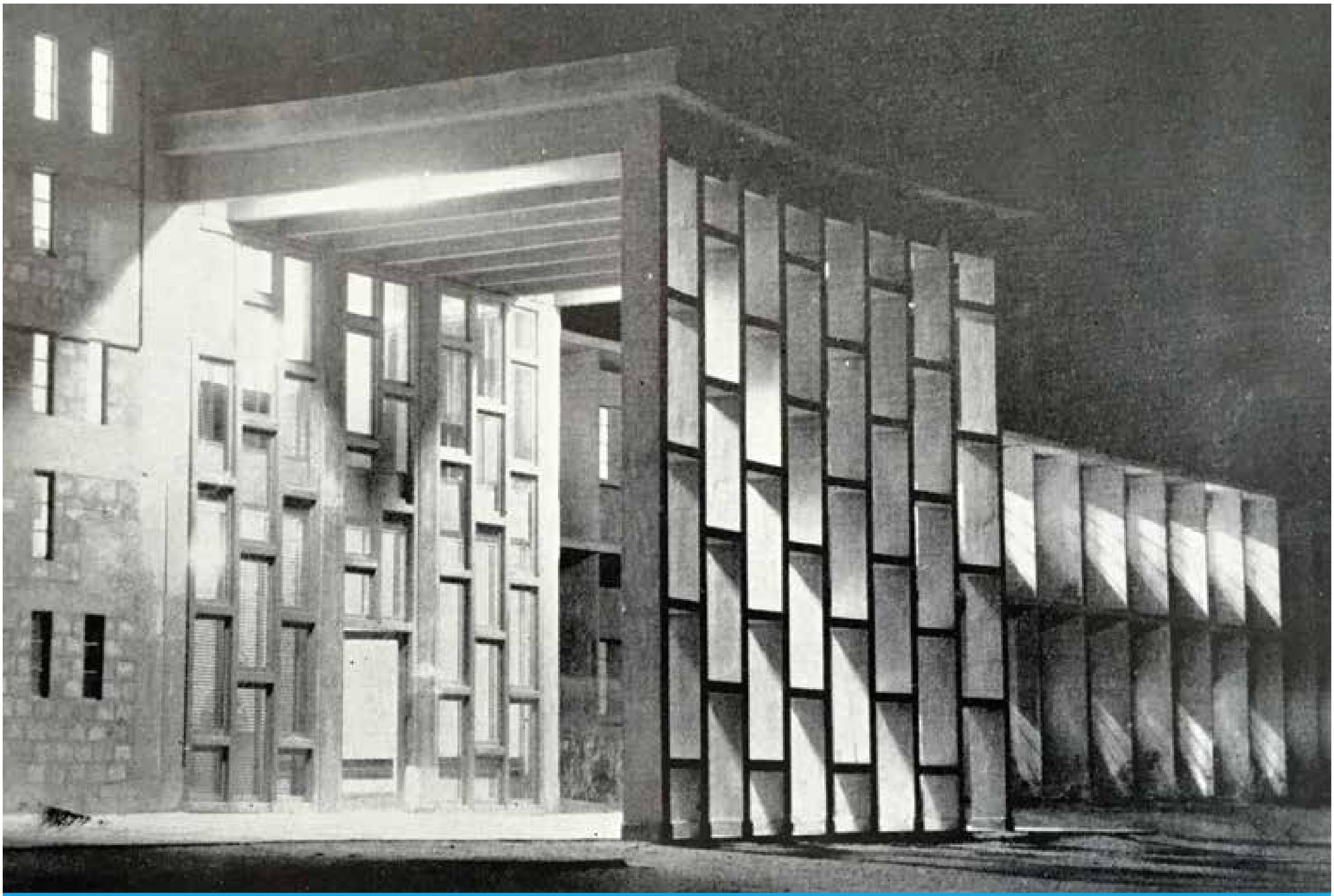
Collaboration
None of us is as smart as all of us. We come together, work together and win together

Excellence
We are committed to a culture of excellence and raising the bar every time

our history

For sixty years, Ferozsons has remained committed to bringing quality healthcare and meeting the needs of patients through its own range of pharmaceuticals and through partnerships with world renowned companies. As we look back, we are proud of a heritage that defines who we are today and guides us for the future.

60 YEARS
OF TRUST & DEVOTION



Ferozsons Laboratories Limited, Nowshera 1960s (above) – Site of the Corporate Office in Lahore 2016 (below)

chairperson's message

Dear Shareholders,

Ferozsons Laboratories Limited has the distinction of being one of the first locally established pharmaceutical companies in Pakistan. Incorporated as a private limited company in 1954, we began our operations in 1956, and in 1960 became the first national company to be listed on the Karachi Stock Exchange.

Starting at a time when there was virtually no pharmaceutical production in the country and foreign exchange was scarce, the company helped ensure that the provision of quality healthcare would not remain dependent on costly imports. Over the last six decades, we have developed a track record of providing quality, efficacious treatments for diseases that are most prevalent in Pakistan and to patients who need them the most.

From our inception, we have had a history of successful collaborations and toll manufacturing for major corporations such as Boots Pharmaceuticals Plc. of the United Kingdom, Chemie Grunenthal GmbH (Germany), Lakeside laboratories Inc., and procter & Gamble of the USA.

More recently, we have partnered with the Boston Scientific Corporation, the world's leading manufacturer of medical devices, to bring innovative medical intervention solutions to patients of heart disease, diabetes and cancer; and Gilead Sciences, Inc., to bring breakthrough treatments and address critical unmet medical needs in Viral Hepatitis and HIV. Through our efforts in medical education, we help physicians across the country obtain trainings in the most advanced procedures, upgrade their knowledge and skills, and remain abreast of the latest innovations in medical science.

In a country where public healthcare spending remains under 1% of the country's GDP and medical expenses are largely out of pocket, our primary focus has always been to ensure that breakthrough medical treatments remain accessible to patients in need. Our subsidiary, BF Biosciences Limited, established in 2009 under joint venture with the Bagó Group of Argentina, became the first biotech manufacturing facility in the country, and dramatically reduced the cost of biological for patients suffering from Cancer, Hepatitis C and Chronic Kidney Disease.

A new era in Access to Cure

Our unique partnership with Gilead to bring its best-in-class treatments to Pakistan under a special access program is unprecedented in the country's pharmaceutical industry. Under the Gilead Access Program, Pakistan became the first country in the world where patients began receiving Sovaldi, the break-through HCV treatment, at a fraction of its international cost and within months of its approval by the USFDA. As a second component of the access story, Ferozsons has now also became the first company in Pakistan to locally produce an authorized generic of Sovaldi at a significantly lower cost, further expanding access to cure for patients who are unable to afford the original drug even at the reduced access price.

On the completion of our 60th year of operations, we renew our commitment to putting patients first, to continue identifying and pursuing unmet needs in medicine and medical technology, collaborating with international partners to bring in more new and innovative treatments, and to continue to ensure that these solutions are made available to patients at costs within their reach, in Pakistan and a growing number of international export markets.

On behalf of the Board,

Mrs. Akhter Khalid Waheed

history timeline

1956

Ferozsons Laboratories Limited established as one of the first local pharmaceutical manufacturing companies in Pakistan

1960

Company listed on the Karachi Stock Exchange with an authorized capital of Rs. 10 Million

1961

Work on two new plants for the manufacture of soap and glycerine begins

1961-63

Export of quality pharmaceutical and chemical products commences to various international markets including Australia, Hong Kong, Jordan, Singapore, Turkey, UK and many others.

1963

Dew bath soap launched into the local market along with Pakistan's first detergent soap, '707' that went on to become one of the country's iconic consumer brands.

1964

Ferozsons Labs becomes a preferred supplier to foreign missions and international organizations including the United Nations, Govern-ment of USA and British Crown Agents

1964-69

The company went on to ink International collaborations with leading pharmaceutical companies from around the world, including ChemieGrunenthal GmbH, Germany, the Boots Pure Drug Co., Nottingham, UK (now known as Boots PLC. UK) and Lakeside Laboratories Inc. USA (subsidiary of Marion Merrell Dow)

1988

Cimet (Cimetidine) launched, and became one of the top-selling anti-ulcerants in the country.

1991

Ferozsons enters into an agreement with Procter & Gamble, Pakistan for the manufacturing of its famous brand, Vicks Vaporub

1995

A new collaboration with Laboratories Orgasynth of France leads to the launch Diabetron, an oral anti-diabetic treatment.

2002

Company enters into strategic partnerships with two major international companies – CuratisPharma GmbH, Germany and Bagó Group, SA, Argentina for import and marketing for a range of biotech based products in oncology and liver disease.

2006

Agreement signed for a Joint Venture with Argentinian Group, Bagó to establish BF Biosciences Limited, Pakistan's first biotech manufacturing company.

2008

Ferozsons acquires distribution rights for Boston Scientific, Inc. USA, the world's leading manufacturer of interventional medical devices

2014

Partnership with Gilead Sciences, Inc. to bring the breakthrough Hepatitis C treatment, Sovaldi in the country – Pakistan becomes the first country to implement the access program under which thousands of patients will receive the drug

community care initiatives
working to build a healthier society

Khalid Waheed Campus, The Citizen's Foundation (TCF), Muzaffargarh, photo courtesy: TCF

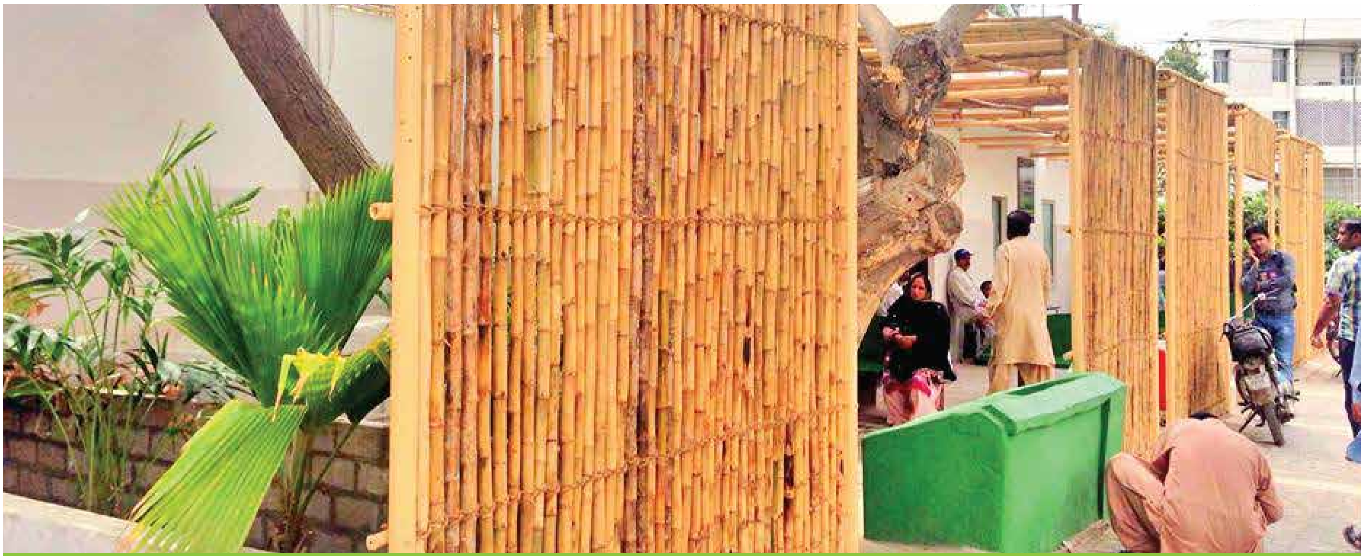
Ferozsons is deeply committed to helping make the country a better place for all Pakistanis. Our Corporate Social Responsibility (CSR) vision is focused on supporting activities that sustain a healthy, educated, and humane society.

In recent years, we have financed the construction of a girls' school in the village of Hassa near Muzaffarabad in Azad Jammu & Kashmir, and supported The Citizens Foundation (TCF) in the establishment and expansion of the TCF Khalid Waheed Campus in Muzaffargarh. To encourage creativity in younger children, the company supported story-telling workshops and the distribution of storybooks for children at TCF schools across the country. The company has also supported the improvement of teaching standards by funding teacher training at the Ali Institute of Education.

In the area of higher education, we are privileged to support scholarships for deserving students at the **Lahore University of Management Sciences (LUMS)** under its flagship National Outreach Program (NOP). This transformative program seeks out exceptionally talented students from remote parts of the country, and brings them to LUMS for a world-class education on a fully funded basis. Ferozsons also supports the annual LUMS Young Writer's Workshop to encourage the craft of creative writing in the country.

As part of our commitment to helping improve the state of healthcare infrastructure in the country, we have supported the installation of dialysis machines at District Headquarter Hospitals in Sahiwal and Okara, and installed infusion pumps at the Intensive Care Unit at the Holy Family Hospital in Rawalpindi. The company also regularly donates medicine to the St. Joseph's Hospice in support of treating the most underprivileged patients.

To help uplift the environment in public sector hospitals, Ferozsons has also collaborated with art institutions. Art for Humanity, a program run in collaboration with the National College of Arts (NCA) in Lahore, took NCA students to the cancer ward at Mayo Hospital, Lahore, where they made substantial improvements to the in-patient and OPD environment. Earlier this year, the Company also supported the work of artists in Karachi to improve outdoor seating for patients and their families at the Jinnah Postgraduate Medical Centre (JPMC), Karachi.



Patient's waiting area, Jinnah Postgraduate Medical Centre, Karachi, photo courtesy: Art Now Pakistan

curing hepatitis C in Pakistan

A unique success story for patients of this epidemic

Hepatitis C is one of the leading causes of death in the world. The burden of this disease is huge in developing countries and coupled with lack of awareness, it has accounted for rapid growth in the population of Hepatitis C Virus (HCV) infected patients in these countries. Pakistan has its share of the disease burden with an estimated population of over 10 million patients infected with HCV, making Pakistan the country with the second-highest number of HCV-infected people in the world. Unsafe practices, including rampant re-use of syringes and needles, (both casual drug usage and hospital setting), transfusion of unscreened blood, unsafe medical practices (use of unsterilized equipment during dental and medical procedures), and re-use of razor blades by barbers allows for continued transmission of the disease and the unabated increase in the infected population.

Introducing the breakthrough HCV cure to Pakistan

In 2013, Gilead Sciences, Inc. a biopharmaceutical company based in the USA launched a breakthrough treatment for HCV called Sovaldi (sofosbuvir).In clinical studies, Sovaldi in combination with other agents achieved very high cure rates while shortening the duration of treatment to as little as 12 weeks and reducing or completely eliminating the need for burdensome interferon injections, depending on the viral genotype Realizing the overwhelming unmet medical need for HCV cure in Pakistan, Gilead Sciences, Inc. partnered with Ferozsons Laboratories Limited, a leading Pakistani pharmaceutical company, to find ways to provide access to this breakthrough medicine for patients in Pakistan.

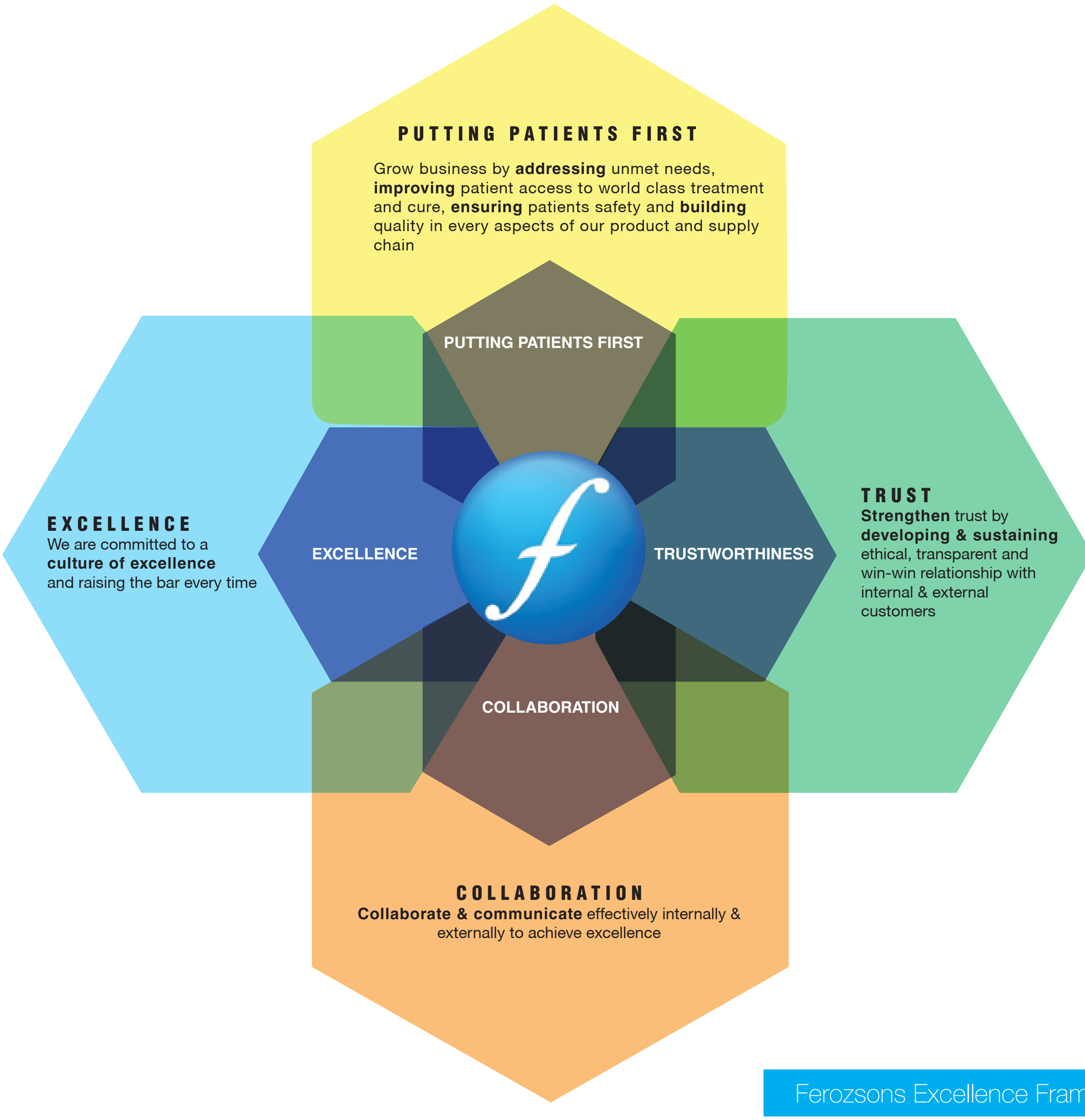
Ensuring early access

Normally new breakthrough therapies are made available in developing countries like Pakistan several years after their introduction in the West, and even after their introduction, the price often remains beyond the reach of patients. Under the Gilead Access Program, patients in Pakistan began receiving Sovaldi under a named-patient program as early as August 2014, within months of the drug's approval by the USFDA. In fact, Pakistan became the first country in the world where patients began treatment on Sovaldi at a highly reduced access cost, representing a small fraction of its international price. To support the implementation of the access program, and to ensure that the genuine drug reached the patients at the controlled access price, Ferozsons developed a direct-to-patient delivery system that provided the monthly dose of the drug to patients directly at their doorstep.
The speed to market is not only unprecedented in the pharmaceutical sector but also speaks volumes of Gilead and Ferozsons' commitment to the patients of Pakistan. Formal regulatory approvals were secured from the government of Pakistan in February 2015, which allowed thousands of patients in need of this treatment to benefit from its high cure rates. The rapid introduction of this breakthrough treatment has helped improve the lives of thousands of HCV infected patients in Pakistan.

Broadening the access

Realizing the broader need of Pakistani patients, and that significant economic barriers still existed for a majority of the country's patients from low and middle-income families, Gilead expanded its access program to include licensed generics of its HCV treatment, allowing Ferozsons to manufacture an authorized generic of its breakthrough treatment at a substantially lower price point. The program included the licensing and transfer of requisite production technology from Gilead to manufacture a quality-assured generic version of its drug at an even lower cost to the patient. Thus, in a span of less than two years, not only the original drug but a duly licensed generic of the original has been introduced in the market, which is an unprecedented achievement and a wonderful success story for patients and healthcare providers. Ferozsons is privileged to work with partners like Gilead who are committed to addressing the unmet medical needs of the patients around the world, regardless of their ability to pay.

Ferozsons corporate advertisement circa 1970



Ferozsons Excellence Framework

ensuring HR harmonization

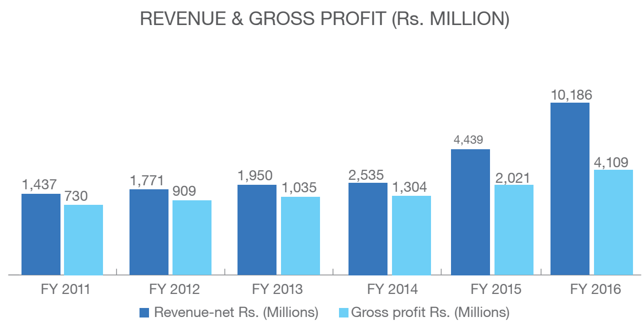
In our quest to become a patient-centered organization, the Human Resources department has worked on reinforcing our corporate values, positioning, and HR systems under the umbrella of the Ferozsons Excellence Framework.

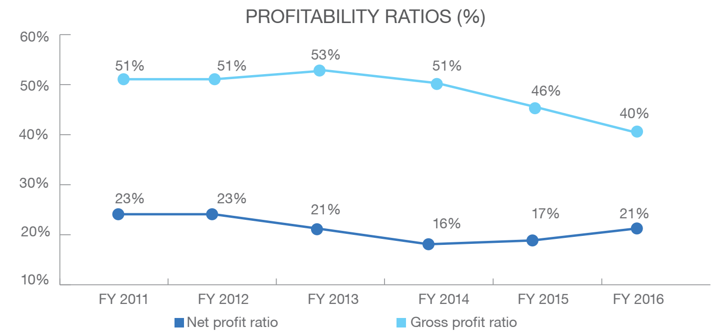
The Company is committed to growing our business by Putting Patients First, focusing on unmet medical needs, improving patient access through providing affordable treatment options, and ensuring patient safety. The Excellence Framework serves as a guide to the way we conduct business at Ferozsons Laboratories Limited, and forms the basis of our growth and the development of our employees. By adhering to this Framework in everything we do, we aim to grow together as a family, compete externally and sustain an excellence culture that attracts, develops and retains the best talent.

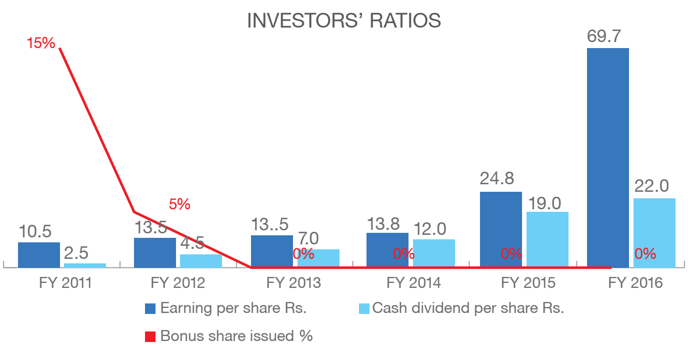
At all levels in the Company, we are committed to working hard every day to earn the trust of patients, business partners and stakeholders;by collaborating and communicating effectively, both internally and externally, to build win-win partnerships to serve patients better; and adhering to a culture of excellence.

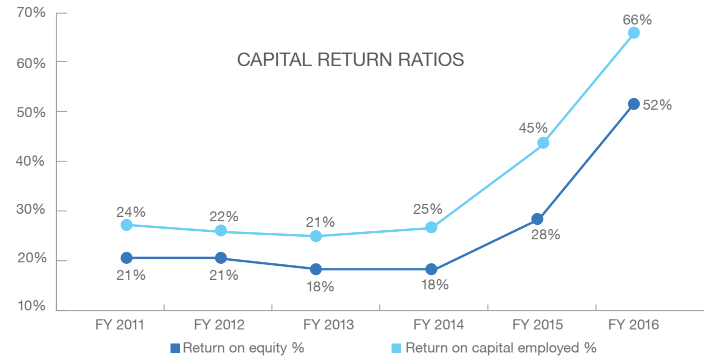
key operating and financial data for the last six years

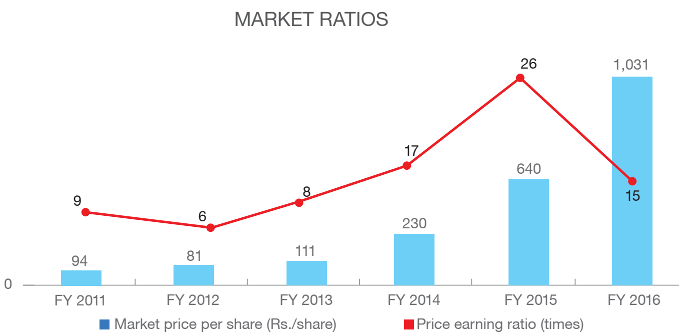
DESCRIPTION		FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
unconsolidated							
Operating Results							
Revenue - net	(Rs. Million)	10,186	4,439	2,535	1,950	1,771	1,437
Gross Profit	(Rs. Million)	4,109	2,021	1,304	1,035	909	730
Profit Before Taxation	(Rs. Million)	2,654	1,083	567	451	425	363
Profit After Taxation	(Rs. Million)	2,104	749	418	409	411	327
Financial Position							
Share Capital	(Rs. Million)	302	302	302	302	287	250
Accumulated Profit	(Rs. Million)	3,766	2,401	2,039	1,919	1,649	1,303
Non-Current Assets	(Rs. Million)	2,659	1,533	1,367	1,589	1,555	1,538
Non-Current Liabilities	(Rs. Million)	149	40	46	42	84	88
Current Assets	(Rs. Million)	3,043	2,856	1,786	1,328	1,055	728
Current Liabilities	(Rs. Million)	652	1,275	392	276	206	234
Summary of Cash flow Statement							
Cash generated from Operations	(Rs. Million)	621	973	512	284	372	134
Net cash used in Investing activities	(Rs. Million)	(82)	(223)	(172)	(147)	(223)	(42)
Net cash used in Financing activities	(Rs. Million)	(743)	(400)	(303)	(128)	(111)	(87)
Key Financial Ratios							
Profitability Ratios							
Gross Profit ratio	(%)	40.3	45.5	51.4	53.1	51.3	50.8
Net Profit After Tax to Sales	(%)	20.7	16.9	16.5	21.0	23.2	22.8
Return on Equity	(%)	51.7	27.7	17.8	18.4	21.2	21.0
Return on Capital Employed	(%)	65.5	40.6	24.9	20.8	22.4	24.1
Liquidity Ratios							
Current Ratio	(Times)	4.7	2.2	4.6	4.8	5.1	3.1
Quick Ratio/Acid Test Ratio	(Times)	1.8	1.3	2.9	2.7	3.1	1.4
Turnover Ratios							
Debtor Turnover Period	(Days)	14	19	21	26	22	26
Inventory Turnover Period	(Days)	113	187	196	230	179	212
Creditors Turnover Period	(Days)	18	141	82	78	54	41
Working Capital Cycle	(Days)	109	66	135	178	147	198
Non-Current Asset Turnover Ratio	(Times)	3.8	2.9	1.9	1.2	1.1	0.9
Operating Cash Flow To Sales Ratio	(%)	6.1	21.9	20.2	14.6	21.0	9.3
Investment/Market Ratios							
Earnings per Share Basic & Diluted (Adjusted)	(Rs.)	69.7	24.8	13.8	13.5	13.5	10.5
Cash Dividend per Share	(Rs.)	22.0	19.0	12.0	7.0	4.5	2.5
Bonus Share Issued	(%)	-	-	-	-	5.0	15.0
Price Earning Ratio	(Times)	14.8	25.8	16.7	8.2	6.0	9.0
Market Price per Share	(Rs.)	1,031	640	230	111	81	94
Cash Dividend Payout Ratio	(%)	31.6	76.6	86.8	51.7	33.3	23.9
Capital Structure Ratios							
Debt To Equity Ratio	(%)	-	-	-	-	-	-
Interest Cover	(Times)	239.0	78.5	34.2	39.4	54.9	33.6
consolidated							
Operating Results							
Revenue - net	(Rs. Million)	11,335	5,711	3,832	2,879	2,766	2,203
Gross Profit	(Rs. Million)	4,594	2,597	1,828	1,380	1,309	1,129
Profit Before Taxation	(Rs. Million)	2,859	1,360	761	523	493	508
Profit After Taxation	(Rs. Million)	2,233	944	552	466	476	426
Financial Position							
Share Capital	(Rs. Million)	302	302	302	302	287	250
Accumulated Profit	(Rs. Million)	4,280	2,811	2,289	2,061	1,744	1,343
Non-Current Assets	(Rs. Million)	3,025	1,751	1,642	1,528	1,491	1,473
Non-Current Liabilities	(Rs. Million)	269	101	122	65	103	122
Current Assets	(Rs. Million)	3,838	3,474	2,115	1,737	1,529	1,091
Current Liabilities	(Rs. Million)	821	1,456	524	387	440	410

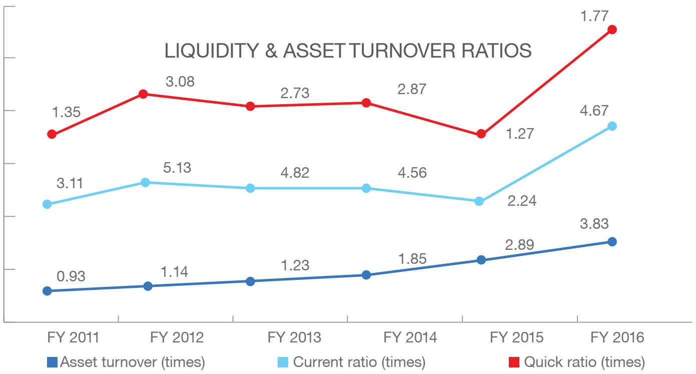

REVENUE & GROSS PROFIT (Rs. MILLION)
1,437 730
1,771 909
1,950 1,035
2,535 1,304
4,439 2,021
10,186 4,109
FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 FY 2016
Revenue-net Rs. (Millions)
Gross profit Rs. (Millions)

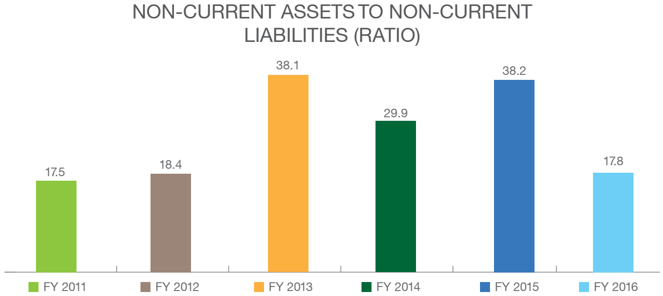

PROFITABILITY RATIOS (%)
60% 50% 40% 30% 20% 10%
51% 51% 53% 51% 46% 40%
23% 23% 21% 16% 17% 21%
FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 FY 2016
Net profit ratio
Gross profit ratio

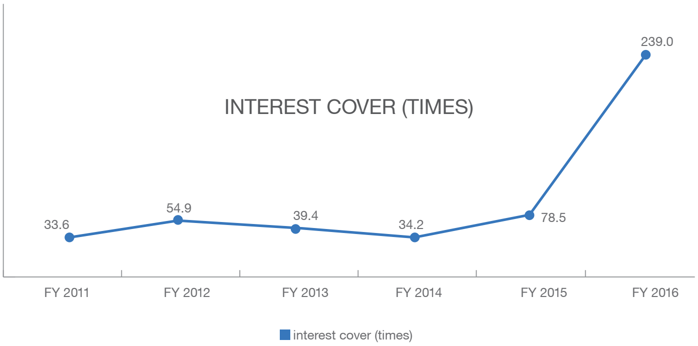

INVESTORS' RATIOS
15% 5% 0% 0% 0% 0%
10.5 2.5
13.5 4.5
13..5 7.0
13.8 12.0
24.8 19.0
69.7 22.0
FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 FY 2016
Earning per share Rs.
Cash dividend per share Rs.
Bonus share issued %


CAPITAL RETURN RATIOS
70% 60% 50% 40% 30% 20% 10%
24% 22% 21% 25% 45% 66%
21% 21% 18% 18% 28% 52%
FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 FY 2016
Return on equity %
Return on capital employed %


MARKET RATIOS
9 6 8 17 26 15
94 81 111 230 640 1,031
0
FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 FY 2016
Market price per share (Rs./share)
Price earning ratio (times)


LIQUIDITY & ASSET TURNOVER RATIOS
1.35 3.08 2.73 2.87 1.27 1.77
3.11 5.13 4.82 4.56 2.24 4.67
0.93 1.14 1.23 1.85 2.89 3.83
FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 FY 2016
Asset turnover (times)
Current ratio (times)
Quick ratio (times)


NON-CURRENT ASSETS TO NON-CURRENT LIABILITIES (RATIO)
17.5 18.4 38.1 29.9 38.2 17.8
FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 FY 2016


INTEREST COVER (TIMES)
33.6 54.9 39.4 34.2 78.5 239.0
FY 2011 FY 2012 FY 2013 FY 2014 FY 2015 FY 2016
interest cover (times)

horizontal analysis

	2016	2015	2014	2013	2012	2011
BALANCE SHEET ANALYSIS		% Change from preceding year				
Share Capital and Reserves	59.4	13.2	4.4	12.0	19.4	28.0
Non-Current Liabilities	271.7	(12.4)	9.8	(50.6)	(4.2)	(12.8)
Current Liabilities	(48.9)	225.3	42.1	34.0	(12.1)	(6.5)
Total Equity and Liabilities	**29.9**	**39.2**	**8.1**	**11.7**	**15.2**	**21.2**
Non-Current Assets	73.4	12.2	(14.0)	2.2	1.1	10.5
Current Assets	6.6	59.9	34.5	25.8	45.0	52.3
Total Assets	**29.9**	**39.2**	**8.1**	**11.7**	**15.2**	**21.2**
PROFIT AND LOSS ANALYSIS						
Revenue - net	129.5	75.1	30.0	10.1	23.2	12.8
Cost of sales	151.4	96.4	34.6	6.2	22.0	10.3
Gross Profit	**103.3**	**55.0**	**25.9**	**13.9**	**24.5**	**15.3**
Administrative expenses	39.6	20.2	14.4	4.8	16.7	37.8
Selling and distribution expenses	40.7	23.2	23.5	10.6	35.0	39.1
Other expenses	221.7	68.3	47.3	14.0	6.9	(6.9)
Other income	42.9	(0.9)	3.5	(31.6)	14.3	7.3
Operating Profit	**143.1**	**87.7**	**26.3**	**6.8**	**15.9**	**(4.2)**
Finance costs	(20.1)	(18.3)	45.4	48.9	(29.1)	93.6
Profit Before Taxation	**145.2**	**90.9**	**25.8**	**6.0**	**17.3**	**(5.6)**
Taxation	64.6	123.3	253.2	202.8	(60.6)	133.3
Profit After Taxation	**181.1**	**79.3**	**2.2**	**(0.7)**	**25.8**	**(11.4)**

vertical analysis

	2016	2015	2014	2013	2012	2011
BALANCE SHEET ANALYSIS						
Share Capital and Reserves	86.0	70.0	86.1	89.1	88.9	85.8
Non-Current Liabilities	2.6	1.0	1.5	1.4	3.2	3.9
Current Liabilities	11.4	29.0	12.4	9.5	7.9	10.3
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0
Non-Current Assets	46.6	34.9	43.4	54.5	59.6	67.9
Current Assets	53.4	65.1	56.6	45.5	40.4	32.1
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
PROFIT AND LOSS ANALYSIS						
Revenue - net	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	59.7	54.5	48.6	46.9	48.7	49.2
Gross Profit	40.3	45.5	51.4	53.1	51.3	50.8
Administrative expenses	2.6	4.3	6.3	7.1	7.6	8.0
Selling and distribution expenses	10.2	16.7	23.7	24.9	24.8	22.6
Other expenses	2.5	1.8	1.8	1.7	1.6	1.8
Other income	1.2	2.0	3.5	4.4	7.1	7.7
Operating Profit	26.2	24.7	23.0	23.7	24.5	26.0
Finance costs	0.1	0.3	0.7	0.6	0.4	0.8
Profit Before Taxation	26.1	24.4	22.4	23.1	24.0	25.2
Taxation	5.4	7.5	5.9	2.2	0.8	2.5
Profit After Taxation	20.7	16.9	16.5	21.0	23.2	22.8

directors' report to shareholders for the year ended 30 june 2016

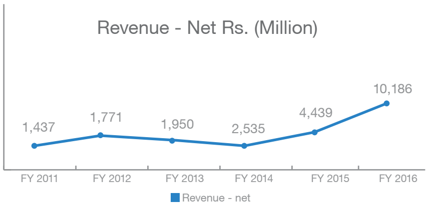
We are pleased to present the 60th Annual Report which includes the Audited Financial Statements of your Company for the financial year ended 30 June 2016 along with the Consolidated Financial Statements of its subsidiaries, BF Biosciences Limited and the Farmacia retail venture.

Your Company's Individual and Consolidated Financial Results

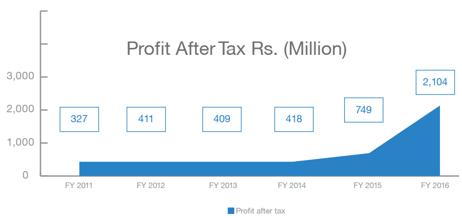
A summary of the financial and operating results for the year and appropriation of the divisible profits as compared to last year are given below:

	Individual		Consolidated	
	2016	2015	2016	2015
	(Rupees in thousands)			
Profit before tax	2,654,025	1,082,539	2,858,536	1,359,610
Taxation	(549,538)	(333,948)	(625,448)	(415,822)
Profit after tax	2,104,487	748,591	2,233,088	943,788
Profit available for appropriation	3,765,936	2,401,057	4,279,679	2,811,333
Appropriations				
Interim cash dividend for the FY 2016 @ Rs. 10/ share (FY 2015: @ Rs. 4/Share)	(301,868)	(120,747)	(301,868)	(120,747)
Final cash dividend for the FY 2016 @ Rs. 12/ share (FY 2015: @ Rs. 15/share)	(362,242)	(452,803)	(362,242)	(452,803)

During the year under review Consolidated Net Sales of your company closed at Rs. 11,335 Million, an increase of Rs. 5,624 Million over the last year. On a stand-alone basis, Net Sales of your Company grew to Rs. 10,186 Million against Rs 4,439 Million last year, demonstrating a strong growth of 129%.This exceptional growth in topline of the Company was contributed in large part by its portfolio of imported products, particularly its Hepatitis C franchise under license from Gilead Sciences, Inc.



Owing to lower unit margins on imported products, the Gross profit (GP) margin declined by 6% in percentage terms. However in absolute terms gross profit increased by 103% as compared to last year. The Net Profit After Tax (NPAT) of the Company closed at Rs. 2,104 Million, against Rs. 749 Million achieved last year.



Sales of the subsidiary company BF Biosciences Limited closed at Rs.1,093 Million with a decrease of 9% over the last year. The decrease in sales of the subsidiary is due to invention of oral treatment regimen for HCV patients, which has significantly impacted the sales of its portfolio of injectable products being used for treatment of HCV. Earnings per share (EPS) of BF Biosciences Limited closed at Rs. 7.96 (2015: Rs. 10.48).

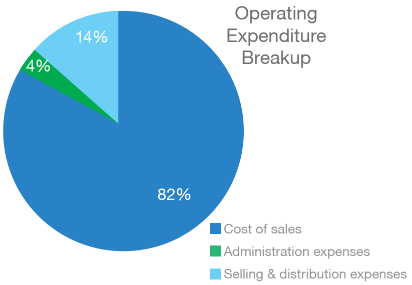
Review of Operations and Future Outlook

Just as the year under review was exceptionally strong, the coming year promises to be a challenging one. In contravention to its own stated Drug Pricing Policy 2015, the Drug Regulatory Authority of Pakistan (DRAP) has registered several generic brands of sofosbuvir, and enforced an arbitrary selling price for these generics, over 80% below Sovaldi®'s. While concerns over efficacy and treatment outcomes remain, in a highly price sensitive market like Pakistan, this shift will have a detrimental impact on sales. At the same time, newer therapies in the pipeline will also change the sales mix in the Hepatitis C market. Gilead's Harvoni® is already pending approval by DRAP, and Epclusa®, a pan-genotypic agent with a shorter duration of treatment, is also in the pipeline for regulatory filing. We hope to bring these new therapies to market in the near future.

In order to strengthen our generics portfolio, in addition to launching Savera®, the first licensed generic from Gilead Sciences to be produced in Pakistan, which was launched on World Hepatitis Day (July 28), we have planned a number of new launches in the areas of cardiology, diabetes care and gastroenterology during the year. With the support of our national distributor, we are also expanding our distribution network and increasing the size of our field force to capitalize on the growth opportunities presented by emerging smaller cities in the country.

Key Operating and Financial Data

A summary of key operating and financial data of the individual and consolidated financial statements for the last six years is annexed.



Capital Expenditure

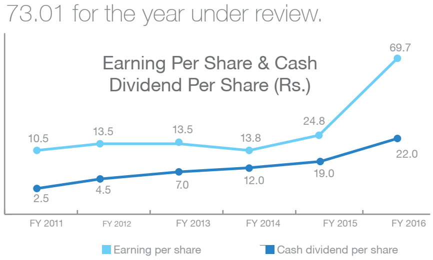
In order to keep pace with the latest technologies in pharmaceutical industry, during the year under review your Company has invested Rs. 510.8 Million for balancing and modernization of its manufacturing facilities.

Subsequent Events

No material changes affecting financial position of the Company have occurred between the balance sheet date and the date of this report.

Earnings per Share

Based on the net profit for the year ended 30 june 2016 the earnings per share (EPS) stand at Rs. 69.72 per share, compared to prior year adjusted EPS of Rs. 24.80 on capital of Rs. 301.868 Million. Consolidated earnings per-share increased from Rs. 29.97 last year to Rs. 73.01 for the year under review.



Dividend Announcement

The Directors have recommended a final cash dividend of 120% i.e. Rs. 12.00 per 10- Rupee share. Added to the interim cash dividend of 100% declared earlier during the year, this amounts to a total payout of 220% for the year ended 30 June 2016.

These appropriations will be accounted for in the subsequent financial statements, in compliance with the revised Forth Schedule of the Companies Ordinance, 1984.

Statement of Compliance with the Code of Corporate Governance

Our statement of compliance with the Code of Corporate Governance of Pakistan along with the Auditors' Report thereon forms part of our Annual Report 2016.

Statement of Compliance with Corporate & Financial Reporting Framework

The Board of Directors of your Company is committed to the principal of good corporate management practices. The Management of the Company is continuing to comply with the provisions of best practice set out in the Code of Corporate Governance.

As per the requirements of the Code of Corporate Governance, following specific statements are being given hereunder:

- The financial statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the company's financial statements which conform to the approved accounting standards as applicable in Pakistan.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The systems of internal controls are sound in design and have been effectively implemented by the management and monitored by the internal auditors as well as Board of Directors and the Audit Committee. The Board reviews the effectiveness of established internal controls through the Audit Committee and suggest, whenever required, further improvement in the internal control system.

- There are no significant doubts upon the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of Corporate Governance as detailed in the Listing Regulations.

- The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.

- All major Government levies in the normal course of business, payable as on 30 June 2016 have been cleared subsequent to the year end.

- During the year, the company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) regulations and listing requirements.

- Director's spouse and Executives of the Company traded in a total of 13,199 shares of the Company during the year. Besides this no other trading in Company shares was carried out by the Directors, Executives or their spouse(s) and minor children. Transaction wise detail of aforesaid sale and purchase in the shares of the Company have been disclosed in pattern of shareholding.

- The values of investments of employees' provident fund based on latest audited accounts as of 30 June 2015 are Rs. 324.60 million.

Contribution to National Exchequer

During the current financial year out of the total wealth generated, your Company contributed approximately Rs. 881 Million to the national exchequer in lieu of various levies including Income Tax, Custom Duty, Federal and Provincial Sales Taxes WWF, WPPF and Central Research Fund.

Related Party Transactions

Transactions with related parties during the year ended 30 June 2016 were placed before the audit committee and the board for their review and approval. These transactions were approved by the Board in their meetings held during the year. Detail of related party transactions is given in note. 33 to the financial statements.

Meetings of the Board of Directors and Board Committees'

The information regarding the meetings of the board of directors and Board committees held during the year ended 30 June 2016 is annexed.

Share Capital and Pattern of Shareholding

The issued, subscribed and paid up capital of the Company as at 30 June 2016 was Rs. 301.868 million. The statement indicating the number of shareholders as on 30 June 2016 and their categories forming the pattern of shareholding as required under the Code of Corporate Governance is annexed.

Risk Management

Our risk management approach is primarily based on understanding, identifying, assessing and then prioritizing risk areas in order to mitigate these risks through evolving operational strategies.

The following are some of the primary risks being faced by our Company:

- **Economic and political risks:** The ever changing economic and political condition in our country has exposed our Company to this risk as well. In order to mitigate this risk the management monitors the financial market conditions and political climate very closely and appropriate actions and strategies are discussed at the management level to counter unfavorable situations.

- **Competition risks:** Due to the weak regulatory controls over illegal and low quality products in the market, the pharmaceutical industry in Pakistan is exposed to unhealthy competition risks. In order to mitigate these risks your Company along with other members of the Pakistan Pharmaceutical Manufacturers Association, is in continuous lobbying for improved Government regulations and policies.

- **Supply chain risks**: The supply chain process plays a pivotal role in day-to-day operations of the Company. We are mitigating this risk through comprehensive production planning and integrating it with the sales forecasting and ordering systems.

- **Information technology risks:** The Company continues to invest in its IT infrastructure keeping in mind its future needs.

- **Financial risks:** These are the risks that are directly attributable to the financial viability of the Company. These have been elaborated in detail in note 37 of the financial statements.

Auditors

The Auditors Messer KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment for the financial year ending 30 June 2017.

Affirmation

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

We would also like to thank all our stakeholders and business partners for their continued trust in the Company and our products. With their support, we are committed to expanding our efforts to bring the highest quality medical solutions for the benefit of patients in the markets we serve.

For and on behalf of the Board

Mrs. Akhter Khalid Waheed
Chairperson
Lahore: 29 August 2016

attendance of members in meetings during the year from 01 july 2015 to 30 june 2016

Board of Directors

During the year under review, four Board of Directors meetings were held, attendance position was as under:

Sr. No.	Name of Director	No. of Meeting Attended
1.	Mrs. Akhter Khalid Waheed	4
2.	Mr. Osman Khalid Waheed	3
3.	Mrs. Amna Piracha Khan	3
4.	Mrs. Munize Azhar Peracha	4
5.	Mr. Farooq Mazhar	4
6.	Mr. Nihal F Cassim	4
7.	Mr. Shahid Anwar	4

Audit Committee

During the year under review, four Audit Committee meetings were held, attendance position was as under: -

Sr. No.	Name of Member	No. of Meeting Attended
1.	Mrs. Amna Piracha Khan	3
2.	Mr. Farooq Mazhar	4
3.	Mr. Nihal F Cassim	4
4.	Mr. Shahid Anwar	4

HR&R Committee

During the year under review, one HR&R Committee meeting was held, attendance position was as under: -

Sr. No.	Name of Member	No. of Meeting Attended
1.	Mr. Farooq Mazhar	1
2.	Mr. Nihal F Cassim	1
3.	Mr. Shahid Anwar	1

statement of compliance with the code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Shahid Anwar
Executive Director	Mr. Osman Khalid Waheed
Non-Executive Directors	Mrs. Akhter Khalid Waheed
	Mrs. Amna Piracha Khan
	Mrs. Munize Azhar Peracha
	Mr. Farooq Mazhar
	Mr. Nihal F Cassim

The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy has occurred on the Board of Directors during the year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Most of the Directors meet the exemption requirement of the directors’ training program. The remaining directors have obtained certification under the directors’ training program.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.

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

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

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

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

15. The Board has formed an Audit Committee. It comprises four members, of whom all are non-executive directors and the Chairman of the Committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Human Resource Remuneration Committee. It comprises three members, of whom all are non-executive directors and the chairman of the Committee is an independent director.

18. The Board has outsourced the internal audit function to EY Ford Rhodes, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore
29 August 2016

Mrs. Akhter Khalid Waheed
Chairperson

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

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Fax + 92 (42) 3579 0907
Internet www.kpmg.com.pk

Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Ferozsons Laboratories Limited** ("the Company") for the year ended 30 June 2016 to comply with the requirements of Listing Regulation no. 5.19 of the Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of the requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

KPMG Taseer Hadi & Co

Lahore

KPMG Taseer Hadi & Co
Chartered Accountants
(Bilal Ali)

Date: 29 August 2016


53.83
55%
▲6.224

financial statements

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
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Servis House
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Lahore Pakistan

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Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of **Ferozsons Laboratories Limited ("the Company")** as at 30 June 2016 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in accounting policy as referred to in note 3 with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company, and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

Date: 29 August 2016

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

unconsolidated balance sheet

As at 30 June 2016

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (2015: 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	5	321,843	321,843
Accumulated profit		3,765,936,024	2,401,056,940
		4,068,126,277	2,703,247,193
Surplus on revaluation of property, plant and equipment - net of tax	6	832,797,085	371,101,820
Non-current liabilities			
Deferred taxation	7	149,191,075	40,137,245
Current liabilities			
Trade and other payables	8	651,474,148	1,250,144,914
Short term borrowings - secured	9	-	-
Accrued mark-up		32,767	10,634
Provision for taxation - net		-	24,395,580
		651,506,915	1,274,551,128
Contingencies and commitments	10	-	-
		5,701,621,352	4,389,037,386

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

unconsolidated balance sheet

As at 30 June 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,384,990,408	1,287,233,593
Intangibles	12	4,174,991	1,040,462
Long term investments	13	263,310,134	241,708,087
Long term deposits		6,351,325	3,458,825
		2,658,826,858	1,533,440,967
Current assets			
Stores, spare parts and loose tools	14	22,249,383	23,422,301
Stock in trade	15	1,866,923,740	1,216,591,555
Trade debts - considered good	16	387,586,473	232,931,043
Loans and advances - considered good	18	35,476,550	33,559,605
Deposits and prepayments	19	92,321,784	51,496,028
Other receivables	20	7,637,820	2,629,658
Short term investments	21	335,000,000	841,000,000
Income tax - net		45,918,965	-
Cash and bank balances	22	249,679,779	453,966,229
		3,042,794,494	2,855,596,419
		5,701,621,352	4,389,037,386

Director

unconsolidated profit and loss account

For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
Revenue - net	23	10,186,496,154	4,438,881,169
Cost of sales	24	(6,077,657,868)	(2,417,655,623)
Gross profit		4,108,838,286	2,021,225,546
Administrative expenses	25	(269,295,622)	(192,837,874)
Selling and distribution expenses	26	(1,039,975,164)	(739,319,314)
Other expenses	27	(260,905,050)	(81,100,687)
Other income	28	126,515,313	88,535,346
Profit from operations		2,665,177,763	1,096,503,017
Finance costs	29	(11,152,570)	(13,964,279)
Profit before taxation		2,654,025,193	1,082,538,738
Taxation	30	(549,538,096)	(333,948,031)
Profit after taxation		2,104,487,097	748,590,707
Earnings per share - basic and diluted	31	69.72	24.80

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director**

unconsolidated statement of comprehensive income

For the year ended 30 June 2016

	2016 Rupees	2015 Rupees
Profit after taxation	2,104,487,097	748,590,707
Other comprehensive income for the year	-	-
Total comprehensive income for the year	2,104,487,097	748,590,707

Surplus on revaluation of fixed assets - net of tax is presented under separate head below equity in accordance with the requirements of the Companies Ordinance, 1984.

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director**

unconsolidated statement of changes in equity

For the year ended 30 June 2016

	Share capital	Capital reserve	Accumulated profit	Total
	----- Rupees -----			
Balance as at 01 July 2014	301,868,410	321,843	2,039,310,336	2,341,500,589
Total comprehensive income for the year	-	-	748,590,707	748,590,707
Surplus / (deficit) transferred to accumulated profit:				
- on account of incremental depreciation charged during the year - net of tax	-	-	5,654,868	5,654,868
- on account of disposal of fixed assets during the year - net of tax	-	-	(70,038)	(70,038)
	-	-	5,584,830	5,584,830
Transactions with owners of the Company:				
- Final dividend for the year ended 30 June 2014 at Rs. 9 per share	-	-	(271,681,569)	(271,681,569)
- Interim dividend for the year ended 30 June 2015 at Rs. 4 per share	-	-	(120,747,364)	(120,747,364)
	-	-	(392,428,933)	(392,428,933)
Balance as at 30 June 2015	301,868,410	321,843	2,401,056,940	2,703,247,193
Balance as at 01 July 2015	301,868,410	321,843	2,401,056,940	2,703,247,193
Total comprehensive income for the year	-	-	2,104,487,097	2,104,487,097
Surplus transferred to accumulated profit:				
- on account of incremental depreciation charged during the year - net of tax	-	-	5,793,286	5,793,286
- on account of disposal of fixed assets during the year - net of tax	-	-	9,269,725	9,269,725
	-	-	15,063,011	15,063,011
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)
- 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 30 June 2016	301,868,410	321,843	3,765,936,024	4,068,126,277

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director**

unconsolidated cash flow statement

For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
Cash flow from operating activities			
Profit before taxation		2,654,025,193	1,082,538,738
Adjustments for:			
Depreciation		138,760,682	111,238,016
Amortisation		1,150,797	296,050
Gain on disposal of property, plant and equipment		(21,923,497)	(12,193,695)
Finance costs		11,152,570	13,964,279
Gain on sale of short term investments		(58,529,405)	(41,027,036)
Mark-up on long term loan		-	(5,367,897)
Profit on term deposits		(9,364,205)	-
Share in profit of Farmacia		(21,602,047)	(14,452,886)
Workers' Profit Participation Fund		142,536,262	57,600,151
Central Research Fund		28,795,204	11,636,394
Workers' Welfare Fund		54,163,779	11,864,141
		265,140,140	133,557,517
Cash generated from operations before working capital changes		2,919,165,333	1,216,096,255
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		1,172,918	(8,444,818)
Advances, deposits, prepayments and other receivables		(47,063,425)	(38,385,070)
Stock in trade		(650,332,185)	(569,971,758)
Trade debts - considered good		(154,655,430)	(87,266,671)
		(850,878,122)	(704,068,317)
(Decrease) / increase in current liabilities			
Trade and other payables		(636,137,384)	822,043,954
Cash generated from operations		1,432,149,827	1,334,071,892
Taxes paid		(598,029,926)	(310,363,435)
Workers' Profit Participation Fund paid		(187,211,241)	(33,250,628)
Workers' Welfare Fund paid		(11,864,141)	(11,572,956)
Central Research Fund paid		(11,636,394)	(6,152,555)
Long term deposits		(2,892,500)	327,275
Net cash generated from operating activities		620,515,625	973,059,593
Cash flow from investing activities			
Acquisition of property, plant and equipment		(688,205,229)	(266,687,745)
Acquisition of intangibles		(4,285,326)	(991,131)
Proceeds from sale of property, plant and equipment		37,600,620	16,301,288
Interest income received on long term loan		-	9,789,598
Profit on term deposits		8,676,767	-
Recovery of long term loan		-	100,000,000
Redemption / (acquisition) of short term investments - net		564,529,405	(81,394,889)
Net cash used in investing activities		(81,683,763)	(222,982,879)
Cash flow from financing activities			
Finance cost paid		(11,130,437)	(17,599,263)
Dividend paid		(731,987,875)	(382,632,215)
Net cash used in financing activities		(743,118,312)	(400,231,478)
Net (decrease) / increase in cash and cash equivalents		(204,286,450)	349,845,236
Cash and cash equivalents at the beginning of the year		453,966,229	104,120,993
Cash and cash equivalents at the end of the year	22	249,679,779	453,966,229

The annexed notes from 1 to 40 form an integral part of these unconsolidated financial statements.

Chief Executive Officer **Director**

1 Reporting entity

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

2 Basis of preparation

2.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. Consolidated financial statements of the Company are prepared separately.

The Company has following major investments:

Name of the company	Shareholding
Subsidiaries	
- BF Biosciences Limited	80%
- Farmacia	98%

2.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan ('SECP') differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.3 Standards, amendments and interpretations and forth coming requirements

2.3.1 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to standards or new interpretations became effective. However, the amendments or interpretations did not have any material effect on the unconsolidated financial statements of the Company.

2.3.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's unconsolidated financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Company's unconsolidated financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Company's unconsolidated financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Company's unconsolidated financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on the Company's unconsolidated financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on the Company's unconsolidated financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

o IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- o IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- o IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- o IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on Company's unconsolidated financial statements.

2.4 Basis of measurement

These unconsolidated financial statements have been prepared on the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts and investment in listed securities and financial instruments that are stated at their fair values. The methods used to measure fair values are discussed further in their respective policy notes.

2.5 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupee ("Rs.") which is the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.6 Use of estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and any future periods affected.

Judgments made by the management in the application of approved accounting standards that have significant effect on the unconsolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.6.1 Property, plant and equipment

The Company reviews the useful lives and residual value of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.6.2 Intangibles

The Company reviews the rate of amortisation and value of intangible assets for possible impairment, on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortisation charge and impairment.

2.6.3 Stores, spare parts, loose tools and stock in trade

The Company reviews the stores, spare parts, loose tools and stock in trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spare parts and loose tools and stock in trade with a corresponding affect on the provision and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.6.4 Provision against trade debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables to assess impairment and provision required there against on annual basis.

2.6.5 Provisions

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

2.6.6 Impairment

The management of the Company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.6.7 Fair value of investments

The Company regularly reviews the fair value of investments, the estimate of fair values are directly linked to market value. Any change in estimate will effect the carrying value of investments with the corresponding impact on profit and loss account.

2.6.8 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presenting, in these financial statements, except for the change explained below:

During the year the Company has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Company has included the additional disclosure in this regard in note 37.3.3(c) to the financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the Company except for certain additional disclosures.

3.1 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below:

3.1.1 Staff provident fund

The Company operates a recognized provident fund as a defined contribution plan for employees who fulfil conditions laid down in the trust deed. Provision is made in the financial statements for the amount payable by the Company to the fund in this regard. Contribution is made to the fund equally by the Company and the employees at the rate of 10% of basic salary.

3.1.2 Compensated absences

The Company provides for compensated absences for its employees on unavailed balance of leave in the period in which leave is earned.

3.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity respectively.

3.2.1 Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

3.2.2 Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.3 Property, plant and equipment, depreciation and capital work in progress

3.3.1 Owned

Property, plant and equipment of the Company other than freehold land, building and plant and machinery are stated at cost less accumulated depreciation and impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Building, plant and machinery are stated at revalued amount less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount. Revaluation is carried out every five years unless earlier revaluation is necessitated.

Depreciation is provided on a straight line basis and charged to profit and loss account to write off the depreciable amount of each asset, except for freehold land, over its estimated useful life at the rates specified in note 11 to these financial statements. Depreciation on depreciable assets is commenced from the date asset is available for use up to the date when asset is retired. Any accumulated depreciation at the date of revaluation is eliminated, against the gross carring amount of the asset and the net amount is restated to the revalued amount.

Surplus arising on revaluation is credited to the surplus on revaluation of fixed asset account. Deficit, if any, arising on subsequent revaluation of property, plant and equipment is adjusted against the balance in the above mentioned surplus account. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to equity, net of related deferred tax.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gain and loss on sale of an item of property, plant and equipment are determined by comparing the proceeds from sale with the carrying amount of property, plant and equipment, and are recognised net within “other income / other expenses” in profit or loss account. When revalued asset is sold, the amount included in the surplus on revaluation of property, plant and equipment, net of deferred tax, is transferred directly to equity.

3.3.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate directly attributable overheads. These costs are transferred to property, plant and equipment as and when assets are available for their intended use.

3.4 Intangibles

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets with finite useful life are amortized using the straight-line method over the estimated useful life of three years. Amortisation of intangible assets is commenced from the date an asset is capitalized.

3.5 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise looses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

Significant financial assets include long term deposits, short term investments, trade debts, loans and advances, other receivables, mark-up accrued and cash and bank balances.

Significant financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities include trade and other payables.

3.6 Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

3.7 Investments

3.7.1 Investments in subsidiaries

Investments in subsidiaries are initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

3.7.2 Investments at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition are designated by the Company at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

3.7.3 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At initial recognition these financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. After initial recognition, these are measured at amortized cost using the effective interest rate method less impairment loss, if any.

3.7.3.1 Trade debts

Trade debts are stated initially at the fair value, subsequent to initial recognition. These are stated at their amortised cost as reduced by appropriate provision for impairment, known impaired receivables are written off, while receivables considered doubtful are fully provided for.

The allowance for doubtful accounts is based on the Company's assessment at the collectability of counterparty accounts. The Company regularly reviews its trade debts that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering facts such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may effect customers ability to pay.

3.8 Settlement date accounting

Regular way purchases and sales of financial assets are recognized on trade dates.

3.9 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods or services received.

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if amount is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

3.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.12 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

3.13 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of cost and net realizable value. Cost is determined on weighted average cost basis. Items in transit are valued at cost comprising invoice value plus other incidental charges incurred thereon.

3.14 Stocks in trade

Stocks are valued at the lower of average cost and net realizable value. Cost is determined as follows:

Raw and Packing materials	- at moving average cost,
Work in process	- at weighted average cost; and
Finished goods	- at moving average cost.

Cost of finished goods purchased for resale and raw & packing materials comprises of purchase price and other costs incurred in bringing the material to its present location and condition. Cost of work in progress comprises of cost of raw & packing materials. Cost of manufactured finished goods comprises of raw & packing materials and applicable overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessarily to be incurred in order to make a sale.

3.15 Cash and cash equivalents

For the purpose of cash flow, cash and cash equivalents mainly comprise cash and bank balances which are stated in the balance sheet at cost.

3.16 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of pharmaceutical products, net of sales returns, discounts and commission. Revenue is recognized when the goods are dispatched and title passes to the customer, it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

3.17 Borrowing costs

Mark-up, interest and other direct charges on borrowings are capitalized to the related qualifying asset till substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. All other mark-up, interest and related charges are charged to the profit and loss account as finance cost.

3.18 Other income

Other income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial asset at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Foreign currency gains and losses are reported on a net basis.

Dividend income relating to post acquisition profit is recognized when the right to receive is established.

Gains and losses on sale of investments are accounted for on disposal of investments.

3.19 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognized.

Non financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognized.

3.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

3.21 Dividend distribution

Dividend is recognized as a liability in the period in which it is approved.

4 Issued, subscribed and paid up capital

	2016 Rupees	2015 Rupees
1,441,952 (2015: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (2015: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	1,196,000	1,196,000
28,625,289 (2015: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	286,252,890	286,252,890
	301,868,410	301,868,410

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

5 Capital reserve

This represents capital reserve which arose on conversion of shares of NWF Industries Limited and Sargodha Oil & Flour Mills Limited, since merged.

	2016 Rupees	2015 Rupees
6 Surplus on revaluation of property, plant and equipment - net of tax		
Surplus on revaluation of property, plant and equipment as at 1 July	386,753,173	395,088,740
Surplus on revaluation of property, plant and equipment recognized during the year:		
- freehold land	268,076,127	-
- building on freehold land	225,413,183	-
- plant and machinery	70,500,081	-
	563,989,391	-
- related deferred tax liability	(87,288,495)	-
Surplus net of deferred tax	476,700,896	-
Surplus transferred to equity on account of incremental depreciation charged during the year net of deferred tax	(5,793,286)	(5,654,868)
Related deferred tax liability	(2,646,816)	(2,785,234)
	(8,440,102)	(8,440,102)
(Surplus) / deficit transferred to equity:		
- on account of disposal during the year net of deferred tax	(9,269,725)	70,038
- Related deferred tax liability	-	34,497
	(9,269,725)	104,535
Revaluation Surplus	933,032,737	386,753,173
Related deferred tax liability:		
- On revaluation as at 1 July	(15,651,353)	(21,177,372)
- Transferred		
- on revaluation surplus recognized during the year	(87,288,495)	-
- on account of incremental depreciation charged during the year	2,646,816	2,785,234
- on account of disposal of fixed assets during the year	-	(34,497)
- tax rate adjustment	57,380	2,775,282
	(100,235,652)	(15,651,353)
Surplus on revaluation of property, plant and equipment as at 30 June	832,797,085	371,101,820

The freehold land, building and plant and machinery were revalued by independent valuers in years 1976, 1989, 2002, 2006, 2011 and 2016. These revaluations had resulted in a cumulative surplus of Rs. 1,054 million, which has been included in the carrying values of free hold land, building and plant and machinery respectively and credited to the surplus on revaluation of property, plant and equipment. The surplus is adjusted on disposal of revalued assets, if any, and incremental depreciation, net of deferred tax.

The latest reveluation was carried out on 30 June 2016 and resulted in a surplus of Rs. 564 million. Revaluation of freehold land and building was carried out under market value basis while plant and machinery were revalued on net replacement cost basis. All the revaluations were carried out by independent valuers.

Except and to the extent actually realized on disposal of the assets which are revalued, the surplus on revaluation of property, plant and equipment shall not be applied to set off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Company, or utilized directly or indirectly by way of dividend or bonus, provided that the surplus on revaluation may be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed asset of the Company.

7 Deferred taxation

	2016			
		Reversal from / (charge to)		
	Opening	Profit or loss	Surplus on revaluation	Closing
	(Rupees)			
Taxable temporary difference				
Accelerated tax depreciation allowances	24,485,892	24,469,531	-	48,955,423
Surplus on revaluation of property, plant and equipment	15,651,353	(2,646,816)	87,231,115	100,235,652
	40,137,245	21,822,715	87,231,115	149,191,075

	2015			
		Reversal from / (charge to)		
	Opening	Profit or loss	Surplus on revaluation	Closing
	(Rupees)			
Taxable temporary difference				
Accelerated tax depreciation allowances	24,619,261	(133,369)	-	24,485,892
Surplus on revaluation of property, plant and equipment	21,177,372	(2,750,737)	(2,775,282)	15,651,353
	45,796,633	(2,884,106)	(2,775,282)	40,137,245

8 Trade and other payables

	Note	2016 Rupees	2015 Rupees
Trade creditors	8.1	321,280,215	1,037,954,638
Accrued liabilities		96,099,277	16,100,700
Advances from customers		15,359,560	24,653,717
Unclaimed dividend		67,868,588	45,185,439
Tax deducted at source		452,196	-
Provision for compensated absences		17,587,198	14,741,104
Workers' Profit Participation Fund	8.2	19,256,025	62,211,241
Central Research Fund	8.3	28,795,204	11,636,394
Workers' Welfare Fund	27	54,163,779	11,864,141
Advances from employees against purchase of vehicles		29,594,632	18,687,699
Due to subsidiary (unsecured) - Farmacia		-	3,209,052
Due to subsidiary (unsecured) - BF Biosciences Limited		-	2,600,513
Other payables		1,017,474	1,300,276
		651,474,148	1,250,144,914

8.1 These include payable to related party, BF Biosciences Limited amounting to Rs. Nil (2015: Rs. 0.51 million).

8.2 Workers' Profit Participation Fund

	2016 Rupees	2015 Rupees
Balance at the beginning of the year	62,211,241	33,250,628
Interest on funds utilized by the Company	1,719,763	4,611,090
Provision for the year	142,536,262	57,600,151
	206,467,266	95,461,869
Payments made during the year	(187,211,241)	(33,250,628)
	19,256,025	62,211,241

The fund balance has been utilized by the Company for its own business and interest at the rate of 143% (2015: 90%) has been credited to the fund. Interest is calculated at higher of 75% of dividend rate or 2.5% plus bank rate, as required under Companies Profits (Workers' Participation) Act, 1968.

8.3 Central Research Fund

	2016 Rupees	2015 Rupees
Balance at the beginning of the year	11,636,394	6,152,555
Provision for the year	28,795,204	11,636,394
	40,431,598	17,788,949
Payments made during the year	(11,636,394)	(6,152,555)
	28,795,204	11,636,394

9 Short term borrowings - secured

9.1 Under Mark up arrangements

The Company has short term borrowing facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 750 million (2015: Rs. 750 million). These facilities carry mark-up at the rates of ranging from three months KIBOR plus 0.1% to 0.9% (2015: three months KIBOR plus 0.1% to 0.9%) per annum on the outstanding balances. Out of the aggregate facilities, Rs. 150 million are secured by first pari passu charge of Rs. 467 million over all present and future current assets of the company and remaining Rs. 600 million (2015: Rs. 300 million) facilities are secured by lien on Company's short term investments / bank deposit account which should be 110% of the maximum limit allowed for utilization. Under this arrangement, utilized facility of Rs. 335 million (2015: Rs. 330 million) is marked under lien. These facilities are renewable on annual basis latest by 30 November 2016.

9.2 Under Shariah compliant arrangements

The Company has short term borrowing facility i.e. Running Musharakah available from Islamic bank under profit arrangements having sanctioned limit of Rs. 200 million (2015: Rs. Nil). This facility carry profit rate of three months KIBOR plus 0.3% (2015: Nil) per annum on the outstanding balance. This facility is secured by first pari passu charge of Rs. 250 million over current assets of the Company. This facility is renewable on annual basis latest by 31 March 2017.

10 Contingencies and commitments

10.1 Contingencies

10.1.1 Guarantees issued by banks on behalf of the Company

10.1.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 50 million (2015: Rs. 25 million) for letter of guarantees (which is the sublimit of running finance), the amount utilized at 30 June 2016 was Rs. 0.4 million (2015: Rs. 2.44 million).

10.1.1.2 Under Shariah compliant arrangements

The Company has facility i.e. LG of Rs. 25 million (2015: Rs. Nil) available from Islamic bank, the amount utilized at 30 June 2016 was Rs. 1.96 million (2015: Rs. Nil).

10.1.2 The Company has filed a suit before the Honorable High Court of Sindh challenging SRO related to pharmaceutical pricing issued by Drug Regulatory Authority being ultra vires the constitution. The issue relates to fixation of prices of certain products of the Company and the SRO issued in this regard whereby the products of the Company were notified as controlled drugs. The matter is subjudice. However, the management based on obtained legal opinion believes that the Company has a strong case on merit and is likely to succeed in obtaining relief.

10.2 Commitments

10.2.1 Letter of credits

10.2.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 600 million (2015: Rs. 600 million) for opening letters of credit, the amount utilized at 30 June 2016 for capital expenditure was Rs. 183.83 million (2015: Rs. 188.75 million) and for other than capital expenditure was Rs. 163.17 million (2015: Rs. 50.57 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.

10.2.1.2 Under Shariah compliant arrangements

The Company has facility i.e. letters of credit of Rs. 75 million (2015: Rs. Nil) available from Islamic bank, the amount utilized at 30 June 2016 only for other than capital expenditure was Rs. 20.60 million (2015: Rs. Nil). This facility is secured by first pari passu charge of Rs. 93.75 million over current assets of the company. Lien is also marked over import documents.

10.2.2 Guarantees issued on behalf of subsidiary companies

The Company has issued cross corporate guarantees of Rs. Nil (2015: Rs. 218.8 million) to Habib Bank Limited, Rs. Nil (2015: Rs. 150 million) to Allied Bank Limited and Rs. Nil (2015: Rs. 150 million) to MCB Bank Limited respectively, on behalf of its subsidiary company, BF Biosciences Limited.

11 Property, plant and equipment

	Note	Owned									
		Freehold land	Buildings on freehold land	Plant and machinery	Office equipments	Furniture and fittings	Computers	Vehicles	Sub-Total	Capital work -in-progress	Total
		Rupees									
30 June 2016											
Cost / revalued amount											
Balance as at 01 July 2015	11.1	410,000,000	374,081,251	388,678,468	53,168,706	17,303,400	19,324,230	222,304,732	1,484,860,787	169,226,002	1,654,086,789
Additions		-	-	-	5,028,100	14,475,572	9,496,320	104,062,409	133,062,401	555,142,828	688,205,229
Transfers		-	201,620,373	174,633,327	32,760	-	-	-	376,286,460	(376,286,460)	-
Disposals / write off		(11,576,127)	-	-	(76,860)	-	(30,817)	(22,583,091)	(34,266,895)	-	(34,266,895)
Revaluation surplus		268,076,127	61,674,132	(66,836,601)	-	-	-	-	262,913,658	-	262,913,658
Balance as at 30 June 2016		666,500,000	637,375,756	496,475,194	58,152,706	31,778,972	28,789,733	303,784,050	2,222,856,411	348,082,370	2,570,938,781
Depreciation											
Balance as at 01 July 2015		-	124,407,030	95,053,414	25,126,199	7,360,766	14,200,632	100,705,155	366,853,196	-	366,853,196
Charge for the year		-	39,332,021	42,283,268	5,005,639	1,923,351	4,250,922	45,965,481	138,760,682	-	138,760,682
On disposals		-	-	-	(49,640)	-	(24,950)	(18,515,182)	(18,589,772)	-	(18,589,772)
Revaluation surplus		-	(163,739,051)	(137,336,682)	-	-	-	-	(301,075,733)	-	(301,075,733)
Balance as at 30 June 2016		-	-	-	30,082,198	9,284,117	18,426,604	128,155,454	185,948,373	-	185,948,373
Net book value as at 30 June 2016		666,500,000	637,375,756	496,475,194	28,070,508	22,494,855	10,363,129	175,628,596	2,036,908,038	348,082,370	2,384,990,408
30 June 2015											
Cost / revalued amount											
Balance as at 01 July 2014		410,000,000	355,135,827	326,015,846	43,792,917	14,222,595	16,926,010	178,042,085	1,344,135,280	73,823,756	1,417,959,036
Additions		-	-	-	9,298,356	3,080,805	3,468,989	60,796,720	76,644,870	190,042,875	266,687,745
Transfers		-	18,945,424	64,016,456	180,133	-	697,116	10,511,500	94,350,629	(94,640,629)	(290,000)
Disposals / write off		-	-	(1,353,834)	(102,700)	-	(1,767,885)	(27,045,573)	(30,269,992)	-	(30,269,992)
Revaluation surplus	-	-	-	-	-	-	-	-	-	-	
Balance as at 30 June 2015		410,000,000	374,081,251	388,678,468	53,168,706	17,303,400	19,324,230	222,304,732	1,484,860,787	169,226,002	1,654,086,789
Depreciation											
Balance as at 01 July 2014		-	88,445,667	60,935,702	20,806,789	5,777,525	13,019,468	92,792,428	281,777,579	-	281,777,579
Charge for the year		-	35,961,363	34,595,628	4,403,268	1,583,241	2,946,128	31,748,388	111,238,016	-	111,238,016
On disposals		-	-	(477,916)	(83,858)	-	(1,764,964)	(23,835,661)	(26,162,399)	-	(26,162,399)
Revaluation surplus		-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2015		-	124,407,030	95,053,414	25,126,199	7,360,766	14,200,632	100,705,155	366,853,196	-	366,853,196
Net book value as at 30 June 2015		410,000,000	249,674,221	293,625,054	28,042,507	9,942,634	5,123,598	121,599,577	1,118,007,591	169,226,002	1,287,233,593
Depreciation Rate %		-	10	10	10	10	33.33	20			

11.1 The Company sold Free hold land measuring 16 Kanals and 10 Marlas having cost / revalued amount of Rs. 11,576,127 to BF Biosciences Limited - subsidiary company for a consideration of Rs. 23,925,000 in accordance with the fair market value determined by an independant valuer.

11.2 These include fully depreciated assets amounting to Rs. 62.97 million (2015: Rs. 57.10 million)

11.3 Had there been no revaluation, carrying value of land, building and plant and machinery would have been as follows:

	Note	2016 Rupees	2015 Rupees
Freehold land		73,111,635	75,418,037
Building on freehold land		398,240,040	149,438,481
Plant and machinery		395,966,538	341,689,584
		867,318,213	566,546,102

11.4 Capital work-in-progress - breakup

	Note	2016 Rupees	2015 Rupees
Building and civil works		26,911,360	117,856,079
Plant and machinery		177,142,812	3,475,377
Advances to suppliers		144,028,198	47,894,546
		348,082,370	169,226,002

11.5 Depreciation is allocated as under:

	Note	2016 Rupees	2015 Rupees
Cost of sales	*24*	71,248,648	56,131,949
Administrative expenses	*25*	34,891,814	29,990,951
Selling and distribution expenses	*26*	32,620,220	25,115,116
		138,760,682	111,238,016

11.6 Disposal of property, plant and equipment

Particulars of assets	Sold to	Cost / revalued amount	Net book Value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
		---------- Rupees ----------				
Land	BF Bioscience Limited - subsidiary (related party transaction)	11,576,127	11,576,127	23,925,000	12,348,873	Fair value
Vehicles						
Honda Civic	Mr. Sohail Manzoor	2,038,000	135,866	951,067	815,201	Company Policy
Suzuki Liana	Mr. Usman Mahmood Siddiqui	1,511,000	528,850	800,000	271,150	Tender
Suzuki Liana	Mr. Malik Nawaz	1,301,000	173,467	605,000	431,533	Tender
Suzuki Cultus	Admajee Insurance Company	1,019,000	509,500	900,000	390,500	Insurance Claim
Suzuki Cultus	Mr. Mahad Saleem	970,000	290,999	728,200	437,201	Company Policy
Suzuki Cultus	Mr. Muhammad Aleem	950,000	253,334	651,100	397,766	Company Policy
Suzuki Cultus	Mr. Athar Imtiaz Butt	923,500	107,742	775,000	667,258	Company Policy
Suzuki Mehran	EFU Insurance Company	753,000	677,700	748,000	70,300	Insurance Claim
Susuki Mehran	Mr. Osama Ahmed	637,000	233,566	445,900	212,334	Company Policy
Susuki Mehran	Mr. M. Nauman Siddique	605,000	121,001	378,110	257,109	Company Policy
Susuki Mehran	Mr. Azeem Ahmed	605,000	121,001	378,090	257,089	Company Policy
Suzuki Mehran	Mr. Ghulam Yasin Malhan	567,000	94,500	354,375	259,875	Company Policy
Honda CD 70	EFU Insurance Company	69,900	51,260	69,900	18,640	Insurance Claim
Honda CD 70	Mr. Muhammad Zubair Khan	69,900	51,260	69,900	18,640	Company Policy
Honda CD 70	EFU Insurance Company	69,900	51,260	69,900	18,640	Insurance Claim
Honda CD 70	EFU Insurance Company	63,501	60,325	63,500	3,175	Insurance Claim
Honda CD 70	EFU Insurance Company	63,500	59,267	63,500	4,233	Insurance Claim
Honda CD 70	EFU Insurance Company	63,500	61,384	63,500	2,116	Insurance Claim
Honda CD 70	EFU Insurance Company	63,500	52,917	63,500	10,583	Insurance Claim
Vehicles with individual book value not exceeding Rs. 50,000	Various persons	10,239,890	432,709	5,467,078	5,034,369	Company Policy
		22,583,091	4,067,908	13,645,620	9,577,712	
Office equipment						
Office equipment with individual book value not exceeding Rs. 50,000	Technorama	76,860	27,221	30,000	2,779	Company Policy
Assets written off:						
Computers	N/A	30,818	5,867	-	(5,867)	Obsolete items written off
2016 Rupees		34,266,896	15,677,123	37,600,620	21,923,497	
2015 Rupees		30,269,992	4,107,593	16,301,288	12,193,695	

	Note	2016 Rupees	2015 Rupees
12 Intangibles			
Computer softwares and software license fees			
Cost			
Balance at 01 July		6,824,487	5,543,356
Addition during the year		4,285,326	991,131
Transfers		-	290,000
Balance as at 30 June		11,109,813	6,824,487
Amortisation			
Balance at 01 July		5,784,025	5,487,975
Amortisation for the year		1,150,797	296,050
Balance as at 30 June		6,934,822	5,784,025
Net book value as at 30 June		4,174,991	1,040,462

Intangibles are amortised at 33% (2015: 33%) on straight line basis.

	Note	2016 Rupees	2015 Rupees
13 Long term investments			
Related parties - at cost			
Farmacia (Partnership firm)	*13.1*	111,310,174	89,708,127
BF Biosciences Limited (unlisted subsidiary)	*13.2*	151,999,960	151,999,960
		263,310,134	241,708,087

13.1 This represents 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 year not withdrawn is reinvested in capital account of partnership.

13.2 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 Laboratories Bagó S.A., Argentina.

	2016 Rupees	2015 Rupees
14 Stores, spare parts and loose tools		
Stores	13,693,130	16,160,950
Spare parts	8,350,851	7,048,932
Loose tools	205,402	212,419
	22,249,383	23,422,301
15 Stock in trade		
Raw and packing materials	301,363,782	279,911,865
Work in process	24,195,375	31,321,035
Finished goods	1,526,340,345	890,680,428
Stock in transit	15,024,238	14,678,227
	1,866,923,740	1,216,591,555

	Note	2016 Rupees	2015 Rupees
16 Trade debts - considered good			
Related party - secured	16.1	-	927,608
Other - unsecured		387,586,473	232,003,435
		387,586,473	232,931,043

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

	Note	2016 Rupees	2015 Rupees
17 Current portion of long term loan			
Related party - considered good			
Loan at beginning of the year		-	100,000,000
Less : Receipt during the year		-	(100,000,000)
Amount due within twelve months, shown under current asse		-	-
18 Loans and advances - considered good			
Advances to employees - secured	18.1	13,384,599	18,196,445
Advances to suppliers - unsecured		21,119,686	11,949,483
Others		972,265	3,413,677
		35,476,550	33,559,605

18.1 Advances given to staff are in accordance with the Company's policy and terms of employment contract. These advances are secured against provident fund. Advances to staff includes amount due from executives of the Company amounting to Rs. 6.5 million (2015: Rs. 7.1 million).

	Note	2016 Rupees	2015 Rupees
19 Deposits and prepayments			
Deposits		91,162,023	49,342,510
Prepayments		1,159,761	2,153,518
		92,321,784	51,496,028
20 Other receivables			
Others		6,950,382	2,629,658
Interst accrued		687,438	-
		7,637,820	2,629,658
21 Short term investments			
Loans and receivables			
Term deposits with banks - local currency	21.1	335,000,000	841,000,000
Investments at fair value through profit or loss - listed securities			
Held for trading	21.2	-	-
		335,000,000	841,000,000

21.1 The local currency short-term deposit has a maximum maturity period of 30 days and is marked under lien as mentioned in note 9. It carries markup at 5.35 % (2015: 5.92 % to 7.25 %) per annum. These include term deposits of Rs. Nil (2015: 500 million) maintained under Shariah compliant arrangements.

	Note	2016 Rupees	2015 Rupees
21.2 These investments are 'held for trading'			
Carrying value at 01 July		-	718,578,075
Acquisition during the year		3,138,489,372	-
Redemption during the year		(3,138,489,372)	(718,578,075)
Carrying and fair value of short term investments at 30 June	21.3	-	-

21.3 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 58.53 million (2015: Rs. 41.03 million) has been recorded in the current year in "other income". These investments comprise of mutual funds (money market / income funds).

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

22 Cash and bank balances

	Note	2016 Rupees	2015 Rupees
Cash in hand		3,108,190	5,415,184
Cash at bank:			
Current accounts			
- foreign currency		28,231,402	26,784,091
- local currency	22.1	203,909,505	305,372,231
		232,140,907	332,156,322
Deposit accounts - local currency	22.2	14,430,682	116,394,723
		249,679,779	453,966,229

22.1 These include bank accounts of Rs. 0.67 million (2015: Rs. 0.73 million) maintained under Shariah compliant arrangments.

22.2 These include deposit accounts of Rs. 9.8 million (2015: Rs. 116.39 million) under mark up arrangements, which carry interest rates ranging from 3.9% - 4.9% (2015: 4.5% - 6.8%) per annum.

These also include deposit account of Rs. 4.6 million (2015: Rs. Nil) under Shariah compliant arrangements, which carries profit rate ranging from 2.50% - 2.85% (2015: Nil) per annum.

23 Revenue - net

	2016 Rupees	2015 Rupees
Gross sales:		
Local	10,427,262,329	4,428,683,572
Export	211,704,988	260,915,635
	10,638,967,317	4,689,599,207
Less:		
Sales returns	(265,485,830)	(27,114,786)
Discounts and commission	(185,710,676)	(218,660,730)
Sales tax	(1,274,657)	(4,942,522)
	(452,471,163)	(250,718,038)
	10,186,496,154	4,438,881,169

23.1 This includes own manufactured and imported products sales.

	Note	2016 Rupees	2015 Rupees
24 Cost of sales			
Raw and packing materials consumed	*24.1*	680,119,089	615,955,125
Salaries, wages and other benefits	*24.2*	160,662,723	119,082,730
Fuel and power		18,421,048	20,609,866
Repair and maintenance		12,844,626	11,011,382
Stores, spare parts and loose tools consumed		40,069,999	17,499,543
Packing charges		21,650,836	21,471,203
Rent, rates and taxes		1,125,549	606,891
Printing and stationery		2,518,693	2,130,360
Postage and telephone		3,031,587	2,462,399
Insurance		9,258,468	1,758,010
Travelling and conveyance		8,867,005	6,079,465
Canteen expenses		9,126,739	6,179,564
Security expenses		3,719,172	3,149,370
Depreciation	*11.5*	71,248,648	56,131,949
Laboratory and other expenses		18,872,131	10,374,157
		1,061,536,313	894,502,014
Work in process:			
Opening		31,321,035	45,827,685
Closing		(24,195,375)	(31,321,035)
		7,125,660	14,506,650
Cost of goods manufactured		1,068,661,973	909,008,664
Finished stock:			
Opening		890,680,428	358,018,032
Purchases made during the year		5,644,655,812	2,041,309,355
Closing		(1,526,340,345)	(890,680,428)
		5,008,995,895	1,508,646,959
		6,077,657,868	2,417,655,623

24.1 Raw and packing materials consumed

	2016 Rupees	2015 Rupees
Opening	279,911,865	241,413,478
Purchases made during the year	701,571,006	654,453,512
	981,482,871	895,866,990
Closing	(301,363,782)	(279,911,865)
	680,119,089	615,955,125

24.2 Salaries, wages and other benefits include Rs. 6 million (2015: Rs. 4.81 million), which represents employer's contribution towards provident fund.

	Note	2016 Rupees	2015 Rupees
25 Administrative expenses			
Salaries and other benefits	*25.1*	151,342,280	102,469,468
Directors fees and expenses		1,513,121	1,155,848
Rent, rates and taxes		1,230,381	944,249
Postage and telephone		5,877,514	5,194,081
Printing, stationery and office supplies		3,049,038	2,233,508
Travelling and conveyance		8,147,839	7,354,042
Transportation		8,443,456	6,571,008
Legal and professional charges		2,975,492	3,115,200
Fuel and power		6,008,584	6,903,690
Auditors' remuneration	*25.2*	995,500	995,500
Repair and maintenance		9,797,956	7,007,370
Fee and subscriptions		3,587,268	1,908,439
Donations	*25.3*	16,242,699	7,500,000
Insurance		3,702,245	2,789,875
Depreciation	*11.5*	34,891,814	29,990,951
Amortisation		1,150,797	296,050
Canteen expenses		7,094,968	5,331,359
Training expenses		1,495,680	-
Other administrative expenses		1,748,990	1,077,236
		269,295,622	192,837,874

25.1 Salaries and other benefits include Rs. 5 million (2015: Rs. 4.04 million), which represents employer's contribution towards provident fund.

	2016 Rupees	2015 Rupees
25.2 Auditors' remuneration		
Fee for annual audit	575,000	575,000
Audit of consolidated financial statements	57,500	57,500
Review of half yearly financial statements	86,250	86,250
Special certificates and others	196,250	196,250
Out-of-pocket expenses	80,500	80,500
	995,500	995,500

25.3 Donations include the payments to following institutions in which the directors/their spouses are interested:

Name of director/spouse	Nature of interest in donee	Name and address of donee	2016 Rupees	2015 Rupees
Mr. Osman Khalid Waheed (Director)	Trustee	National Management Foundation	3,500,000	3,500,000
Mrs. Zubaida Farooq, wife of Mr. Farooq Mazhar (Non-Executive Director)	Member of executive board	The Garage School - Karachi	-	1,000,000
			3,500,000	4,500,000

	Note	2016 Rupees	2015 Rupees
26 Selling and distribution expenses			
Salaries and other benefits	26.1	409,296,192	304,159,013
Travelling and conveyance		149,535,629	135,467,210
Fuel and power		7,423,416	8,843,646
Rent, rates and taxes		5,949,958	4,648,854
Sales promotion and advertisement		134,581,722	106,000,316
Freight and forwarding		34,278,117	34,840,445
Printing and stationary		4,645,127	3,875,862
Postage and telephone		17,396,829	12,167,298
Fee and subscription		9,923,267	9,506,634
Insurance		24,986,595	11,734,843
Repairs and maintenance		5,056,003	4,148,530
Legal and professional charges		5,316,785	2,305,458
Conferences, seminars and training		114,456,903	63,787,116
Medical research and patient care		10,080,799	5,819,773
Depreciation	11.5	32,620,220	25,115,116
Other selling expenses		1,209,800	1,540,894
Service charges on sales		73,217,802	5,358,306
		1,039,975,164	739,319,314

26.1 Salaries and other benefits include Rs. 12.23 million (2015: Rs. 10.07 million), which represents employer's contribution towards provident fund.

	Note	2016 Rupees	2015 Rupees
27 Other expenses			
Exchange loss	27.1	35,409,805	-
Workers' Profit Participation Fund		142,536,262	57,600,152
Workers' Welfare Fund		54,163,779	11,864,141
Central Research Fund		28,795,204	11,636,394
		260,905,050	81,100,687

27.1 Loss incurred during the year was due to actual currency fluctuation.

	Note	2016 Rupees	2015 Rupees
28 Other income			
From financial assets	28.1	100,475,178	73,842,636
From non financial assets	28.2	26,040,135	14,692,710
		126,515,313	88,535,346

28.1 From financial assets

	Note	2016 Rupees	2015 Rupees
- from related party			
Mark-up on long term loan to subsidiary		-	5,367,897
Share in profit of Farmacia - 98% owned partnership firm		21,602,047	14,452,886
		21,602,047	19,820,783
- others			
Profit on deposits with banks	28.1.1	10,979,521	5,477,824
Exchange gain		-	7,516,993
Profit on term deposits	28.1.2	9,364,205	-
Gain on sale of short term investments		58,529,405	41,027,036
		78,873,131	54,021,853
		100,475,178	73,842,636

28.1.1 These include profit of Rs. 0.01 million (2015: Rs. Nil) earned on deposit account maintained under Shariah compliant arrangements.

28.1.2 These include profit of Rs. 4 million (2015: Rs. Nil) earned on term deposit receipt maintained under Shariah compliant arrangements.

	Note	2016 Rupees	2015 Rupees
28.2 From non financial assets			
- from related party			
Lease rental income from subsidiary		200,000	200,000
Gain on sale of property, plant and equipment - net of write off	*11.6*	12,348,873	-
		12,548,873	200,000
- others			
Gain on sale of property, plant and equipment - net of write off	*11.6*	9,574,624	12,193,695
Commission and rebates		3,916,638	2,299,015
		13,491,262	14,492,710
		26,040,135	14,692,710

29 Finance costs

	Note	2016 Rupees	2015 Rupees
Mark-up on bank financing	*29.1*	463,219	2,049,373
Bank charges		8,969,588	7,303,816
Interest on Workers' Profit Participation Fund		1,719,763	4,611,090
		11,152,570	13,964,279

29.1 This relates to facilities of short term borrowings availed under mark up arrangements.

30 Taxation

	2016 Rupees	2015 Rupees
Current		
- For the year	527,715,381	343,733,734
- Prior years	-	(6,901,597)
	527,715,381	336,832,137
Deferred	21,822,715	(2,884,106)
	549,538,096	333,948,031

30.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

Profit before taxation	2,654,025,193	1,082,538,738

	2016	2015
	------ (Percentage)------	
Applicable tax rate as per Income Tax Ordinance, 2001	32%	33%

	2016 Rupees	2015 Rupees
Tax on accounting profit	849,288,062	357,237,784
Effect of final tax regime	(346,299,098)	(31,119,051)
Effect of tax credit	(19,849,621)	(8,216,646)
Effect of prior year and permanent difference	-	(8,161,145)
Non deductible for tax purposes	19,465,570	(5,122,109)
Effect of super tax	46,933,183	29,329,198
	(299,749,966)	(23,289,753)
	549,538,096	333,948,031

The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public (listed) 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 (listed) 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.

As explained in note 38 to the unconsolidated financial statements, the Board of Directors in their meeting held on 29 August 2016 has recommended a final cash dividend of Rs. 12 per ordinary share which is in addition to interim cash dividend of Rs. 10 per ordinary share for the year ended 30 June 2016 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these unconsolidated financial statements for the year ended 30 June 2016.

31 Earnings per share - basic and diluted

Profit after taxation for distribution to ordinary shareholders	Rupees	2,104,487,097	748,590,707
Weighted average number of ordinary shares	Numbers	30,186,841	30,186,841
Basic and diluted earnings per share	Rupees	69.72	24.80

31.1 There is no dilutive effect on the basic earnings per share of the Company.

32 Remuneration of Chief Executive, Executive Director and Executives

	2016		
	Chief Executive	Executive Director	Executives
	Rupees		
Managerial remuneration	13,324,973	7,069,516	114,342,128
Utilities	263,626	-	-
LFA	-	1,178,253	5,510,047
Bonus	-	3,213,417	10,984,581
Contribution to provident fund	893,670	449,186	6,065,256
	14,482,269	11,910,372	136,902,012
Numbers	1	1	77

	2015		
	Chief Executive	Executive Director	Executives
	Rupees		
Managerial remuneration	11,048,664	12,486,501	119,058,229
Utilities	453,732	-	-
LFA	947,796	1,071,139	7,612,104
Bonus	2,518,500	2,846,250	15,776,218
Contribution to provident fund	761,976	805,584	7,226,137
	15,730,668	17,209,474	149,672,688
Numbers	1	1	60

In addition, the Chief Executive and certain executives of the Company are allowed free use of the Company's vehicles.

The Company has 5 (2015: 4) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee and reimbursement of expenses. All the members of the Board of Directors were paid Rs. 420,000 (2015: Rs. 310,000) as meeting fee and Rs. 1,093,121 (2015: Rs. 845,848) as reimbursement of expenses for attending the Board of Directors' meetings.

33 Related party transactions

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 unconsolidated financial statements. Transactions with related parties are as follows:

	2016 Rupees	2015 Rupees
Farmacia - 98% owned subsidiary partnership firm		
Sale of medicines	2,242,113	1,959,621
Payment received from Farmacia against sale of medicine	2,381,616	2,060,702
Rentals	3,043,872	2,767,146
Share of profit reinvested	21,602,047	14,452,886
BF Biosciences Limited - 80% owned subsidiary company		
Recovery of long term loan and mark-up	-	109,789,598
Interest on long term loan charged during the year	-	5,367,897
Sale of finished goods	125,999,855	112,701,591
Payment received	126,787,962	124,066,481
Purchase of goods	36,909,504	897,875
Payment made	37,420,769	4,960,965
Lease rentals (refer note 28)	200,000	200,000
Marketing fee	1,894,332	825,529
Expenses incurred	2,355,964	8,241,585
Expenses paid	2,862,142	4,574,340
Proceeds against sale of Land (refer note 11.1)	23,925,000	-
Cross corporate guarantee (refer note 10)		
Khan & Piracha - associated		
Professional services charges	9,000	18,000
Other related parties		
Contribution towards employees' provident fund	23,332,018	18,934,138
Remuneration including benefits and perquisites of key management personnel	106,080,584	89,125,822
Dividend to KFW Factors (Private) Limited	207,173,550	107,730,246
Dividend to directors	87,484,910	49,902,623

34 Plant capacity and production

The production capacity of the Company's plant cannot be determined, as it is a multi-product production facility with varying manufacturing processes.

35 Number of employees

	2016 Rupees	2015 Rupees
Total number of employees as at 30 June	795	769
Average number of employees during the year	785	742

36 Disclosures relating to provident fund

	Un-audited 2016 Rupees	Audited 2015 Rupees
Size of the fund / trust	394,999,995	337,608,183
Cost of investments made	355,373,451	309,885,764
Percentage of investments made %	95%	96%
Fair value of investment	376,016,812	324,601,757

Break up of investment

	Un-audited 2016 Rupees	Audited 2015 Rupees
Special accounts in scheduled banks	8,794,277	7,548,093
Term deposit receipts	19,184,110	-
Government securities	212,037,580	148,182,372
Mutual funds	110,059,126	146,604,589
Shares of listed companies	25,941,719	22,266,703
	376,016,812	324,601,757

Break up of investment

	2016	2015
	---%age of size of fund-----	
Special accounts in scheduled banks	2%	2%
Term deposit receipts	5%	0%
Government securities	54%	44%
Mutual funds	28%	43%
Shares of listed companies	6%	7%
	95%	96%

36.1 The provident fund trust is a common fund for employees of the Group. Entity wise break up of the fund as on 30 June is as follows:

	Un-audited 2016		Audited 2015	
	% of Total Fund	Rupees	% of Total Fund	Rupees
Ferozsons Laboratories Limited - Parent Company	78%	308,401,933	88%	295,871,529
BF Biosciences Limited	21%	80,993,805	11%	37,098,884
Farmacia - Partnership firm	1%	5,604,256	1%	4,637,770
	100%	394,999,994	100%	337,608,183

The figures for 2016 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and rules formulated for this purpose.

37 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

37.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk arises from long term deposits, trade debts, other receivables, loans and advances, deposits, short term investments and balances with banks. The Company has no significant concentration of credit risk as its exposure is spread over a large number of counter parties.

37.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2016 Rupees	2015 Rupees
Long term deposits	6,351,325	3,458,825
Trade debts - considered good	387,586,473	232,931,043
Loans and advances - considered good	972,265	3,413,677
Short term deposits	91,162,023	49,342,510
Other receivables	4,894,747	2,629,658
Short term investments	335,000,000	841,000,000
Bank balances	246,571,589	448,551,045
	1,072,538,422	1,581,326,758

37.1.2 Credit quality of financial assets

Bank balances & short term investments

The credit quality of Company's bank balances and short term investments can be assessed with reference to external credit rating agencies as follows:

Institutions	Rating Short term	Rating Long term	Rating Agency	2016 Rupees	2015 Rupees
Bank balances					
Habib Bank Limited	A-1+	AAA	JCR-VIS	102,765,068	289,382,766
Bank Al-Habib Limited	A1+	AA+	PACRA	67,107,081	78,642,289
Bank Alfalah Limited	A1+	AA	PACRA	41,168,116	42,932,424
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	27,105,728	36,185,538
Meezan Bank Limited	A-1+	AA	JCR-VIS	5,295,732	726,242
MCB bank Limited	A1+	AAA	PACRA	3,095,418	592,958
National Bank of Pakistan	A1+	AAA	PACRA	-	51,031
Allied Bank Limited	A1+	AA+	PACRA	23,011	26,365
Faysal Bank Limited	A1+	AA	PACRA	9,733	9,791
NIB Bank Limited	A1+	AA-	PACRA	1,702	1,641
				246,571,589	448,551,045
Short term investments					
Habib Bank Limited - TDR	A-1+	AAA	JCR-VIS	335,000,000	841,000,000
Meezan Bank Limited - TDR	A-1+	AA	JCR-VIS	-	500,000,000
				335,000,000	1,341,000,000
				581,571,589	1,789,551,045

Trade debts

The aging of trade debts at the reporting date was:

	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
	Related party	**Related party**	**Other**	**Other**
Past due 0 - 30 days	-	904,108	110,950,532	87,726,953
Past due 31 - 120 days	-	23,500	145,646,321	90,768,424
Past due 121 - 365 days	-	-	121,956,678	44,008,926
More than 365 days	-	-	9,032,942	9,499,132
	-	927,608	387,586,473	232,003,435

Trade debts are essentially due from government departments / projects and the Company is actively pursuing for recovery of debts and the Company does not expect these companies to fail to meet their obligations.

Deposits and other receivables are mostly due from Government Institutions. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

37.1.3 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

37.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity.

The following are the contractual maturities of financial liabilities:

	2016			
	Carrying amount	**Less than one year**	**One to five years**	**More than 5 years**
	------ **Rupees** ------			
Financial liabilities				
Trade and other payables	486,717,750	486,717,750	-	-
Accrued mark-up	32,767	32,767	-	-
	486,750,517	486,750,517	-	-

	2015			
	Carrying amount	Less than one year	One to five years	More than 5 years
	------ Rupees ------			
Financial liabilities				
Trade and other payables	1,106,350,618	1,106,350,618	-	-
Accrued mark-up	10,634	10,634	-	-
	1,106,361,252	1,106,361,252	-	-

37.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rates and equity price that will effect the Company's income or the value of its holdings of financial instruments.

Market risk comprises of three types of risks:

- currency risk.
- interest rate risk
- other price risk

37.3.1 Currency risk

Pakistani Rupee is the functional currency of the Company and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company's potential currency exposure comprises of:

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to rupee equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currency other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to currency risk

The Company's exposure to foreign currency risk at the reporting date was as follows:

	2016				
	Rupees	**US Dollars**	**Euro**	**UAE Dirham**	**Pound Sterling**
Cash and cash equivalents	29,168,355	206,543	63,933	98	945
Trade and other payables	(264,434,796)	(2,528,057)	-	-	-
Trade receivables	77,158,496	505,121	9,530	815,149	-
Gross balance sheet exposure	(158,107,945)	(1,816,393)	73,463	815,247	945

	2015				
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling
Cash and cash equivalents	28,021,796	208,793	58,540	98	945
Trade and other payables	(996,342,147)	(9,806,517)	-	-	-
Trade receivables	61,331,280	397,387	54,054	386,760	-
Gross balance sheet exposure	(906,989,071)	(9,200,337)	112,594	386,858	945

The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2016	2015	**2016**	2015
US Dollars	104.60	101.60	104.39	101.41
Euro	116.20	113.68	115.42	120.98
UAE Dirham	28.48	27.665	28.42	27.61
Pound Sterling	140.26	159.75	153.41	159.66

Sensitivity analysis

A 10% strengthening of the Pakistani Rupee against foreign currencies at the reporting date would have increased / (decreased) profit by the amounts shown below, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. This analysis assumes that all other variables, in particular interest rates remain constant. The analysis is performed on the same basis as for the previous year.

	Profit and loss	
	2016 Rupees	2015 Rupees
Profit and loss account	15,810,795	90,698,907

37.3.2 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee. The Company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

37.3.3 Fair value of financial instruments

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market par ticipants at the measurement date. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees			
Financial assets				
Long term deposits	6,351,325	6,351,325	3,458,825	3,458,825
Trade debts - considered good	387,586,473	387,586,473	232,931,043	232,931,043
Loans and advances - considered good	972,265	972,265	3,413,677	3,413,677
Short term deposits	91,162,023	91,162,023	49,342,510	49,342,510
Other receivables	4,894,747	4,894,747	2,629,658	2,629,658
Short term investments	335,000,000	335,000,000	841,000,000	841,000,000
Bank balances	246,571,589	246,571,589	448,551,045	448,551,045
	1,072,538,422	1,072,538,422	1,581,326,758	1,581,326,758
Financial liabilities				
Trade and other payables	486,717,750	486,717,750	1,106,350,618	1,106,350,618
Accrued mark-up	32,767	32,767	10,634	10,634
	486,750,517	486,750,517	1,106,361,252	1,106,361,252

b) *Valuation of financial instruments*

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

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

	Carrying Amount				Fair Value		
	Cash and cash equivalents	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Rupees						
30 June 2016							
Financial assets measured at fair value:	-	-	-	-	-	-	-
Financial assets not measured at fair value:							
Long term deposits	-	6,351,325	-	6,351,325	-	-	-
Trade debts - considered good	-	387,586,473	-	387,586,473	-	-	-
Loans and advances - considered good	-	972,265	-	972,265	-	-	-
Short term deposits	-	91,162,023	-	91,162,023	-	-	-
Other receivables	-	4,894,747	-	4,894,747	-	-	-
Short term investments	-	335,000,000	-	335,000,000	-	-	-
`Bank balances	246,571,589	-	-	246,571,589	-	-	-
	246,571,589	825,966,833	-	1,072,538,422	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	-	-	486,717,750	486,717,750	-	-	-
Accrued mark-up	-	-	32,767	32,767	-	-	-
	-	-	486,750,517	486,750,517	-	-	-

37.3.4 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2016	2015	2016	2015
	Interest range / Effective rate (in Percentage)		Carrying amount (Rupees)	
Fixed rate instruments				
Financial assets				
Short term investments	5.35	5.92 to 7.25	335,000,000	841,000,000
Net Exposure			335,000,000	841,000,000
Variable rate instruments				
Financial assets				
Cash at bank - deposit accounts	4.40	5.65	14,430,682	116,394,723
Net Exposure			14,430,682	116,394,723

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit and loss	
	100 bps Increase	100 bps Decrease
	Rupees	
As at 30 June 2016		
Cash flow sensitivity - Variable rate financial liabilities	144,307	(144,307)
As at 30 June 2015		
Cash flow sensitivity - Variable rate financial liabilities	1,163,947	(1,163,947)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

37.4 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and;

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

38 Non adjusting events after the balance sheet date

The Board of Directors of the Company in its meeting held on 29 August 2016 has proposed a final cash dividend of Rs. 12 (2015: Rs. 15) per share, amounting to Rs. 362.24 million (2015: Rs. 452.80 million) for approval of the members in the Annual General Meeting to be held on 20 October 2016.

39 Corresponding figures

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

40 Date of authorisation for issue

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 29 August 2016.

Chief Executive Officer **Director**

consolidated financial statements for the year ended 30 june 2016

KPMG

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Auditors' Report on Consolidated Financial Statements

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **Ferozsons Laboratories Limited ("the Holding Company")** and its subsidiaries as at 30 June 2016 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Ferozsons Laboratories Limited and its subsidiaries. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Ferozsons Laboratories Limited and its subsidiaries as at 30 June 2016 and the results of their operations for the year then ended.

KPMG Taseer Hadi & Co.

Date: 29 August 2016

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

consolidated balance sheet

As at 30 June 2016

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (2015: 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	5	321,843	321,843
Accumulated profit		4,279,679,051	2,811,333,056
Equity attributable to owners of the Company		4,581,869,304	3,113,523,309
Non-controlling interests		168,681,094	138,654,363
		4,750,550,398	3,252,177,672
Surplus on revaluation of property, plant and equipment - net of tax	6	1,022,739,340	416,429,177
Non-current liabilities			
Deferred taxation	7	268,664,070	100,559,565
Current liabilities			
Trade and other payables	8	778,287,566	1,432,772,344
Short term borrowings - secured	9	42,851,551	1,875,013
Accrued mark-up		138,692	10,869
Provision for taxation - net		-	21,768,977
		821,277,809	1,456,427,203
Contingencies and commitments	10		
		6,863,231,617	5,225,593,617

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer

consolidated balance sheet
As at 30 June 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	3,009,074,944	1,742,245,896
Intangibles	*12*	5,539,396	1,489,071
Long term deposits		10,338,325	7,430,825
		3,024,952,665	1,751,165,792
Current assets			
Stores, spare parts and loose tools	*13*	44,734,010	41,505,418
Stock in trade	*14*	2,071,316,936	1,389,867,596
Trade debts - considered good	*15*	447,354,701	280,770,732
Loans and advances - considered good	*16*	43,691,073	41,485,927
Deposits and prepayments	*17*	116,441,665	78,201,585
Other receivables	*18*	7,637,820	2,629,658
Short term investments	*19*	667,166,585	857,925,094
Income tax - net		55,178,359	-
Cash and bank balances	*20*	384,757,803	782,041,815
		3,838,278,952	3,474,427,825
		6,863,231,617	5,225,593,617

Director

consolidated profit and loss account

For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
Revenue - net	*21*	11,335,170,257	5,711,197,825
Cost of sales	*22*	(6,740,868,030)	(3,114,691,589)
Gross profit		4,594,302,227	2,596,506,236
Administrative expenses	*23*	(308,067,086)	(218,229,954)
Selling and distribution expenses	*24*	(1,255,778,622)	(971,381,021)
Other expenses	*25*	(280,600,848)	(105,267,862)
Other income	*26*	121,283,603	74,026,186
Profit from operations		2,871,139,274	1,375,653,585
Finance costs	*27*	(12,603,245)	(16,043,156)
Profit before taxation		2,858,536,029	1,359,610,429
Taxation	*28*	(625,447,767)	(415,822,452)
Profit after taxation		2,233,088,262	943,787,977
Attributable to:			
Owners of the Company		2,204,040,027	904,848,233
Non-controlling interests		29,048,235	38,939,744
Profit after taxation		2,233,088,262	943,787,977

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director**

consolidated statement of comprehensive income

For the year ended 30 June 2016

	2016 Rupees	2015 Rupees
Profit after taxation	2,233,088,262	943,787,977
Other comprehensive income for the year	-	-
Total comprehensive income for the period	2,233,088,262	943,787,977
Attributable to:		
Owners of the Company	2,204,040,027	904,848,233
Non-controlling interests	29,048,235	38,939,744
	2,233,088,262	943,787,977

Surplus on revaluation of fixed assets - net of tax is presented under separate head below equity, in accordance with the requirements of the Companies Ordinance, 1984.

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director**

consolidated statement of changes in equity

For the year ended 30 June 2016

	Attributable to Owners of the Company					
	Share capital	Capital reserve	Accumulated profit	Total	Non-controlling interests	Total
	Rupees					
Balance as at 01 July 2014	301,868,410	321,843	2,289,472,502	2,591,662,755	98,750,513	2,690,413,268
Total comprehensive income for the year	-	-	904,848,233	904,848,233	38,939,744	943,787,977
Surplus / (deficit) transferred to accumulated profit:						
- on account of incremental depreciation charged during the year - net of tax	-	-	9,511,292	9,511,292	964,106	10,475,398
- on account of disposal of fixed assets during the year-net of tax	-	-	(70,038)	(70,038)	-	(70,038)
	-	-	9,441,254	9,441,254	964,106	10,405,360
Transactions with owners of the Company:						
- Final dividend for the year ended 30 June 2014 at Rs. 9 per share	-	-	(271,681,569)	(271,681,569)	-	(271,681,569)
- Interim dividend for the year ended 30 June 2015 at Rs. 4 per share	-	-	(120,747,364)	(120,747,364)	-	(120,747,364)
	-	-	(392,428,933)	(392,428,933)	-	(392,428,933)
Balance as at 30 June 2015	301,868,410	321,843	2,811,333,056	3,113,523,309	138,654,363	3,252,177,672
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 year	-	-	2,204,040,027	2,204,040,027	29,048,235	2,233,088,262
Surplus transferred to accumulated profit:						
- on account of incremental depreciation charged during the year - net of tax	-	-	9,707,267	9,707,267	978,496	10,685,763
- on account of disposal of fixed assets during the year - net of tax	-	-	9,269,725	9,269,725	-	9,269,725
	-	-	18,976,992	18,976,992	978,496	19,955,488
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 30 June 2016	301,868,410	321,843	4,279,679,051	4,581,869,304	168,681,094	4,750,550,398

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director**

consolidated cash flow statement

For the year ended 30 June 2016

	Note	2016 Rupees	2015 Rupees
Cash flow from operating activities			
Profit before taxation		2,858,536,029	1,359,610,429
Adjustments for:			
Depreciation		233,406,272	197,306,158
Amortisation		1,769,901	731,458
Gain on disposal of property, plant and equipment		(12,001,520)	(13,824,461)
Finance costs		12,603,245	16,043,156
Provision for doubtful debts		12,927	607,107
Un-realised gain on re-measurement of short term investments to fair value		(3,396,439)	(1,095,253)
Gain on sale of short term investments		(76,435,113)	(43,819,884)
Workers' Profit Participation Fund		154,859,805	72,876,300
Workers' Welfare Fund		58,846,725	17,669,077
Central Research Fund		31,284,809	14,722,485
		400,950,612	261,216,143
Cash generated from operations before working capital changes		3,259,486,641	1,620,826,572
Effect on cash flow due to working capital changes			
Decrease in current assets			
Stores, spare parts and loose tools		(3,228,592)	(8,279,831)
Loans, advances, deposits and prepayments		(45,453,388)	(46,083,080)
Stock in trade		(681,449,340)	(526,260,004)
Trade debts - considered good		(166,596,896)	(107,199,610)
		(896,728,216)	(687,822,525)
(Decrease) / increase in current liabilities			
Trade and other payables		(688,887,991)	860,342,322
Cash generated from operations		1,673,870,434	1,793,346,369
Taxes paid		(686,487,067)	(356,364,518)
Workers' Profit Participation Fund paid		(200,879,712)	(43,420,315)
Workers' Welfare Fund paid		(17,669,077)	(15,392,486)
Central Research Fund paid		(14,722,486)	(8,183,140)
Long term deposits		(2,907,500)	327,275
Net cash generated from operating activities		751,204,592	1,370,313,185
Cash flow from investing activities			
Acquisition of property, plant and equipment		(739,048,029)	(311,252,163)
Acquistion of intangibles		(5,820,226)	(991,131)
Proceeds from sale of property, plant and equipment		29,276,349	18,565,387
Redemption / (acquisition) of short term investments - net		270,590,061	(64,321,614)
Net cash used in investing activities		(445,001,845)	(357,999,521)
Cash flow from financing activities			
Finance cost paid		(12,475,422)	(14,873,824)
Dividend paid		(731,987,875)	(382,632,215)
Net cash used in financing activities		(744,463,297)	(397,506,039)
Net (decrease) / increase in cash and cash equivalents		(438,260,550)	614,807,625
Cash and cash equivalents at the beginning of the year		782,041,815	165,359,177
Cash and cash equivalents at the end of the year		343,781,265	780,166,802
Cash and cash equivalents comprise of the following:			
Cash and bank balances	20	384,757,803	782,041,815
Running finance		(40,976,538)	(1,875,013)
		343,781,265	780,166,802

The annexed notes from 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive Officer **Director**

1 Reporting entity

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

"The Group" consists of the following subsidiaries:

Company / Entity	Country of incorporation	Nature of business	Effective holding %	
			2016	2015
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 preparation

2.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2016 and the audited financial statements of the subsidiary companies for the year ended 30 June 2016.

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan ('SECP') differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to standards or new interpretations became effective. However, the amendments or interpretations did not have any material effect on the consolidated financial statements of the Group.

2.3.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Group's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Group's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Group's financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Group's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on the Group's financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on the Group's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on the Group's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

o IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- o IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- o IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- o IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on Group's financial statements.

2.4 Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts and investment in listed securities and financial instruments that are stated at their fair values. The methods used to measure fair values are discussed further in their respective policy notes.

2.5 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupee ("Rs.") which is the Group's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

2.6 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and any future periods affected.
Judgments made by the management in the application of approved accounting standards that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.6.1 Property, plant and equipment

The Group reviews the useful lives and residual value of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.6.2 Intangibles

The Group reviews the rate of amortisation and value of intangible assets for possible impairment, on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortisation charge and impairment.

2.6.3 Stores, spare parts, loose tools and stock in trade

The Group reviews the stores, spare parts, loose tools and stock in trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spare parts, loose tools and stock in trade with a corresponding affect on the provision and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.6.4 Provision against trade debts, advances and other receivables

The Group reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

2.6.5 Provisions

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

2.6.6 Impairment

The Group reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.6.7 Fair value of investments

The Group regularly reviews the fair value of investments, the estimate of fair values are directly linked to market value. Any change in estimate will effect the carrying value of investments with the corresponding impact on profit and loss account.

2.6.8 Taxation

The Group takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3 Significant accounting policies

During the year the Group adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Group has included the additional disclosure in this regard in note 34.3.3 (c) to the consolidated financial statements. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the Group except for certain additional disclosures.

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the change explained below:

3.1.1 Subsidiaries

Subsidiaries are those entities in which the Parent Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Parent Company is eliminated against the Parent Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

3.1.2 Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisitoin.

Changes in the Holding Company's interest in a subsidiary that do not result in a loss of control are accounted for as a equity transactions.

3.1.3 Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available for sale financial asset depending on the level of influence retained.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated.

3.2 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Group and measured on an undiscounted basis. The accounting policy for employee retirement benefits is described below:

3.2.1 Staff provident fund

The Holding Company and the subsidiary companies operate a recognized provident fund as a defined contribution plan for employees who fulfil conditions laid down in the trust deed. Provision is made in the consolidated financial statements for the amount payable by the Group to the fund in this regard. Contribution is made to the fund equally by the Group and the employees at the rate of 10% of basic salary.

3.2.2 Compensated absences

The Holding Company and the subsidiary companies provide for compensated absences for its employees on unavailed balance of leave in the period in which leave is earned.

3.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity respectively.

3.3.1 Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

3.3.2 Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Group recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.4 Property, plant and equipment, depreciation and capital work in progress

3.4.1 Owned

Property, plant and equipment of the Group other than freehold land, building and plant and machinery are stated at cost less accumulated depreciation and impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Building, plant and machinery are stated at revalued amount less accumulated depreciation and impairment loss, if any. Freehold land is stated at revalued amount. Revaluation is carried out every five years unless earlier revaluation is necessitated.

Depreciation is provided on a straight line basis and charged to profit and loss account to write off the depreciable amount of each asset, except for freehold land, over its estimated useful life at the rates specified in note 11 to these financial statements. Depreciation on depreciable assets is commenced from the date asset is available for use up to the date when asset is retired. Any accumulated depreciation at the date of revaluation is eliminated, against the gross carrying amount of the asset and the net amount is restated to the revalued amount.

Surplus arising on revaluation is credited to the surplus on revaluation of fixed asset account. Deficit, if any, arising on subsequent revaluation of property, plant and equipment is adjusted against the balance in the above mentioned surplus account. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to equity, net of related deferred tax.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gain and loss on sale of an item of property, plant and equipment are determined by comparing the proceeds from sale with the carrying amount of property, plant and equipment, and are recognized net within “other income / other expenses” in profit or loss account. When revalued asset is sold, the amount included in the surplus on revaluation of property, plant and equipment, net of deferred tax, is transferred directly to equity.

3.4.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate directly attributable overheads. These costs are transferred to property, plant and equipment as and when assets are available for their intended use.

3.5 Intangibles

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets with finite useful life are amortized using the straight-line method over the estimated useful life of three years. Amortisation of intangible assets is commenced from the date an asset is capitalized.

3.6 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instruments. The Group de-recognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the balance sheet, when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the recognition or de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

Significant financial assets include long term deposits, short term investments, trade debts, loans and advances, other receivables, advane tax - net and cash and bank balances.

Significant financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities include trade and other payables.

3.7 Financial assets and liabilities

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

3.8 Investments

3.8.1 Investments at fair value through profit or loss

These include investments classified as held for trading or upon initial recognition are designated by the Group at fair value through profit or loss. Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains and losses recognized directly in income. Fair value of investments is their quoted bid price at the balance sheet date. Transaction costs are charged to income currently.

3.8.2 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At initial recognition these financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. After initial recognition, these are measured at amortized cost using the effective interest rate method less impairment loss, if any.

3.8.2.1 Trade debts

Trade debts are stated initially at the fair value, subsequent to initial recognition. These are stated at their amortized cost as reduced by appropriate provision for impairment, known impaired receivables are written off, while receivables considered doubtful are fully provided for.

The allowance for doubtful accounts is based on Group's assessment at the collectability of counterparty accounts. The Group regularly reviews its trade debts that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering facts such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may effect customers ability to pay.

3.9 Settlement date accounting

Regular way purchases and sales of financial assets are recognized on trade dates.

3.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods or services received.

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if amount is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when the Group has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

3.12 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.13 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the income currently.

3.14 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of cost and net realizable value. Cost is determined on weighted average cost basis. Items in transit are valued at cost comprising invoice value plus other incidental charges incurred thereon.

3.15 Stocks in trade

Stocks are valued at the lower of average cost and net realizable value. Cost is determined as follows:

Raw and Packing materials	- at moving average cost,
Work in process	- at weighted average cost; and
Finished goods	- at moving average cost.

Cost of finished goods purchased for resale and raw & packing materials comprises of purchase price and other costs incurred in bringing the material to its present location and condition. Cost of work in progress comprises of cost of raw & packing materials. Cost of manufactured finished goods comprises of raw & packing materials and applicable overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessarily to be incurred in order to make a sale.

3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances and short term running finance facilities.

3.17 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of pharmaceutical products, net of sales return, commission and discounts. Revenue is recognized when the goods are dispatched and title passes to the customer, it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

3.18 Borrowing costs

Mark-up, interest and other direct charges on borrowings are capitalized to the related qualifying asset till substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. All other mark-up, interest and related charges are charged to the profit and loss account as finance cost.

3.19 Other income

Other income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial asset at fair value through profit or loss. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Foreign currency gains and losses are reported on a net basis.

Dividend income is recognized when the right to receive is established.

Gains and losses on sale of investments are accounted for on disposal of investments.

3.20 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognized.

Non financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognized.

3.21 Operating segment

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and accessing performance of the operating segments, has been identified as the Board of Director of the Holding Company that make strategic decisions.The management has determined that the Group has a single reportable segment as the Board of Directors views the Group's operations as one reportable segment.

3.22 Dividend distribution

Dividend is recognized as a liability in the period in which it is approved.

	2016 Rupees	2015 Rupees
4 Issued, subscribed and paid up capital		
1,441,952 (2015: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (2015: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	1,196,000	1,196,000
28,625,289 (2015: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	286,252,890	286,252,890
	301,868,410	301,868,410

5 Capital reserve

This represents capital reserve which arose on conversion of shares of NWF Industries Limited and Sargodha Oil & Flour Mills Limited, since merged.

	2016 Rupees	2015 Rupees
6 Surplus on revaluation of property, plant and equipment - net of tax		
Surplus on revaluation of property, plant and equipment as at 1 July	451,506,554	467,036,942
Surplus on revaluation of property, plant and equipment recognized during the year:		
- freehold land	266,640,627	-
- building on freehold land	270,809,831	-
- plant and machinery	241,011,662	-
	778,462,120	-
- related deferred tax liability	(152,276,872)	-
Surplus net of deferred tax	626,185,248	-
Surplus transferred to equity on account of incremental depreciation charged during the year net of deferred tax	(10,685,764)	(10,475,398)
- Related deferred tax liability	(4,949,158)	(5,159,525)
	(15,634,922)	(15,634,923)
(Surplus) / deficit transferred to equity:		
- on account of disposal of assets during the year net of deferred tax	(9,269,725)	70,038
- Related deferred tax liability	-	34,497
	(9,269,725)	104,535
Revaluation Surplus	1,205,064,027	451,506,554
Related deferred tax liability:		
- On revaluation as at 1 July	(35,077,377)	(46,359,243)
- Transferred		
- on revaluation surplus recognized during the year	(152,276,872)	-
-on account of incremental depreciation charged during the year	4,949,158	5,159,524
-on account of disposal of fixed assets during the year	-	(34,497)
- tax rate adjustment	80,403	6,156,839
	(182,324,687)	(35,077,377)
Surplus on revaluation of property, plant and equipment as at 30 June	1,022,739,340	416,429,177

Surplus net of tax at the year end includes Rs. 37.72 million (2015: Rs. 8.39 million) which relates to shareholders of the subsidiaries (Non-controlling interests). This amount has not been included in statement of changes in equity due to the requirements of 4th Schedule of the Companies Ordinance, 1984.

The revaluations had resulted in a cumulative surplus of Rs. 1,340 million to date, which has been included in the carrying values of free hold land, building and plant and machinery respectively and credited to the surplus on revaluation of property, plant and equipment. The surplus is adjusted on disposal of revalued assets, if any, and incremental depreciation, net of deferred tax.

The latest reveluation was carried out on 30 June 2016 and resulted in a surplus of Rs. 778 million. Revaluation of freehold land and building was carried out under market value basis while plant and machinery were revalued on net replacement cost basis. All the revaluations were carried out by independent valuers.

Except and to the extent actually realized on disposal of the assets which are revalued, the surplus on revaluation of property, plant and equipment shall not be applied to set off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Company, or utilized directly or indirectly by way of dividend or bonus, provided that the surplus on revaluation may be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other fixed asset of the Company.

7 Deferred taxation

	2016			
		(Charge to) / reversal from		
	Opening	**Profit or loss**	**Surplus on revaluation**	**Closing**
	Rupees			
Taxable temporary difference				
Accelerated tax depreciation allowances	65,482,188	20,857,195	-	86,339,383
Surplus on revaluation of property, plant and equipment	35,077,377	(4,949,158)	152,196,469	182,324,687
	100,559,565	15,908,037	152,196,469	268,664,070

	2015			
		(Charge to) / reversal from		
	Opening	Profit or loss	Surplus on revaluation	Closing
	Rupees			
Taxable temporary difference				
Accelerated tax depreciation allowances	75,472,949	(9,990,761)	-	65,482,188
Surplus on revaluation of property, plant and equipment	46,359,243	(5,125,027)	(6,156,839)	35,077,377
	121,832,192	(15,115,788)	(6,156,839)	100,559,565

	Note	2016 Rupees	2015 Rupees
8 Trade and other payables			
Trade creditors		359,183,035	1,099,346,483
Accrued liabilities		97,100,894	17,275,815
Advances from customers		60,249,689	104,218,612
Unclaimed dividend		67,868,588	45,185,439
Tax deducted at source		1,396,037	413,601
Provision for compensated absences		20,152,972	16,760,224
Workers' Profit Participation Fund	8.1	31,660,709	77,680,616
Central Research Fund	8.2	31,285,185	14,722,862
Workers' Welfare Fund		58,846,725	17,669,077
Advances from employees against purchase of vehicles		36,217,615	23,474,526
Due to related parties - unsecured		12,464,893	13,790,547
Other payables		1,861,224	2,234,542
		778,287,566	1,432,772,344

8.1 Workers' Profit Participation Fund

Balance at the beginning of year		77,680,616	43,420,315
Interest on funds utilized		1,800,904	4,804,316
Provision for the year		154,859,805	72,876,300
		234,341,325	121,100,931
Payments made during the year		(202,680,615)	(43,420,315)
		31,660,710	77,680,616

The fund balance has been utilized by the Holding Company and the subsidiary company, BF Biociences Limited, for their own business and interest at the rate of 143% (2015 : 90%) per annum by Holding Company and 11.10% (2015: 12.92 %) per annum by subsidiary company, BF Biosciences Limited have been credited to the funds respectively. Interest is calculated at higher of 75% of dividend rate or 2.5% plus bank rate, as required under Companies Profit (Workers' Participation) Act, 1968.

	Note	2016 Rupees	2015 Rupees
8.2 Central Research Fund			
Balance at the beginning of the year		14,722,862	8,183,517
Provision for the year	25	31,284,809	14,722,485
		46,007,671	22,906,002
Payments made during the year		(14,722,485)	(8,183,140)
		31,285,186	14,722,862

9 Short term borrowings - secured			
Running finance	9.1	42,851,551	1,875,013

9.1 Under Mark up arrangements

The Group has short term borrowing facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 1,000 million (2015: Rs. 1,000 million). These facilities carry mark-up at the rates of ranging from one to three months KIBOR plus 0.1% to 1.5% (2015: one to three months KIBOR plus 0.1% to 1.5%) per annum on the outstanding balances. Out of aggregate facilities, Rs. 400 million (2015: Rs. 700 million) are secured by first pari passu charge of Rs. 1,088 million over all present and future current assets of the the respective companies in the Group and remaining facility amounting to Rs. 600 million (2015: Rs. 300 million)are secured by lien on Holding Company's short term investments / bank deposit account which should be 110% of the maximum limit allowed for utilization. Under this arrangement Rs. 335 million (2015: Rs. 330 million) is marked under lien. These facilities are renewable on annual basis latest by 30 November 2016.

9.2 Under Shariah compliant arrangements

The Holding Company has short term borrowing facility i.e. Running Musharakah available from Islamic bank under profit arrangements having sanctioned limit of Rs. 200 million (2015: Rs. Nil). This facility carry profit rate three months KIBOR plus 0.3% (2015: Nil) per annum on the outstanding balance. This facility is secured by first pari passu charge of Rs. 250 million over current assets of the Holding Company. This facility is renewable on annual basis latest by 31 March 2017.

10 Contingencies and commitments

10.1 Contingencies

10.1.1 Guarantees issued by banks

10.1.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 180 million (2015: Rs. 180 million) for letter of guarantees (out of aggregate facility, Rs. 25 million is the sublimit of running finance of the Holding Company), the amount utilized by the Group at 30 June 2016 was Rs. 8.70 million (2015: Rs. 10.84 million).

10.1.1.2 Under Shariah compliant arrangements

The Holding Company has facility i.e LG of Rs. 25 million (2015: Rs. Nil) available from Islamic bank, the amount utilized at 30 June 2016 was Rs. 1.96 million (2015: Rs. Nil).

10.1.2 The Holding Company has filed a suit before the Honorable High Court of Sindh challenging SRO related to pharmaceutical pricing issued by Drug Regulatory Authority being ultra vires the constitution. The issues relates to fixation of prices of certain products of the Holding Company and the SRO issued in this regard whereby the products of the Holding Company were notified as controlled drugs. The matter is subjudice. However, the management based on obtained legal opinion believes that the Holding Company has a strong case on merit and is likely to succeed in obtaining relief.

10.2 Commitments

10.2.1 Letters of credit

10.2.1.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 850 million (2015: Rs. 750 million) for opening letters of credit, the amount utilized by the Group at 30 June 2016 for capital expenditure was Rs. 183.83 million (2015: Rs. 188.75 million) and for other than capital expenditure was Rs. 217.17 million (2015: Rs. 63.17 million).

10.2.1.2 Under Shariah compliant arrangements

The Holding Company has facility i.e letters of credit of Rs.75 million (2015: Rs. Nil) availed from Islamic bank, the amount utilized at 30 June 2016 only for other than capital expenditure was Rs. 20.60 million (2015: Rs. Nil). This facility is secured by first pari passu charge of Rs. 93.75 million over current assets of the Holding Company. Lien is also marked over import documents.

10.2.2 Guarantees issued on behalf of the subsidiary company

The Holding Company has issued cross corporate guarantees of Rs. Nil (2015: Rs. 218.8 million) to Habib Bank Limited, Rs. Nil (2015: Rs. 150 million) to Allied Bank Limited and Rs. 150 million (2015: Rs. 150 million) to MCB Bank Limited respectively, on behalf of its subsidiary company, BF Biosciences Limited.

11 Property, plant and equipment

	Owned									
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipments	Furniture and fittings	Computers	Vehicles	Sub-Total	Capital work -in-progress	Total
	Rupees									
30 June 2016										
Cost / revalued amount										
Balance as at 01 July 2015	410,000,000	598,271,525	1,012,957,697	62,751,933	24,980,380	23,049,360	284,946,153	2,416,957,048	172,280,240	2,589,237,288
Additions	1,435,500	-	-	5,321,555	14,510,072	10,172,332	112,702,500	144,141,959	583,329,943	727,471,902
Transfers / adjustments	-	202,342,277	199,017,379	32,760	-	-	-	401,392,416	(401,392,416)	-
Disposals / write off	-	-	-	(76,860)	-	(30,817)	(30,383,599)	(30,491,276)	-	(30,491,276)
Revaluation surplus	266,640,627	(21,049,547)	(270,189,022)	-	-	-	-	(24,597,942)	-	(24,597,942)
Balance as at 30 June 2016	678,076,127	779,564,255	941,786,054	68,029,388	39,490,452	33,190,875	367,265,054	2,907,402,205	354,217,767	3,261,619,972
Depreciation										
Balance as at 01 July 2015	-	249,373,426	412,046,970	28,726,330	10,716,203	17,535,105	128,593,358	846,991,392	-	846,991,392
Charge for the year	-	62,821,985	99,153,714	5,978,824	2,694,212	4,548,669	58,208,868	233,406,272	-	233,406,272
On disposals	-	-	-	(49,640)	-	(24,950)	(24,717,984)	(24,792,574)	-	(24,792,574)
Revaluation surplus	-	(291,859,378)	(511,200,684)	-	-	-	-	(803,060,062)	-	(803,060,062)
Balance as at 30 June 2016	-	20,336,033	-	34,655,514	13,410,415	22,058,824	162,084,242	252,545,028	-	252,545,028
Net book value as at 30 June 2016	678,076,127	759,228,222	941,786,054	33,373,874	26,080,037	11,132,051	205,180,812	2,654,857,177	354,217,767	3,009,074,944
30 June 2015										
Cost / revalued amount										
Balance as at 01 July 2014	410,000,000	572,852,926	902,005,783	51,979,013	20,946,419	20,322,281	233,960,835	2,212,067,257	99,553,557	2,311,620,814
Additions	-	-	1,690,972	10,695,487	4,033,961	3,797,848	70,595,088	90,813,356	220,438,807	311,252,163
Transfers / adjustments	-	25,418,599	110,614,776	180,133	-	697,116	10,511,500	147,422,124	(147,712,124)	(290,000)
Disposals / write off	-	-	(1,353,834)	(102,700)	-	(1,767,885)	(30,121,270)	(33,345,689)	-	(33,345,689)
Revaluation surplus	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2015	410,000,000	598,271,525	1,012,957,697	62,751,933	24,980,380	23,049,360	284,946,153	2,416,957,048	172,280,240	2,589,237,288
Depreciation										
Balance as at 01 July 2014	-	191,963,540	326,925,639	23,518,009	8,415,737	16,003,974	111,463,098	678,289,997	-	678,289,997
Charge for the year	-	57,409,886	85,599,247	5,292,179	2,300,466	3,296,095	43,408,285	197,306,158	-	197,306,158
On disposals	-	-	(477,916)	(83,858)	-	(1,764,964)	(26,278,025)	(28,604,763)	-	(28,604,763)
Revaluation surplus	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2015	-	249,373,426	412,046,970	28,726,330	10,716,203	17,535,105	128,593,358	846,991,392	-	846,991,392
Net book value as at 30 June 2015	410,000,000	348,898,099	600,910,727	34,025,603	14,264,177	5,514,255	156,352,795	1,569,965,656	172,280,240	1,742,245,896
Depreciation Rate %	-	10	10	10	10	33.33	20			

11.1 Had there been no revaluation, related figures of revalued land, building and plant and machinery would have been as follows:

	2016 Rupees	2015 Rupees
Freehold land	86,123,262	75,418,037
Buildings	483,389,520	330,690,104
Plant and machinery	604,513,594	463,235,159
Balance as at 30 June	1,174,026,376	869,343,300

11.2 These include fully depreciated assets amounting to Rs. 69 million (2015: Rs. 60 million)

	Note	2016 Rupees	2015 Rupees
11.3 Capital work-in-progress			
Building and civil works		28,410,228	120,910,316
Plant and machinery		179,798,850	3,475,377
Advances to suppliers		146,008,688	47,894,547
		354,217,766	172,280,240
11.4 Depreciation is allocated as under:			
Cost of sales	*22*	151,742,954	130,261,759
Administrative expenses	*23*	40,087,472	33,617,935
Selling and distribution expenses	*24*	41,575,846	33,426,464
		233,406,272	197,306,158

11.5 Disposal of property, plant and equipment

Particulars of assets	Sold to	Cost	Net book Value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
		Rupees				
Vehicles						
Honda Civic	Mr. Sohail Manzoor	2,038,000	135,866	951,067	815,201	Company Policy
Suzuki Liana	Mr. Khurram Ayub	1,511,000	528,849	828,000	299,151	Company Policy
Suzuki Liana	Mr. Usman Mahmood Siddiqui	1,511,000	528,850	800,000	271,150	Tender
Suzuki Liana	Mr. Malik Nawaz	1,301,000	173,467	605,000	431,533	Tender
Suzuki Cultus	Admajee Insurance Company	1,019,000	509,500	900,000	390,500	Insurance Claim
Suzuki Cultus	Mr. Mahad Saleem	970,000	290,999	728,200	437,201	Company Policy
Suzuki Cultus	Mr. Muhammad Aleem	950,000	253,334	651,100	397,766	Company Policy
Suzuki Cultus	Mr. Athar Imtiaz Butt	923,500	107,742	775,000	667,258	Company Policy
Suzuki Mehran	EFU Insurance Company	753,000	677,700	748,000	70,300	Insurance Claim
Suzuki Mehran	EFU Insurance Company	695,888	603,533	695,888	92,355	Insurance Claim
Suzuki Mehran	Mr. Rana Khurram	690,820	172,706	433,564	260,858	Company Policy
Suzuki Mehran	Mr. Shafaat Ali Shah	670,500	201,150	236,976	35,826	Company Policy
Susuki Mehran	Mr. Osama Ahmed	637,000	233,566	445,900	212,334	Company Policy
Susuki Mehran	Mr. M. Nauman Siddique	605,000	121,001	378,110	257,109	Company Policy
Susuki Mehran	Mr. Azeem Ahmed	605,000	121,001	378,090	257,089	Company Policy
Suzuki Mehran	Mr. Ghulam Yasin Malhan	567,000	94,500	354,375	259,875	Company Policy
Honda CD 70	EFU Insurance Company	69,900	51,260	69,900	18,640	Insurance Claim
Honda CD 70	Mr. Muhammad Zubair Khan	69,900	51,260	69,900	18,640	Company Policy
Honda CD 70	EFU Insurance Company	69,900	51,260	69,900	18,640	Insurance Claim
Honda CD 70	EFU Insurance Company	63,501	60,325	63,500	3,175	Insurance Claim
Honda CD 70	EFU Insurance Company	63,500	59,267	63,500	4,233	Insurance Claim
Honda CD 70	EFU Insurance Company	63,500	61,384	63,500	2,116	Insurance Claim
Honda CD 70	EFU Insurance Company	63,500	52,917	63,500	10,583	Insurance Claim
Vehicles with individual book value not exceeding Rs. 50,000	Various persons	14,472,190	524,178	7,297,253	6,773,075	Company Policy
		30,383,599	5,665,615	17,670,223	12,004,608	
Office equipment						
Office equipment with individual book value not exceeding Rs. 50,000	Technorama	76,860	27,221	30,000	2,779	Company Policy
Assets written off						
Computers	N/A	30,818	5,867	-	(5,867)	Obsolete items written off
2016 Rupees		30,491,277	5,698,703	17,700,223	12,001,520	
2015 Rupees		33,345,689	4,740,926	18,565,387	13,824,461	

		Note	2016 Rupees	2015 Rupees
12	**Intangibles**			
	Computer softwares and software licence fees			
	Cost:			
	Balance at 01 July		8,143,902	6,862,771
	Addition during the year		5,820,226	991,131
	Transfer		-	290,000
	Balance at 30 June		13,964,128	8,143,902
	Amortization:			
	Balance at 01 July		6,654,831	5,923,373
	Amortization for the year		1,769,901	731,458
	Balance at 30 June		8,424,732	6,654,831
	Net book value as at 30 June		5,539,396	1,489,071

Intangibles are amortised at 33% (2015: 33%) on straight line basis.

		Note	2016 Rupees	2015 Rupees
13	**Stores, spare parts and loose tools**			
	Stores		19,161,211	27,782,611
	Spare parts		19,098,568	13,510,388
	Loose tools		6,474,231	212,419
			44,734,010	41,505,418
14	**Stock in trade**			
	Raw and packing materials		357,353,488	365,200,196
	Work in process		96,389,128	44,914,516
	Finished goods		1,597,678,787	956,803,313
	Stock in transit		19,895,532	22,949,571
			2,071,316,936	1,389,867,596
15	**Trade debts**			
	Considered good		447,354,701	280,770,732
	Considered doubtful	*23*	12,927	607,107
	Less: Provision for doubtful debts		(12,927)	(607,107)
			-	-
			447,354,701	280,770,732
16	**Loans and advances - considered good**			
	Advances to employees - secured		15,774,139	19,452,827
	Advances to suppliers - unsecured		26,874,429	18,542,038
	Others		1,042,505	3,491,062
			43,691,073	41,485,927

16.1 Advances given to staff are in accordance with the Group’s policy and terms of employment contract.These advances are secured against provident fund. Advances to staff includes amount due from executives of the Holding Company amounting to Rs. 6.5 million (2015: Rs 7.10 million).

	Note	2016 Rupees	2015 Rupees
17 Deposits and prepayments			
Deposits			
Earnest money		105,867,173	76,048,067
Margin deposits		8,282,000	-
Security deposits		1,130,400	-
		115,279,573	76,048,067
Prepayments		1,162,092	2,153,518
		116,441,665	78,201,585
18 Other receivables			
Others		6,950,382	2,629,658
Interest accrued		687,438	-
		7,637,820	2,629,658
19 Short term investments			
Loans and receivables			
Term deposits with banks - local currency	*19.1*	335,000,000	841,000,000
Investments at fair value through profit or loss - listed securities			
Held for trading	*19.3*	332,166,585	16,925,094
		667,166,585	857,925,094

19.1 The local currency short-term deposit has a maximum maturity period of 30 days and is marked under lien as mentioned in note 9, carrying profit 5.35 % (2015: 5.92 % to 7.25 %) per annum.

19.2 These includes term deposits of Rs. Nil (2015: Rs. 500 million) maintained under Shariah compliant arrangements.

	Note	2016 Rupees	2015 Rupees
19.3 These investments are 'held for trading'			
Carrying value at 30 June		16,925,094	748,688,343
Acquisition during the year		4,412,704,072	-
Redemption during the year		(4,100,651,486)	(732,858,502)
Unrealized gain on re-measurement of investment during the year		3,188,905	1,095,253
Fair value of short term investments at 30 June	*19.4*	332,166,585	16,925,094

	Units		Carrying / Fair value	
	2016	2015	2016	2015
	---- Number ----		---- Rupees ----	
19.4 Held for trading				
Mutual Funds				
MCB Pakistan Cash Management Fund	5,126,903	-	257,366,938	-
MCB Pakistan Stock Market Fund	189,850	-	16,534,010	-
Faysal Money Market Fund	255,964	145,638	25,941,373	14,715,252
ABL Government Securities Fund	3,206,485	-	32,200,804	-
HBL Money Market Fund	1,216	14,897	123,460	1,506,800
ABL Income Fund	-	70,123	-	703,042
			332,166,585	16,925,094

19.5 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 76.44 million (2015: Rs. 43.82 million) has been recorded in the current year in “other income”. These investments comprise of mutual funds (money market / income funds).

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

	Note	2016 Rupees	2015 Rupees
20 Cash and bank balances			
Cash in hand		6,842,689	7,948,206
Cash at banks:			
Current accounts			
- foreign currency		28,569,668	27,210,758
- local currency	20.1	255,602,028	376,743,033
		284,171,696	403,953,791
Deposit accounts - local currency	20.2	93,743,418	370,139,818
		384,757,803	782,041,815

20.1 These include bank accounts of Rs. 0.67 million (2015: Rs. 0.73 million) maintained under Shariah compliant arrangments.

20.2 These include deposit accounts of Rs. 89.14 million (2015: Rs. 370.14 million) under mark up arrangements, which carry interest rates ranging from 3.82% - 6% (2015: 4.5% - 6.85 %) per annum.

These also include deposit account of Rs. 4.6 million (2015: Rs. Nil) under shariah compliant arrangements, which carry profit rate ranging from 2.50% - 2.85% (2015: Nil) per annum.

	Note	2016 Rupees	2015 Rupees
21 Revenue - net			
Gross sales			
Local	21.1	11,651,408,338	5,816,319,933
Export		227,381,458	275,796,533
		11,878,789,796	6,092,116,466
Less:			
Sales returns		(263,113,128)	(339,338,773)
Discounts and commission		(277,351,098)	(34,895,038)
Sales tax		(3,155,313)	(6,684,830)
		(543,619,539)	(380,918,641)
		11,335,170,257	5,711,197,825

21.1 This includes own manufactured and imported products sales.

	Note	2016 Rupees	2015 Rupees
22 Cost of sales			
Raw and packing materials consumed	*22.1*	981,044,773	845,503,266
Salaries, wages and other benefits	22.2	226,789,600	171,695,595
Fuel and power		63,116,172	79,640,894
Repairs and maintenance		24,414,277	15,238,209
Stores, spare parts and loose tools consumed		49,653,883	29,318,463
Packing charges		21,714,242	21,524,272
Rent, rates and taxes		1,125,549	606,891
Printing and stationery		2,518,693	2,130,360
Postage and telephone		3,452,009	3,026,315
Insurance		13,409,358	5,927,405
Travelling and conveyance		14,559,976	12,061,269
Canteen expenses		13,009,247	8,549,502
Security expenses		3,719,172	3,149,370
Depreciation		151,742,954	130,261,759
Laboratory and other expenses		35,808,393	25,736,530
		1,606,078,297	1,354,370,100
Work in process:			
Opening		44,914,516	97,330,065
Closing		(96,389,128)	(44,914,516)
		(51,474,612)	52,415,549
Cost of goods manufactured		1,554,603,685	1,406,785,649
Finished stock:			
Opening		956,803,313	424,428,669
Purchases made during the year		5,827,139,819	2,240,280,584
Closing		(1,597,678,787)	(956,803,313)
		5,186,264,345	1,707,905,940
		6,740,868,030	3,114,691,589

22.1 Raw and packing materials consumed

	2016 Rupees	2015 Rupees
Opening	365,200,196	337,052,623
Purchases made during the year	973,198,065	873,650,839
	1,338,398,261	1,210,703,462
Closing	(357,353,488)	(365,200,196)
	981,044,773	845,503,266

22.2 Salaries, wages and other benefits include Rs. 8.60 million (2015: Rs. 7.01 million), which represents employer's contribution towards provident fund.

	Note	2016 Rupees	2015 Rupees
23 Administrative expenses			
Salaries and other benefits	*23.1*	176,632,762	116,048,313
Directors fees and expenses		1,513,121	1,155,848
Rent, rates and taxes		1,881,345	1,619,003
Postage and telephone		6,541,441	6,056,461
Printing, stationery and office supplies		3,781,050	2,808,262
Travelling and conveyance		8,822,777	7,928,180
Transportation		8,469,156	6,701,345
Legal and professional charges		3,053,668	3,169,200
Fuel and power		6,727,285	7,591,288
Auditors' remuneration	*23.2*	1,399,255	1,361,700
Repairs and maintenance		10,829,278	7,986,821
Fee and subscriptions		3,767,021	2,000,304
Donations	*23.3*	16,242,699	7,500,000
Insurance		4,601,298	3,638,178
Depreciation	*11.4*	40,087,472	33,617,935
Amortisation	*12*	1,769,901	731,458
Canteen expenses		7,682,999	5,739,834
Training expenses		1,495,680	-
Provision for doubtful debts	*15*	12,927	607,107
Other administrative expenses		2,755,951	1,968,717
		308,067,086	218,229,954

23.1 Salaries and other benefits include Rs. 6.05 million (2015: Rs. 5.00 million), which represents employer's contribution towards provident fund.

	2016 Rupees	2015 Rupees
23.2 Auditors' remuneration		
Fee for annual audit	575,000	575,000
Audit of consolidated financial statements	57,500	57,500
Review of half yearly financial statements	86,250	86,250
Annual audit - BF Biosciences Limited	172,500	172,500
Annual audit - Farmacia	39,800	30,000
Special certificates and others	322,500	322,500
Out-of-pocket expenses	145,705	117,950
	1,399,255	1,361,700

23.3 Donations include the payments to following institutions in which the directors/their spouses are interested:

Name of director/spouse	Nature of interest in donee	Name and address of donee	2016 Rupees	2015 Rupees
Mr. Osman Khalid Waheed (Director)	Trustee	National Management Foundation	3,500,000	3,500,000
Mrs. Zubaida Farooq, wife of Mr. Farooq Mazhar (Non-Executive Director)	Member of executive board	The Garage School - Karachi	-	1,000,000
			3,500,000	4,500,000

24 Selling and distribution expenses

	Note	2016 Rupees	2015 Rupees
Salaries and other benefits	*24.1*	467,777,411	393,649,486
Travelling and conveyance		165,522,190	155,211,676
Fuel and power		7,423,416	8,843,646
Rent, rates and taxes		3,250,452	3,789,494
Sales promotion and advertisement		170,183,925	124,437,731
Freight and forwarding		40,778,105	39,545,445
Printing and stationary		4,992,371	4,433,434
Postage and telephone		18,825,982	13,743,292
Royalty, fee and subscription		19,094,434	15,944,252
Insurance		27,113,647	13,683,716
Repairs and maintenance		6,023,525	4,971,635
Legal and professional charges		5,316,785	2,305,458
Conferences, seminars and training		159,687,314	96,655,126
Medical research and patient care		25,032,858	33,622,809
Depreciation		41,575,846	33,426,464
Other selling expenses		1,616,342	2,219,481
Service charges on sales		91,564,019	24,897,876
		1,255,778,622	971,381,021

24.1 Salaries and other benefits include Rs. 14.04 million (2015: Rs. 11.57 million), which represents employer's contribution towards provident fund.

25 Other expenses

	Note	2016 Rupees	2015 Rupees
Exchange loss	*25.1*	35,609,509	-
Workers' Profit Participation Fund	*8.1*	154,859,805	72,876,300
Workers' Welfare Fund		58,846,725	17,669,077
Central Research Fund	*8.2*	31,284,809	14,722,485
		280,600,848	105,267,862

25.1 Exchange loss was incured due to actual currency fluctuation.

26 Other income

	Note	2016 Rupees	2015 Rupees
From financial assets	*26.1*	105,365,444	57,902,710
From non financial assets	*26.2*	15,918,158	16,123,476
		121,283,602	74,026,186

26.1 From financial assets

	Note	2016 Rupees	2015 Rupees
Profit on bank deposits	*26.1.1*	16,169,687	8,222,933
Exchange gain		-	4,764,640
Profit on term deposits	*26.1.2*	9,364,205	-
Unrealised gain on re-measurement of short term investments to fair value		3,396,439	1,095,253
Gain on sale of short term investments		76,435,113	43,819,884
		105,365,444	57,902,710

26.1.1 These include profit of Rs. 0.01 million (2015: Rs. Nil) earned on deposit account maintained under Shariah compliant arrangements.

26.1.2 These include profit of Rs. 4.0 million (2015: Rs. Nil) earned on term deposit receipt maintained under Shariah compliant arrangements.

	Note	2016 Rupees	2015 Rupees
26.2 From non financial assets			
Gain on sale of property, plant and equipment - net of write off		12,001,520	13,824,461
Commission & rebates		3,916,638	2,299,015
		15,918,158	16,123,476

27 Finance costs

	Note	2016 Rupees	2015 Rupees
Mark-up on bank financing	*27.1*	622,686	2,759,878
Bank charges		10,179,655	8,478,962
Interest on Workers' Profit Participation Fund		1,800,904	4,804,316
		12,603,245	16,043,156

27.1 This relates to facilities of short term borrowings availed under markup arrangements.

28 Taxation

	2016 Rupees	2015 Rupees
- For the year	609,097,706	445,123,472
- Prior years	442,024	(14,185,232)
	609,539,730	430,938,240
Deferred	15,908,037	(15,115,788)
	625,447,767	415,822,452

Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit

	2016	2015
Profit before taxation	2,858,536,029	1,359,610,429
Applicable tax rate as per Income Tax Ordinance, 2001	32%	33%

	2016 Rupees	2015 Rupees
Tax on accounting profit	914,731,529	448,671,442
Effect of final tax regime	(347,559,235)	(31,386,523)
Effect of tax credit	(22,288,026)	(8,216,646)
Effect of prior year and permanent difference	442,024	(8,161,145)
Non deductible for tax purposes	33,188,291	(14,413,874)
Effect of super tax	46,933,183	29,329,198
	(289,283,763)	(32,848,990)
	625,447,766	415,822,452

The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public (listed) 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 (listed) 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.

As explained in note 37 to the consolidated financial statements, the Board of Directors of the Holding Company in their meeting held on 29 August 2016 has recommended a final cash dividend of Rs. 12 per ordinary share which is in addition to interim cash dividend of Rs. 10 per ordinary share for the year ended 30 June 2016 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements for the year ended 30 June 2016.

29 Remuneration of Chief Executive, Executive Director and Executives

	2016			2015		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	---- Rupees ----			---- Rupees ----		
Managerial remuneration	19,580,429	7,069,516	154,604,380	11,048,664	12,486,501	142,593,394
Utilities	485,525	-	-	453,732	-	453,732
LFA	-	1,178,253	8,529,878	947,796	1,071,139	9,631,039
Bonus	1,042,576	3,213,417	16,779,051	2,518,500	2,846,250	21,140,968
Contribution to provident fund	1,325,082	449,186	8,488,732	761,976	805,584	8,793,697
	22,433,612	11,910,372	188,402,041	15,730,668	17,209,474	182,612,830
Numbers	2	2	99	2	3	78

In addition, the Chief Executive, one working director and certain executives of the Holding Company and Chief Executive of Subsidiary Company are allowed free use of the Company vehicles. The directors and managing partner of the subsidiary companies are not paid any remuneration.

The Holding Company has 5 (2015: 4) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee and reimbursement of expenses. All the members of the Board of Directors were paid Rs. 420,000 (2015: Rs. 310,000) as meeting fee and Rs. 1,093,121 (2015: Rs. 845,848) as reimbursement of expenses for attending the Board of Directors' meetings.

30 Related party transactions

The Group's related parties include entities over which directors are able to exercise influence, staff retirement fund, directors and key management personnel. Balances with the related parties are shown else where in the consolidated financial statements. The transactions with related parties are as follows:

	2016 Rupees	2015 Rupees
Khan & Piracha - associated		
Professional services charges	9,000	18,000
Other related parties		
Contribution towards employees' provident fund	28,829,294	23,613,785
Remuneration including benefits and perquisites of key management personnel	127,488,758	101,603,497
Dividend to KFW Factors (Private) Limited	207,173,550	107,730,246
Dividend to directors	87,484,910	49,902,623

31 Plant capacity and production

The production capacity of the holding company and subsidiary companies' plants cannot be determined, as it is a multi-product production facility with varying manufacturing processes.

32 Number of employees

	2016	2015
Total number of employees as at 30 June	969	940
Average number of employees during the year	955	911

	Un-audited 2016 Rupees	Audited 2015 Rupees
33 Disclosures relating to provident fund		
Size of the fund / trust	394,999,996	337,608,183
Cost of investment made	355,373,451	309,885,764
Percentage of investment made %	95%	96%
Fair value of investment	376,016,812	324,601,757
Break up of investment		
Special accounts in scheduled banks	8,794,277	7,548,093
Term deposit receipts	19,184,110	-
Government securities	212,037,580	148,182,372
Mutual funds	110,059,126	146,604,589
Shares of listed companies	25,941,719	22,266,703
	376,016,812	324,601,757

	2016	2015
	% age of size of fund	
Break up of investment		
Special accounts in scheduled banks	2%	2%
Term deposit receipts	5%	0%
Government securities	54%	44%
Mutual funds	28%	43%
Shares of listed companies	6%	7%
	95%	96%

33.1 The provident fund trust is a common fund for employees of the Group. Entity wise break up of the fund as on 30 June is as follows:

	Un-audited 2016		Audited 2015	
	% of Total Fund	**Rupees**	% of Total Fund	Rupees
Ferozsons Laboratories Limited - the Holding Company	78%	307,897,698	88%	295,871,529
BF Biosciences Limited	21%	81,365,284	11%	37,098,884
Farmacia - Partnership firm	1%	5,737,014	1%	4,637,770
	100%	394,999,996	100%	337,608,183

The figures for 2016 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and rules formulated for this purpose.

34 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

34.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Group's credit risk arises from long term deposits, trade debts, other receivables, loans and advances, short term deposits, short term investments and balances with banks. The Group has no significant concentration of credit risk as its exposure is spread over a large number of counter parties.

34.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2016 Rupees	2015 Rupees
Long term deposits	10,338,325	7,430,825
Trade debts - considered good	447,354,701	280,770,732
Loans and advances - considered good	1,042,505	3,491,062
Short term deposits	115,279,573	76,048,067
Other receivables	4,894,747	2,629,658
Short term investments	667,166,585	857,925,094
Bank balances	377,915,114	774,093,609
	1,623,991,550	2,002,389,047

34.1.2 Credit quality of financial assets

Bank balances & short term investments

The credit quality of Group's bank balances and short term investments can be assessed with reference to external credit rating agencies as follows:

Institutions	Rating Short term	Rating Long term	Rating Agency	2016 Rupees	2015 Rupees
Habib Bank Limited	A-1+	AAA	JCR-VIS	141,300,104	562,334,883
Bank Al-Habib Limited	A1+	AA+	PACRA	67,107,081	78,642,289
Bank Alfalah Limited	A1+	AA	PACRA	96,436,705	79,571,345
Habib Metropolitan Bank	A1+	AA+	PACRA	27,654,001	36,342,138
Meezan Bank Limited	A-1+	AA	JCR-VIS	5,295,732	726,242
MCB Bank Limited	A1+	AAA	PACRA	3,404,664	1,605,882
National Bank of Pakistan	A1+	AAA	PACRA	-	51,031
Allied Bank Limited	A1+	AA+	PACRA	36,705,392	14,808,367
Faysal Bank Limited	A1+	AA	PACRA	9,733	9,791
NIB Bank Limited	A1+	AA-	PACRA	1,702	1,641
				377,915,114	774,093,609
Short term investments					
Habib Bank Limited - TDR	A-1+	AAA	JCR-VIS	335,000,000	341,000,000
Meezan Bank Limited - TDR	A-1+	AA	JCR-VIS	-	500,000,000
MCB Pakistan Cash Management Fund	AA(f)	-	PACRA	257,366,938	-
MCB Pakistan Stock Market Fund	5 Star	-	PACRA	16,534,010	-
HBL Money Market Fund	AA(f)	-	JCR-VIS	123,460	1,506,800
ABL Government Securities Fund	A(f)	-	JCR-VIS	32,200,804	-
ABL Income Fund	A(f)	-	JCR-VIS	-	703,042
Faysal Money Market Fund	AA+	-	PACRA	15,349,998	14,715,252
Faysal Bank Savings Growth Fund	AA-(f)	-	PACRA	10,591,375	-
				667,166,585	857,925,094
				1,045,081,699	1,632,018,703

Trade debts

The aging of trade debts at the reporting date was:

	2016 Rupees	2015 Rupees
Past due 0 - 30 days	138,160,192	112,931,592
Past due 31 - 120 days	166,654,323	108,367,277
Past due 121 - 365 days	132,079,058	49,303,214
More than 365 days	10,461,128	10,168,649
	447,354,701	280,770,732

Trade debts are essentially due from government departments / projects and the Group is actively pursuing for recovery of debts and the Group does not expect these companies to fail to meet their obligations.

Deposits and other recievables are mostly due from Government Institutions. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

34.1.3 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

34.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Group is not materially exposed to liquidity risk as substantially all obligations / commitments of the Group are short term in nature and are restricted to the extent of available liquidity.

The following are the contractual maturities of financial liabilities:

	2016			
	Carrying amount	**Less than one year**	**One to five years**	**More than 5 years**
	---------- **Rupees** ----------			
Financial liabilities				
Trade and other payables	538,478,634	538,478,634	-	-
Short term borrowings	42,851,551	42,851,551	-	-
Accrued mark-up	138,692	138,692	-	-
	581,468,877	581,468,877	-	-

	2015			
	Carrying amount	Less than one year	One to five years	More than 5 years
	---------- Rupees ----------			
Financial liabilities				
Trade and other payables	1,177,832,826	1,177,832,826	-	-
Short term borrowings	1,875,013	1,875,013	-	-
Accrued mark-up	10,869	10,869	-	-
	1,179,718,708	1,179,718,708	-	-

34.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rates and equity price that will effect the Group's income or the value of its holdings of financial instruments.

Market risk comprises of three types of risks:

- currency risk
- interest rate risk
- other price risk

34.3.1 Currency risk

Pakistani Rupee is the functional currency of the Group and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cashflow volatility. The Group's potential currency exposure comprises of:

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Group are periodically restated to rupee equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Group in currency other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Group. These currency risks are managed as a part of overall risk management strategy. The Group does not enter into forward exchange contracts.

Exposure to currency risk

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2016						
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling	JPY	Aus Dollars
Cash and cash equivalents	31,131,091	215,948	66,293	98	4,355	146,000	1,000
Trade and other payables	(284,367,731)	(2,675,021)	(39,247)	-	-	-	-
Trade receivables	83,894,736	569,521	9,530	815,149	-	-	-
Gross balance sheet exposure	(169,341,904)	(1,889,552)	36,576	815,247	4,355	146,000	1,000

	2015						
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling	JPY	Aus Dollars
Cash and cash equivalents	29,954,437	217,563	61,160	98	4,355	146,000	1,000
Trade and other payables	(1,045,244,970)	(10,287,844)	-	-	-	-	-
Trade receivables	65,697,845	440,365	54,054	386,760	-	-	-
Gross balance sheet exposure	(949,592,688)	(9,629,916)	115,214	386,858	4,355	146,000	1,000

The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2016	2015	**2016**	2015
US Dollars	104.60	101.60	104.39	101.41
Euro	116.20	113.68	115.42	120.98
UAE Dirham	28.48	27.67	28.42	27.61
Pound Sterling	140.26	159.75	153.41	159.66
JPY	1.02	0.83	0.90	0.88
Aus Dollars	77.87	77.84	75.96	84.20

Sensitivity analysis

A 10% strengthening of the Pakistani Rupee against foreign currencies at the reporting date would have increased / (decreased) profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant. The analysis is performed on the same basis as for the previous year.

	Profit and loss	
	2016 Rupees	2015 Rupees
Profit and loss account	16,934,190	94,959,269

A 10% weakening of the Pakistani Rupee against foreign currencies at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

34.3.2 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk),whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee. The Group is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2016 and 2015 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Group's equity investment portfolio.

	Fair value	**Hypothetical price change**	**Estimated fair value after hypothetical change in prices**	**Hypothetical increase / (decrease) in profit / (loss) before tax**
	Rupees			
2016				
Short term investments				
Investments at fair value through profit or loss	332,166,585	10% increase	365,383,244	33,216,659
		10% decrease	298,949,927	(33,216,659)
	332,166,585			

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in profit / (loss) before tax
	Rupees			
2015				
Short term investments				
Investments at fair value through profit or loss	16,925,094	10% increase	18,617,603	1,692,509
		10% decrease	15,232,585	(1,692,509)
	16,925,094			

34.3.3 Fair value of financial instruments

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying value of all financial assets and liabilities on the balance sheet approximate to their fair value.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees			
Financial assets				
Long term deposits	10,338,325	10,338,325	7,430,825	7,430,825
Trade debts - considered good	447,354,701	447,354,701	280,770,732	280,770,732
Loans and advances - considered good	1,042,505	1,042,505	3,491,062	3,491,062
Short term deposits	115,279,573	115,279,573	76,048,067	76,048,067
Other receivables	4,894,747	4,894,747	2,629,658	2,629,658
Short term investments	667,166,585	667,166,585	857,925,094	857,925,094
Bank balances	377,915,114	377,915,114	774,093,609	774,093,609
	1,623,991,550	1,623,991,550	2,002,389,047	2,002,389,047
Financial liabilities				
Trade and other payables	538,478,634	538,478,634	1,177,832,826	1,177,832,826
Short term borrowing	42,851,551	42,851,551	1,875,013	1,875,013
Accrued mark-up	138,692	138,692	10,869	10,869
	581,468,877	581,468,877	1,179,718,708	1,179,718,708

b) Valuation of financial instruments

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates, etc.

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

	Carrying Amount					Fair Value		
	Cash and cash equivalents	Fair value through Income Statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	Rupees							
30 June 2016								
Financial assets measured at fair value:	-	-	-	-	-	-	-	-
Financial assets not measured at fair value:								
Long term deposits	-	-	10,338,325	-	10,338,325	-	-	-
Trade debts - considered good	-	-	447,354,701	-	447,354,701	-	-	-
Loans and advances - considered good	-	-	1,042,505	-	1,042,505	-	-	-
Short term deposits	-	-	115,279,573	-	115,279,573	-	-	-
Other receivables		-	4,894,747	-	4,894,747	-	-	-
Short term investments	-	332,166,585	335,000,000	-	667,166,585	332,166,585	-	-
Bank balances	377,915,114	-	-	-	-	-	-	-
	377,915,114	332,166,585	913,909,851	-	1,246,076,436	332,166,585	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value:								
Trade and other payables	-	-	-	538,478,634	538,478,634	-	-	-
Short term borrowing	-	-	-	42,851,551	42,851,551	-	-	-
Accrued mark-up	-	-	-	138,692	138,692	-	-	-
	-	-	-	581,468,877	581,468,877	-	-	-

34.3.4 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	2016	2015	2016	2015
	Interest range / Effective rate (in Percentage)		Carrying amount (Rupees)	
Fixed rate instruments				
Financial assets				
Short term investments	5.35	5.92 to 7.25	335,000,000	841,000,000
Financial liabilities	-	-	-	-
Net Exposure			335,000,000	841,000,000
Variable rate instruments				
Financial assets				
Cash at bank - deposit accounts	2.65 to 6	5.65	93,743,418	370,139,818
Financial liabilities				
Short term borrowings secured	7.52	11.05	(42,851,551)	(1,875,013)
Net Exposure			50,891,867	368,264,805

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit and loss	
	100 bps Increase	**100 bps Decrease**
	------ Rupees ------	
As at 30 June 2016		
Cash flow sensitivity - Variable rate financial liabilities	508,919	(508,919)
As at 30 June 2015		
Cash flow sensitivity - Variable rate financial liabilities	3,682,648	(3,682,648)

35 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and;
(ii) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements.

36 Group entities

The following table summarizes the information relating to the Group's subsidiaries that have non controlling interest (NCI).

30 June 2016 Amount in Rupees	**BF Biosciences Limited**	**Farmacia**	**Intra-Group eliminations**	**Total**
NCI percentage	20%	2%		
Non-current assets	350,810,564	20,605,955		
Current assets	701,131,852	102,700,027		
Non-current liabilities	37,383,960	-		
Current liabilities	161,521,064	9,724,173		
Net assets	853,037,392	113,581,809		
Carrying amount of NCI	170,607,478	2,271,636	(4,198,020)	168,681,094
Revenue - net	1,092,651,265	340,975,451		
Profit after taxation	151,252,354	22,042,905		
Other comprehensive income	-	-		
Total comprehensive income	151,252,354	22,042,905		
Total comprehensive income allocated to NCI	30,250,471	440,858	(1,643,094)	29,048,235
Cash flows from operating activities	99,714,624	18,731,661		
Cash flows from investing activities	(351,200,352)	-		
Cash flows from financing activitie (dividends to NCI : nil)	(1,220,034)	-		
Net (decrease) / increase in cash and cash equivalents	(252,705,762)	18,731,661		

30 June 2015 Amount in Rupees	**BF Biosciences Limited**	**Farmacia**	**Intra-Group eliminations**	**Total**
NCI percentage	20%	2%		
Non-current assets	371,364,244	23,315,272		
Current assets	555,446,749	81,936,983		
Non-current liabilities	40,996,297	-		
Current liabilities	184,029,658	13,713,351		
Net assets	701,785,038	91,538,904		
Carrying amount of NCI	140,357,008	1,830,778	(3,533,423)	138,654,363
Revenue - net	1,196,791,094	314,857,213		
Profit after taxation	199,066,505	14,747,843		
Other comprehensive income	-	-		
Total comprehensive income	199,066,505	14,747,843		
Total comprehensive income allocated to NCI	39,813,301	294,957	(1,168,514)	38,939,744
Cash flows from operating activities	379,634,662	20,546,914		
Cash flows from investing activities	(23,549,586)	(89,000)		
Cash flows from financing activities (dividends to NCI : nil)	(111,580,602)	-		
Net increase in cash and cash equivalents	244,504,474	20,457,914		

37 Non Adjusting events after the balance sheet date

The Board of Directors of the Holding Company in its meeting held on 29 August 2016 has proposed a final cash dividend of Rs. 12 (2015: Rs. 15) per share amounting to Rs. 362.24 million (2015: Rs. 452.80 million), for the year ended 30 June 2016, for approval of the members in the Annual General Meeting to be held on 20 October 2016.

38 Corresponding figures

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

39 Date of authorization for issue

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on 29 August 2016.

Chief Executive Officer **Director**

pattern of shareholding

As at 30 June 2016

Number of Shareholders	Shareholdings'		Total Shares Held
	From	to	
1,257	1	100	32,466
634	101	500	177,847
312	501	1,000	235,304
382	1,001	5,000	903,902
101	5,001	10,000	743,127
22	10,001	15,000	257,086
16	15,001	20,000	279,815
16	20,001	25,000	363,874
14	25,001	30,000	392,172
10	30,001	35,000	319,316
6	35,001	40,000	220,454
4	40,001	45,000	173,426
4	45,001	50,000	194,013
1	50,001	55,000	50,450
4	55,001	60,000	234,012
2	60,001	65,000	122,548
1	65,001	70,000	70,000
1	70,001	75,000	70,850
2	95,001	100,000	191,352
1	100,001	105,000	101,400
3	110,001	115,000	340,320
1	140,001	145,000	142,859
1	145,001	150,000	145,256
1	155,001	160,000	157,142
2	160,001	165,000	324,644
1	165,001	170,000	170,000
1	175,001	180,000	179,503
1	180,001	185,000	180,235
1	195,001	200,000	200,000
1	235,001	240,000	236,800
1	240,001	245,000	240,650
1	270,001	275,000	274,696
1	295,001	300,000	295,463
1	310,001	315,000	311,491
1	325,001	330,000	327,900
2	330,001	335,000	666,946
1	335,001	340,000	336,200
1	350,001	355,000	351,761
1	355,001	360,000	359,116
1	360,001	365,000	362,314
1	365,001	370,000	369,531
1	380,001	385,000	384,955
1	410,001	415,000	410,979
2	430,001	435,000	869,763
1	435,001	440,000	437,416
1	455,001	460,000	458,900
1	495,001	500,000	498,750
1	650,001	655,000	651,347
2	900,001	905,000	1,809,867
1	905,001	910,000	906,427
1	950,001	955,000	954,441
1	1,670,001	1,675,000	1,671,025
1	1,825,001	1,830,000	1,825,442
1	8,200,001	8,205,000	8,201,288
Total 2,830			30,186,841

As On: 30 June 2016

Categories of Shareholder	Physical	CDC	Total	% age
Directors, Chief Executive Officer, Their Spouses and Minor Children				
Chief Executive Officer				
Mr. Osman Khalid Waheed	434,822	651,347	1,086,169	3.60
Directors				
Mrs. Akhter Khalid Waheed	5,000	-	5,000	0.02
Mrs. Amna Piracha Khan	437,416	8,531	445,947	1.48
Mrs. Munize Azhar Peracha	1,238,406	-	1,238,406	4.10
Mr. Farooq Mazhar	-	160,952	160,952	0.53
Mr. Nihal F Cassim	-	9,762	9,762	0.03
	2,115,644	**830,592**	**2,946,236**	**9.76**
Executives	**-**	**8**	**8**	**0.00**
Associated Companies, Undertakings & Related Parties				
KFW Factors (Pvt) Limited	58,181	8,228,761	8,286,942	27.45
	58,181	**8,228,761**	**8,286,942**	**27.45**
NIT & ICP (Name Wise Detail)				
CDC - Trustee National Investment (Unit) Trust	-	1,671,025	1,671,025	5.54
	-	**1,671,025**	**1,671,025**	**5.54**
Mutual Funds (Name Wise Detail)				
CDC - Trustee Al Meezan Mutual Fund	-	49,400	49,400	0.16
CDC - Trustee Meezan Islamic Fund	-	170,000	170,000	0.56
CDC - Trustee UBL Stock Advantage Fund	-	112,900	112,900	0.37
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	-	70,850	70,850	0.23
CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	-	38,600	38,600	0.13
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	-	50,450	50,450	0.17
CDC - Trustee NAFA Islamic Principal Protected Fund - II	-	3,000	3,000	0.01
CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	-	25,750	25,750	0.09
CDC - Trustee Alfalah GHP Value Fund	-	3,500	3,500	0.01
Pak Qatar Individual Family Participant Invest Fund	-	11,500	11,500	0.04
CDC - Trustee Al-Ameen Shariah Stock Fund	-	142,859	142,859	0.47
CDC - Trustee Alfalah GHP Islamic Stock Fund	-	15,250	15,250	0.05
CDC - Trustee NAFA Islamic Asset Allocation Fund	-	18,150	18,150	0.06
MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund	-	2,000	2,000	0.01
MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	-	2,000	2,000	0.01
CDC - Trustee NAFA Islamic Stock Fund	-	15,450	15,450	0.05
CDC - Trustee NIT Islamic Equity Fund	-	113,000	113,000	0.37
CDC - Trustee NITIPF Equity Sub Fund	-	3,350	3,350	0.01
CDC - Trustee Meezan Balanced Fund	-	20,400	20,400	0.07
CDC - Trustee AKD Index Tracker Fund	-	2,200	2,200	0.01
CDC - Trustee Al Ameen Islamic Dedicated Equity Fund	-	311,491	311,491	1.03
	-	**1,182,100**	**1,182,100**	**3.92**
Banks, NBFCs, DFIs, Takaful, Pension Funds	**3,223**	**993,970**	**997,193**	**3.30**
Modarabas	**-**	**7,800**	**7,800**	**0.03**
Insurance Companies	**163,892**	**3,519,288**	**3,683,180**	**12.20**
Other Companies, Corporate Bodies, Trust etc.	**7,408**	**1,093,327**	**1,100,735**	**3.65**
General Public				
A. Local	6,511,429	3,088,539	9,599,968	31.80
B. Foreign	-	711,654	711,654	2.36
	6,511,429	**3,800,193**	**10,311,622**	**34.16**
Total	8,859,777	21,327,064	30,186,841	100.00
Shareholders More Than 5.00%				
KFW Factors (Pvt) Limited			8,286,942	27.45
State Life Insurance Corp. of Pakistan			1,825,442	6.05
CDC - Trustee National Investment (Unit) Trust			1,671,025	5.54

Trade in shares of the Company by Directors, executives and their spouses and minor children

Name	Category	Nature of Transactions	No. of Shares
Mrs. Akhter Khalid Waheed	Director	Gift	(1,809,867)
Mrs. Munize Azhar Peracha	Director	Gift	904,933
Mr. Farooq Mazhar	Director	Sale	(253)
Mr. Farooq Mazhar	Director	Purchase	23,652
Mr. Farooq Mazhar	Director	Sale	(10,200)

notice of annual general meeting

Notice is hereby given that the 60th Annual General Meeting of **FEROZSONS LABORATORIES LIMITED** will be held at its Registered Office, 197-A, The Mall, Rawalpindi, on 20th October 2016, at 12:30 P.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2016 together with the Reports of the Directors and the Auditors.

2. To approve the payment of final cash dividend at the rate of Rs. 12 per share i.e. 120% as recommended by the Board of Directors. It is in addition to the interim cash dividend at the rate of Rs. 10.00 per share i.e. 100% already paid to the shareholders, thus making a total cash dividend of Rs. 22 per share i.e. 220 % for the year ended 30 June 2016.

3. To appoint auditors for the year ending 30 June 2017 and to fix their remuneration. The present auditors Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for appointment.

4. To transact any other business with the permission of the Chair.

By order of the board

Syed Ghausuddin Saif
Company Secretary

Rawalpindi
29 August 2016

Notes:

1. Closure of Share Transfer Books:

The share Transfer Books of the Company will remain closed from 11 October 2016 to 20 October 2016 (both days inclusive). Transfers received in order at the office of our Shares Registrar, M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore., by the close of the business on 10 October 2016 will be considered in time to determine the above mentioned entitlement.

2. Participation in the Annual General Meeting:

A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf. Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the Secretary of the Company at the company's registered office 197-A, The Mall, Rawalpindi at least 48 hours before the time of the Meeting.

3. Change of address:

Any change of address of Members should be immediately notified to the company's share registrars, CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore.

4. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A) For attending the meeting:

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

ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B) For appointing proxies:

i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport.

iv. The proxy shall produce his/her original CNIC or original passport at the time of meeting.

v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Company.

5. Conformation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2016 (Mandatory)

i. All members of the Company are hereby informed that pursuant to the provisions of Finance Act, 2016, effective July 01, 2016, the rates of deduction of income tax from dividend payments under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

1	Rate of tax deduction for filer of income tax returns	12.50%
2	Rate of tax deduction for non-filer of income tax returns	20%

To enable the Company to make tax deduction on the amount of cash dividend at the rate of 12.50% instead of 20%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are fillers, are advised to immediately make sure that their names are entered ATL, otherwise tax on their cash dividend will be deducted at the rate of 20% instead of 12.50%.

ii. Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holders based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holders in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDS ID/AC #	Total Shares	Principle Shareholder	Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint-holders.

iii. For any query/problem/information, the investors may contact the Company Secretary at Phone: 051-4252155-7 and email address: cs@ferozsons-labs.com and or CorpTec Associates (Pvt.) Limited at Phone: 042-35170335-7 and email address: info@corptec.com.pk

iv. The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or CorpTec Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

6. CNIC/NTN number on Dividend Warrant (Mandatory)

Members are requested to provide attested photocopies of their CNIC to the Company on its registered address in order to meet the mandatory requirements of SRO 831 (1) 2012 of 5 July 2012 which provides that the dividend warrant should bear the Computerized National Identity Card (CNIC) number of the registered member.

Henceforth, issuance of dividend warrants will be subject to submission of CNIC (individual)/NTN (corporate entity) by shareholders.

7. Dividend Mandate (Optional)

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 18 of 2012 dated 05 June 2012, a shareholder may, if so desire, direct the Company to pay dividend through his/her/its bank account under Section 250 of the Companies Ordinance, 1984.

If they so desires the shareholders have the option to seek the dividend mandate by using the standardized “Dividend Mandate Form” available on Company’s website http://www.ferozsons-labs.com.

8. Payment of cash dividend electronically (Optional)

The SECP has initiated e-dividend mechanism through its letter No. 8(4) SM/CD/2008 dated 5 April 2013. In order to avail benefits of e-dividend (such as instant credit of dividends, no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address etc.) shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address.

9. Circulation of Annual Audited Financial Statements and Notices to shareholders through email (Optional)

The directive of SECP contained in SRO 787(1) 2014 dated 8 September 2014, whereby Securities and Exchange Commission of Pakistan (SECP) has allowed companies to circulate Audited Financial Statements along with notice of Annual General Meeting to its members through e-mail. Those shareholders who wants to receive annual audited financial statements through email, are requested to provide their email addresses on registered address of the Company.

10. Audited accounts of the company for the year ended 30 June 2016 will be provided on the Company’s website www.ferozsons-labs.com at least 21 days before the date of Annual General Meeting.

income tax return filing status form

Confirmation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2016

The Company Secretary
Ferozsons Laboratories Limited
197-A, The Mall
Rawalpindi

I, Mr./Mrs./Ms ______________________________

S/O,/D/O,W/O ______________________________

hereby confirm that I am registered as National Tax Payer, My relevant detail is given below:

Folio/CDS ID/AC #	Name	National Tax#	CNIC # (in case of individuals)**	Income Tax return for the year 2015 filed (Yes or No)***

It is stated that the above-mentioned information is correct.

____
Signature of the Shareholder

The Shareholders having their accounts with Central Depository Company (CDC) have also to communicate confirmation of tax payment status information to Stock Exchange in addition to the Company Secretary.

**Please attach attested photocopy of the CNIC.
***Please attach attested photocopy of receipt of income tax return.

dividend mandate form

To:

I, Mr./Mrs./Ms ____

S/O,/D/O,W/O ____

hereby authorize Ferozsons Laboratories Limited to directly credit cash dividend declared by it, if any, in the below mentioned bank account.

(i) Shareholder's Detail	
Name of the Shareholder	
Folio No./CDC Participants ID A/C No.	
CNIC No. **	
Passport No. (in case of foreign Shareholder)***	
Land Line Phone Number	
Cell Number	

(ii) Shareholder's Bank Detail	
Title of Bank Account	
Bank Account Number	
Bank 's Name	
Branch Name and Address	

It is stated that the above-mentioned information is correct and that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

____

Signature of the Shareholder

*The Shareholders having physical shares have to address the Company Secretary FLL on the address given below:
The Company Secretary
Ferozsons Laboratories Limited
197-A, The Mall
Rawalpindi

and Shareholders having their accounts with Central Depository Company (CDC) have to communicate mandate information to Stock Exchange.

**Please attach attested photocopy of the CNIC.
***Please attach attested photocopy of the Passport.

form of proxy

60th Annual General Meeting

I/We,____of____________being a member of Ferozsons Laboratories Limited and holder of___________________ordinary Shares as per share register Folio/CDC Account No.____________hereby appoint Mr./Mrs.___________________________________of__________________ another member of the Company Folio/CDC Account No.______________________ CNIC No.______________or Passport No.____________________or failing him/her

Mr./Mrs.____of__________________ Folio/CDC Account No.______________CNIC No. or Passport No.________________who is also a member of the Company, as my/our proxy to attend and vote for me/us and on my/our behalf at the Sixtieth Annual General Meeting of the Company to be held on 20 October 2016 at 12:30 p.m. or at any adjournment thereof.

Five Rupees Revenue Stamp

____

Signature of Shareholder

(The signature should agree with the specimen registered with the Company)

Dated this ________ day of _______ 2016

Signature of Proxy __________________

1. Witness:

Name: ________________________

Signature: ______________________

Address: _______________________

____

CNIC No.: _____________________

2. Witness:

Name: ________________________

Signature: ______________________

Address: _______________________

____

CNIC No.: _____________________

Note: Proxies, in order to be effective, must be received with the secretary of the company at the company's registered office 197-A, The Mall, Rawalpindi at least 48 hours before the time of the Meeting.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.

فیروز سنز لیبارٹریز لمیٹڈ

نمائندگی کا فارم (پراکسی فارم)

60واں سالانہ اجلاسِ عام

میں/ہم ____________ کا/کی ____________ بحثیت رکن **فیروز سنز لیبارٹریز لمیٹڈ** اور بذریعہ حصص رجسٹر کے فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر ____________ حامل ____________ عام حصص، کمپنی کے ایک دوسرے رکن ____________ کا/کی ____________ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر ____________ شناختی کارڈ نمبر ____________ یا پاسپورٹ نمبر ____________ ، یا بصورتِ دیگر کمپنی کے اور رکن ____________ کا/کی ____________ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر ____________ شناختی کارڈ نمبر ____________ یا پاسپورٹ نمبر ____________ ، کو میری/ہماری غیر حاضری میں کمپنی کے 60ویں سالانہ اجلاسِ عام میں، جو بتاریخ 20 اکتوبر، 2016، دوپہر 12:30 بجے منعقد ہورہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا/کرتے ہیں۔

پانچ روپے کی ریونیو سٹامپ

____

حصص دار کے دستخط

(دستخط کمپنی میں رجسٹرڈ نمونے سے مطابقت رکھتے ہونے چاہئے)

بتاریخ ____________ مہینہ ____________ 2016

نمائندہ کے دستخط: ____________

1. گواہ

دستخط:

نام: ____________

پتہ: ____________

____

شناختی کارڈ نمبر: ____________

2. گواہ

دستخط:

نام: ____________

پتہ: ____________

____

شناختی کارڈ نمبر: ____________

نوٹ:

نمائندگی فارم (پراکسی فارم) کمپنی سیکرٹری کے پاس کمپنی کے رجسٹرڈ پتہ A-197، دی مال، راولپنڈی پر اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہو جانا چاہئے، بصورتِ دیگر یہ فارم موثر تصور نہیں کیا جائے گا۔

سی ڈی سی حصص یافتگان اور انکے نمائندوں (پراکسی) سے درخواست ہے کہ نمائندگی فارم (پراکسی فارم) کمپنی کو جمع کروانے سے پہلے اس کے ساتھ اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی لف کریں۔

بنیادی طور پر ہماری کمپنی کو درج ذیل خطرات کا سامنا ہے:

معاشی اور سیاسی خطرات: ملک میں مسلسل تبدیل ہوتے ہوئے معاشی اور سیاسی حالات کی وجہ سے ہماری کمپنی کو بھی خطرات کا سامنا ہے۔ یہ خطرہ کم کرنے کیلئے انتظامیہ مالی مارکیٹ کے حالات اور سیاسی منظر نامے پر گہری نظر رکھتی ہے اور ناساز گار حالات کا ادراک کرنے کیلئے مینجمنٹ کی سطح پر مناسب فعل اور حکمت عملیاں ڈسکس کی جاتی ہیں۔

مسابقت کے خطرات: ہماری مارکیٹ میں غیر قانونی اور غیر معیاری ادویات پر کمزور قانونی گرفت کی وجہ سے پاکستانی فارماسیوٹیکل انڈسٹری کو نقصان دہ مسابقتی خطرات کا سامنا ہے۔ اس کو خطرے کو کم کرنے کیلئے آپکی کمپنی پاکستان کی دیگر فارماسیوٹیکل کمپنیوں کے ساتھ مل کر گورنمنٹ کے قوانین اور پالیسیوں کو بہتر بنانے کیلئے مسلسل لابنگ کر رہی ہے۔

سلسلہِ فراہمی کے خطرات: کمپنی کے روزمرہ کے آپریشنز میں سلسلہِ فراہمی کا پروسیس بہت اہمیت کا حامل ہے۔ اس خطرے کو کم کرنے کیلئے ہم پروڈکشن کی جامع منصوبہ بندی کرتے ہیں اور اسے فروخت کی پیش بینی اور آرڈرنگ سسٹم کے ساتھ ہم آہنگ کرتے ہیں۔

انفارمیشن ٹیکنالوجی کے خطرات: مستقبل کی ضروریات کو مد نظر رکھتے ہوئے کمپنی IT انفراسٹرکچر میں مسلسل سرمایہ کاری کرتی رہتی ہے۔

مالیاتی خطرات: یہ وہ خطرات ہیں جو براہِ راست کمپنی کی مالیاتی بقا سے تعلق رکھتے ہیں۔ ان خطرات کو مالیاتی گوشواروں کے نوٹ نمبر 37 میں تفصیل سے بیان کیا گیا ہے۔

آڈیٹرز

آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہوتے ہیں اور انھوں نے 30 جون 2017 پر ختم ہونے والے مالی سال کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

اعتراف

ہم بہترین نتائج کے حصول میں کمپنی کی انتظامیہ اور ہر سطح کے ملازمین کی انتھک کوششوں اور ٹیم ورک کیلئے ان کو خراجِ تحسین پیش کرتے ہیں۔ یہ مالیاتی گوشوارے جس مالی اور عملی کارکردگی کی عکاسی کرتے ہیں وہ انکی لگن اور محنت کے بنا ممکن نہ ہو پاتی۔

ہماری کمپنی اور ہماری مصنوعات پر مسلسل اعتماد رکھنے کیلئے ہم اپنے تمام اسٹیک ہولڈرز اور کاروباری شراکت داروں کا شکریہ بھی ادا کرتے ہیں۔ انکی حمایت کے ساتھ، ہم اپنی کوششوں کو بڑھانے کیلئے پرعزم ہیں تاکہ اپنی مارکیٹوں میں مریضوں کے فائدے کیلئے بہترین معیار کے طبی علاج متعارف کرواسکیں۔

منجانب بورڈ

مسز اختر خالد وحید
چیئرپرسن
لاہور
29 اگست، 2016

- اندرونی کنٹرولز کا نظام مستحکم ہے اور انتظامیہ نے اس کا مؤثر اطلاق کیا ہے، اور اندرونی آڈیٹرز، بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی نے اس کی نگرانی کی ہے۔ بورڈ، آڈٹ کمیٹی کے ذریعے، اندرونی کنٹرولز کے مؤثر پن کا جائزہ لیتا ہے اور، اگر ضروری ہو، اندرونی کنٹرول کے نظام میں مزید بہتری لانے کیلئے تجاویز دیتا ہے۔
- بطور ایک چلتے ادارے کمپنی کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابلِ ذکر خدشات موجود نہیں ہیں۔
- لسٹڈ ضوابط میں بتائی گئی کارپوریٹ گورننس کی بہترین روایات سے کوئی نمایاں انحراف نہیں کیا گیا۔
- کمپنی قابلِ قیاس مستقبل کے دوران کسی کارپوریٹ تنظیم نو یا آپریشن کی بندش پر غور نہیں کر رہی۔
- 30 جون 2016 تک کے گورنمنٹ کے نافذ کردہ ایسے تمام محصولات، جو عمومی کاروباری معاملات میں نافذ کئے جاتے ہیں، سال کے اختتام کے بعد ادا کئے جا چکے ہیں۔
- سال کے دوران، کمپنی نے کمپنیز آرڈیننس 1984 اور متعلقہ ضوابط، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے قوانین اور لسٹنگ کے ضوابط کے تحت درکار تمام متعلقہ معلومات فراہم کی ہیں، تمام دفعات کی پابندی کی ہے، تمام گوشوارے / فارم جمع کروائے ہیں۔
- ڈائریکٹر کی شریکِ حیات اور کمپنی کے ایگزیکٹوز نے کمپنی کے کل 13,199 حصص کی خرید و فروخت کی۔ اسکے علاوہ، کمپنی کے ڈائریکٹرز، ایگزیکٹوز یا انکی شریک حیات اور چھوٹے بچوں نے کمپنی کے حصص کی کوئی خرید و فروخت نہیں کی۔ کمپنی کے حصص کی خرید و فروخت کی ٹرانزیکشن کے لحاظ سے معلومات حصص داری کی ترتیب میں افشاں کی گئی ہیں۔
- تازہ ترین آڈٹ شدہ اکاؤنٹس کے مطابق 30 جون 2015 پر ملازمین کی پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر 324.60 ملین روپے ہے۔

قومی خزانے میں حصہ

اس مالی سال کے دوران، کمپنی نے مختلف ٹیکسوں اور محصولات کی مد میں (جیسے کہ انکم ٹیکس، کسٹم ڈیوٹی، وفاقی اور صوبائی سیلز ٹیکس، ورکرز ویلفیئر فنڈ، ورکرز پرافٹ پارٹیسپیشن فنڈ اور سنٹرل ریسرچ فنڈ) پیدا کردہ دولت میں سے 881 ملین روپے قومی خزانے میں جمع کروائے۔

متعلقہ پارٹی لین دین

30 جون 2016 پر اختتام شدہ سال کے دوران متعلقہ پارٹیوں سے ہونے والے معاملات بورڈ اور آڈٹ کمیٹی کے سامنے جائزے اور منظوری کیلئے پیش کئے گئے۔ سال کے دوران ہونے والی میٹنگز میں بورڈ نے ان معاملات کی منظوری دی۔ متعلقہ پارٹی لین دین کی تفصیل مالیاتی گوشواروں کے نوٹ نمبر 33 میں دی گئی ہے۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی میٹنگز

30 جون 2016 پر اختتام شدہ سال کے دوران ہونے والی بورڈ آف ڈائریکٹرز کی میٹنگز اور بورڈ کمیٹیوں کی میٹنگز کے بارے معلومات ساتھ لف کر دی گئی ہیں۔

سرمایہ حصص اور حصص داری کی ترتیب

30 جون 2016 پر کمپنی کا جاری کردہ، سبسکرائبڈ اور ادا کردہ سرمایا 301.868 ملین روپے تھا۔ کوڈ آف کارپوریٹ گورننس کے تحت درکار 30 جون 2016 پر حصص یافتگان کی تعداد اور انکی اقسام کے بارے اعلامیہ ساتھ لف کر دیا گیا ہے۔

خطرات سے بچاؤ

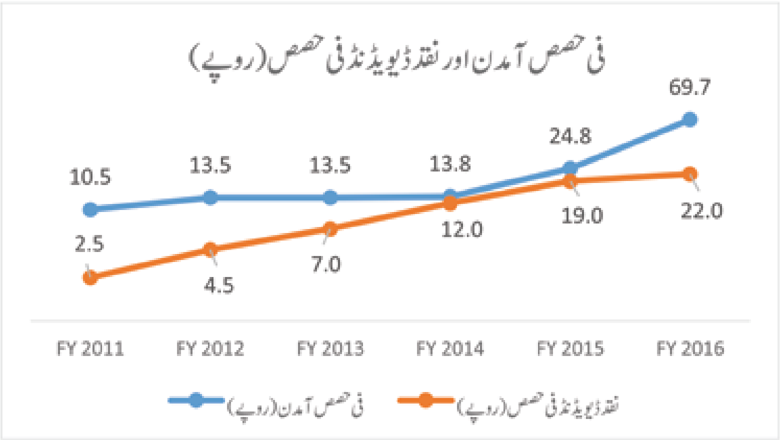
خطرات سے بچنے کے ہمارے طریقہ کار بنیادی طور پر خطرے کے حصوں کو سمجھنا، پہچاننا اور پھر ترجیح کی بنیاد پر درجہ بندی کرنا تاکہ جدید آپریشنل حکمتِ عملیوں کے ذریعے ان خطرات کا کم کیا جا سکے۔

سال کے اختتام کے بعد ہونے والے واقعات

فرد میزان (بیلنس شیٹ) کی تاریخ اور اس رپورٹ کی تاریخ کے دوران ایسے واقعہ نہیں ہوا جس نے کمپنی کی مالیاتی حالت پر خاطر خواہ اثر چھوڑا ہو۔

فی حصص آمدن

30 جون 2016 پر اختتام شدہ سال کے خالص منافع کی بنیاد پر فی حصص آمدن (EPS) 69.72 روپے فی حصص رہی، جس کا موازنہ 310.868 کے سرمایہ کی مد میں پچھلے سال کی بنیادی اور تحلیل شدہ فی حصص آمدن 24.80 روپے سے کیا جاسکتا ہے۔ اس سال انضمام کردہ فی حصص آمدن بڑھ کر 73.01 روپے ہوگئی جو کہ پچھلے سال 29.97 روپے تھی۔



ڈیویڈنڈ کا اعلان

ڈائریکٹرز نے 120 فیصد حتمی نقد ڈیویڈنڈ تجویز کیا ہے جس کا مطلب ہے 10 روپے والے حصص پر 12 روپے ڈیویڈنڈ تجویز کیا ہے۔ سال کے دوران اعلان کردہ 100 فیصد عبوری نقد ڈیویڈنڈ کو حتمی نقد ڈیویڈنڈ میں شامل کریں تو 30 جون 2016 پر اختتام شدہ سال کیلئے 220 فیصد ڈیویڈنڈ تقسیم کیا گیا۔

کمپنیز آرڈیننس 1984 کے ترمیم کردہ چوتھے شیڈول پر عمل کرتے ہوئے اس تقسیم کاری کا اندراج بعد کے مالیاتی گوشواروں میں کیا جائے گا۔

کوڈ آف کارپوریٹ گورننس کی تعمیل کا اعلامیہ

ہمارا پاکستان کے کوڈ آف کارپوریٹ گورننس کی تعمیل کا اعلامیہ اور آڈیٹرز رپورٹ ہماری سالانہ رپورٹ 2016 کا حصہ ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کی تعمیل کا اعلامیہ

آپ کی کمپنی کا بورڈ آف ڈائریکٹرز کمپنی کو چلانے کی بہترین روایات کے اصولوں کی پیروی کیلئے پر عزم ہے۔ کمپنی کی انتظامیہ کوڈ آف کارپوریٹ گورننس میں بتائی گئی بہترین روایات کی مسلسل تعمیل کر رہی ہے۔

کوڈ آف کارپوریٹ گورننس کے تحت درکار بیانات نیچے پیش کئے جا رہے ہیں:

- انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، سرگرمیوں کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی کے موزوں کھاتے تیار رکھے گئے ہیں۔
- کمپنی کے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی موزوں پالیسیوں کا مسلسل اطلاق کیا گیا ہے جو کہ پاکستان میں اکاؤنٹنگ کے منظور شدہ معیارات سے مطابقت رکھتی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو مالیاتی رپورٹنگ کے بین الاقوامی معیارات (IFRS) کو اختیار کیا گیا ہے، اور ان معیارات سے کئے گئے انحراف (اگر کوئی ہو) کی مناسب انداز میں نشاندہی اور وضاحت کی گئی ہے۔

درآمد کردہ مصنوعات میں فی یونٹ کم گنجائش منافع کی وجہ سے، کل منافع کی شرح 6 فیصد سے کم ہوگئی۔ تاہم، حقیقی لحاظ سے کل منافع پچھلے سال کی نسبت 103 فیصد بڑھ گیا۔ کمپنی کا بعد از ٹیکس خالص منافع اس سال 2,104 ملین روپے رہا، جبکہ پچھلے سال 749 ملین روپے تھا۔

ذیلی کمپنی BF بائیو سائنسز لمیٹڈ کی آمدنی 1,093 ملین روپے رہی جس میں پچھلے سال کی نسبت 9 فیصد کی دیکھنے میں آئی۔ ذیلی کمپنی کی آمدنی میں کمی کی وجہ HCV کے مریضوں کیلئے منہ کے ذریعے لئے جانے والی ادویات کی ایجاد ہے، جس سے HCV کے علاج کیلئے کمپنی کی ٹیکہ کے ذریعے دی جانے والی ادویات کے پورٹ فولیو کی فروخت میں کمی آئی۔ BF بائیو سائنسز لمیٹڈ کی فی حصص آمدن (EPS) 7.96 روپے رہی (2015 میں 10.48)۔

سرگرمیوں اور مستقبل کے امکانات کا جائزہ

جیسا کہ یہ سال کارکردگی کے اعتبار سے غیر معمولی طور پر بہترین رہا، آنے والا سال چیلنجنگ نظر آتا ہے۔ پالیسی برائے ادویات کی قیمتِ فروخت، 2015 (ڈرگ پرائسنگ پالیسی 2015) کی خلاف ورزی کرتے ہوئے، ڈرگ ریگولیٹری اتھارٹی پاکستان (DRAP) نے Sofosbuvir کے کئی جنیرک برانڈز رجسٹر کر لئے ہیں اور ان جینیرک کیلئے صوابدیدی قیمتِ فروخت کا اطلاق کیا ہے جو کہ سووالڈی کی قیمتِ فروخت سے 80 فیصد تک کم ہے۔ علاج کے مؤثرپن اور نتائج کے بارے میں خدشات ہونے کے باوجود پاکستان جیسی قیمتوں کے حوالے سے حساس مارکیٹ میں یہ تبدیلی آمدنی پر نقصان دہ اثرات چھوڑے گی۔ ساتھ ہی ساتھ، نئے طریقہِ علاج (جن پر ابھی کام ہو رہا ہے) بھی ہیپاٹائٹس C کی مارکیٹ میں مختلف ادویات کی شرحِ فروخت میں تبدیلی لائیں گے۔ گلیڈ کی ہاروِنی® پہلے ہی DRAP سے منظوری کیلئے زیرِ التوا ہے، اور ایپکلوسا (ایک پین- جینوٹائپ ایجنٹ جس کا علاج کا دورانیہ کم ہے) بھی قانونی اداروں سے منظوری کیلئے کسی بھی وقت جمع کروا جاسکتی ہے۔ ہم جلد ہی ان نئی ادویات کو مارکیٹ میں لانے کی امید کرتے ہیں۔

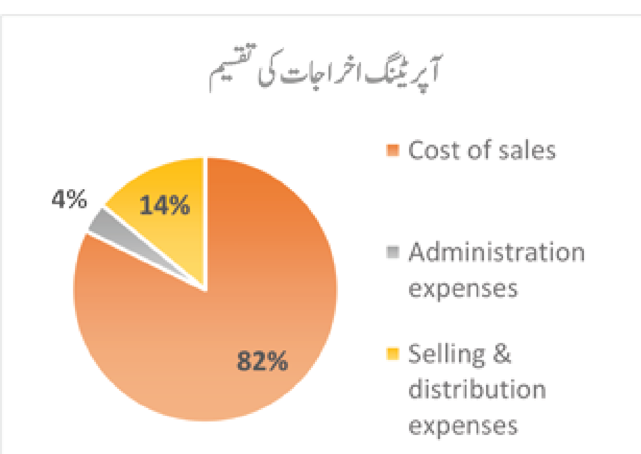
اپنے جینیرکس کے پورٹ فولیو کو بہتر بنانے کیلئے، ہم سال کے دوران دل کے امراض، ذیابیطس اور گیسٹرو اینٹرولوجی کے شعبوں میں کئی نئی ادویات متعارف کروانے کا ارادہ رکھتے ہیں، جن میں **سوبرا** ® بھی شامل ہے جو کہ گلیڈ سائنسز کی پاکستان میں لائسنس شدہ پہلی جینیرک ہے جسے ہیپاٹائٹس کے عالمی دن (28 جولائی) کے موقع پر متعارف کروایا گیا تھا۔ ملک کے ابھرتے ہوئے چھوٹے شہروں میں پیدا ہونے والے موقعوں کا فائدہ اٹھانے کیلئے ہم اپنی افرادی قوت میں اضافہ کر رہے ہیں اور اپنے قومی ڈسٹری بیوٹرز کی مدد سے اپنی تقسیم کاری کا جال (ڈسٹری بیوشن کا نیٹ ورک) بھی بڑھا رہے ہیں۔

کلیدی عملی اور مالیاتی اعدادوشمار

پچھلے 6 سال کے انفرادی اور انضمام کردہ مالیاتی گوشواروں سے کلیدی عملی اور مالیاتی اعدادوشمار کا خلاصہ ساتھ لف کیا گیا ہے۔

سرمایہ کاری کے اخراجات

فارماسیوٹیکل انڈسٹری میں متعارف کرائے جانے والی جدید ترین ٹیکنالوجی کے ساتھ ہم آہنگی رکھنے کیلئے آپکی کمپنی نے اس سال مینوفیکچرنگ آلات میں توازن اور جدت کیلئے 510.8 ملین روپے کی سرمایہ کاری کی۔



حصص یافتگان کی خدمت میں ڈائریکٹرز کی رپورٹ

30جون 2016 پر اختتام شدہ سال سے متعلق

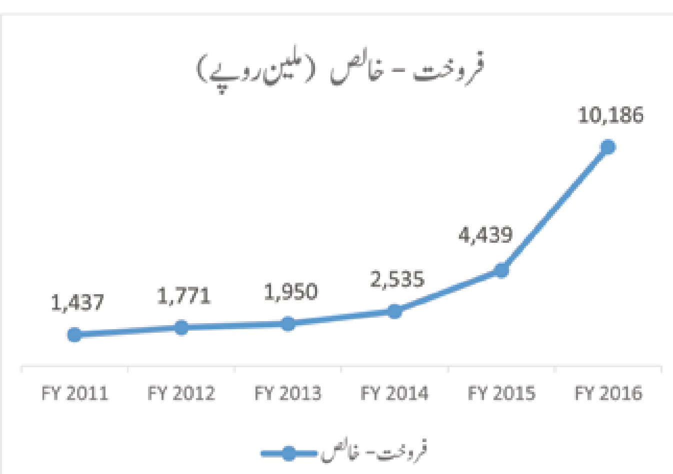
ہم انتہائی مسرت سے 60ویں سالانہ رپورٹ پیش کرتے ہیں جس میں کمپنی کے پڑتال شدہ (آڈٹ شدہ) مالیاتی گوشوارے (30جون 2016 پر ختم ہونے والے سال سے متعلق) شامل ہیں اور ان کے ساتھ ذیلی کمپنیوں، BF بائیو سائنسز لمیٹڈ اور فارمیشیا بیٹیل وینچر، کے انضمام کردہ مالیاتی گوشوارے بھی شامل ہیں۔

آپ کی کمپنی کے انفرادی اور انضمام کردہ مالیاتی نتائج

اس سال کے مالیاتی نتائج، عملی نتائج، اور قابل تقسیم منافع کی تقسیم کا خلاصہ اور پچھلے سال سے موازنہ نیچے دیا گیا ہے:

	انفرادی		انضمام کردہ	
	2016	2015	2016	2015
	(ہزار روپے)			
قبل از ٹیکس منافع	2,654,025	1,082,539	2,858,536	1,359,610
ٹیکس	(549,538)	(333,948)	(625,448)	(415,822)
بعد از ٹیکس منافع	2,104,487	748,591	2,233,088	943,788
تقسیم کیلئے موجود منافع	3,765,936	2,401,057	4,279,679	2,811,333
تقسیم:				
مالیاتی سال 2016 کیلئے عبوری نقد ڈویڈنڈ @10 روپے فی حصص (2015 میں 4 روپے فی حصص)	(301,868)	(120,747)	(301,868)	(120,747)
مالیاتی سال 2016 کیلئے ختمی نقد ڈویڈنڈ @12 روپے فی حصص (2015 میں 15 روپے فی حصص)	(362,242)	(452,803)	(362,242)	(452,803)

اس سال کمپنی کی انضمام کردہ خالص فروخت 11,355 ملین روپے رہی، جو کہ پچھلے سال سے 5,624 ملین روپے زیادہ ہے۔ انفرادی طور پر، آپ کی کمپنی کی خالص فروخت بڑھ کر 10,186 ملین روپے ہو گئی، جس میں پچھلے سال کی خالص فروخت 4,439 ملین روپے کے مقابلے میں 129 فیصد اضافہ دیکھنے میں آیا۔ کمپنی کی فروخت میں غیر معمولی اضافہ کی بڑی وجہ کمپنی کا درآمد کردہ مصنوعات کا پورٹ فولیو ہے بالخصوص کمپنی کی گلیڈ سائنسز انکارپوریٹڈ سے لائسنس شدہ ہیپاٹائٹس C کی فرنچائز ہے۔



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