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***Condensed Interim  
Financial Information  
for the Quarter Ended  
30 September 2014***

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**FEROZSONS**  
LABORATORIES LIMITED

## DIRECTORS' REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2014

We are pleased to present your Company's un-audited standalone and consolidated financial information for the quarter ended 30 September 2014. The consolidated financial information incorporates the Company's 98% owned retail venture Farmacia and 80% owned subsidiary BF Biosciences Limited.

### OPERATIONAL AND FINANCIAL PERFORMANCE

*A summary of results for the period is given below.*

	Individual		Consolidated	
	Quarter Ended 30-Sep-2014	Quarter Ended 30-Sep-2013	Quarter Ended 30-Sep-2014	Quarter Ended 30-Sep-2013
	(Rupees in thousands)			
Sales (net)	<b>635,271</b>	573,117	<b>875,783</b>	882,461
Gross profit	<b>323,785</b>	293,006	<b>422,187</b>	377,140
Profit before tax	<b>132,420</b>	134,330	<b>168,955</b>	151,818
Taxation	<b>(36,673)</b>	(37,147)	<b>(42,119)</b>	(45,727)
Profit after tax	<b>95,747</b>	97,184	<b>126,836</b>	106,091

The quarter under review was marked by political disturbances in the country, which led to the weakening of an otherwise improving economy. The resulting erosion in confidence has reduced inflows into the country, leading to a depressed consumer sentiment and a weakened rupee. Paralysis in decision-making at the government level also meant that tenders for purchase of medical devices as well as medicines were largely deferred, impacting the Quarter's sales particularly of your company's medical device division and institutional sales of its subsidiary, BF Biosciences Limited—impacting both the topline growth for your company as well as its bottom-line.

Despite the above challenges, stand-alone Net sales of your Company grew by 11% for the 1st Quarter under review versus the same quarter of last year. However; at the group level there was no significant change in consolidated net sales in comparison with the same quarter of last year. It is pertinent to mention that there was a deferment of Sales in the company's medical device business, as government tenders normally executed in Q1 were deferred into the second quarter.

The growth of cost of sales and resulting GP, in absolute terms, of your Company was in line with the sales growth of 11% for the 1st quarter as compared to last year of same period. At the group level, despite no change in sales, the gross profit showed an increase of 12% in absolute terms for the 1st quarter as compared to the same quarter last year, which is attributable to an improved sales mix.

The Net Profit after Tax (NPAT) of the Company closed at Rs. 96 Million, showing a 1.48% decline over the same period of last year, while consolidated NPAT stood at Rs. 127 Million, showing a 20% growth over the same period last year.

Based on the net profit for the three months ended 30 September 2014, the Earnings per Share (EPS), both basic and diluted, stand at 3.17 compared to EPS of Rs. 3.22 of the same period last year. Consolidated EPS stands at Rs. 3.99 for the quarter (Q1 2013-14: Rs. 3.44).

**BF Biosciences Limited Operational Status**

Net sales of subsidiary were Rs.226 million for the 1st quarter, with a decline of 11% over the same quarter of last year a representing comparative decline in institutional sales. Government tenders held last year have been delayed during the current year. However, there has been healthy growth in private market sales. Since institutional sales carry low GP margins, cost of sales of the subsidiary decreased by 22% for the 1st quarter under review as compared to last year same period. Consequently; profit after tax of BF Biosciences Limited closed at Rs. 32 Million, showing a 10% growth in absolute terms over the same period last year.

**Future Outlook**

The government continues to exert complete and arbitrary control over pharmaceutical pricing in Pakistan, eliminating the ability of manufacturers to make adjustments against rising input costs. An operational paralysis at the level of the Drugs Regulatory Authority of Pakistan (DRAP) has also meant that new products, which are the lifeblood of the industry, are also not available to sustain growth and profitability.

We hope that the government uses the opportunity provided by the current political crisis to take meaningful decisions and make the necessary leadership appointments in its regulatory bodies. The DRAP has been without a full-time CEO since its inception, and as a consequence, has been unable to take the necessary decisions to take the industry forward.

**Acknowledgments**

We are thankful to all our members, executives, workers and business partners for their efforts and support in achieving these results and growth of Company.

We are especially thankful to our most valued customers for their continued trust and support.

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

**(Mrs. Akhter Khalid Waheed)**  
**Chairperson & Chief Executive**

**CONDENSED INTERIM BALANCE SHEET**

	Un-Audited 30 September 2014	Audited 30 June 2014
<i>Note</i>	-----Rs.-----	-----Rs.-----
<b>EQUITY AND LIABILITIES</b>		
<b><u>Share capital and reserves</u></b>		
Authorized share capital 50,000,000 (30 June 2014: 50,000,000) ordinary shares of Rs. 10 each	<b>500,000,000</b>	500,000,000
Issued, subscribed and paid up capital	3 301,868,410	301,868,410
Capital reserve	321,843	321,843
Accumulated profit	<b>2,136,450,391</b>	<b>2,039,310,336</b>
	<b>2,438,640,644</b>	2,341,500,589
<b>Surplus on revaluation of property, plant and equipment - net of tax</b>	4 372,518,751	373,911,368
<b><u>Non current liabilities</u></b>		
Deferred taxation	43,204,607	45,796,633
<b><u>Current liabilities</u></b>		
Trade and other payables	355,143,379	391,825,313
Provision for taxation - net	1,301,183	-
Short term borrowings - secured	51,454,602	-
	<b>407,899,164</b>	391,825,313
<b>Contingencies and commitments</b>	5	
	<b>3,262,263,166</b>	<b>3,153,033,903</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

**AS AT 30 SEPTEMBER 2014**

		Un-Audited 30 September 2014	Audited 30 June 2014
<i>Note</i>		-----Rs.-----	
<b>ASSETS</b>			
<b><i>Non-current assets</i></b>			
Property, plant and equipment	6	1,177,542,331	1,136,181,457
Intangible assets	7	789,619	55,381
Long term investments	8	228,946,065	227,255,201
Long term deposits		3,786,100	3,786,100
		<u>1,411,064,115</u>	<u>1,367,278,139</u>
<b><i>Current assets</i></b>			
Stores, spare parts and loose tools		17,334,461	14,977,483
Stock in trade		763,710,774	646,619,797
Trade debts - considered good		153,818,675	145,664,372
Current portion of long term loan		100,000,000	100,000,000
Loans and advances - considered good		20,854,711	20,239,144
Deposits and prepayments		45,368,759	25,094,850
Mark-up accrued		2,639,016	4,421,701
Other receivables		2,365,462	3,966,227
Short term investments	9	734,083,799	718,578,075
Advance tax - net		-	2,073,122
Cash and bank balances		11,023,394	104,120,993
		<u>1,851,199,051</u>	<u>1,785,755,764</u>
		<u>3,262,263,166</u>	<u>3,153,033,903</u>

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 Director

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 Chairperson & CEO

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	Note	Quarter Ended	
		30 September 2014	30 September 2013
		Rs.-----	
Revenue - net	10	<b>635,270,941</b>	573,117,460
Cost of sales	11	<b>(311,486,277)</b>	(280,111,887)
<b>Gross profit</b>		<b>323,784,664</b>	293,005,573
Administrative expenses		<b>(39,615,100)</b>	(34,151,862)
Selling and distribution expenses		<b>(152,967,193)</b>	(120,490,907)
Finance cost		<b>(3,910,787)</b>	(1,240,128)
Other expenses		<b>(16,268,626)</b>	(15,561,955)
Other income		<b>21,397,426</b>	12,769,716
<b>Profit before taxation</b>		<b>132,420,384</b>	134,330,437
Taxation	12	<b>(36,672,946)</b>	(37,146,584)
<b>Profit after taxation</b>		<b>95,747,438</b>	97,183,853
<b>Earnings per share - basic and diluted</b>		<b>3.17</b>	3.22

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Rawalpindi

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 Director

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 Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	Quarter Ended	
	30 September 2014	30 September 2013
<i>Note</i>	-----Rs.-----	-----Rs.-----
<b>Profit after taxation</b>	<b>95,747,438</b>	97,183,853
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b><u>95,747,438</u></b>	<b><u>97,183,853</u></b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Rawalpindi

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 Director

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 Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	Quarter Ended	
	30 September 2014	30 September 2013
	-----Rs.-----	
<b>Cash flow from operating activities</b>		
Profit before taxation	132,420,384	134,330,437
<b>Adjustments for:</b>		
Depreciation	25,901,661	24,173,000
Amortisation	77,762	457,332
Gain on sale of property, plant and equipment	(1,403,643)	(2,073,271)
Finance costs	3,910,787	1,240,128
Gain on re-measurement of short term investments	(15,505,723)	(5,784,597)
Profit on bank deposits and lease rental income	(108,184)	(146,983)
Markup on long term loan	(2,639,014)	(8,257,315)
Share in profit/(loss) of Farmacia	(1,690,864)	3,492,450
	<u>8,542,782</u>	<u>13,100,744</u>
<b>Cash generated from operations before working capital changes</b>	<b>140,963,166</b>	<b>147,431,181</b>
Effect on cash flow due to working capital changes		
<i>(Increase)/decrease in current assets</i>		
Stores, spare parts and loose tools	(2,356,978)	(787,049)
Advances, deposits, prepayments and other receivables	(19,288,711)	(5,184,108)
Stock in trade	(117,090,977)	47,266,298
Trade debts - considered good	(8,154,303)	(121,986,315)
	<u>(146,890,969)</u>	<u>(80,691,174)</u>
<i>Decrease in current liabilities</i>		
Trade and other payables	(34,069,713)	(82,011,540)
	<u>(39,997,516)</u>	<u>(15,271,533)</u>
<b>Cash generated from operations</b>	<b>(39,997,516)</b>	<b>(15,271,533)</b>
Taxes paid	(35,890,668)	(16,817,996)
<b>Net cash used in operating activities</b>	<b>(75,888,184)</b>	<b>(32,089,528)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(67,793,068)	(48,260,027)
Purchase of intangible assets	(522,000)	-
Proceeds from sale of property, plant and equipment	1,644,177	2,240,400
Mark-up on long term loan received	4,421,699	8,765,864
Profit on bank deposits and lease rental income	108,184	146,983
Acquisition of short term investments	-	(5,000,000)
<b>Net cash used in investing activities</b>	<b>(62,141,009)</b>	<b>(42,106,781)</b>
<b>Cash flow from financing activities</b>		
Receipt of short term borrowings	51,454,602	38,010,872
Dividend paid	(55,568)	(376,321)
Finance cost paid	(6,467,440)	(2,781,220)
<b>Net cash generated from financing activities</b>	<b>44,931,594</b>	<b>34,853,331</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(93,097,599)</b>	<b>(39,342,977)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>104,120,993</b>	<b>67,244,111</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11,023,394</b>	<b>27,901,134</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Rawalpindi

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Director

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Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	Share capital	Capital reserve	Accumulated profit	Total
	----- Rupees -----			
<b>Balance as at 01 July 2013</b>	301,868,410	321,843	1,918,841,956	2,221,032,209
Profit after taxation	-	-	97,183,853	97,183,853
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	97,183,853	97,183,853
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	-	-	1,371,517	1,371,517
<b>Balance as at 30 September 2013</b>	<u>301,868,410</u>	<u>321,843</u>	<u>2,017,397,327</u>	<u>2,319,587,579</u>
<b>Balance as at 01 July 2014</b>	301,868,410	321,843	2,039,310,336	2,341,500,589
Profit after taxation	-	-	95,747,438	95,747,438
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	95,747,438	95,747,438
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	-	-	1,392,617	1,392,617
<b>Balance as at 30 September 2014</b>	<u>301,868,410</u>	<u>321,843</u>	<u>2,136,450,391</u>	<u>2,438,640,644</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

Rawalpindi

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Director

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Chairperson & CEO

**SELECTED NOTES TO AND FORMING PART OF THE  
 CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

**1 Legal status and nature of business**

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 Karachi, Lahore and Islamabad stock exchanges. The Company is primarily engaged in the manufacture and sale of pharmaceutical products and its registered office is situated at 197-A, The Mall, Rawalpindi and the factory is located at Amangarh, Nowshera, Khyber Pakhtoon Khwa.

**2 Basis of preparation**

**2.1 Statement of compliance**

This condensed interim financial information is presented in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan (SECP) have been followed. This condensed interim financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2014. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended 30 June 2014, whereas comparative profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial information for the three months period ended on 30 September 2013.

This condensed interim financial information is un-audited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

**2.2 Significant accounting policies and estimates**

The accounting policies and estimates adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of financial statements for the year ended 30 June 2014.

	<b>Un-Audited 30 September 2014</b>	<b>Audited 30 June 2014</b>
	<b>Rs.-----</b>	
<b>3 Issued, subscribed and paid up capital</b>		
1,441,952 (30 June 2014: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	<b>14,419,520</b>	14,419,520
119,600 (30 June 2014: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	<b>1,196,000</b>	1,196,000
28,625,289 (30 June 2014: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>286,252,890</b>	286,252,890
	<b><u>301,868,410</u></b>	<u>301,868,410</u>

	Un-Audited 30 September 2014	Audited 30 June 2014
-----Rs.-----		
<b>4 Surplus on revaluation of property, plant and equipment - net of tax</b>		
Surplus on revaluation of property, plant and equipment as at 1 July	395,088,740	402,374,432
Surplus transferred to equity:		
-on account of incremental depreciation charged during the period / year - net of tax		
- Net of deferred tax	(1,392,617)	(5,570,467)
- Related deferred tax liability	(717,409)	(2,869,635)
	(2,110,026)	(8,440,102)
Deficit transferred to equity:		
- on account of disposal of assets during the period/year-net of tax		
- Net of deferred tax	-	761,911
- Related deferred tax liability	-	392,499
	-	1,154,410
	<u>392,978,715</u>	<u>395,088,740</u>
Related deferred tax liability:		
- On revaluation as at 1 July	(21,177,372)	(23,654,508)
- Transferred to accumulated profit:		
- on account of incremental depreciation charged during the period/year	717,409	2,869,635
- on account of disposal of fixed assets during the period/year	-	(392,499)
	(20,459,964)	(21,177,372)
	<u>372,518,751</u>	<u>373,911,368</u>

**5 Contingencies and commitments**
**Contingencies:**
Guarantees issued by banks on behalf of the Company

Out of the aggregate facility of Rs.25 million (30 June 2014: Rs. 25 million) for letters of guarantee, the amount utilized at 30 September 2014 was Rs. 0.8 million (30 June 2014: Rs. 2.32 million).

**Commitments:**
Letters of credit

Out of the aggregate facility of Rs. 205 million (30 June 2014: Rs. 205 million) for opening letters of credit, the amount utilized at 30 September 2014 for capital expenditure was Nil (30 June 2014: Rs. 24.3 million) and for other than capital expenditure was Rs. 96.37 million (30 June 2014: Rs. 112.62 million).

Guarantees issued on behalf of the subsidiary company

Company has issued cross corporate guarantee to various commercial banks favouring its subsidiary company BF Biosciences Limited amounting to Rs. 275 million (30 June 2014: Rs. 275 million)

**SELECTED NOTES TO AND FORMING PART OF THE  
 CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

		<b>Un-Audited 30 September 2014</b>	<b>Audited 30 June 2014</b>
	<i>Note</i>	<b>Rs.</b>	
<b>6</b>	<b>Property, plant and equipment</b>		
Opening net book value		<b>1,136,181,457</b>	1,083,988,968
Additions during the period / year	6.1	<b>67,503,068</b>	158,702,699
		<b>1,203,684,525</b>	1,242,691,667
Written down value of disposals during the period / year		<b>(240,534)</b>	(7,008,419)
Depreciation for the period / year		<b>(25,901,661)</b>	(99,501,791)
		<b>(26,142,195)</b>	(106,510,210)
		<b>1,177,542,331</b>	1,136,181,457
	<b>6.1 Additions during the period / year</b>		
Building on freehold land		-	14,204,609
Plant and machinery		-	35,082,208
Office equipments		<b>572,804</b>	5,099,431
Furniture and fixtures		-	1,800,958
Computers		<b>123,484</b>	2,488,949
Vehicles - owned		<b>7,067,700</b>	44,669,099
Capital work in progress - at cost		<b>59,739,080</b>	55,357,445
		<b>67,503,068</b>	158,702,699
<b>7</b>	<b>Intangible assets</b>		
Opening net book value		<b>55,381</b>	1,884,709
Additions during the period / year		<b>522,000</b>	-
Transfer from capital work in progress during the period / year		<b>290,000</b>	-
Amortisation during the period / year		<b>(77,762)</b>	(1,829,328)
Closing net book value		<b>789,619</b>	55,381
<b>8</b>	<b>Long term investments</b>		
Investment in Farmacia	8.1	<b>76,946,105</b>	75,255,241
Investment in BF Biosciences Limited	8.2	<b>151,999,960</b>	151,999,960
		<b>228,946,065</b>	227,255,201

**8.1** This represents Company's 98% share in "Farmacia", a subsidiary partnership duly registered under the Partnership Act, 1932 and engaged in operating retail pharmacies. Share of profit, if any, for the period / year not withdrawn is reinvested in capital account of partnership.

**8.2** This represents investment made in 15,199,996 ordinary shares of Rs. 10 each, in BF Biosciences Limited. BF Biosciences Limited was set up for establishing a Biotech Production 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.

		<b>Un-Audited 30 September 2014</b>	<b>Audited 30 June 2014</b>
<b>Note</b>		-----Rs.-----	
<b>9</b>	<b>Short term investments</b>		
	These investments are 'held for trading'		
	Carrying value	<b>718,578,075</b>	682,518,656
	Unrealized gain on re-measurement of investment during the period/year	<b>15,505,724</b>	36,059,419
	Fair value of short term investments	<b>734,083,799</b>	<b>718,578,075</b>
		-----	-----
	<b>9.1 Investments at fair value through profit or loss - listed securities</b>		
		Un-audited 30 September 2014	Audited 30 June 2014
		No. of units	Mutual Funds
		Carrying value	Fair value
		Carrying value	Fair value
		Rupees	
		6,265,634	6,265,634
		147,088	147,088
		751,071	751,071
		HBL Money Market Fund	HBL Income Fund
		MCB DCF Units	
		628,578,447	642,134,147
		14,892,578	15,268,433
		75,107,050	76,681,219
		718,578,075	734,083,799
		593,926,940	628,578,447
		13,591,716	14,892,578
		75,000,000	75,107,050
		682,518,656	718,578,075
		-----	-----
		<b>Quarter Ended</b>	<b>Quarter Ended</b>
		<b>30 September 2014</b>	<b>30 September 2013</b>
		-----Rs.-----	
<b>10</b>	<b>Revenue - net</b>		
	Gross sales:		
	Local	<b>666,576,780</b>	557,379,486
	Export	<b>37,977,262</b>	67,306,396
		<b>704,554,042</b>	624,685,882
	Less:		
	Sales returns, discounts and commission	<b>(68,481,297)</b>	(51,096,196)
	Sales tax	<b>(801,804)</b>	(472,226)
		<b>(69,283,101)</b>	(51,568,422)
		<b>635,270,941</b>	573,117,460
		-----	-----
<b>11</b>	<b>Cost of sales</b>		
	Raw materials consumed	<b>378,480,909</b>	194,669,622
	Other manufacturing expenses	<b>60,437,155</b>	50,617,876
		<b>438,918,064</b>	245,287,498
	Work in progress:		
	Opening	<b>45,827,685</b>	23,733,370
	Closing	<b>(48,902,079)</b>	(28,533,212)
		<b>(3,074,394)</b>	(4,799,842)
	Cost of goods manufactured	<b>435,843,670</b>	240,487,656
	Finished stock:		
	Opening	<b>358,018,032</b>	273,111,967
	Closing	<b>(482,375,425)</b>	(233,487,736)
		<b>(124,357,393)</b>	39,624,231
		<b>311,486,277</b>	280,111,887
		-----	-----
	<b>11.1 Raw materials consumed</b>		
	Opening	<b>287,241,163</b>	254,880,083
	Add: Purchases during the period	<b>316,060,439</b>	195,788,169
		<b>603,301,602</b>	450,668,252
	Less: Closing	<b>(224,820,693)</b>	(255,998,630)
		<b>378,480,909</b>	194,669,622
		-----	-----

	Quarter Ended	
	30 September 2014	30 September 2013
-----Rs.-----		
<b>12 Taxation</b>		
Current	39,264,973	39,783,108
Deferred	(2,592,027)	(2,636,524)
	<u>36,672,946</u>	<u>37,146,584</u>

**13 Transactions with related parties**

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

	Un-Audited 30 September 2014	Un-Audited 30 September 2013
-----Rs.-----		
<b>Farmacia - 98% owned partnership firm</b>		
Sale of medicines	510,356	421,014
Payment received against sale of medicine	-	477,590
Share in profit /(loss)	1,690,864	(3,492,450)
<b>BF Biosciences Limited - 80% owned subsidiary company</b>		
Mark up payment	4,421,699	8,765,864
Mark-up accrued on long term loan	2,639,014	8,257,315
Sale of medicine to subsidiary	22,675,274	44,940,227
Payment received against sale of medicine	31,913,725	22,271,007
Sale of medicine by subsidiary	-	767,080
Management fee and expenses for sales promotion	295,854	593,111
<b>Pakistan Pharma Forum -associated company</b>		
Membership fee and annual dues	-	-
<b>Other related parties</b>		
Contribution to employee provident fund	4,677,923	3,558,954
Remuneration including benefits and perquisites of key management personnel	17,924,185	16,888,323
	<u>Un-Audited 30 September 2014</u>	<u>Audited 30 June 2014</u>
-----Rs.-----		

**Related party balances at period / year end are as follows:**

Receivable from related parties	-	41,204
Payable to related parties	7,845,808	4,433,357
Long term loan to subsidiary company	100,000,000	100,000,000

**14 Date of authorization for issue**

This condensed interim financial information has been authorized for issue by the board of directors of the Company on 24 October 2014.

**15 General**

The figures have been rounded off to the nearest rupee. Corresponding figures have been rearranged and reclassified, where necessary. However, there have been no material rearrangements or reclassifications.

Rawalpindi

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 Director

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 Chairperson & CEO



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***Condensed Interim  
Consolidated Financial  
Information for the  
Quarter Ended  
30 September 2014***

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**FEROZSONS**  
LABORATORIES LIMITED

**CONDENSED INTERIM CONSOLIDATED BALANCE**

		Un-Audited 30 September 2014	Audited 30 June 2014
	Note	Rs.	
<b>EQUITY AND LIABILITIES</b>			
<b><i>Share capital and reserves</i></b>			
Authorized share capital 50,000,000 (30 June 2014: 50,000,000) ordinary shares of Rs. 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	4	<b>301,868,410</b>	301,868,410
Capital reserve		<b>321,843</b>	321,843
Accumulated profit		<u>2,412,410,385</u>	<u>2,289,472,502</u>
		<b>2,714,600,638</b>	2,591,662,755
Non-controlling interest		<u>105,192,491</u>	98,750,513
		<b>2,819,793,129</b>	2,690,413,268
<b>Surplus on revaluation of property, plant and equipment - net of tax</b>	5	<b>418,133,911</b>	420,677,699
<b><i>Non current liabilities</i></b>			
Deferred taxation		<b>108,162,355</b>	121,832,192
<b><i>Current liabilities</i></b>			
Trade and other payables		<u>534,790,791</u>	<u>523,202,919</u>
Short term borrowings - secured		<u>61,394,360</u>	<u>495,829</u>
		<b>596,185,151</b>	523,698,748
<b>Contingencies and commitments</b>	6	<u>3,942,274,546</u>	<u>3,756,621,907</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim consolidated financial information.

Rawalpindi

 \_\_\_\_\_  
 Director

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 Chairperson & CEO

**SHEET AS AT 30 SEPTEMBER 2014**

		Un-Audited 30 September 2014	Audited 30 June 2014
	Note	-----Rs.-----	
<b>ASSETS</b>			
<b><i>Non-current assets</i></b>			
Property, plant and equipment	7	1,660,394,254	1,633,330,817
Intangible assets	8	1,564,782	939,398
Long term deposits		7,758,100	7,758,100
		<b>1,669,717,136</b>	<b>1,642,028,315</b>
<b><i>Current assets</i></b>			
Stores, spare parts and loose tools		34,038,608	33,225,587
Stock in trade		1,077,265,379	863,607,592
Trade debts - considered good		198,004,599	174,178,229
Loans and advances - considered good		35,495,056	25,848,100
Deposits and prepayments		74,854,519	46,460,968
Other receivables		2,365,462	3,925,022
Short term investments	9	764,833,138	748,688,343
Advance tax - net		41,933,265	52,804,745
Cash and bank balances		43,767,384	165,855,006
		<b>2,272,557,410</b>	<b>2,114,593,592</b>
		<b>3,942,274,546</b>	<b>3,756,621,907</b>

Rawalpindi

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 Director

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 Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED  
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	Note	Quarter Ended	
		30 September 2014	30 September 2013
		Rs.	
Revenue - net	10	875,783,476	882,461,006
Cost of sales	11	(453,596,179)	(505,320,695)
<b>Gross profit</b>		<b>422,187,297</b>	<b>377,140,311</b>
Administrative expenses		(47,825,999)	(41,885,206)
Selling and distribution expenses		(198,879,192)	(170,469,038)
Finance cost		(4,178,672)	(1,634,143)
Other expenses		(21,052,302)	(20,368,733)
Other income		18,704,344	9,034,390
<b>Profit before taxation</b>		<b>168,955,476</b>	<b>151,817,581</b>
Taxation	12	(42,119,403)	(45,726,500)
<b>Profit after taxation</b>		<b>126,836,073</b>	<b>106,091,081</b>
<b>Attributable to:</b>			
Owners of the Company		120,394,095	103,822,112
Non-controlling interests		6,441,978	2,268,969
		<b>126,836,073</b>	<b>106,091,081</b>
<b>Earnings per share - basic and diluted</b>		<b>3.99</b>	<b>3.44</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim consolidated financial information.

Rawalpindi

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 Director

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 Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED  
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	Quarter Ended	
	30 September 2014	30 September 2013
	-----Rs.-----	
<b>Profit after taxation</b>	<b>126,836,073</b>	106,091,081
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>126,836,073</b>	106,091,081
 <b>Attributable to:</b>		
Owners of the Company	<b>120,394,095</b>	103,822,112
Non-controlling interests	<b>6,441,978</b>	2,268,969
	<b>126,836,073</b>	106,091,081

The annexed notes from 1 to 15 form an integral part of this condensed interim consolidated financial information.

Rawalpindi

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 Director

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 Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	Quarter Ended	
	30 September 2014	30 September 2013
	-----Rs.-----	
<b>Cash flow from operating activities</b>		
Profit before taxation	168,955,476	151,817,581
<b>Adjustments for:</b>		
Depreciation	47,171,366	42,533,897
Amortisation	186,616	566,184
Gain on sale of property, plant and equipment	(1,430,568)	(2,631,820)
Finance costs	4,178,672	1,634,143
Gain on re-measurement of short term investments	(16,144,794)	(6,040,658)
Dividend income and profit on bank deposits	(1,128,982)	(361,911)
	<u>32,832,310</u>	<u>35,699,835</u>
<b>Cash generated from operations before working capital changes</b>	<b>201,787,786</b>	<b>187,517,416</b>
Effect on cash flow due to working capital changes		
<i>(Increase)/decrease in current assets</i>		
Stores, spare parts and loose tools	(813,021)	(1,364,052)
Advances, deposits, prepayments and other receivables	(36,480,947)	(35,115,837)
Stock in trade	(213,657,787)	33,475,180
Trade debts - considered good	(23,826,370)	(164,870,356)
	<u>(274,778,125)</u>	<u>(167,875,065)</u>
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	11,643,430	(67,929,304)
<b>Cash generated from operations</b>	<u>(61,346,909)</u>	<u>(48,286,953)</u>
Taxes paid	(44,917,751)	(21,338,153)
<b>Net cash used in operating activities</b>	<b>(106,264,660)</b>	<b>(69,625,106)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(74,810,509)	(55,959,538)
Purchase of intangible assets	(522,000)	-
Proceeds from sale of property, plant and equipment	1,716,274	3,427,889
Dividend income and profit on bank deposits received	1,128,982	361,911
Long term deposit	-	(25,000)
Increase in short term investments	-	(5,000,000)
<b>Net cash used in investing activities</b>	<b>(72,487,253)</b>	<b>(57,194,738)</b>
<b>Cash flow from financing activities</b>		
Proceeds from short term borrowings	60,898,531	69,895,156
Dividend paid	(55,568)	(376,321)
Finance cost paid	(4,178,672)	(1,634,143)
<b>Net cash used generated from financing activities</b>	<u>56,664,291</u>	<u>67,884,692</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(122,087,622)</b>	<b>(58,935,152)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>165,855,006</b>	<b>107,035,607</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>43,767,384</b>	<b>48,100,455</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim consolidated financial information.

Rawalpindi

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 Director

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 Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

	Attributable to Owners of the Company			Non-controlling interest	Total	
	Share capital	Capital reserve	Accumulated profit			
	Rupees					
Balance as at 01 July 2013	301,868,410	321,843	2,061,029,564	2,363,219,817	72,090,498	2,435,310,315
Profit after taxation	-	-	103,822,112	103,822,112	2,268,969	106,091,081
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	103,822,112	103,822,112	2,268,969	106,091,081
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	-	-	1,371,517	1,371,517	-	1,371,517
Balance as at 30 September 2013	301,868,410	321,843	2,166,223,193	2,468,413,446	74,359,467	2,542,772,913
<b>Balance as at 01 July 2014</b>	<b>301,868,410</b>	<b>321,843</b>	<b>2,289,472,502</b>	<b>2,591,662,755</b>	<b>98,750,513</b>	<b>2,690,413,268</b>
Profit after taxation	-	-	120,394,095	120,394,095	6,441,978	126,836,073
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	120,394,095	120,394,095	6,441,978	126,836,073
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	-	-	2,543,788	2,543,788	-	2,543,788
<b>Balance as at 30 September 2014</b>	<b>301,868,410</b>	<b>321,843</b>	<b>2,412,410,385</b>	<b>2,714,600,638</b>	<b>105,192,491</b>	<b>2,819,793,129</b>

The annexed notes from 1 to 15 form an integral part of this condensed interim consolidated financial information.

Rawalpindi

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Director

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Chairperson & CEO

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

**1 The Group and its operation**

Ferozsons Laboratories Limited (“the Holding Company”) was incorporated as a private limited company on 28 January 1954 and was converted into a public limited company on 08 September 1960. The Company is listed on Karachi, Lahore and Islamabad stock exchanges. The Company is primarily engaged in the manufacture and sale of pharmaceutical products and its registered office is situated at 197-A, The Mall, Rawalpindi and the factory is located at Amangarh, Nowshera, Khyber Pakthoon khwa.

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

**2 Basis of consolidation**

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

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

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

**3 Basis of preparation**

**3.1 Statement of compliance**

This condensed interim consolidated financial information is presented in accordance with the requirements of International Accounting Standard 34 “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan (SECP) have been followed. This condensed interim consolidated financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2014. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended 30 June 2014, whereas comparative profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim consolidated financial information for the three months period ended on 30 September 2013.

The condensed interim consolidated financial information is un-audited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

### 3.2 Significant accounting policies and estimates

The accounting policies and estimates adopted for the preparation of these condensed interim financial information is the same as those applied in preparation of financial statements for the year ended 30 June 2014.

	Un-Audited 30 September 2014	Audited 30 June 2014
-----Rs.-----		
<b>4 Issued, subscribed and paid up capital</b>		
1,441,952 (30 June 2014: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	<b>14,419,520</b>	14,419,520
119,600 (30 June 2014: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	<b>1,196,000</b>	1,196,000
28,625,289 (30 June 2014: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>286,252,890</b>	286,252,890
	<b>301,868,410</b>	<b>301,868,410</b>
<b>5 Surplus on revaluation of property, plant and equipment - net of tax</b>		
Surplus on revaluation of property, plant and equipment as at 1 July	<b>467,036,942</b>	402,374,432
Surplus arising on revaluation of property, plant and equipment during the period / year	-	71,948,202
<b>Surplus transferred to equity:</b>		
- on account of incremental depreciation charged during the period / year - net of tax		
- Net of deferred tax	<b>(2,543,788)</b>	(5,570,467)
- Related deferred tax liability	<b>(1,328,968)</b>	(2,869,635)
	<b>(3,872,756)</b>	(8,440,102)
<b>Deficit transferred to equity:</b>		
- on account of disposal of fixed assets during the period/year-net of tax		
- Net of deferred tax	-	761,911
- Related deferred tax liability	-	392,499
	-	1,154,410
	<b>463,164,186</b>	467,036,942
<b>Related deferred tax liability:</b>		
- On revaluation as at 1 July	<b>(46,359,243)</b>	(23,654,508)
- On revaluation during the period/year	-	(25,181,871)
- Transferred to accumulated profit:		
- on account of incremental depreciation charged during the period/year	<b>1,328,968</b>	2,869,635
- on account of disposal of fixed assets during the period/year	-	(392,499)
	<b>(45,030,275)</b>	(46,359,243)
	<b>418,133,911</b>	<b>420,677,699</b>

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED  
 INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

**6 Contingencies and commitments**

**Contingencies:**

*Guarantees issued by banks on behalf of the Company*

Out of the aggregate facility of Rs.130 million (30 June 2014: Rs. 130 million) for letter of guarantees, the amount utilized at 30 September 2014 was Rs.29.9 million (30 June 2014: Rs. 30.32 million).

**Commitments**

*Letter of credits*

Out of the aggregate facility of Rs. 355 million (30 June 2014: Rs. 355 million) for opening letters of credit, the amount utilized by the Group at 30 September 2014 for capital expenditure was Rs. 14.5 million (30 June 2014: Rs. 24.3 million) and for other than capital expenditure was Rs. 107.25 million (30 June 2014: Rs. 112.62 million).

*Guarantees issued on behalf of the subsidiary company*

Company has issued cross corporate guarantee to various commercial banks favouring its subsidiary company BF Biosciences Limited amounting to Rs. 275 million (30 June 2014: Rs. 275 million)

		<b>Un-Audited 30 September 2014</b>	<b>Audited 30 June 2014</b>
	<b>Note</b>	<b>-----Rs.-----</b>	
<b>7 Property, plant and equipment</b>			
Opening net book value		<b>1,633,330,817</b>	1,518,791,709
Additions during the period / year	7.1	<b>74,520,509</b>	358,022,652
		<b>1,707,851,326</b>	1,876,814,361
Written down value of disposals during the period / year		<b>(285,706)</b>	(8,141,906)
Depreciation for the period / year		<b>(47,171,366)</b>	(235,341,638)
		<b>(47,457,072)</b>	(243,483,544)
		<b>1,660,394,254</b>	1,633,330,817
<b>7.1 Additions during the period / year</b>			
Building on freehold land		-	14,204,609
Plant and machinery		<b>673,500</b>	52,653,084
Office equipments		<b>681,928</b>	5,841,175
Furniture and fixtures		-	1,832,090
Computers		<b>144,984</b>	2,652,258
Vehicles - owned		<b>7,067,700</b>	68,654,132
Capital work in progress - at cost		<b>65,952,397</b>	79,767,830
Impact of revaluation surplus		-	132,417,474
		<b>74,520,509</b>	358,022,652

	Un-Audited 30 September 2014	Audited 30 June 2014
Note	-----Rs.-----	
<b>8 Intangible assets</b>		
Opening net book value	939,398	1,884,718
Additions during the period / year	522,000	1,319,415
Transfer from capital work in progress during the period / year	290,000	-
Amortisation during the period / year	<u>(186,616)</u>	<u>(2,264,735)</u>
Closing net book value	<u>1,564,782</u>	<u>939,398</u>
<b>9 Short term investments</b>		
These investments are 'held for trading'		
Carrying value	748,688,343	711,492,800
Unrealized gain on re-measurement of investment during the period / year	<u>16,144,795</u>	<u>37,195,543</u>
Fair value of short term investments 9.1	<u>764,833,138</u>	748,688,343

**9.1 Fair value of short term investments**

Un-audited 30 September 2014		Audited 30 June 2014		Un-audited 30 September 2014		Audited 30 June 2014	
No. of units	Mutual Funds	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
6,422,696	6,422,696 HBL Money Market Fund	644,345,838	658,230,662	609,650,622	644,345,838	609,650,622	644,345,838
147,088	147,088 HBL Income Fund	14,892,578	15,268,433	13,591,717	14,892,578	13,591,717	14,892,578
751,071	751,071 MCB DCF Units	75,107,050	76,681,219	75,000,000	75,107,050	75,000,000	75,107,050
72,064	72,064 ABL Cash Fund	722,424	737,889	684,063	722,424	684,063	722,424
135,083	135,083 Faysal Money Market Fund	13,620,453	13,914,935	12,566,398	13,620,453	12,566,398	13,620,453
		<u>748,688,343</u>	<u>764,833,138</u>	<u>711,492,800</u>	<u>748,688,343</u>	<u>711,492,800</u>	<u>748,688,343</u>

Quarter Ended	
30 September 2014	30 September 2013
-----Rs.-----	

<b>10 Revenue - net</b>		
Gross Sales		
Local	936,042,776	894,023,133
Export	38,879,998	67,306,396
	<u>974,922,774</u>	961,329,529
Less:		
Sales returns, discounts and commission	(97,833,944)	(78,021,815)
Sales tax	(1,305,354)	(846,708)
	<u>(99,139,298)</u>	<u>(78,868,523)</u>
	<u>875,783,476</u>	<u>882,461,006</u>

		Quarter Ended	
		30 September 2014	30 September 2013
		-----Rs.-----	
Note			
<b>11</b>	<b>Cost of sales</b>		
	Materials consumed	518,562,175	377,726,783
	Manufacturing expenses	130,085,135	118,645,158
		<u>648,647,310</u>	<u>496,371,941</u>
	<b>Work in progress:</b>		
	Opening balance	97,330,065	94,418,678
	Closing balance	(143,303,599)	(72,460,920)
		<u>(45,973,534)</u>	<u>21,957,758</u>
	<b>Cost of goods manufactured</b>	<u>602,673,776</u>	<u>518,329,699</u>
	<b>Finished stock:</b>		
	Opening balance	424,428,669	425,048,851
	Closing balance	(573,506,266)	(438,057,855)
		<u>(149,077,597)</u>	<u>(13,009,004)</u>
		<u>453,596,179</u>	<u>505,320,695</u>
	<b>11.1 Materials consumed</b>		
	Opening balance	382,880,308	310,046,452
	Purchases during the period	478,613,829	362,670,640
		<u>861,494,137</u>	<u>672,717,092</u>
	Closing balance	(342,931,962)	(294,990,309)
		<u>518,562,175</u>	<u>377,726,783</u>
<b>12</b>	<b>Taxation</b>		
	Current		
	- For the year	55,987,425	43,435,355
	- Prior years	(198,185)	-
		<u>55,789,240</u>	<u>43,435,355</u>
	Deferred	(13,669,837)	2,291,145
		<u>42,119,403</u>	<u>45,726,500</u>

**13 Transactions with related parties**

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

		Quarter Ended	
		30 September 2014	30 September 2013
		-----Rs.-----	
<b>Other related parties</b>			
	Company's share in employees provident fund	5,840,321	4,488,182
	Remuneration including benefits and perquisites of key management personnel	20,143,701	19,461,484

**14 Date of authorization**

This condensed interim consolidated financial information has been authorized for issue by the board of directors of the Company on 24 October 2014.

**15 General**

The figures have been rounded off to the nearest rupee. Corresponding figures have been rearranged and reclassified, where necessary. However, there have been no material rearrangements or reclassifications.

Rawalpindi

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Director

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Chairperson & CEO

PEOPLE  
TRUST  
US

**FIVE DECADES  
OF DEDICATED SERVICE  
TO HUMANITY IN PAKISTAN  
AND AROUND THE WORLD  
IN PHARMACEUTICALS**



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