58th Annual Report

50+

YEARS OF TRUST & DEVOTION

Contents

CORPORATE INFORMATION

Board of Directors

Mrs. Akhter Khalid Waheed	Chairperson & Chief Executive	Executive Director
Mr. Osman Khalid Waheed	President	Executive Director
Mr. Omar Khalid Waheed	General Manager	Executive Director
Ms. Munize Azhar Piracha		Non-Executive Director
Mr. Farooq Mazhar		Non-Executive Director
Mr. Nihal Cassim		Non-Executive Director
Mr. Shahid Anwar	Nominee of the NIT	Independent Director
Dr. Farid Khan		Independent Director

Audit Committee

Mr. Nihal Cassim	Chairman
Mr. Farooq Mazhar	Member
Mr. Shahid Anwar	Member
Dr. Farid Khan	Member

Investment Committee

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

HR & Remuneration Committee

Mr. Shahid Anwar	Chairman
Mr. Farooq Mazhar	Member
Mr. Nihal Cassim	Member
Dr. Farid Khan	Member

Senior Management

Mr. Osman Khalid Waheed	President
Mr. Omar Khalid Waheed	General Manager
Dr. Sohail Manzoor	Director Commercial
Mr. Anwar Khan	Director Procurement
Mr. Altaf Hussain	Director Export
Syed Ghausuddin Saif	CFO & Company Secretary

CFO & Company Secretary

Syed Ghausuddin Saif

Head of Internal Audit

Mr. Rizwan Hameed Butt

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Internal Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Bankers

Habib Bank Limited
Allied Bank Limited
Bank Alfalah Limited
HSBC Bank Middle East Limited
Barclays Bank PLC Pakistan

Legal Advisors

Khan & Piracha

Registered Office

Ferozsons Laboratories Limited
197-A, The Mall, Rawalpindi
Rawalpindi-42000
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
Telephone: +92-42-35170336-37
Fax: +92-42-35170338

Factory

P.O. Ferozsons
Amangarh-Nowshera Khyber Pakhtunkhwa
Telephone: +92-923-614295, 610159
Fax: +92-923-611302

Head Office

5.K.M - Sunder Raiwind Road
Opposite Ijtima Chowk, Raiwind
Telephone: +92-42-36026700
Fax: +92-42-36026701-2

Sales Office Lahore

43-Al Noor Building
Bank Square, The Mall, Lahore
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
Telephone: +92-21-34386852
Fax: +92-21-34386754

(The annual reports can be downloaded from Company's Website: www.ferozsons-labs.com)

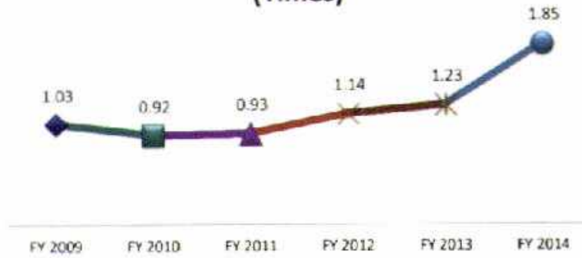
FEROZSONS
LABORATORIES LIMITED

SIX YEARS AT A GLANCE

Description		FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
		(Rs. in million unless otherwise stated)					
INDIVIDUAL							
OPERATING RESULTS							
Revenue - net	(Rs.)	2,535	1,950	1,771	1,437	1,273	1,085
Gross Profit	(Rs.)	1,304	1,035	909	730	633	584
Profit Before Taxation	(Rs.)	567	451	425	363	384	320
Profit After Taxation	(Rs.)	418	409	411	327	369	257
FINANCIAL POSITION							
Share Capital	(Rs.)	302	302	287	250	208	174
Accumulated Profit	(Rs.)	2,039	1,919	1,649	1,303	1,067	796
Non Current Assets	(Rs.)	1,367	1,589	1,555	1,538	1,391	1,051
Non Current Liabilities	(Rs.)	46	42	84	88	101	154
Current Assets	(Rs.)	1,786	1,328	1,055	728	478	529
Current Liabilities	(Rs.)	392	276	206	234	250	209
SUMMARY OF CASHFLOW STATEMENT							
Cash generated from operations	(Rs.)	505	284	372	134	227	63
Net Cash (used in) / generated from investing activities	(Rs.)	(165)	(147)	(223)	(42)	(196)	25
Net Cash used in Financing activities	(Rs.)	(303)	(128)	(111)	(87)	(38)	(101)
KEY FINANCIAL RATIO							
PROFITABILITY RATIOS							
Gross Profit ratio	(%)	51.43%	53.09%	51.34%	50.83%	49.73%	53.82%
Net Profit After Tax to Sales	(%)	16.47%	20.95%	23.23%	22.76%	28.97%	23.68%
Return on Equity	(%)	17.83%	18.40%	21.24%	21.05%	28.92%	26.49%
Return on Capital Employed	(%)	24.95%	20.83%	22.37%	24.05%	29.58%	30.26%
LIQUIDITY RATIOS							
Current Ratio	(Times)	4.56	4.82	5.13	3.11	1.91	2.54
Quick Ratio/Acid Test Ratio	(Times)	2.87	2.73	3.08	1.35	0.71	1.21
TURNOVER RATIOS							
Debtor Turnover Period	(Days)	21	26	22	26	13	17
Inventory Turnover Period	(Days)	196	230	179	212	172	201
Creditors Turnover Period	(Days)	82	78	54	41	43	32
Working Capital Cycle	(Days)	135	178	147	198	142	186
Non-Current Asset Turnover Ratio	(Times)	1.85	1.23	1.14	0.93	0.92	1.03
Operating Cash Flow To Sales Ratio	(%)	19.91%	14.55%	21.01%	9.30%	17.82%	5.78%
INVESTMENT/MARKET RATIOS							
Earnings per Share Basic & Diluted (Adjusted)	(Rs.)	13.83	13.54	13.53	10.47	12.70	8.77
Cash Dividend per share	(Rs.)	12.00	7.00	4.50	2.50	-	1.00
Bonus Share Issued	(%)	-	-	5.00%	15.00%	20.00%	20.00%
Price Earning Ratio	(Times)	16.66	8.20	5.99	8.60	7.87	17.90
Market Price per share	(Rs.)	230	111	81	90	100	157
Cash Dividend Payout Ratio	(%)	86.77%	51.70%	33.26%	23.88%	0.00%	11.40%
CAPITAL STRUCTURE RATIOS							
Debt To Equity Ratio	(%)	-	-	-	-	3.35%	10.24%
Interest Cover	(Times)	34.19	39.37	54.88	33.55	67.78	88.04
CONSOLIDATED							
OPERATING RESULTS							
Revenue - net	(Rs.)	3,832	2,879	2,766	2,203	1,537	1,189
Gross Profit	(Rs.)	1,828	1,380	1,309	1,129	700	605
Profit Before Taxation	(Rs.)	761	523	493	508	261	249
Profit After Taxation	(Rs.)	552	466	476	426	244	183
FINANCIAL POSITION							
Share Capital	(Rs.)	302	302	287	250	208	174
Accumulated Profit	(Rs.)	2,289	2,061	1,744	1,343	1,007	795
Non Current Assets	(Rs.)	1,642	1,528	1,491	1,473	1,300	1,278
Non Current Liabilities	(Rs.)	122	65	103	122	138	228
Current Assets	(Rs.)	2,115	1,737	1,529	1,091	682	475
Current Liabilities	(Rs.)	524	387	440	410	361	269

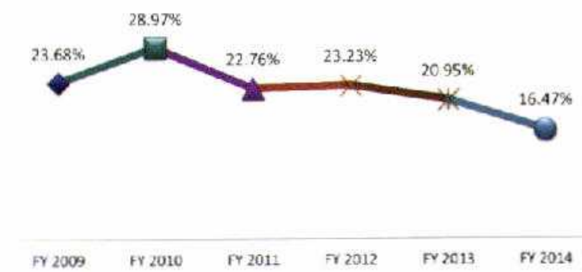
Revenue - net (Rs. Million)

Non-Current Asset Turnover Ratio (Times)



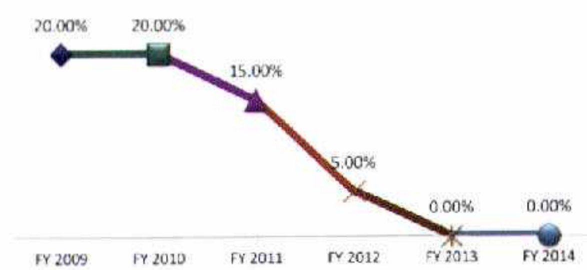
Gross Profit (Rs. Million)

Net Profit Ratio (%)



Current Ratio (Times)

Bonus Share Issued (%)



Earnings Per Share (Rs.)

Price Earning Ratio (Times)

Balance Sheet

Vertical Analysis

Description	2014		2013		2012		2011		2010		2009	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Share Capital and Reserves												
Issued, subscribed and paid up capital	301,868	9.57%	301,868	10.35%	287,494	11.01%	249,995	11.04%	208,329	11.15%	173,607	10.99%
Capital reserve	322	0.01%	322	0.01%	322	0.01%	322	0.01%	322	0.02%	322	0.02%
Accumulated profit	2,039,310	64.68%	1,918,842	65.78%	1,648,521	63.15%	1,303,293	57.53%	1,067,114	57.10%	796,200	50.40%
	2,341,500	**74.26%**	**2,221,032**	**76.14%**	**1,936,337**	**74.17%**	**1,553,610**	**68.58%**	**1,275,765**	**68.26%**	**970,129**	**61.40%**
Surplus on revaluation of property, plant and equipment	373,911	11.86%	378,720	12.98%	384,206	14.72%	389,692	17.20%	242,021	12.95%	247,474	15.66%
Non current Liabilities												
Long term financing-secured	-	0.00%	-	0.00%	-	0.00%	-	0.00%	42,563	2.28%	99,313	6.29%
Liabilities against assets subject to finanace lease	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	475	0.03%
Deferred liabilty	45,797	1.45%	41,715	1.43%	84,382	3.23%	88,105	3.89%	58,329	3.12%	53,960	3.42%
Derivative liability-interest Rate swap	-	0.00%	-	0.00%	-	0.00%	-	0.00%	140	0.01%	-	0.00%
	45,797	**1.45%**	**41,715**	**1.43%**	**84,382**	**3.23%**	**88,105**	**3.89%**	**101,032**	**5.41%**	**153,748**	**9.73%**
Current Liabilities												
Trade and other payables	391,825	12.43%	274,988	9.43%	205,664	7.88%	152,631	6.74%	154,732	8.28%	146,276	9.26%
Accrued mark-up on long term financing	-	0.00%	-	0.00%	-	0.00%	969	0.04%	1,635	0.09%	4,188	0.27%
Current portion of long term financing	-	0.00%	-	0.00%	-	0.00%	42,563	1.88%	56,750	3.04%	56,750	3.59%
Provision for taxation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	361	0.02%
Current portion of liabilities against assets subject to finance lease	-	0.00%	-	0.00%	-	0.00%	-	0.00%	475	0.03%	984	0.06%
Short term borrowings - secured	-	0.00%	696	0.02%	-	0.00%	37,806	1.67%	36,528	1.95%	-	0.00%
	391,825	**12.43%**	**275,684**	**9.45%**	**205,664**	**7.88%**	**233,969**	**10.33%**	**250,120**	**13.38%**	**208,559**	**13.20%**
Contingencies and Commitments												
Total Equity and Liabilities	**3,153,033**	**100.00%**	**2,917,151**	**100.00%**	**2,610,589**	**100.00%**	**2,265,376**	**100.00%**	**1,868,938**	**100.00%**	**1,579,910**	**100.00%**
Non-Current assets												
Property, plant and equipment	1,136,182	36.03%	1,083,989	37.16%	993,746	38.07%	924,716	40.82%	742,280	39.72%	735,615	46.56%
Intangible assets	55	0.00%	1,885	0.06%	3,714	0.14%	-	0.00%	-	0.00%	-	0.00%
Long term investments	227,255	7.21%	224,732	7.70%	229,221	8.78%	234,556	10.35%	222,814	11.92%	214,806	13.60%
Derivative asset intrest rate swap	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	31	0.00%
Long term loan - unsecured	-	0.00%	275,000	9.43%	325,000	12.45%	375,000	16.55%	425,000	22.74%	99,313	6.29%
Long term deposits	3,786	0.12%	3,786	0.13%	3,597	0.14%	3,519	0.16%	1,053	0.06%	969	0.06%
	1,367,278	**43.36%**	**1,589,392**	**54.48%**	**1,555,278**	**59.58%**	**1,537,791**	**67.88%**	**1,391,147**	**74.44%**	**1,050,734**	**66.51%**
Current assets												
Stores, spare parts and loose tools	14,977	0.48%	8,689	0.30%	6,243	0.24%	2,223	0.10%	4,641	0.25%	3,629	0.23%
Stock in trade	646,620	20.51%	566,591	19.42%	415,453	15.91%	409,005	18.05%	296,403	15.86%	272,988	17.28%
Trade debts - considered good	145,664	4.62%	139,091	4.77%	106,335	4.07%	102,924	4.54%	45,215	2.42%	49,546	3.14%
Current portion of long term loan	100,000	3.17%	50,000	1.71%	50,000	1.92%	50,000	2.21%	-	0.00%	99,313	6.29%
Loans and advances - considered good	20,239	0.64%	14,914	0.51%	11,781	0.45%	17,690	0.78%	13,228	0.71%	7,368	0.47%
Deposits and prepayments	25,095	0.80%	22,944	0.79%	15,592	0.60%	10,814	0.48%	11,130	0.60%	7,294	0.46%
Mark-up accrued	4,422	0.14%	8,766	0.30%	12,640	0.48%	16,079	0.71%	-	0.00%	29,804	1.89%
Advance tax - net	2,073	0.07%	33,755	1.16%	91,754	3.51%	84,197	3.72%	81,091	4.34%	-	0.00%
Other receivables	3,966	0.13%	16,912	0.58%	13,303	0.51%	1,530	0.07%	1,101	0.06%	1,882	0.12%
Short term investments	718,578	22.79%	398,853	13.67%	273,865	10.49%	13,081	0.58%	9,715	0.52%	35,069	2.22%
Derivative asset-intrest rate swap	-	0.00%	-	0.00%	-	0.00%	27	0.00%	-	0.00%	-	0.00%
Cash and bank balances	104,121	3.30%	67,244	2.31%	58,345	2.23%	20,015	0.88%	15,267	0.82%	22,283	1.41%
	1,785,755	**56.64%**	**1,327,759**	**45.52%**	**1,055,311**	**40.42%**	**727,585**	**32.12%**	**477,791**	**25.56%**	**529,176**	**33.49%**
Total Assets	**3,153,033**	**100.00%**	**2,917,151**	**100.00%**	**2,610,589**	**100.00%**	**2,265,376**	**100.00%**	**1,868,938**	**100.00%**	**1,579,910**	**100.00%**

FEROZSONS LABORATORIES LIMITED

Balance Sheet

Horizontal Analysis

Description	2014		2013		2012		2011		2010		2009	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Share Capital and Reserves												
Issued, subscribed and paid up capital	301,868	173.88%	301,868	173.88%	287,494	165.60%	249,995	144.00%	208,329	120.00%	173,607	100.00%
Capital reserve	322	100.00%	322	100.00%	322	100.00%	322	100.00%	322	100.00%	322	100.00%
Accumulated profit	2,039,310	256.13%	1,918,842	241.00%	1,648,521	207.05%	1,303,293	163.69%	1,067,114	134.03%	796,200	100.00%
	2,341,500	**241.36%**	**2,221,032**	**228.94%**	**1,936,337**	**199.60%**	**1,553,610**	**160.14%**	**1,275,765**	**131.50%**	**970,129**	**100.00%**
Surplus on revaluation of property, plant and equipment	373,911	151.09%	378,720	153.03%	384,206	155.25%	389,692	157.47%	242,021	97.80%	247,474	100.00%
Non current Liabilities												
Long term financing-secured	-	0.00%	-	0.00%	-	0.00%	-	0.00%	42,563	42.86%	99,313	100.00%
Liabilities against assets subject to finanace lease	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	475	100.00%
Deferred liabilty	45,797	84.87%	41,715	77.31%	84,382	156.38%	88,105	163.28%	58,329	108.10%	53,960	100.00%
Derivative liability-interest Rate swap	-		-						140		-	100.00%
	45,797	**29.79%**	**41,715**	**27.13%**	**84,382**	**54.88%**	**88,105**	**57.30%**	**101,032**	**65.71%**	**153,748**	**100.00%**
Current Liabilities												
Trade and other payables	391,825	267.87%	274,988	187.99%	205,664	140.60%	152,631	104.34%	154,732	105.78%	146,276	100.00%
Accrued mark-up on long term financing	-	0.00%	-	0.00%	-	0.00%	969	23.14%	1,635	39.04%	4,188	100.00%
Current portion of long term financing	-	0.00%	-	0.00%	-	0.00%	42,563	75.00%	56,750	100.00%	56,750	100.00%
Provision for taxation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	361	100.00%
Current portion of liabilities against assets subject to finance lease	-	0.00%	-	0.00%	-	0.00%	-	0.00%	475	48.27%	984	100.00%
Short term borrowings - secured	-		696		-		37,806		36,528		-	100.00%
	391,825	**187.87%**	**275,684**	**132.19%**	**205,664**	**98.61%**	**233,969**	**112.18%**	**250,120**	**119.93%**	**208,559**	**100.00%**
Contingencies and Commitments												
Total Equity and Liabilities	**3,153,033**	**199.57%**	**2,917,151**	**184.64%**	**2,610,589**	**165.24%**	**2,265,376**	**143.39%**	**1,868,938**	**118.29%**	**1,579,910**	**100.00%**
Non-Current assets												
Property, plant and equipment	1,136,182	154.45%	1,083,989	147.36%	993,746	135.09%	924,716	125.71%	742,280	100.91%	735,615	100.00%
Intangible assets	55		1,885		3,714		-		-		-	100.00%
Long term investments	227,255	105.80%	224,732	104.62%	229,221	106.71%	234,556	109.19%	222,814	103.73%	214,806	100.00%
Derivative asset intrest rate swap	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	31	100.00%
Long term loan - unsecured	-	0.00%	275,000	276.90%	325,000	327.25%	375,000	377.59%	425,000	427.94%	99,313	100.00%
Long term deposits	3,786	390.71%	3,786	390.71%	3,597	371.21%	3,519	363.16%	1,053	108.67%	969	100.00%
	1,367,278	**130.13%**	**1,589,392**	**151.26%**	**1,555,278**	**148.02%**	**1,537,791**	**146.35%**	**1,391,147**	**132.40%**	**1,050,734**	**100.00%**
Current assets												
Stores, spare parts and loose tools	14,977	412.70%	8,689	239.43%	6,243	172.03%	2,223	61.26%	4,641	127.89%	3,629	100.00%
Stock in trade	646,620	236.87%	566,591	207.55%	415,453	152.19%	409,005	149.83%	296,403	108.58%	272,988	100.00%
Trade debts - considered good	145,664	294.00%	139,091	280.73%	106,335	214.62%	102,924	207.73%	45,215	91.26%	49,546	100.00%
Current portion of long term loan	100,000	100.69%	50,000	50.35%	50,000	50.35%	50,000	50.35%	-	0.00%	99,313	100.00%
Loans and advances - considered good	20,239	274.69%	14,914	202.42%	11,781	159.89%	17,690	240.09%	13,228	179.53%	7,368	100.00%
Deposits and prepayments	25,095	344.05%	22,944	314.56%	15,592	213.76%	10,814	148.26%	11,130	152.59%	7,294	100.00%
Mark-up accrued	4,422	14.84%	8,766	29.41%	12,640	42.41%	16,079	53.95%	-	0.00%	29,804	100.00%
Advance tax - net	2,073		33,755		91,754		84,197		81,091		-	100.00%
Other receivables	3,966	210.73%	16,912	898.62%	13,303	706.85%	1,530	81.30%	1,101	58.50%	1,882	100.00%
Short term investments	718,578	2049.04%	398,853	1137.34%	273,865	780.93%	13,081	37.30%	9,715	27.70%	35,069	100.00%
Derivative asset-intrest rate swap	-		-		-		27		-		-	100.00%
Cash and bank balances	104,121	467.27%	67,244	301.77%	58,345	261.84%	20,015	89.82%	15,267	68.51%	22,283	100.00%
	1,785,755	**337.46%**	**1,327,759**	**250.91%**	**1,055,311**	**199.43%**	**727,585**	**137.49%**	**477,791**	**90.29%**	**529,176**	**100.00%**
Total Assets	**3,153,033**	**199.57%**	**2,917,151**	**184.64%**	**2,610,589**	**165.24%**	**2,265,376**	**143.39%**	**1,868,938**	**118.29%**	**1,579,910**	**100.00%**

Income Statement

Vertical Analysis

Description	2014		2013		2012		2011		2010		2009	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Revenue - net	2,534,928	100%	1,950,215	100%	1,770,590	100%	1,436,713	100%	1,273,375	100%	1,085,394	100%
Cost of sales	(1,231,295)	-49%	(914,752)	-47%	(861,491)	-49%	(706,370)	-49%	(640,132)	-50%	(501,182)	-46%
Gross Profit	**1,303,634**	**51%**	**1,035,463**	**53%**	**909,099**	**51%**	**730,343**	**51%**	**633,243**	**50%**	**584,211**	**54%**
Administrative expenses	(160,493)	-6%	(140,304)	-7%	(133,912)	-8%	(114,701)	-8%	(83,262)	-7%	(80,996)	-7%
Selling and distribution expenses	(600,133)	-24%	(486,110)	-25%	(439,483)	-25%	(325,511)	-23%	(234,077)	-18%	(261,186)	-24%
Other expenses	(54,559)	-2%	(32,712)	-2%	(28,690)	-2%	(26,839)	-2%	(28,820)	-2%	(27,964)	-3%
Other income	95,711	4%	86,334	4%	126,139	7%	110,361	8%	102,826	8%	109,571	10%
Profit before interest and taxation	**584,161**	**23%**	**462,670**	**24%**	**433,154**	**24%**	**373,654**	**26%**	**389,910**	**31%**	**323,636**	**30%**
Finance cost	(17,086)	-1%	(11,752)	-1%	(7,892)	0%	(11,136)	-1%	(5,753)	0%	(3,676)	0%
Profit before taxation	**567,075**	**22%**	**450,918**	**23%**	**425,262**	**24%**	**362,517**	**25%**	**384,157**	**30%**	**319,960**	**29%**
Taxation	(149,547)	-6%	(42,337)	-2%	(13,984)	-1%	(35,526)	-2%	(15,231)	-1%	(62,966)	-6%
Profit after taxation	**417,528**	**16%**	**408,581**	**21%**	**411,279**	**23%**	**326,991**	**23%**	**368,926**	**29%**	**256,994**	**24%**

Income Statement

Horizontal Analysis

Description	2014		2013		2012		2011		2010		2009	
	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%	Rs. 000	%
Revenue - net	2,534,928	234%	1,950,215	180%	1,770,590	163%	1,436,713	132%	1,273,375	117%	1,085,394	100%
Cost of sales	(1,231,295)	246%	(914,752)	183%	(861,491)	172%	(706,370)	141%	(640,132)	128%	(501,182)	-1000%
Gross Profit	**1,303,634**	**223%**	**1,035,463**	**177%**	**909,099**	**156%**	**730,343**	**125%**	**633,243**	**108%**	**584,211**	**100%**
Administrative expenses	(160,493)	198%	(140,304)	173%	(133,912)	165%	(114,701)	142%	(83,262)	103%	(80,996)	-100%
Selling and distribution expenses	(600,133)	230%	(486,110)	186%	(439,483)	168%	(325,511)	125%	(234,077)	90%	(261,186)	-100%
Other expenses	(54,559)	195%	(32,712)	117%	(28,690)	103%	(26,839)	96%	(28,820)	103%	(27,964)	-100%
Other income	95,711	87%	86,334	79%	126,139	115%	110,361	101%	102,826	94%	109,571	100%
Pofit before interest and taxation	**584,161**	**180%**	**462,670**	**143%**	**433,154**	**134%**	**373,654**	**115%**	**389,910**	**120%**	**323,636**	**100%**
Finance cost	(17,086)	465%	(11,752)	320%	(7,892)	215%	(11,136)	303%	(5,753)	157%	(3,676)	-100%
Pofit before taxation	**567,075**	**177%**	**450,918**	**141%**	**425,262**	**133%**	**362,517**	**113%**	**384,157**	**120%**	**319,960**	**100%**
Taxation	(149,547)	238%	(42,337)	67%	(13,984)	22%	(35,526)	56%	(15,231)	24%	(62,966)	-100%
Profit after taxation	**417,528**	**162%**	**408,581**	**159%**	**411,279**	**160%**	**326,991**	**127%**	**368,926**	**144%**	**256,994**	**100%**

Our Vision

We will grow to be the top or second-ranked company
in each targeted market segment,
on the strength of motivated employees, who see every day
as a new opportunity to earn customer trust and credibility.

Mission Statement

We aim to improve the Quality of Life
through the ethical promotion and sales of
world class medicines at locally relevant prices.
In doing so we will:

Strive to provide best-in-industry
returns to our shareholders.

Be the Second to None in Employee Training,
Reward and Motivation.

Maintain the Highest Levels of Ethics
while focusing on building our portfolio
of Prescription Brands.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **58th** Annual General Meeting ("the Meeting") of **FEROZSONS LABORATORIES LIMITED** ("the Company") will be held on Friday, 24 October 2014 at 12:30 P.M. at its Registered Office, 197-A, The Mall, Rawalpindi, to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the Extra Ordinary General Meeting held on 26 June 2014.

2. To receive, consider and approve the audited accounts of the Company together with the Directors' and Auditors' Reports for the year ended 30 Jun 2014.

3. To approve final cash dividend of Rs. 9.00 per share i.e. 90% as recommended by the Board of Directors. It is in addition to the interim cash dividend of Rs. 3.00 per share i.e. 30% already paid to the shareholders, thus making a total cash dividend of Rs. 12.00 per share i.e. 120% for the year ended 30 June 2014.

4. To appoint auditors for the year ending 30 June 2015 and fix their remuneration. The present auditors Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

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

By order of the board

Registered Office
197-A, The Mall
Rawalpindi
15 September 2014

(Syed Ghausuddin Saif)
Company Secretary

Notes:

1. Closure of share transfer books

The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from 21 October 2014 to 30 October 2014 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore by the close of business on 20 October 2014 will be treated in time for the purpose of payment of the final cash dividend, if approved by the shareholders.

2. Participation in the annual general meeting

A member of the Company entitled to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received by the office of the Company's Share Registrar duly stamped and signed not later than 48 hours before the time of the Meeting.

3. **CDC Account Holders will have to follow further 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 whose registration details are uploaded as per regulations shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

   ii. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of meeting.

   B) For appointing Proxies:

   i. In case of individual, the account holder or sub-account holders whose registration details are uploaded as per regulations shall submit the proxy form as per the above requirements.

   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 of the beneficial owners and the proxy shall be furnished with the proxy form.

   iv. The proxies shall produce their original CNIC or original passport at the time of meeting.

   v. In case of corporate entities, the Board of Directors' Resolution/Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier), along with proxy form to the Company.

4. **Conformation of filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2014**

All members of the Company are hereby informed that pursuant to the provisions of Finance Act, 2014, Effective 01 July 2014, the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

1	Rate of tax deduction for filer of income tax returns	10%
2	Rate of tax deduction for non-filer of income tax returns	15%

Members of the Company are therefore requested to update their tax paying status by sending following detail on the registered address of the Company and the members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) are requested to send a copy of detail regarding tax payment status also to the relevant member stock exchange and CDC if maintaining CDC investor account.

FEROZSONS LABORATORIES LIMITED

Folio/CDS ID/AC #	Name	National Tax #	CNIC # (in case of individuals)	Income Tax return for the year 2013 filed (Yes or No)

The information may be sent at the registered postal address of the Company or at the following email address: cs@ferozsons-labs.com

The above mentioned information would enable us to process the dividend payment according to the taxpaying status of the members.

The "Income Tax Return Filing Status" form is enclosed to facilitate shareholders to provide detail regarding national tax number and confirmation for filing of income tax return.

5. Payment of cash dividend electronically (e-dividend)

In order to establish a process for cash dividend payment where dividends can be paid more efficiently to shareholders, Securities and Exchange Commission of Pakistan (SECP) has envisaged e-dividend mechanism. Under this mechanism amount of dividend will be credited electronically into the account of shareholders. New method of payment will eliminate the chances of dividend warrants getting lost in the post, returned undelivered or delivered on wrong address, SECP has advised all listed companies to adopt e-dividend mechanism due to benefit it entails to their shareholders.

The Company has requested its shareholders through letters and notices to send mandate instruction by filling the mandate form to opt for the dividend mandate option. We again request you to provide a dividend mandate in favor of e-dividend by providing duly filled and signed dividend mandate form.

The dividend mandate form is again enclosed to faiciltae shareholders to opt the mandate option and provided required information to make payment of cash dividend through direct credit to shareholder's bank account. The dividend mandate form is also available at Company's website www.ferozsons-labs.com

CDC account holders are requested to submit their mandate instruction to the relevant member stock exchange and CDC if maintaining CDC investor account.

6. Submission of computerized national identity card (CNIC) for payment of final cash dividend 2013-14

The directive of SECP contained in SRO 831 (1) 2012 of 5 July 2012, provides that the dividend warrant should bear the Computerized National Identity Card (CNIC) number of the registered member, CNIC number of the members is therefore, mandatory for the issue of future dividend warrants and in the absence of such information, payment of dividend may be withheld. The Company has requested its shareholders thought letters and notices to provide attested copies of their valid CNICs.

The members who have not yet provided their CNICs are once again advised to provide attested copy of their valid CNICs to ensure timely disbursement of the dividend.

7. Change in address

The members are requested to promptly notify any change in their addresses.

8. Audited accounts of the Company for the year ended 30 June 2014 have been provided on the website www.ferozsons-labs.com

FEROZSONS LABORATORIES LIMITED

DIRECTOR'S REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2014

We are pleased to present the 58th Annual Report which includes the Audited Financial Statements of your Company for the financial year ended 30 June 2014 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 operating results for the year and appropriation of the divisible profits as compared to last year are given below:

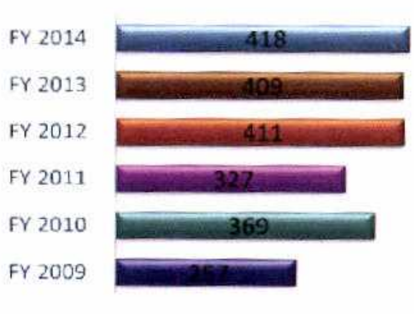
	Individual		Consolidated	
	2014	2013	2014	2013
	(Rupees in thousands)			
Profit before tax	567,075	450,918	760,720	523,028
Taxation	(149,547)	(42,337)	(208,557)	(56,649)
Profit after tax	417,528	408,581	552,163	466,380
Profit available for appropriation	2,039,310	1,918,842	2,289,473	2,061,030
Appropriations Interim cash dividend for the FY 2014 @ Rs. 3/ share (FY 2013: Nil)	(90,561)	-	(90,561)	-
Final cash dividend for the FY 2014 @ Rs. 9/ share (FY 2013: @ Rs. 7/share)	(271,682)	(211,308)	(271,682)	(211,308)

We are happy to report that despite the challenges to the economy and the pharmaceutical industry in particular, the Net Sales of your Company closed at Rs. 2,535 Million, with a strong growth of 30% over the figure of Rs. 1,950 Million achieved in the previous year. This strong growth was driven by a healthy 14% growth in our branded pharmaceuticals portfolio, bolstered by exceptional growth in our medical devices business.

Net Sales (Rs. Million)

Consolidated Net Sales of the Company grew by 33% to Rs. 3,832 Million for the year ended June 30, 2014, from Rs. 2,879 Million achieved last year. The company's subsidiary, BF Biosciences Limited, also achieved a strong growth of 42% during the year under review, closing the year at Net Sales of Rs. 1,262 Million.

Profit After Tax (Rs. Million)



Owing to the continued rise in the cost of inputs and a change in the divisional sales mix, our cost of sales increased by 35%, more than the sales growth. As a consequence, GP margins for the company eroded slightly.

Profit from Operations stood at Rs. 584 Million, an improvement of 26% over the previous year. The Net Profit After Tax (NPAT) of the Company closed at Rs. 418 Million, just 2% higher than the figure of Rs. 409 Million achieved last year. The marginal growth in net profits is due to impact of tax provisions for the year considering the fact that till last year carried forward tax adjustment were still available from prior years, after the expiration of tax relief provided by the government to terrorist-hit areas in the Khyber Pakhtunkhwa.

Consolidated Net Profit of the Group grew by 18% to Rs. 552 Million.
Cash and cash equivalent of your Company increased by Rs. 36.88 Million (2013: Rs. 8.90 Million) during the year. Cash flows generated from operating activities increased by Rs. 221 Million.

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.

Earnings Per Share

Earning Per Share (Rs.)

Based on the net profit for the year ended 30 June 2014 the earnings per share (EPS) stand at Rs. 13.83 per share, compared to prior year adjusted EPS of Rs. 13.54 on capital of Rs. 302 Million. Consolidated earnings per-share increased from Rs. 15.07 last year to Rs. 17.41 for the year under review.

Future Outlook:

We are pleased to inform our shareholders that the company has entered into a significant agreement with Gilead Sciences, Inc., USA, to be its exclusive branded medicines business partner for Pakistan. Gilead is one of the world's fastest growing biopharmaceutical companies, with a portfolio that covers diseases including viral hepatitis and HIV. Ferozsons will market and distribute in Pakistan the following Gilead medications post-approval:

- Sovaldi® for the treatment of chronic hepatitis C as a component of a combination antiviral treatment.

- HIV therapies Viread® (tenofovir disoproxil fumarate), Truvada® (emtricitabine/tenofovir disoproxil fumarate) and the newer single tablet regimen Stribild® (elvitegravir 150 mg/cobicistat 150 mg/ emtricitabine 200 mg/tenofovir disoproxil fumarate 300 mg)

- Viread® for its indication as a treatment for chronic hepatitis B virus (HBV) infection.

Stribild and Sovaldi are pending registration in Pakistan. The registration application for Sovaldi was submitted in May 2014, with the request for an accelerated review on the basis of medical need. In addition to distributing branded Gilead medicines, Ferozsons will manage regulatory and pharmacovigilance activities (such as adverse event reporting), as well as broader medical education initiatives.

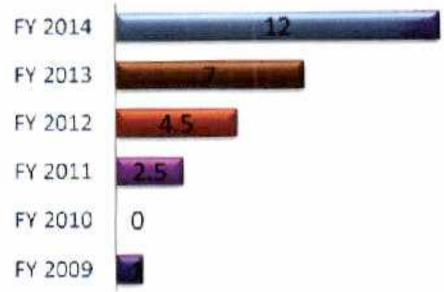
This agreement marks a very important milestone in our commitment to helping reduce the burden of liver disease in Pakistan. Directly acting antiviral agents like Sovaldi ® mark a paradigm shift in the treatment landscape for diseases like Hepatitis C, which affects over 10 million people in the country. We look forward to bringing these new innovations to patients in Pakistan.

Dividend Announcement

The Directors have recommended a final cash dividend @ 90% (Rs. 9 per share). Added to the interim cash dividend of 30% declared and paid earlier during the year, this would amount to a total payout of 120% for the year ended 30 June 2014.

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

Cash Dividend per share (Rs.)



Corporate Governance

The Board of Directors of your Company is committed to the principle of good corporate management practices. The Management of 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 therefrom 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 2014 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.

The values of investments of employees' provident fund based on latest audited accounts as of 30 June 2013 are Rs. 217 million.

Corporate Social Responsibility (CSR)

As a socially responsible company, we are committed to investing in the uplift of the communities we work in. The company supports primary education in Pakistan through the Citizen Foundation (TCF), as well as supporting need-based scholarships for undergraduate students at Pakistan's premier university, the Lahore University of Management Sciences (LUMS) through its National Outreach Programme (NOP). The company's subsidiary, BF Biosciences Limited, runs an innovative partnership with the National College of Arts (NCA). Under this partnership, titled Art for Humanity, 3rd year students collaborate with the company to make an art intervention aimed at improving the environment for patients at public sector hospitals, while the company supports need-based scholarships for students at the College.

Human Resource Development

We take pride in our commitment to ensure that all employees are treated with dignity and respect. We are a company that continuously strives to develop an environment where each employees is recognized and valued, thus achieving an organization culture where every employee demonstrates a belief in Company's Mission, Vision and Core Values. The crux of our Human Resource Strategy is to invest in the development of our employees as a means to achieving operational excellence for Company and value creation for shareholders.

We strive to offer market competitive remuneration packages and incentives for our employees not only to attract but also to retain the competent and specialized human resources. Motivational events are also organized to acknowledge and honor the best performers and high achievers. We strive to achieve harmonious and cordial industrial relationship among our workers.

We have initiated an emphasis on Succession Planning for our key positions hence we recruit, develop and promote our employees for more challenging roles and responsibilities. We ensure that our external or in-house training arrangements are made with a focus on improving the knowledge, skill levels and self-development of employees.

Meetings of the Board of Directors

The information regarding the meetings of the board of directors held during the year ended 30 June 2014 is annexed.

Share Capital and Pattern of Shareholding

The issued, subscribed and paid up capital of the Company as at 30 June 2014 was Rs. 302 Million. The statement indicating the number of shareholders as on 30 June 2014 and their categories forming the pattern of shareholding as required under the Code of Corporate Governance is annexed.

Return on Equity (%)

Risk Management

Like any corporate entity our Company is susceptible to various business risks. 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 strategic management level to counter unfavorable situations.
- **Competition risks:** Due to the weak regulatory controls over illegal and low quality imports, the Company is exposed to higher competition risks. In order to mitigate these risks our Company is in continuous lobbying for improved Government regulations and policies while internally adopting plans for an optimum product mix.
- **Supply chain risks:** The whole 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 system.
- **Information technology risks:** The IT in current era has always been a backbone of a Company and we are well aware that any IT failure, short or long term, could adversely affect the operations of the Company. The Company is constantly improving its IT infrastructure to keeping in mind the future needs of Company.
- **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 38 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 2015.

Affirmation

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.

On behalf of the Board

Lahore
15 September 2014

(Mrs. Akhter Khalid Waheed)
Chairperson & CEO

DATES AND ATTENDANCE OF BOARD MEETINGS HELD DURING THE YEAR ENDED 30 JUNE 2014

A total of Five Board Meetings were held during the Financial Year 2013-2014 on the following dates:

24 September 2013
26 October 2013
24 February 2014
21 April 2014
26 June 2014

The detail of attendance by Directors is as under:

Director	Number of meetings attended
Mrs. Akhter Khalid Waheed	5
Mr. Osman Khalid Waheed	5
Mrs. Munize Azhar Piracha	5
Mr. Omar Khalid Waheed	5
Mr. Farooq Mazhar	4
Mr. Nihal Cassim	3
Mr. Shahid Anwar	4
Dr. Farid Khan	2

Leaves of absence were granted in all cases to Directors.

On behalf of the Board

Lahore
15 September 2014

(Mrs. Akhter Khalid Waheed)
Chairperson and CEO

KPMG

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

Telephone + 92 (42) 3579 0901-6
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 2014 to comply with the requirements of Listing Regulation no 35 of Karachi, Lahore and Islamabad Stock Exchanges 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 under taken at arm's length price or not.

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 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraphs 9 and 23 where these are stated in the Statement of Compliance.

S. No.	Paragraph reference	Description
i.	9	All directors meet the exemption requirement of the directors' training program except one who did not contest for election of directors in the elections held on June 26, 2014.
ii.	23(a)	The office of chairperson and chief executive of the company is being held by Mrs. Akhter Khalid Waheed who is not a non-executive director. However the roles and responsibilities of Chairperson and Chief Executive have been separately outlined
iii.	23(b)	The chairman of the audit committee is not an independent director.

KPMG Taseer Hadi & Co.

Lahore:

KPMG Taseer Hadi & Co
Chartered Accountants
(Kamran Iqbal Yousafi)

Date: 15 September 2014

STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 30 JUNE 2014

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulation of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good corporate 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 Code 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 Dr. Farid Khan
Executive Directors	Mrs. Akhter Khalid Waheed
	Mr. Osman Khalid Waheed
	Mr. Omar Khalid Waheed
Non-Executive Directors	Mrs. Munize Azhar Piracha
	Mr. Farooq Mazhar
	Mr. Nihal Cassim

The independent directors meets the criteria of independence under clause i (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 member of 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 ended 30 June 2014.

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/shareholders.

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. All directors meet the exemption requirement of the directors' training program except one who did not contest for election of directors in the elections held on 26 June 2014.

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 two are independent, two are non-executive directors and the chairman of the committee is a non-executive 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 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 Recourse and Remuneration (HR&R) Committee. It comprises four members, of whom two are independent, two are non-executive directors and the chairman of the committee is an independent director.

18. The board has outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder, 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 the 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 exchanges.

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

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

    a. The office of chairperson and chief executive of the company is being held by **Mrs. Akhter Khalid Waheed** who is not a non-executive director; However the roles and responsibilities of Chairperson and Chief Executive have been separately outlined; and

    b. The chairman of the audit committee is not an independent director.

On behalf of the Board

Lahore
15 September 2014

(Mrs. Akhter Khalid Waheed)
Chairperson & CEO

FEROZSONS
LABORATORIES LIMITED

Financial Statements for the Year Ended 30 June 2014

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

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Auditors' Report to the Members

We have audited the annexed balance sheet of **Ferozsons Laboratories Limited ("the Company")** as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and 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 balance sheet and 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;

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

   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 balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and 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 2014 and of the profit, its comprehensive income, its cash flows and its 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: 15 September 2014

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

BALANCE SHEET AS

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (2013: 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		2,039,310,336	1,918,841,956
		2,341,500,589	2,221,032,209
Surplus on revaluation of property, plant and equipment	6	373,911,368	378,719,924
Non current liabilities			
Deferred taxation	7	45,796,633	41,714,772
Current liabilities			
Trade and other payables	8	391,825,313	274,987,658
Short term borrowings - secured	9	-	695,869
		391,825,313	275,683,527
Contingencies and commitments	10		
		3,153,033,903	2,917,150,432

The annexed notes from 1 to 41 form an integral part of these financial statements.

Lahore
15 September 2014

Director

FEROZSONS LABORATORIES LIMITED

AT 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,136,181,457	1,083,988,968
Intangible assets	12	55,381	1,884,709
Long term investments	13	227,255,201	224,732,076
Long term loan - unsecured	14	-	275,000,000
Long term deposits		3,786,100	3,786,100
		1,367,278,139	1,589,391,853
Current assets			
Stores, spare parts and loose tools	15	14,977,483	8,689,264
Stock in trade	16	646,619,797	566,590,600
Trade debts - considered good	17	145,664,372	139,090,930
Current portion of long term loan	14	100,000,000	50,000,000
Loans and advances - considered good	18	20,239,144	14,914,151
Deposits and prepayments	19	25,094,850	22,944,037
Mark-up accrued		4,421,701	8,765,865
Other receivables	20	3,966,227	16,911,522
Short term investments	21	718,578,075	398,852,989
Advance tax - net		2,073,122	33,755,110
Cash and bank balances	22	104,120,993	67,244,111
		1,785,755,764	1,327,758,579
		3,153,033,903	2,917,150,432

Chairperson & CEO

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
Revenue - net	23	2,534,928,325	1,950,214,571
Cost of sales	24	(1,231,294,748)	(914,751,938)
Gross profit		1,303,633,577	1,035,462,633
Administrative expenses	25	(160,493,145)	(140,304,385)
Selling and distribution expenses	26	(600,132,625)	(486,110,368)
Finance cost	27	(17,085,720)	(11,751,809)
Other expenses	28	(54,558,644)	(32,712,047)
Other income	29	95,711,404	86,334,057
Profit before taxation		567,074,847	450,918,081
Taxation	30	(149,546,613)	(42,336,706)
Profit after taxation		417,528,234	408,581,375
Earnings per share - basic and diluted	31	13.83	13.54

The annexed notes from 1 to 41 form an integral part of these financial statements.

Lahore
15 September 2014

Director

Chairperson & CEO

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	2014 Rupees	2013 Rupees
Profit after taxation	417,528,234	408,581,375
Other comprehensive income for the year - net of tax	-	-
Total comprehensive income for the year	417,528,234	408,581,375

The annexed notes from 1 to 41 form an integral part of these financial statements.

Lahore
15 September 2014

Director

Chairperson & CEO

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
Cash flow from operating activities			
Profit before taxation		567,074,847	450,918,081
Adjustments for:			
Depreciation		99,501,791	76,170,298
Amortisation		1,829,328	1,829,328
Gain on disposal of property, plant and equipment		(12,923,429)	(4,398,187)
Finance costs		17,085,720	11,751,809
Provision for Workers' Profit Participation Fund		30,455,148	19,864,804
Provision for Workers' Welfare Fund		11,572,956	7,945,921
Provision for Central Research Fund		6,152,555	4,554,728
Gain on re-measurement of short term investments to fair value		(36,059,419)	(29,380,080)
Gain on sale of short term investments		(1,278,991)	-
Profit on bank deposits, commissions and lease rental income		(580,584)	(18,524,953)
Markup on long term loan		(26,609,083)	(38,519,275)
Share in profit /(loss)of Farmacia		(2,523,125)	4,488,438
		86,622,867	35,782,831
Cash generated from operations before working capital changes		653,697,714	486,700,912
Effect on cash flow due to working capital changes			
Increase in current assets			
Stores, spare parts and loose tools		(6,288,219)	(2,446,142)
Advances, deposits, prepayments and other receivables		5,469,489	(14,093,231)
Stock in trade		(80,029,197)	(151,137,133)
Trade debts - considered good		(6,573,442)	(32,756,323)
		(87,421,369)	(200,432,829)
Increase in current liabilities			
Trade and other payables		87,211,216	52,077,255
Cash generated from operations		653,487,561	338,345,338
Taxes paid		(113,782,764)	(27,005,283)
Workers' Profit Participation Fund paid		(22,610,064)	(16,703,797)
Workers' Welfare Fund paid		(7,945,921)	(6,556,251)
Central Research Fund paid		(4,554,728)	(4,267,418)
		(148,893,477)	(54,532,749)
Net cash generated from operating activities		504,594,084	283,812,589
Cash flow from investing activities			
Capital expenditure incurred		(158,702,698)	(168,296,751)
Proceeds from sale of property, plant and equipment		19,931,848	6,281,863
Interest income received on long term loan		30,953,247	42,393,700
Profit on bank deposits, commissions and lease rental income		580,584	18,524,953
Long term loan		225,000,000	50,000,000
Acquisition of short term investments		(282,386,676)	(95,608,381)
Long term deposits		-	(189,500)
Net cash used in investing activities		(164,623,695)	(146,894,116)
Cash flow from financing activities			
(Repayment) / receipts of short term borrowings		(695,869)	695,869
Dividend paid		(289,882,690)	(121,364,347)
Finance cost paid		(12,514,948)	(7,350,848)
Net cash used in financing activities		(303,093,507)	(128,019,326)
Net increase in cash and cash equivalents		36,876,882	8,899,147
Cash and cash equivalents at the beginning of the year		67,244,111	58,344,964
Cash and cash equivalents at the end of the year	22	104,120,993	67,244,111

The annexed notes from 1 to 41 form an integral part of these financial statements.

Lahore
15 September 2014

Director

Chairperson & CEO

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share capital	Capital reserve	Accumulated profit	Total
	------------	------------ Rupees	------------	------------
Balance as at 30 June 2012	287,493,720	321,843	1,648,521,379	1,936,336,942
Total comprehensive income for the year	-	-	408,581,375	408,581,375
Surplus transferred to accumulated profit:				
- on account of incremental depreciation charged during the year - net of tax	-	-	5,486,066	5,486,066
Transactions with owners of the company:				
-Final dividend for the year ended 30 June 2012 at Rs. 4.50 per share	-	-	(129,372,174)	(129,372,174)
-Bonus shares issued at 5% for the year ended 30 June 2012	14,374,690	-	(14,374,690)	-
	14,374,690	-	(143,746,864)	(129,372,174)
Balance as at 30 June 2013	**301,868,410**	**321,843**	**1,918,841,956**	**2,221,032,209**
Total comprehensive income for the year	-	-	**417,528,234**	**417,528,234**
Surplus / deficit transferred to accumulated profit:				
-on account of incremental depreciation charged during the year - net of tax	-	-	**5,570,467**	**5,570,467**
-on account of disposal of fixed assets during the year-net of tax	-	-	**(761,911)**	**(761,911)**
	-	-	**4,808,556**	**4,808,556**
Transactions with owners of the company:				
-Final dividend for the year ended 30 June 2013 at Rs. 7 per share	-	-	**(211,307,887)**	**(211,307,887)**
-Interim dividend for the year ended 30 June 2014 at Rs. 3 per share	-	-	**(90,560,523)**	**(90,560,523)**
	-	-	**(301,868,410)**	**(301,868,410)**
Balance as at 30 June 2014	**301,868,410**	**321,843**	**2,039,310,336**	**2,341,500,589**

The annexed notes from 1 to 41 form an integral part of these financial statements.

Lahore
15 September 2014

Director

Chairperson & CEO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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

2 Basis of preparation

2.1 Separate financial statements

These 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 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 and Islamic Financial Accounting Standards (IFAS's) issued by the Institute of Charetered Accountants of Pakistan as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 New standards, ammendments to approved accounting standards and interpretations which became effective during the year ended 30 June 2014

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

2.3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on the Company's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have a material impact on the Company's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments are not likely to have a material impact on the Company's financial statements.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. These amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendments are not likely to have a material impact on the Company's financial statements.

- 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 financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. The standard is not likely to have a material impact on financial statements of the Company.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/ operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The standard is not likely to have a material impact on financial statements of the Company.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The standard is not likely to have any impact on the financial statements of the Company.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard is not likely to have any impact on the financial statements of the Company.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate 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 standard is not likely to have any impact on the financial statements of the Company.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- o IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- o IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- o IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- o Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- o IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- o IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

2.4 Basis of measurement

These 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 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 financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

Property, plant and equipment

The Company reviews the useful lives 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.

Intangible asset

The Company reviews the rate of amortization 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 amortization charge and impairment.

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.

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.

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.

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

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:

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.

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 below equity, in which case it is recognized in other comprehensive income or below 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. Further, the Company recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

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.

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 Intangible assets

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

3.5 Financial instruements

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 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 loan, long term deposits, short term investments, trade debts, loans and advances, other receivables, markup accrued, sadvance 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.

3.6 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.

3.8 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Long term loans

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. A provision for impairment of long term loan is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of loan

Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.9 Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by the Company. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

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.

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 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.

3.12 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.

3.13 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 material	-	at moving average cost
Work in process	-	at weighted average cost of purchases and
Finished goods	-	applicable manufacturing expenses

Cost comprises of purchase and other costs incurred in bringing the material to their present location and condition. 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

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.

3.17 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of pharmaceutical products, net of 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 Company 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 Finance income

Finance 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 when the settlement (settlement date) for sale of security is made.

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. 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 that asset.

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.

All impairment losses are recognised in profit or loss account. An impairment loss is reversed in the profit and loss account if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non financial assets

The carrying amounts of the Company's assets are analyzed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss account. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the profit and loss account. Reversal of impairment loss is restricted to the original cost of asset.

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 assessing performance of the operating segments, has been identified as the Board of Director of the Company that makes strategic decisions.

	2014 Rupees	2013 Rupees
4 Issued, subscribed and paid up capital		
1,441,952 (2013: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (2013: 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 (2013: 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 arose on conversion of shares of NWF Industries Limited and Sargodha Oil & Flour Mills Limited, since merged.

	2014 Rupees	2013 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	402,374,432	410,814,534
Surplus transferred to equity:		
- on account of incremental depreciation charged during the year - net of tax		
- Net of deferred tax	(5,570,467)	(5,486,066)
- Related deferred tax liability	(2,869,635)	(2,954,036)
	(8,440,102)	(8,440,102)
Deficit transferred to equity:		
- on account of disposal of assets during the year-net of tax		
- Net of deferred tax	761,911	-
- Related deferred tax liability	392,499	-
	1,154,410	-
	395,088,740	402,374,432
Related deferred tax liability:		
- On revaluation as at 1 July	(23,654,508)	(26,608,544)
- Transferred to accumulated profit:		
- on account of incremental depreciation charged during the year	2,869,635	2,954,036
- on account of disposal of fixed assets during the year	(392,499)	-
	(21,177,372)	(23,654,508)
Surplus on revaluation of property, plant and equipment as at 30 June	373,911,368	378,719,924

The freehold land, building and plant & machinery were revalued by independent valuers in years 1976, 1989, 2002, 2006 and 2011 respectively. These revaluations had resulted in a cumulative surplus of Rs. 490.19 million, which has been included in the carrying values of free hold land, building and plant & machinery respectively and credited to the surplus on revaluation of property, plant & equipment. The surplus is adjusted by surplus realized on disposal of revalued assets, if any, and incremental depreciation arising due to revaluation, net of deferred tax.

7 Deferred taxation

	2014		
	Opening	**Charge to / (reversal from) Profit or loss**	**Closing**
	Rupees		
Taxable temporary difference			
Accelerated tax depreciation allowances	**18,060,264**	**6,558,997**	**24,619,261**
Surplus on revaluation of property, plant and equipment	**23,654,508**	**(2,477,136)**	**21,177,372**
	41,714,772	**4,081,861**	**45,796,633**

	2013		
	Opening	Charge to / (reversal from) Profit or loss	Closing
	Rupees		
Taxable temporary difference			
Accelerated tax depreciation allowances	57,773,644	(39,713,380)	18,060,264
Surplus on revaluation of property, plant and equipment	26,608,544	(2,954,036)	23,654,508
	84,382,188	(42,667,416)	41,714,772

	Note	2014 Rupees	2013 Rupees
8 Trade and other payables			
Creditors		245,459,086	183,571,031
Accrued liabilities		20,764,138	7,040,595
Advances from customers		8,432,347	3,089,915
Unclaimed dividend		35,388,721	23,403,000
Tax deducted at source		-	4,800
Provision for compensated absences		6,697,449	5,540,876
Workers' Profit Participation Fund	*8.1*	33,250,628	22,600,594
Central Research Fund	*8.2*	6,152,555	4,554,728
Workers' Welfare Fund	*28*	11,572,956	7,945,921
Advances from employees against purchase of vehicles		17,750,642	15,616,572
Due to subsidiary - Farmacia		4,433,357	1,605,107
Other payables		1,923,434	14,519
		391,825,313	274,987,658

8.1 Workers' Profit Participation Fund

	2014 Rupees	2013 Rupees
Balance at the beginning of the year	22,600,594	16,694,327
Interest on funds utilized by the Company	2,804,950	2,745,260
Provision for the year	30,455,148	19,864,804
	55,860,692	39,304,391
Payments made during the year	(22,610,064)	(16,703,797)
	33,250,628	22,600,594

The fund balance has been utilized by the Company for its own business and interest at the rate of 52.50% (2013: 33.75%) has been credited to the fund. Interest is calculated at higher of 75% of dividends rate or 2.5% plus bank rate, as required under Companies Profits (Workers' Participation) Act, 1968.

8.2 Central Research Fund

	2014 Rupees	2013 Rupees
Balance at beginning of the year	4,554,728	4,267,418
Provision for the year	6,152,555	4,554,728
	10,707,283	8,822,146
Payments made during the year	(4,554,728)	(4,267,418)
	6,152,555	4,554,728

	Note	2014 Rupees	2013 Rupees
9 Short term borrowings - secured			
Running finance facility from:			
HSBC Bank Middle East Limited	9.1	-	695,869

9.1 The Company has short term borrowing facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 515 million (2013: Rs. 435 million). These facilities carry mark-up at the rates three months KIBOR plus 0.3% to 1% per annum (2013: one to three months KIBOR plus 0.3% to 2% per annum) on the outstanding balances. Out of the aggregate facilities, Rs. 215 million are secured by first pari passu charge over present and future current and movable assets of the Company and remaining Rs. 300 million (2013: Rs. 300 million) facility is secured by lien on Company's short term investments in mutual funds which should be 110% of the maximum limit allowed for utilization. Under this arrangement, Rs. 330 million (2013: 139.6 million) is marked under lien. These facilities are renewable on annual basis latest by 30 April 2015.

10 Contingencies and commitments

Contingencies

Guarantees issued by banks on behalf of the Company

Out of the aggregate facility of Rs. 25 million (2013: Rs. 27 million) for letter of guarantees, the amount utilized at 30 June 2014 was Rs. 2.32 million (2013: Rs. 0.80 million).

Commitments

Letter of credits

Out of the aggregate facility of Rs. 205 million (2013: Rs. 315 million) for opening letters of credit, the amount utilized at 30 June 2014 for capital expenditure was Rs. 24.3 million (2013: Nil) and for other than capital expenditure was Rs. 112.62 million (2013: Rs. 46.81 million).

Guarantees issued on behalf of subsidiary companies

The Company has issued cross corporate guarantee to Habib Bank Limited favouring its subsidiary company BF Biosciences Limited amounting to Rs. 275 million (2013: Rs. 275 million).

11 Property, plant and equipment

	Owned								
	Freehold land (Note 11.1)	Building on freehold land	Plant and machinery	Office equipments	Furniture and fittings	Computers	Vehicles	Capital work-in-progress	Total
	---------- Rupees ----------								
30 June 2014									
Cost									
Balance as at 01 July 2013	410,000,000	340,931,218	299,095,868	53,623,091	20,660,851	24,640,714	162,755,046	18,466,311	1,330,173,100
Additions	-	9,299,901	23,239,057	4,987,512	1,800,958	2,348,970	44,598,099	72,428,201	158,702,698
Transfers / adjustments	-	4,904,708	11,843,151	111,919	-	139,979	71,000	(17,070,757)	-
Deletions / write off	-	-	(8,162,230)	(14,929,605)	(8,239,214)	(10,203,653)	(29,382,060)	-	(70,916,762)
Balance as at 30 June 2014	**410,000,000**	**355,135,827**	**326,015,846**	**43,792,917**	**14,222,595**	**16,926,010**	**178,042,085**	**73,823,756**	**1,417,959,036**
Depreciation									
Balance as at 01 July 2013	-	53,583,728	32,641,346	31,482,001	12,290,059	20,182,381	96,004,616	-	246,184,131
Charge for the year	-	34,861,939	30,658,435	3,897,558	1,503,991	3,040,430	25,539,438	-	99,501,791
On disposals	-	-	(2,364,079)	(14,572,770)	(8,016,525)	(10,203,343)	(28,751,626)	-	(63,908,343)
Balance as at 30 June 2014	-	**88,445,667**	**60,935,702**	**20,806,789**	**5,777,525**	**13,019,468**	**92,792,428**	-	**281,777,579**
Net book value as at 30 June 2014	**410,000,000**	**266,690,160**	**265,080,144**	**22,986,128**	**8,445,070**	**3,906,542**	**85,249,657**	**73,823,756**	**1,136,181,457**
30 June 2013									
Balance as at 01 July 2012	410,000,000	265,773,001	154,313,326	51,472,680	20,510,962	22,289,671	132,213,440	114,335,448	1,170,908,528
Additions	-	-	-	2,150,411	149,889	2,351,043	36,118,786	127,526,622	168,296,751
Transfers / adjustments	-	75,158,217	144,782,542	-	-	-	3,455,000	(223,395,759)	-
Deletions	-	-	-	-	-	-	(9,032,180)	-	(9,032,180)
Balance as at 30 June 2013	**410,000,000**	**340,931,218**	**299,095,868**	**53,623,091**	**20,660,851**	**24,640,714**	**162,755,046**	**18,466,311**	**1,330,173,099**
Depreciation									
Balance as at 01 July 2013	-	26,235,596	14,892,284	27,799,120	10,660,713	17,352,182	80,222,442	-	177,162,337
Charge for the year	-	27,348,132	17,749,062	3,682,881	1,629,346	2,830,199	22,930,678	-	76,170,298
On disposals	-	-	-	-	-	-	(7,148,504)	-	(7,148,504)
Balance as at 30 June 2013	-	**53,583,728**	**32,641,346**	**31,482,001**	**12,290,059**	**20,182,381**	**96,004,616**	-	**246,184,131**
Net book value as at 30 June 2013	**410,000,000**	**287,347,490**	**266,454,522**	**22,141,090**	**8,370,792**	**4,458,333**	**66,750,430**	**18,466,311**	**1,083,988,968**
Depreciation Rate %		10	10	10	10	33.33	20		

11.1 Free hold land includes 2 acres of land leased out by the Company to its subsidiary company, BF Biosciences Limited, for the construction of plant facility.

11.2 Land and building of the Company were first revalued on 31 March 1976, resulting in surplus of Rs. 13.66 million. The second revaluation was carried out on 30 June 1989 and resulted in a surplus of Rs. 41.51 million. The third revaluation was carried out on 30 June 2002 and resulted in a surplus of Rs. 30.43 million. The fourth revaluation, that also included the plant and machinery, was carried out on 30 June 2006 and resulted in a surplus of Rs. 240.59 million. The last revaluation was carried out on 30 June 2011 and resulted in a surplus of Rs.164.39 million. Freehold land and building revaluations were carried out under the market value basis whereas plant and machinery were revalued on net replacement cost basis. All the revaluations were carried out by independent valuers.

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

		Cost	Accumulated depreciation	Net book value
		----------	Rupees	----------
Freehold land		75,418,037	-	75,418,037
Building on freehold land		365,260,366	102,836,858	262,423,508
Plant and machinery		406,875,591	198,035,572	208,840,019
	2014	847,553,994	300,872,430	546,681,564
	2013	806,019,407	254,440,144	551,579,263

	Note	2014 Rupees	2013 Rupees
11.3 Capital work-in-progress			
Opening balance		18,466,311	114,335,448
Additions during the year		72,428,201	127,526,622
Transfers during the year		(17,070,757)	(223,395,759)
Closing balance		73,823,756	18,466,311
11.4 Capital work-in-progress			
Building and civil works		47,634,312	4,280,664
Plant and machinery		5,088,643	12,095,048
Advances to suppliers		21,100,801	2,090,599
		73,823,756	18,466,311
11.5 Depreciation is allocated as under:			
Cost of sales	24	50,125,174	29,549,871
Administrative expenses	25	27,454,002	26,804,209
Selling and distribution cost	26	21,922,615	19,816,218
		99,501,791	76,170,298

11.6 Disposal of property, plant and equipment

	Particulars of assets	Cost	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
		--------	--------	Rupees	--------		
	Vehicles disposed of:						
1	Suzuki Alto	620,000	10,337	250,000	239,663	Company Policy	Mr. Asadullah Khan
2	Suzuki Mehran	469,000	31,262	345,000	313,738	Company Policy	Mr. Tahir Ali Khan
3	Suzuki Alto	620,000	10,337	250,000	239,663	Company Policy	Mr. Muhammad Waqas
4	Suzuki Mehran	504,000	42,000	260,000	218,000	Company Policy	Mr. Khawer Jawed
5	Suzuki Liana	1,075,000	89,578	576,500	486,922	Company Policy	Mr. Aatif Majeed
6	Suzuki Mehran	499,000	58,213	350,000	291,787	Company Policy	Mr. Ammad Naseem
7	Honda CD 70	62,900	8,391	30,000	21,609	Company Policy	Mr. Muhammad Saeed
8	Honda CD 70	62,900	6,294	31,450	25,156	Company Policy	Mr. Sohail Jameel
9	Honda CD 70	62,900	6,294	31,450	25,156	Company Policy	Mr. Mustafa Abbas Basra
10	Honda CD 70	62,900	8,391	31,450	23,059	Company Policy	Mr. Rizwan Saeed
11	Honda CD 70	62,900	11,536	31,400	19,864	Company Policy	Mr. Adil Jehanzeb
12	Honda CD 70	62,900	10,487	31,450	20,963	Company Policy	Mr. Muhammad Asim
13	Honda CD 70	62,900	15,728	24,000	8,272	Company Policy	Mr. Asif Saif
14	Honda CD 70	62,900	8,389	31,450	23,061	Company Policy	Mr. Ghulam Shabir
15	Honda CD 70	62,900	8,389	31,450	23,061	Company Policy	Mr. Ghulam Zakariya
16	Honda CD 70	62,900	10,484	31,450	20,966	Company Policy	Mr. Naeem Akhtar
17	Suzuki Mehran	568,500	255,825	357,500	101,675	Company Policy	Mr. Mubbashir Hassan
18	CD70 Dhoom (Yamaha)	47,500	33,250	47,000	13,750	Insurance Claim	EFU Insurance Company
19	Vehicles with individual book value not exceeding Rs. 5,000	24,350,060	5,249	10,812,313	10,807,064	Company Policy	various persons
		29,382,060	**630,434**	**13,553,863**	**12,923,429**		
	Assets written off:						
20	Computers	10,203,653	311	-	(311)	Obsolete items-written off	
21	Furniture & Fittings	8,239,214	222,692	-	(222,692)	Obsolete items-written off	
22	Office Equipment	14,929,605	356,832	-	(356,832)	Obsolete items-written off	
23	Plant & Machinery	8,162,230	5,798,150	-	(5,798,150)	Obsolete items-written off	
		41,534,702	**6,377,985**	-	**(6,377,985)**		
	2014 Rupees	70,916,762	7,008,419	13,553,863	6,545,444		
	2013 Rupees	9,032,180	1,883,676	6,281,863	4,398,187		

12 Intangible assets

Computer softwares and software licence fees

	Rupees
Cost	
Balance at 01 July 2012	5,543,356
Balance at 30 June 2013	5,543,356
Balance at 01 July 2013	5,543,356
Balance at 30 June 2014	5,543,356
Amortization	
Balance at 01 July 2012	1,829,319
Amortization for the year	1,829,328
Balance at 30 June 2013	3,658,647
Balance at 01 July 2013	3,658,647
Amortization for the year	1,829,328
Balance at 30 June 2014	5,487,975
Amortization rate per annum (%)	33.33%
Carrying amounts	
At 30 June 2013	1,884,709
At 30 June 2014	**55,381**

13 Long term investments

	Note	2014 Rupees	2013 Rupees
Related parties - at cost			
Farmacia (Partnership firm)	*13.1*	75,255,241	72,732,116
BF Biosciences Limited (unlisted subsidiary)	*13.2*	151,999,960	151,999,960
		227,255,201	224,732,076

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 pharmacies. 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 was 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. The Company commenced its commercial operations from July 2009.

		Note	2014 Rupees	2013 Rupees
14	**Long term loan - unsecured**			
	Related party - considered good			
	Opening balance	14.1	325,000,000	375,000,000
	Less : receipts during the year		(225,000,000)	(50,000,000)
			100,000,000	325,000,000
	Less : amount due within twelve months, shown under current assets		(100,000,000)	(50,000,000)
			-	275,000,000

14.1 This represents the conversion of overdue mark up and trade receivables from subsidiary company, BF Biosciences Limited into a term loan and rescheduling the payment of overall outstanding term loan in five years with one year grace period starting from 01 July 2010. The conversion was carried out under the authority of a special resolution passed by the Shareholders in the Extraordinary General Meeting held on 14 June 2010, in accordance with the provisions of Section 208 of the Companies Ordinance, 1984. Mark-up charged on the loan is not less than the borrowing cost of the Company. The maximum amount of long term loan at the end of any month during the year was Rs. 325 million (2013: Rs. 375 million).

		2014 Rupees	2013 Rupees
15	**Stores, spare parts and loose tools**		
	Stores	10,656,769	6,546,822
	Spare parts	4,136,133	1,282,087
	Loose tools	184,581	860,355
		14,977,483	8,689,264
16	**Stock in trade**		
	Raw material	241,413,478	254,880,083
	Work in process	45,827,685	23,733,370
		287,241,163	278,613,453
	Finished goods	358,535,743	273,277,361
	Less: provision for write down to net realisable value	(517,711)	(165,394)
		358,018,032	273,111,967
	Stock in transit	1,360,602	14,865,180
		646,619,797	566,590,600

17 Trade debts - considered good

Company has trade debts due from its related parties Farmacia amounting to Rs. 0.24 million (2013: Rs. 0.31 million) and BF Biosciences Limited amounting to Rs. 12.15 million (2013: Rs. 7.10 million). Maximum outstanding balance due from Farmacia during the year was Rs. 0.79 million (2013: Rs. 1.17 million) and from BF Biosciences Limited was Rs. 42.5 million (2013: Rs.56.7 million).

	Note	2014 Rupees	2013 Rupees
18 Loans and advances - considered good			
Advances to employees - secured	18.1	14,070,254	11,058,038
Advances to suppliers - unsecured		5,287,420	3,175,799
Others		881,470	680,314
		20,239,144	14,914,151

18.1 Advances given to staff for expenses are in accordance with the Company's policy and terms of employment contract. The maximum aggregate amount of advance to staff outstanding during the year was Rs. 14.86 million (2013: Rs. 8.9 million). These advances are secured against provident fund. Advances to staff includes amount due from executives of the Company amounting to Rs. 0.55 million (2013: Nil).

	Note	2014 Rupees	2013 Rupees
19 Deposits and prepayments			
Deposits		23,945,976	22,857,578
Prepayments		1,148,874	86,459
		25,094,850	22,944,037
20 Other receivables			
Due from subsidiary - BF Biosciences Limited		41,204	9,885,510
Others		3,925,023	7,026,012
		3,966,227	16,911,522
21 Short term investments			
Investments at fair value through profit or loss - listed securities	21.1	718,578,075	398,852,989

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

These investments are 'held for trading' Carrying value at 30 June:		682,518,656	369,472,909
Unrealized gain / (loss) on re-measurement of investment - during the year		36,059,419	29,380,080
Fair value of short term investments at 30 June	21.2	718,578,075	398,852,989

21.2 Held for trading	Shares 2014	Shares 2013	Carrying value 2014	Carrying value 2013	Fair value 2014	Fair value 2013
	--------Number--------		---------Rupees--------		---------Rupees--------	
Mutual Funds						
HBL Money Market Fund	6,265,634	1,263,586	593,926,940	116,976,197	628,578,447	127,931,025
HBL Income Fund	147,088	2,634,203	13,591,716	252,496,712	14,892,578	270,921,964
MCB DCF Units	751,071	-	75,000,000	-	75,107,050	-
			682,518,656	369,472,909	718,578,075	398,852,989

22 Cash and bank balances

	Note	2014 Rupees	2013 Rupees
Cash in hand		2,277,375	2,538,403
Cash at bank:			
Current accounts			
- foreign currency		15,592,475	15,086,096
- local currency		86,147,441	43,428,868
		101,739,916	58,514,964
Deposit accounts - local currency	22.1	103,702	6,190,744
		104,120,993	67,244,111

22.1 These carry interest rate ranging from 7% - 7.10% per annum on day end balances (2013: 6% - 7% per annum).

23 Revenue - net

	Note	2014 Rupees	2013 Rupees
Gross sales:			
Local	23.1	2,536,872,092	2,015,780,309
Export		196,655,904	144,402,176
		2,733,527,996	2,160,182,485
Less:			
Sales returns, discounts and commission		(195,969,737)	(209,149,007)
Sales tax		(2,629,934)	(818,907)
		(198,599,671)	(209,967,914)
		2,534,928,325	1,950,214,571

23.1 This includes own manufactured and imported products sales.

24 Cost of sales

	Note	2014 Rupees	2013 Rupees
Raw materials consumed	24.1	1,105,881,302	819,435,093
Salaries, wages and other benefits	24.2	98,059,421	82,937,596
Fuel and power		14,838,668	15,096,675
Repair and maintenance		6,030,974	4,774,341
Stores, spare parts and loose tools consumed		15,917,122	14,862,963
Packing charges		14,642,127	12,659,478
Rent, rates and taxes		1,084,541	655,299
Printing and stationery		1,216,992	2,010,773
Postage and telephone		1,957,511	1,479,334
Insurance		5,352,233	4,715,958
Travelling and conveyance		5,089,857	4,738,719
Canteen expenses		5,124,586	4,981,387
Security expenses		2,147,795	2,109,706
Fee & subscription		1,396,561	394,623
Laboratory and other expenses		9,430,264	13,701,792
Depreciation	11.5	50,125,174	29,549,871
		1,338,295,128	1,014,103,608
Work in process:			
Opening		23,733,370	23,928,962
Closing		(45,827,685)	(23,733,370)
		(22,094,315)	195,592
Cost of goods manufactured		1,316,200,813	1,014,299,200
Finished stock:			
Opening		273,111,967	173,564,705
Closing		(358,018,032)	(273,111,967)
		(84,906,065)	(99,547,262)
		1,231,294,748	914,751,938

24.1 Raw materials consumed

	2014 Rupees	2013 Rupees
Balance at the beginning of year	254,880,083	215,118,157
Add: purchases made during the year	1,092,414,697	859,197,019
	1,347,294,780	1,074,315,176
Less: balance at the end of year	(241,413,478)	(254,880,083)
	1,105,881,302	819,435,093

24.2 Salaries, wages and other benefits include Rs. 3.93 million (2013: Rs. 3.08 million) charged on account of defined contribution plan.

	Note	2014 Rupees	2013 Rupees
25 Administrative expenses			
Salaries and other benefits	*25.1*	80,350,893	68,266,870
Directors fees and expenses		1,614,955	1,705,250
Rent, rates and taxes		656,849	719,291
Postage and telephone		4,795,256	3,280,797
Printing, stationery and office supplies		2,258,955	1,837,464
Travelling and conveyance		6,819,532	5,533,024
Transportation		4,239,958	3,479,961
Legal and professional charges		4,668,629	4,266,700
Fuel and power		1,643,281	1,576,338
Auditor's remuneration	*25.2*	885,500	770,000
Repair and maintenance		6,025,799	5,212,840
Subscriptions		1,298,998	1,360,761
Donations	*25.3*	7,700,000	5,604,500
Insurance		2,511,591	2,097,694
Depreciation	*11.5*	27,454,002	26,804,209
Amortisation		1,829,328	1,829,328
Canteen expenses		4,371,384	4,863,055
Other administrative expenses		1,368,235	1,096,303
		160,493,145	140,304,385

25.1 Salaries and other benefits include Rs. 3.29 million (2013: Rs. 2.82 million) charged on account of defined contribution plan.

	2014 Rupees	2013 Rupees
25.2 Auditor's remuneration		
Fee for annual audit	575,000	500,000
Fee for audit of consolidated accounts	57,500	50,000
Review of half yearly accounts	86,250	75,000
Other certifications	86,250	75,000
Out of pocket expenses	80,500	70,000
	885,500	770,000

25.3 Donations were given to "The National Management Foundation", "The Citizen Foundation", "Saint Joseph's Hospital", "Forman Christian College" and "Lahore Literary Festival". Donations did not include any amount paid to any person or organization in which a directors or their spouse had any interest.

	Note	2014 Rupees	2013 Rupees
26 Selling and distribution cost			
Salaries and other benefits	26.1	256,337,274	198,574,562
Travelling and conveyance		118,021,997	96,699,324
Transportation		236,094	1,195,099
Rent, rates and taxes		4,042,630	3,469,419
Advertisement and publicity		77,062,286	72,929,778
Freight and forwarding		25,361,685	20,686,952
Printing and stationary		3,606,182	2,029,373
Postage and telephone		8,186,980	7,834,407
Electricity and gas		588,727	660,771
Subscriptions and fees		10,481,430	7,368,906
Insurance		7,988,807	7,830,351
Repairs and maintenance		3,237,571	2,948,139
Legal and professional charges		1,222,950	1,509,000
Conferences, seminars and training		51,095,062	38,144,315
Medical research and patient care		1,495,679	1,291,390
Depreciation	11.5	21,922,615	19,816,218
Other selling expenses		9,244,656	3,122,364
		600,132,625	486,110,368

26.1 Salaries and other benefits include Rs. 8.09 million (2013: Rs. 6.1 million) charged on account of defined contribution plan.

	Note	2014 Rupees	2013 Rupees
27 Finance cost			
Mark-up on bank financing		8,761,224	5,388,734
Bank charges		5,519,546	3,617,815
Interest on Workers' Profit Participation Fund		2,804,950	2,745,260
		17,085,720	11,751,809

	Note	2014 Rupees	2013 Rupees
28 Other expenses			
Exchange loss		-	346,594
Property, plant & equipment written off		6,377,985	-
Workers' Profit Participation Fund	8.1	30,455,148	19,864,804
Workers' Welfare Fund		11,572,956	7,945,921
Central Research Fund		6,152,555	4,554,728
		54,558,644	32,712,047
29 Other income			
From financial assets			
Profit on deposits with banks		380,584	326,615
Exchange gain		15,736,773	-
Unrealized gain on re-measurement of short term investments to fair value		36,059,419	29,380,080
Gain on sale of short term investments to fair value		1,278,991	-
Share in profit/(loss) of Farmacia - 98% owned partnership firm		2,523,125	(4,488,438)
Lease rentals from subsidiary company		200,000	200,000
Commission income		-	17,998,338
		56,178,892	43,416,595
From related party			
Mark-up on long term loan to subsidiary		26,609,083	38,519,275
From non - financial assets			
Gain on sale of property, plant and equipment		12,923,429	4,398,187
		95,711,404	86,334,057
30 Taxation			
Current			
- For the year		157,490,198	85,004,125
- Prior years		(12,025,446)	-
		145,464,752	85,004,125
Deferred		4,081,861	(42,667,419)
		149,546,613	42,336,706

	2014 Rupees	2013 Rupees

30.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit

	2014 Rupees	2013 Rupees
Profit before taxation	567,074,847	450,918,081
Applicable tax rate as per Income Tax Ordinance, 2001	34%	35%
Tax on accounting profit	192,805,448	157,821,328
Effect of final tax regime	(13,017,089)	(12,691,239)
Effect of tax credit	(4,139,002)	(15,781,666)
Effect of permanent difference	(12,260,202)	(10,283,028)
Others (including the impact arising as a consequence of reversal of deferred tax liability)	(13,842,542)	(76,728,689)
	(43,258,835)	(115,484,622)
	149,546,613	42,336,706

31 Earnings per share - basic and diluted

		2014	2013
Profit after taxation for distribution to ordinary shareholders	*Rupees*	417,528,234	408,581,375
Weighted average number of ordinary shares	*Numbers*	30,186,841	30,186,841
Basic and diluted earnings per share	*Rupees*	13.83	13.54

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

32 Remuneration of Directors, Chief Executive and Executives

	2014			2013		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
	Rupees			Rupees		
Managerial remuneration	19,389,000	10,074,000	94,285,846	16,860,000	8,760,000	64,954,422
LFA	1,615,750	839,500	5,806,276	1,330,000	730,000	4,155,091
Bonus	3,934,000	2,044,000	10,849,656	3,810,000	1,995,000	8,074,137
Utilities	-	481,684	-	-	367,371	-
Contribution to provident fund	1,237,307	687,212	5,559,269	1,087,739	604,139	3,961,306
	26,176,057	14,126,396	116,501,047	23,087,739	12,456,510	81,144,956
Numbers	2	1	55	2	1	37

In addition, the Chief Executive, two working directors and certain executives of the Company are allowed free use of Company vehicles.

Non excutive directors are not paid any remuneration or benefits other than the meeting fee. The members of the Board of Directors were paid Rs. 380,000 (2013: Rs. 231,000) as meeting fee and Rs. 1,234,955 (2013: Rs. 1,329,200) 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 financial statements. Transactions with related parties are as follows:

	2014 Rupees	2013 Rupees
Farmacia - 98% owned subsidiary partnership firm		
Sale of medicines	1,811,551	3,234,626
Payment received from Farmacia against sale of medicine	1,893,789	3,234,878
Share of profit reinvested / (loss)	2,523,125	(4,488,438)
BF Biosciences Limited - 80% owned subsidiary company		
Recovery of long term loan & mark-up	255,953,247	92,400,819
Mark-up accrued on long term loan	4,421,701	8,765,865
Interest on long term loan charged during the year	26,609,083	38,519,275
Sale of finished goods	121,985,268	110,161,096
Purchase of goods	4,156,028	4,508,518
Lease rentals	200,000	200,000
Marketing fee	453,079	2,474,140
Expenses incurred	1,834,828	17,344,768
Payment received	127,844,954	131,747,148
Payment made	4,156,777	4,503,703
Pakistan Pharma Forum -associated company		
Membership fee and annual dues	615,174	-
Other related parties		
Employees provident fund		
Company share contributed in employees provident fund	15,499,882	12,216,335
Remuneration including benefits and perquisites of key management personnel	156,321,816	64,191,638

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

	2014	2013
Total number of employees as at 30 June	509	461
Average number of employees during the year	491	449

36 Disclosures relating to provident fund

	2014 Rupees Un-Audited	2013 Rupees Audited
Size of the fund / trust	275,353,699	224,463,611
Cost of investment made	255,069,820	200,577,682
Percentage of investment made %	96%	97%
Fair value of investment	266,062,023	216,592,449

Break up of investment

	2014	2013
Special accounts in scheduled banks	4,577,808	1,182,774
Term deposit receipts	85,197,361	65,469,506
Government Securities	99,358,221	-
Mutual funds	70,143,481	144,227,065
Shares of listed companies	6,785,152	5,713,104
	266,062,023	216,592,449

Break up of investment

	2014	2013
	------ (% age of size of fund) -----	
Special accounts in scheduled banks	2%	1%
Term deposit receipts	31%	29%
Government Securities	36%	-
Mutual funds	25%	64%
Shares of listed companies	2%	3%
	96%	97%

The figures for 2014 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 Operating segments

37.1 These financial statements have been prepared on the basis of single operating segment.

37.2 Revenue from local sales and exports represents 100% (2013: 100%) of the total revenue of the company.

37.3 100% (2013: 100%) of the revenue of the Company relates to operations in Pakistan.

37.4 All non-current assets of the Company as at 30 June 2014 are located in Pakistan.

38 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

38.1 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 loans, long term deposits, trade debts, other receivables, loans and advances, short term investments and balances with banks. The Company has no significant concentration of credit risk as exposure is spread over a large number of counter parties.

38.2 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:

	2014 Rupees	2013 Rupees
Long term loan	100,000,000	325,000,000
Long term deposits	3,786,100	3,786,100
Trade debts	145,664,372	139,090,930
Short term deposits	23,945,976	22,857,578
Other receivables	3,966,227	16,911,522
Mark-up accrued	4,421,701	8,765,865
Loans and advances - considered good	20,239,144	14,914,151
Short term investments	718,578,075	398,852,989
Bank balances	101,843,618	64,705,708
	1,122,445,213	994,884,843

38.3 Credit quality of financial assets

Bank balances

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

Institutions	Rating Long term	Rating Short term	Rating Agency	2014 Rupees	2013 Rupees
Habib Bank Limited	AAA	A-1+	JCR-VIS	55,868,096	59,312,503
National Bank of Pakistan	AAA	A-1+	JCR-VIS	51,031	51,030
Allied Bank Limited	AA+	A1+	PACRA	1,757,369	265,070
Bank Alfalah Limited	AA	A1+	PACRA	44,155,448	5,065,431
Faysal Bank Limited	AA	A1+	PACRA	10,209	10,209
National Investment Bank	AA-	A1+	PACRA	1,465	1,465
				101,843,618	64,705,708

Trade debts

The aging of trade debts at the reporting date was:

	Related party 2014 Rupees	Related party 2013 Rupees	Other 2014 Rupees	Other 2013 Rupees
Past due 0 - 30 days	1,152,052	7,419,997	50,923,520	57,953,107
Past due 31 - 120 days	2,320,825	-	40,531,718	45,419,559
Past due 121 - 365 days	8,920,707	-	28,620,942	21,244,742
More than 365 days	-	-	13,194,608	7,053,525
	12,393,584	7,419,997	133,270,788	131,670,933

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.

Other financial assets

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

Fund name	Rating	2014 Rupees	2013 Rupees
HBL Income Fund	A(f)	14,892,578	270,921,964
HBL Money Market Fund	AA(f)	628,578,447	127,931,025
MCB DCF Units	A+(f)	75,107,050	-
		718,578,075	398,852,989

Loans, deposits and other recievables are mostly due from related parties, employees and 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.

38.4 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.

38.5 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 as on 30 June 2014:

	2014			
	Carrying amount	Less than one year	One to five years	More than 5 years
	Rupees			
Financial liabilities				
Trade and other payables	391,825,313	391,825,313	-	-
	391,825,313	391,825,313	-	-

	2013			
	Carrying amount	Less than one year	One to five years	More than 5 years
	Rupees			
Financial liabilities				
Trade and other payables	274,987,658	274,987,658	-	-
Short term borrowing	695,869	695,869	-	-
	275,683,527	275,683,527	-	-

38.6 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices 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

38.6.1 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 cashflow 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:

	2014				
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling
Cash and cash equivalents	17,150,692	19,980	111,782	1,198	605
Trade and other payables	(204,533,435)	(2,073,324)	-	-	-
Advances to suppliers	4,178,172	42,353	-	-	-
Trade receivables	43,310,445	334,191	76,839	-	-
Advances from customers	(4,083,814)	(41,397)	-	-	-
Gross balance sheet exposure	(143,977,940)	(1,718,197)	188,621	1,198	605

	2013				
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling
Cash and cash equivalents	16,439,026	80,383	65,928	68	-
Trade and other payables	(148,335,108)	(1,502,889)	-	-	-
Advances to suppliers	876,752	8,883	-	-	-
Trade receivables	26,554,137	130,572	105,960	-	-
Gross balance sheet exposure	(104,465,193)	(1,283,051)	171,888	68	-

The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2014	2013	2014	2013
US Dollars	98.65	98.70	102.80	96.80
Euro	134.60	128.98	139.80	125.60
UAE Dirham	26.86	26.88	27.99	26.35
Pound Sterling	167.96	-	168.01	-

Sensitivity analysis

A ten percent 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	
	2014 Rupees	2013 Rupees
Profit and loss account	14,397,794	10,446,519

A ten percent 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.

38.6.2 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). The Company is exposed to equity price risk because of investments held by the Company and classified on the Balance Sheet at fair value through profit or loss. 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.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of 30 June 2014 and 2013 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 Company'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			
2014				
Short term investments				
Investments at fair value through profit or loss	718,578,075	10% increase	790,435,883	71,857,808
		10% decrease	646,720,268	(71,857,808)
	718,578,075			

	Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	"Hypothetical increase (decrease) in profit / (loss) before tax"
2013	Rupees			
Short term investments				
Investments at fair value through profit or loss	398,852,989	10% increase	438,738,288	39,885,299
		10% decrease	358,967,690	(39,885,299)
	398,852,989			

38.6.3 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. 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:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	----------------------------------Rupees----------------------------------			
Financial assets				
Long term loan	100,000,000	100,000,000	325,000,000	325,000,000
Long term deposits	3,786,100	3,786,100	3,786,100	3,786,100
Long term investments	227,255,201	227,255,201	224,732,076	224,732,076
Trade debts	145,664,372	145,664,372	139,090,930	139,090,930
Short term deposits	23,945,976	23,945,976	22,857,578	22,857,578
Other receivables	3,966,227	3,966,227	16,911,522	16,911,522
Mark-up accrued	4,421,701	4,421,701	8,765,865	8,765,865
Loans and advances - considered good	20,239,144	20,239,144	14,914,151	14,914,151
Short term investments	718,578,075	718,578,075	398,852,989	398,852,989
Advance tax - net	2,073,122	2,073,122	33,755,110	33,755,110
Bank balances	101,843,618	101,843,618	64,705,708	64,705,708
	1,351,773,536	1,351,773,536	1,253,372,029	1,253,372,029
Financial liabilities				
Trade and other payables	391,825,313	391,825,313	274,987,658	274,987,658
Short term borrowing	-	-	695,869	695,869
	391,825,313	391,825,313	275,683,527	275,683,527

b) Valuation of financial instruments

In case of equity instruments, the Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 June 2014	Level 1	Level 2	Level 3	Total
	----------Rupees----------			
Financial assets at fair value through profit or loss	718,578,075	-	-	718,578,075
30 June 2013				
Financial assets at fair value through profit or loss	398,852,989	-	-	398,852,989

38.6.4 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:

	2014	2013	2014	2013
	Effective rate		Carrying amount	
	---------- in Percentage ----------		---------- Rupees ----------	
Long term loans	10.7	10.1	100,000,000	325,000,000
Cash at bank - deposit accounts	7.1	6.5	103,702	6,190,744
			100,103,702	331,190,744
Financial liabilities				
Short term borrowings secured	10.7	10.1	-	(695,869)
			100,103,702	330,494,875

Fair value sensitivity analysis for fixed rate instruments

The Company 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 2013.

	Profit or loss	
	100 bps Increase	100 bps Decrease
	Rupees	
As at 30 June 2014		
Cash flow sensitivity - Variable rate financial liabilities	1,001,037	(1,001,037)
As at 30 June 2013		
Cash flow sensitivity - Variable rate financial liabilities	3,304,949	(3,304,949)

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

38.6.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

38.7 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.

39 Corresponding figures

Corresponding figures have been rearranged and reclassified, where necessary. However, there have been no material rearrangements or reclassifications.

40 Non Adjusting events after the balance sheet date

The Board of Directors of the Company in its meeting held on 15 September 2014 has proposed a final cash dividend of Rs. 9 per share, for the year ended 30 June 2014, for approval of the members in the Annual General Meeting to be held on 24 October 2014.

41 Date of authorisation for issue

The financial statements have been authorized for issue by the Board of Directors of the Company on 15 September 2014.

Lahore
15 September 2014 Director Chairperson & CEO

FEROZSONS
LABORATORIES LIMITED

Consolidated Financial Statements for the Year Ended 30 June 2014

KPMG

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Auditor's 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 subsidiary companies as at 30 June 2014 and the related consolidated Profit and Loss Account, 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 subsidiary companies as at 30 June 2014 and the results of their operations for the year then ended.

KPMG Taseer Hadi & Co.

Date: 15 September 2014

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

CONSOLIDATED BALANCE SHEET AS

	Note	2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (2013: 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		2,289,472,502	2,061,029,564
Equity attributable to owners of the Company		2,591,662,755	2,363,219,817
Non-controlling interests		98,750,513	72,090,498
		2,690,413,268	2,435,310,315
Surplus on revaluation of property, plant and equipment	6	420,677,699	378,719,924
Non current liabilities			
Deferred taxation	7	121,832,192	64,932,160
Current liabilities			
Trade and other payables	8	523,202,919	385,502,736
Short term borrowings - secured	9	495,829	1,241,992
		523,698,748	386,744,728
Contingencies and commitments	10		
		3,756,621,907	3,265,707,127

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

Lahore
15 September 2014

Director

AT 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	1,633,330,817	1,518,791,709
Intangible assets	*12*	939,398	1,884,709
Long term deposits		7,758,100	7,733,100
		1,642,028,315	1,528,409,518
Current assets			
Stores, spare parts and loose tools	*13*	33,225,587	19,552,661
Stock in trade	*14*	863,607,592	846,906,085
Trade debts - considered good		174,178,229	206,232,139
Loans and advances - considered good	*15*	25,848,100	18,010,264
Deposits and prepayments	*16*	46,460,968	46,290,743
Other receivables		3,925,022	7,412,959
Short term investments	*17*	748,688,343	413,499,520
Advance tax - net		52,804,745	72,357,631
Cash and bank balances	*18*	165,855,006	107,035,607
		2,114,593,592	1,737,297,609
		3,756,621,907	3,265,707,127

Chairperson & CEO

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
Revenue - net	19	3,831,560,333	2,878,746,743
Cost of sales	20	(2,003,510,028)	(1,498,326,566)
Gross profit		1,828,050,305	1,380,420,177
Administrative expenses	21	(196,185,011)	(167,652,586)
Selling and distribution expenses	22	(852,798,246)	(684,909,625)
Finance cost	23	(18,781,869)	(15,465,171)
Other expenses	24	(77,777,047)	(43,623,930)
Other income	25	78,211,384	54,259,592
Profit before taxation		760,719,516	523,028,457
Taxation	26	(208,556,709)	(56,648,761)
Profit after taxation		552,162,807	466,379,696
Attributable to:			
Owners of the Company		525,502,792	455,062,472
Non-controlling interests		26,660,015	11,317,224
Profit for the year		552,162,807	466,379,696
Earnings per share - basic and diluted	27	17.41	15.07

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

Lahore
15 September 2014

Director

Chairperson & CEO

FEROZSONS LABORATORIES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	2014 Rupees	2013 Rupees
Profit after taxation	552,162,807	466,379,696
Other comprehensive income for the year	-	-
Total comprehensive income for the period	552,162,807	466,379,696
Attributable to:		
Owners of the Company	525,502,792	455,062,472
Non-controlling interests	26,660,015	11,317,224
	552,162,807	466,379,696

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

Lahore
15 September 2014

Director

Chairperson & CEO

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
Cash flow from operating activities			
Profit before taxation		760,719,516	523,028,457
Adjustments for:			
Depreciation		174,872,366	148,527,072
Amortisation		2,264,735	1,829,328
Gain on sale of property, plant and equipment		(13,701,929)	(4,569,587)
Loss on write off of property, plant and equipment		6,377,986	-
Finance costs		18,781,869	15,465,171
Provision for Workers' Profit Participation Fund		40,506,542	23,749,231
Provision for Workers' Welfare Fund		15,392,486	9,499,692
Provision for Central Research Fund		8,183,140	5,244,372
Gain on re-measurement of short term investments to fair value		(37,195,544)	(29,579,962)
Gain on sale of short term investments		(2,106,603)	(617,554)
Dividend income, profit on bank deposits and commissions		(25,207,308)	(19,492,489)
		188,167,740	150,055,274
Cash generated from operations before working capital changes		948,887,256	673,083,731
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(13,672,926)	(10,062,918)
Loans, advances, deposits and prepayments		(4,520,125)	(22,714,809)
Stock in trade		(16,701,507)	(263,854,124)
Trade debts - considered good		32,053,910	119,459,159
		(2,840,648)	(177,172,692)
Increase / (decrease) in current liabilities			
Trade and other payables		100,182,952	(69,089,518)
Cash generated from operations		1,046,229,561	426,821,521
Taxes paid		(157,285,671)	(48,217,693)
Workers' Profit Participation Fund paid		(26,729,838)	(21,350,985)
Workers' Welfare Fund paid		(9,499,692)	(8,273,120)
Workers' Central Research Fund paid		(5,244,372)	(4,988,847)
Net cash generated from operating activities		847,469,988	343,990,876
Cash flow from investing activities			
Capital expenditure incurred		(226,923,991)	(189,902,552)
Proceeds from sale of property, plant and equipment		15,465,849	6,687,971
Dividend income, profit on bank deposits and commissions		25,207,308	19,492,489
Acquisition of short term investments		(205,887,277)	(38,054,681)
Long term deposits		(25,000)	(189,500)
Net cash used in investing activities		(392,163,111)	(201,966,273)
Cash flow from financing activities			
(Repayment) / receipt of short term borrowings		(746,163)	1,241,992
Dividend paid		(289,882,689)	(121,364,347)
Finance cost paid		(15,858,626)	(12,484,564)
Net cash used in financing activities		(306,487,478)	(132,606,919)
Net increase in cash and cash equivalents		58,819,399	9,417,684
Cash and cash equivalents at the beginning of year		107,035,607	97,617,923
Cash and cash equivalents at the end of year	18	165,855,006	107,035,607

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

Lahore
15 September 2014

Director

Chairperson & CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to Owners of the Company					
	Share capital	Capital reserve	Accumulated profit	Total	Non-controlling Interest	Total
	Rupees					
Balance as at 01 July 2012	287,493,720	321,843	1,744,227,890	2,032,043,453	60,773,274	2,092,816,727
Total comprehensive income for the year	-	-	455,062,472	455,062,472	11,317,224	466,379,696
Surplus transferred to accumulated profit:						
-on account of incremental depreciation charged during the year - net of tax	-	-	5,486,066	5,486,066	-	5,486,066
Transactions with owners of the Company:						
Final dividend for the year ended 30 June 2012 @ Rs. 4.50 per share	-	-	(129,372,174)	(129,372,174)	-	(129,372,174)
Bonus shares issued at 5 % for the year ended 30 June 2012	14,374,690	-	(14,374,690)	-	-	-
	14,374,690	-	(143,746,864)	(129,372,174)	-	(129,372,174)
Balance as at 30 June 2013	**301,868,410**	**321,843**	**2,061,029,564**	**2,363,219,817**	**72,090,498**	**2,435,310,315**
Total comprehensive income for the year	-	-	**525,502,792**	**525,502,792**	**26,660,015**	**552,162,807**
Surplus / deficit transferred to accumulated profit:						
-on account of incremental depreciation charged during the year - net of tax	-	-	**5,570,467**	**5,570,467**	-	**5,570,467**
-on account of disposal during the period - net of tax	-	-	**(761,911)**	**(761,911)**	-	**(761,911)**
	-	-	**530,311,348**	**530,311,348**	**26,660,015**	**556,971,363**
Transactions with owners of the Company:						
-Final dividend for the year ended 30 June 2013@ Rs. 7 per share	-	-	**(211,307,887)**	**(211,307,887)**	-	**(211,307,887)**
-Interim dividend for the year ended 30 June 2014 @ Rs. 3 per share	-	-	**(90,560,523)**	**(90,560,523)**	-	**(90,560,523)**
	-	-	**(301,868,410)**	**(301,868,410)**	-	**(301,868,410)**
Balance as at 30 June 2014	301,868,410	321,843	2,289,472,502	2,591,662,755	98,750,513	2,690,413,268

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

Lahore
15 September 2014

Director

Chairperson & CEO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

"The Group" consists of the following subsidiaries:

Company	Country of incorporation	Nature of business	Effective holding %	
			2014	2013
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 2014 and the audited financial statements of the subsidiary companies for the year ended 30 June 2014.

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 are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 New standards, ammendments to approved accounting standards and interpretations which became effective during the year ended 30 June 2014

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

2.3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on financial statements of the Group.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have a material impact on financial statements of the Group.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is not likely to have a material impact on financial statements of the Group.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The ammendments are not likely to have an impact on financial statements of the Group.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The ammendments are not likely to have an impact on financial statements of the Group.

- 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 financial statements of the Group.

IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. The standard is not likely to have a material impact on financial statements of the Group.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/ operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The standard is not likely to have a material impact on financial statements of the Group.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The standard is not likely to have any impact on financial statements of the Group.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015 defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard is not likely to have an impact on financial statements of the Group.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate 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 Group 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 standard is not likely to have any impact on financial statements of the Group.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

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 Pakistan Rupee ("Rs.") which is also the Group's functional currency. All financial information presented in Rupees has been rounded 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.

Property, plant and equipment

The Group reviews the useful lives 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.

Intangible asset

The Group reviews the rate of amortization 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 amortization charge and impairment.

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, spares parts and loose tools and stock in trade with a corresponding affect on the provision.

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.

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.

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

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary companies. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities

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.

3.2 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:

Staff provident fund

The Holding Company and the subsidiary company, BF Biosciences Limited, 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.

Compensated absences

The Group and its subsidiary company - BF Biosciences Limited provides 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 below equity, in which case it is recognized in other comprehensive income or below 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. Further, the Group recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

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 & 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.

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 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 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.

3.4.2 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 Intangible assets

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight-line method over the estimated useful life of three years. Amortization 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 loan, long term deposits, short term investments, trade debts, loans and advances, other receivables, short term investments, advance 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 are 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, 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.

3.8 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.

3.9 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Long term loans

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. A provision for impairment of long term loan is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of loan.

Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.10 Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by the Group. Regular way purchases or sales of financial assets are those contracts which requires delivery of assets within the time frame generally established by regulation or convention in the market.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 Stocks in trade

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

Raw material	-	at moving average cost
Work in process	-	at weighted average cost of purchases and
Finished goods	-	applicable manufacturing expenses

Cost comprises of purchase and other costs incurred in bringing the material to their present location and condition. 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.

3.17 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.

3.18 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of pharmaceutical products, net of 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.

3.19 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.

3.20 Finance income

Finance 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 when the settlement (settlement date) for sale of security is made.

3.21 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 that asset.

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.

All impairment losses are recognised in profit or loss account. An impairment loss is reversed in the profit and loss account if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non financial assets

The carrying amounts of the Group's assets are analyzed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss account. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the profit and loss account. Reversal of impairment loss is restricted to the original cost of asset.

3.22 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 Group that makes strategic decisions.

	2014 Rupees	2013 Rupees

4 Issued, subscribed and paid up capital

	2014 Rupees	2013 Rupees
1,441,952 (2013: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (2013: 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 (2013: 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 arose on conversion of shares of NWF Industries Limited and Sargodha Oil & Flour Mills Limited, since merged.

6 Surplus on revaluation of property, plant and equipment

	2014 Rupees	2013 Rupees
Surplus on revaluation of property, plant and equipment as at 1 July	402,374,432	410,814,534
Surplus arising on revaluation of property, plant and equipment during the year	71,948,202	-
Surplus transferred to equity:		
-on account of incremental depreciation charged during the year - net of tax		
- Net of deferred tax	(5,570,467)	(5,486,066)
- Related deferred tax liability	(2,869,635)	(2,954,036)
	(8,440,102)	(8,440,102)
Deficit transferred to equity:		
- on account of disposal of fixed assets during the year-net of tax		
- Net of deferred tax	761,911	-
- Related deferred tax liability	392,499	-
	1,154,410	-
	467,036,942	402,374,432
Related deferred tax liability:		
- On revaluation as at 1 July	(23,654,508)	(26,608,544)
- On revaluation during the year	(25,181,871)	-
- Transferred to accumulated profit:		
- on account of incremental depreciation charged during the year	2,869,635	-
- on account of disposal of fixed assets during the year	(392,499)	2,954,036
	(46,359,243)	(23,654,508)
Surplus on revaluation of property, plant and equipment as at 30 June	420,677,699	378,719,924

The freehold land, building and plant & machinery were revalued by independent valuers in years 1976, 1989, 2002, 2006, 2011 and 2014 respectively. These revaluations had resulted in a cumulative surplus of Rs. 562.14 million, which has been included in the carrying values of free hold land, building and plant & machinery respectively and credited to the surplus on revaluation of property, plant & equipment. The surplus is adjusted by surplus realized on disposal of revalued assets, if any, and incremental depreciation arising due to revaluation, net of deferred tax.

7 Deferred taxation

	2014			
	Opening	Charge to / (reversal from)		Closing
		Profit or loss	Surplus on revaluation	
	Rupees			
Taxable temporary difference				
Accelerated tax depreciation allowances	76,963,672	(1,490,724)	-	75,472,948
Surplus on revaluation of property, plant and equipment	23,654,508	(2,477,135)	25,181,871	46,359,244
	100,618,180	(3,967,859)	25,181,871	121,832,192
Deductible temporary differences				
Unused tax losses	(26,229,145)	26,229,145	-	-
Minimum tax recoverable against normal tax in future	(9,456,875)	9,456,875	-	-
	(35,686,020)	35,686,020	-	-
	64,932,160	31,718,161	25,181,871	121,832,192

	2013			
	Opening	Charge to / (reversal from)		Closing
		Profit or loss	Surplus on revaluation	
	Rupees			
Taxable temporary difference				
Accelerated tax depreciation allowances	139,819,965	(62,856,293)	-	76,963,672
Surplus on revaluation of property, plant and equipment	26,608,544	(2,954,036)	-	23,654,508
	166,428,509	(65,810,329)	-	100,618,180
Deductible temporary differences				
Unused tax losses	(54,643,272)	28,414,127	-	(26,229,145)
Minimum tax recoverable against normal tax in future	(8,436,716)	(1,020,159)	-	(9,456,875)
	(63,079,988)	27,393,968	-	(35,686,020)
	103,348,521	(38,416,361)	-	64,932,160

	Note	2014 Rupees	2013 Rupees
8 Trade and other payables			
Creditors		335,171,181	247,916,046
Accrued liabilities		21,901,861	8,998,174
Advances from customers		26,412,230	32,957,953
Unclaimed dividend		35,388,721	23,403,000
Tax deducted at source		1,169,342	43,519
Provision for compensated absences		8,499,035	7,088,403
Workers' Profit Participation Fund	8.1	43,420,315	26,720,367
Central Research Fund	8.2	8,183,517	5,244,749
Workers' Welfare Fund		15,392,486	9,499,692
Advances from employees against purchase of vehicles		21,868,671	18,585,774
Due to related parties - unsecured		2,959,716	3,720,991
Other payables		2,835,844	1,324,068
		523,202,919	385,502,736

8.1 Workers' Profit Participation Fund

Balance at the beginning of year	26,720,368	21,341,515
Interest on funds utilized	2,923,243	2,980,607
Provision for the year	40,506,542	23,749,230
	70,150,153	48,071,352
Payments made during the year	(26,729,838)	(21,350,985)
	43,420,315	26,720,367

The fund balance has been utilized by the Holding Company and the subsidiary company, BF Biociences Limited, for their own business and an interest at the rate of 11.88% to 52.50% per annum (2013: 12.99% to 33.75% per annum) has been credited to the fund. Interest is calculated at higher of 75% of the cash dividends paid rate or 2.5% plus bank rate as at 30 June 2014, as required under Companies Profit (Workers' Participation) Act, 1968.

	2014 Rupees	2013 Rupees
8.2 Central Research Fund		
Balance at the beginning of the year	5,244,749	4,989,224
Provision for the year	8,183,140	5,244,372
	13,427,889	10,233,596
Payments made during the year	(5,244,372)	(4,988,847)
	8,183,517	5,244,749

		Note	2014 Rupees	2013 Rupees
9	**Short term borrowings - secured**			
	Running finance facility from:			
	HSBC Bank Middle East Limited	9.1	-	695,869
	Allied Bank Limited	9.1	495,829	546,123
			495,829	1,241,992

9.1 The Group has short term borrowing facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 665 million (2013: Rs. 560 million). These facilities carry mark up at the rates ranging from one to three months KIBOR 0.3% to 1.5% per annum (2013: one to three months KIBOR 0.3% to 2% per annum) on the balances outstanding. Out of aggregate facilities, facilities amounting to Rs. 365 million (2013: Rs.260 million) are secured by first pari passu charge over current and future assets of the respective companies in the Group and remaining facility amounting to Rs. 300 million (2013: Rs. 300 million) is secured by lien on the Holding Company's short term investments in mutual funds which shoud be 110% of the maximum limit allowed for utilization. Under this arrangement Rs. 330 million (2013: 139.6 million) is marked under lien as at 30 June 2014. These facilities are renewable on annual basis by 30 April 2015.

10 Contingencies and commitments

Contingencies

Guarantees issued by banks

Out of the aggregate facility of Rs. 130 million (2013: Rs. 92 million) for letter of guarantees, the amount utilized by the Group at 30 June 2014 was Rs. 30.32 million (2013: Rs. 47.80 million).

Commitments

Letter of credits other than capital expenditure

Out of the aggregate facility of Rs. 355 million (2013: Rs. 440 million) for opening letters of credit, the amount utilized by the Group at 30 June 2014 for capital expenditure was Rs. 24.3 million (2013: Rs. Nil) and for other than capital expenditure was Rs. 131.62 million (2013: Rs. 51.81 million).

Guarantees issued on behalf of the subsidiary company

The Holding Company has issued cross corporate guarantee to various commercial banks favouring its subsidiary company BF Biosciences Limited amounting to Rs. 275 million (2013: Rs. 275 million).

11 Property, plant and equipment

	Owned								
	Freehold land (Note 11.1)	Building on freehold land	Plant and machinery	Office equipments	Furniture and fittings	Computers	Vehicles	Capital work-in-progress	Total
	Rupees								
30 June 2014									
Cost									
Balance as at 01 July 2013	410,000,000	580,104,288	704,226,484	61,067,443	27,353,543	27,873,676	196,860,852	19,785,727	2,027,272,013
Additions	-	9,299,901	40,809,933	5,729,256	1,832,090	2,512,279	68,583,132	98,158,002	226,924,593
Transfers / adjustments	-	4,904,708	11,843,151	111,919	-	139,979	71,000	(18,390,172)	(1,319,415)
Deletions / write off	-	-	(8,747,230)	(14,929,605)	(8,239,214)	(10,203,653)	(31,554,149)	-	(73,673,851)
Revaluation surplus / (deficit)	-	(21,455,971)	153,873,445	-	-	-	-	-	132,417,474
Balance as at 30 June 2014	**410,000,000**	**572,852,926**	**902,005,783**	**51,979,013**	**20,946,419**	**20,322,281**	**233,960,835**	**99,553,557**	**2,311,620,814**
Depreciation									
Balance as at 01 July 2013	-	144,956,758	187,004,020	33,404,184	14,257,961	22,445,046	106,412,335	-	508,480,304
Charge for the year	-	57,595,675	71,461,533	4,686,595	2,174,301	3,762,271	35,191,991	-	174,872,366
On disposals	-	-	(2,598,079)	(14,572,770)	(8,016,525)	(10,203,343)	(30,141,228)	-	(65,531,945)
Revaluation (surplus) / deficit	-	(10,588,893)	71,058,165	-	-	-	-	-	60,469,272
Balance as at 30 June 2014	-	**191,963,540**	**326,925,639**	**23,518,009**	**8,415,737**	**16,003,974**	**111,463,098**	-	**678,289,997**
Net book value as at 30 June 2014	410,000,000	380,889,386	575,080,144	28,461,004	12,530,682	4,318,307	122,497,737	99,553,557	1,633,330,817
30 June 2013									
Balance as at 01 July 2012	410,000,000	509,977,163	555,231,297	57,955,998	26,997,594	26,781,638	148,984,440	114,942,948	1,850,871,078
Additions	-	-	1,244,850	3,634,631	404,019	2,647,423	51,463,592	130,737,537	190,132,052
Transfers / adjustments	-	70,758,079	147,750,337	115,112	842,833	474,398	5,954,000	(225,894,759)	-
Deletions	-	(630,954)	-	(990,335)	(505,763)	(2,062,881)	(9,541,180)	-	(13,731,113)
Balance as at 30 June 2013	**410,000,000**	**580,104,288**	**704,226,484**	**60,715,406**	**27,738,683**	**27,840,578**	**196,860,852**	**19,785,726**	**2,027,272,017**
Depreciation									
Balance as at 01 July 2013	-	96,401,046	127,787,132	29,795,782	12,240,256	20,569,466	84,542,783	-	371,336,465
Transfers / adjustments	-	(1,620,180)	1,152,845	22,349	316,530	128,456	229,500	-	229,500
Charge for the year	-	50,806,846	58,064,043	4,578,622	2,344,748	3,638,857	29,093,956	-	148,527,072
On disposals	-	(630,954)	-	(990,335)	(505,763)	(2,031,773)	(7,453,904)	-	(11,612,729)
Balance as at 30 June 2013	-	**144,956,758**	**187,004,020**	**33,406,418**	**14,395,771**	**22,305,006**	**106,412,335**	-	**508,480,308**
Net book value as at 30 June 2013	**410,000,000**	**435,147,530**	**517,222,464**	**27,308,988**	**13,342,912**	**5,535,572**	**90,448,517**	**19,785,726**	**1,518,791,709**
Depreciation Rate %		**10**	**10**	**10**	**10**	**33.33**	**20**		

11.1 Free hold land includes 2 acres of land leased out by the Holding Company to its subsidiary company, BF Biosciences Limited, for the construction of plant facility.

11.2 Land and building of the Holding Company were first revalued on 31 March 1976, resulting in surplus of Rs. 13.66 million. The second revaluation was carried out on 30 June 1989 and resulted in a surplus of Rs. 41.51 million. The third revaluation was carried out on 30 June 2002 and resulted in a surplus of Rs. 30.43 million. The fourth revaluation, that also included the plant and machinery, was carried out on 30 June 2006 and resulted in a surplus of Rs. 240.59 million. The fifth revaluation was carried out on 30 June 2011 and resulted in a surplus of Rs.164.39 million. The last revaluation was carried out resulted in surplus of Rs. 78.52 million. Freehold land and building revaluations were carried out under the market value basis whereas plant and machinery were revalued on net replacement cost basis. All the revaluations were carried out by independent valuers.

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

	Cost	Accumulated depreciation	Net book value
	-----	Rupees -----	-----
Freehold land	75,418,037	-	75,418,037
Buildings	567,374,037	202,583,451	364,790,586
Plant and machinery	828,992,083	392,967,344	436,024,739
2014	1,471,784,157	595,550,795	876,233,362
2013	1,413,263,694	488,337,811	924,925,883

	Note	2014 Rupees	2013 Rupees
11.3 Capital work-in-progress - movements			
Opening balance		19,785,727	114,942,948
Additions during the year		98,158,002	130,737,537
Transfers during the year		(18,390,172)	(225,894,759)
Closing balance		99,553,557	19,785,726
11.4 Capital work-in-progress - breakup			
Building and civil works		47,634,312	4,280,664
Plant and machinery		30,818,442	12,095,048
Advances to suppliers		21,100,803	3,410,014
		99,553,557	19,785,726
11.5 Depreciation for the year has been allocated as follows:			
Cost of sales	20	114,866,572	92,177,282
Administrative expenses	21	31,204,021	31,040,354
Selling and distribution expenses	22	28,801,773	25,309,436
		174,872,366	148,527,072

11.6 Gain on sale of property, plant and equipment

Particulars of assets	Cost	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
	----	----	Rupees	----		
Vehicles disposed of:						
Suzuki Alto	620,000	10,337	250,000	239,663	Company Policy	Mr. Asadullah Khan
Suzuki Mehran	469,000	31,262	345,000	313,738	Company Policy	Mr. Tahir Ali Khan
Suzuki Alto	620,000	10,337	250,000	239,663	Company Policy	Mr. Muhammad Waqas
Suzuki Mehran	504,000	42,000	260,000	218,000	Company Policy	Mr. Khawer Jawed
Suzuki Liana	1,075,000	89,578	576,500	486,922	Company Policy	Mr. Aatif Majeed
Suzuki Mehran	499,000	58,213	350,000	291,787	Company Policy	Mr. Ammad Naseem
Suzuki Liana	1,239,000	433,650	653,000	219,350	Company Policy	Mr.Amir Qureshi
Suzuki Cultus	810,000	229,500	580,500	351,000	Company Policy	Mr.Aftab Saleem
Honda CD 70	62,900	8,391	30,000	21,609	Company Policy	Mr. Muhammad Saeed
Honda CD 70	62,900	6,294	31,450	25,156	Company Policy	Mr. Sohail Jameel
Honda CD 70	62,900	6,294	31,450	25,156	Company Policy	Mr. Mustafa Abbas Basra
Honda CD 70	62,900	8,391	31,450	23,059	Company Policy	Mr. Rizwan Saeed
Honda CD 70	62,900	11,536	31,400	19,864	Company Policy	Mr. Adil Jehanzeb
Honda CD 70	62,900	10,487	31,450	20,963	Company Policy	Mr. Muhammad Asim
Honda CD 70	62,900	15,728	24,000	8,272	Company Policy	Mr. Asif Saif
Honda CD 70	62,900	8,389	31,450	23,061	Company Policy	Mr. Ghulam Shabir
Honda CD 70	62,900	8,389	31,450	23,061	Company Policy	Mr. Ghulam Zakariya
Honda CD 70	62,900	10,484	31,450	20,966	Company Policy	Mr. Naeem Akhtar
Suzuki Mehran	568,500	255,825	357,500	101,675	Company Policy	Mr. Mubbashir Hassan
CD70 Dhoom (Yamaha)	47,500	33,250	47,000	13,750	Insurance Claim	EFU Insurance Company
Motor Cycle 70 CC	72,099	70,897	72,099	1,202	Insurance Claim	EFU Insurance Company
Motor Cycle 70 CC	50,990	48,440	50,990	2,550	Insurance Claim	EFU Insurance Company
UPS 15KV	585,000	351,000	556,000	205,000	Insurance Claim	EFU Insurance Company
Vehicles with individual book value not exceeding Rs. 5,000	24,350,060	5,248	10,811,710	10,806,462	Company Policy	various persons
	32,139,149	**1,763,920**	**15,465,849**	**13,701,929**		
Assets written off:						
Computers	10,203,653	312	-	(312)	Obsolete items-written off	
Furniture & Fittings	8,239,214	222,692	-	(222,692)	Obsolete items-written off	
Office Equipment	14,929,605	356,832	-	(356,832)	Obsolete items-written off	
Plant & Machinery	8,162,230	5,798,150	-	(5,798,150)	Obsolete items-written off	
	41,534,702	**6,377,986**	-	**(6,377,986)**		
2014 Rupees	73,673,851	8,141,906	15,465,849	7,323,943		
2013 Rupees	13,731,113	2,118,384	6,687,971	4,569,587		

12 Intangible assets

	Rupees
Computer softwares and software licence fees	
Cost	
Balance at 01 July 2012	5,543,356
Balance at 30 June 2013	5,543,356
Balance at 01 July 2013	5,543,356
Additions	1,319,415
Balance at 30 June 2014	6,862,771
Amortization	
Balance at 01 July 2012	1,829,319
Amortization for the year	1,829,319
Balance at 30 June 2013	3,658,638
Balance at 01 July 2013	3,658,638
Amortization for the year	2,264,735
Balance at 30 June 2014	5,923,373
Amortization rate per annum (%)	33.33%
Carrying amounts	
At 30 June 2013	1,884,718
At 30 June 2014	939,398

13 Stores, spare parts and loose tools

	2014 Rupees	2013 Rupees
Stores	28,904,873	17,410,219
Spare parts	4,136,133	1,282,087
Loose tools	184,581	860,355
	33,225,587	19,552,661

	2014 Rupees	2013 Rupees
14 Stock in trade		
Raw material	337,052,623	310,046,452
Work in process	97,330,065	94,418,678
	434,382,688	404,465,130
Finished goods	424,946,380	425,214,245
Less: provision for write down to net realisable value	(517,711)	(165,394)
	424,428,669	425,048,851
Stock in transit	4,796,235	17,392,104
	863,607,592	846,906,085
15 Loans and advances - considered good		
Advances to employees - secured	15,257,527	12,382,411
Advances to suppliers - unsecured	9,598,879	4,579,104
Others	991,694	1,048,749
	25,848,100	18,010,264

15.1 Advances given to staff for expenses are in accordance with the Group's policy and terms of employment contract. The maximum aggregate amount of advance to staff outstanding during the year was Rs. 18.46 million (2013: Rs. 12.2 million). These advances are secured against provident fund. Advances to staff includes amount due from executives of the Holding Company amounting to Rs. 0.55 million (2013: Nil).

	Note	2014 Rupees	2013 Rupees
16 Deposits and prepayments			
Deposits		45,312,094	46,162,750
Prepayments		1,148,874	127,993
		46,460,968	46,290,743
17 Short term investments			
Investments at fair value through profit or loss - listed securities	*17.1*	748,688,343	413,499,520
17.1 Investments at fair value through profit or loss - listed securities			
These investments are 'held for trading' Carrying value at 30 June:		711,492,799	383,919,557
Unrealized gain on re-measurement of investment during the year		37,195,544	29,579,963
Fair value of short term investments at 30 June	*17.2*	748,688,343	413,499,520

	Shares		Carrying value		Fair value	
	2014	2013	2014	2013	2014	2013
17.2 Held for trading	---------Number---------		----------Rupees---------		----------Rupees---------	
Mutual Funds						
HBL Money Market Fund	6,422,696	1,272,845	609,650,622	117,870,246	644,345,838	128,858,288
HBL Income Fund	147,088	2,634,203	13,591,717	252,496,711	14,892,578	270,921,964
MCB DCF Units	751,071	-	75,000,000	-	75,107,050	-
ABL Cash Fund	72,064	115,245	684,063	1,052,600	722,424	1,152,870
Faysal Money Market Fund	135,083	122,959	12,566,398	12,500,000	13,620,453	12,566,398
			711,492,800	383,919,557	748,688,343	413,499,520

18 Cash and bank balances

	Note	2014 Rupees	2013 Rupees
Cash in hand		4,793,603	4,296,681
Cash at banks:			
Current accounts			
Foreign currency		16,387,456	15,319,750
Local currency		126,469,644	60,202,221
		142,857,100	75,521,971
Deposit accounts - local currency	18.1	18,204,303	27,216,955
		165,855,006	107,035,607

18.1 These carry interest at the rates ranging from 7% to 7.45% per annum (2013: 6% to 7%).

19 Revenue - net

	Note	2014 Rupees	2013 Rupees
Gross sales			
Local	19.1	3,967,643,048	3,064,797,070
Export		203,742,045	156,236,280
		4,171,385,093	3,221,033,350
Less:			
Sales returns, discounts and commission		(335,455,532)	(339,972,212)
Sales tax		(4,369,228)	(2,314,395)
		(339,824,760)	(342,286,607)
		3,831,560,333	2,878,746,743

19.1 This includes own manufactured and imported products sales.

20 Cost of sales

	Note	2014 (Rupees)	2013 (Rupees)
Raw materials consumed	*20.1*	1,519,937,693	1,308,455,739
Salaries, wages and other benefits	*20.2*	143,240,491	120,568,472
Fuel and power		115,474,605	78,736,423
Repairs and maintenance		10,428,925	8,551,012
Stores, spare parts and loose tools		27,762,200	23,073,568
Packing charges		15,722,763	13,383,478
Rent, rates and taxes		1,084,541	655,299
Printing and Stationary		1,216,992	2,522,836
Postage and telephone		2,428,989	1,769,297
Insurance		10,708,089	9,002,798
Travelling and conveyance		11,902,711	8,578,302
Canteen expenses		6,350,831	4,981,387
Security expenses		2,147,795	2,109,706
Fee & subscription		1,396,561	394,623
Laboratory and other expenses		21,131,475	22,588,792
Depreciation	*11.5*	114,866,572	92,177,282
		2,005,801,233	1,697,549,014
Work in process:			
Opening		94,418,678	57,088,668
Closing		(97,330,065)	(94,418,678)
		(2,911,387)	(37,330,010)
Cost of goods manufactured		2,002,889,846	1,660,219,004
Finished stock:			
Opening		425,048,851	263,156,413
Less: Closing		(424,428,669)	(425,048,851)
		620,182	(161,892,438)
		2,003,510,028	1,498,326,566

20.1 Raw materials consumed

	2014 (Rupees)	2013 (Rupees)
Balance at the beginning of year	310,046,452	255,682,554
Add: purchases made during the year	1,546,943,864	1,362,819,637
	1,856,990,316	1,618,502,191
Less: balance at the end of year	(337,052,623)	(310,046,452)
	1,519,937,693	1,308,455,739

20.2 Salaries, wages and other benefits include Rs. 4.98 million (2013: Rs. 4.54 million) charged on account of defined contribution plan.

	Note	2014 Rupees	2013 Rupees
21 Administrative expenses			
Salaries and other benefits	*21.1*	103,936,649	85,185,899
Directors fees and expenses		1,614,955	1,705,250
Rent, rates and taxes		1,587,098	1,545,963
Postage and telephone		5,888,644	4,412,932
Printing, stationery and office supplies		2,852,097	2,276,891
Travelling and conveyance		7,239,174	6,049,190
Transportation		4,255,138	3,488,435
Legal and professional charges		4,807,214	4,556,520
Fuel and power		2,404,292	2,196,600
Auditor's remuneration	*21.2*	1,295,605	1,129,580
Repairs and maintenance		6,833,014	6,206,673
Subscriptions		1,415,873	1,488,689
Donation	*21.3*	9,300,000	5,604,500
Insurance		3,348,794	2,720,997
Depreciation	*11.5*	31,204,021	31,040,354
Amortisation	*12*	2,264,735	1,829,328
Canteen expenses		4,371,385	4,863,055
Other administrative expenses		1,566,323	1,351,730
		196,185,011	167,652,586

21.1 Salaries and other benefits include Rs. 3.90 million (2013: Rs. 3.03 million) charged on account of defined contribution plan.

	2014 Rupees	2013 Rupees
21.2 Auditor's remuneration		
Fee for annual audit	575,000	500,000
Fee for audit of consolidated accounts	57,500	50,000
Review of half yearly accounts	86,250	75,000
Audit fee - BF Biosciences Limited	172,500	150,000
Other certifications	232,500	210,000
Out of pocket expenses	136,855	109,580
	1,260,605	1,094,580
Audit fee - Farmacia	30,000	30,000
Out of pocket expenses	5,000	5,000
	1,295,605	1,129,580

21.3 Donations were given to "The National Management Foundation", "The Citizen Foundation", "Saint Joseph's Hospital", "Forman Christian College" and "Lahore Literary Festival". Donations did not include any amount paid to any person or organization in which a director or his spouse had any interest.

	Note	2014 Rupees	2013 Rupees
22 Selling and distribution expenses			
Salaries and other benefits		309,646,850	243,864,635
Travelling and conveyance		145,369,948	128,771,803
Service charges on Sales		41,706,537	17,417,003
Transportation		236,094	1,195,099
Rent, rates and taxes		3,640,484	1,570,294
Advertisement and publicity		116,980,242	108,493,046
Freight and forwarding		30,810,538	26,879,975
Printing, stationery and office supplies		3,899,445	2,279,202
Postage and telephone		9,431,617	8,958,859
Electricity and gas		588,727	660,771
Royalty, subscriptions and fees		17,030,614	11,154,796
Insurance		9,984,992	9,373,366
Repairs and maintenance		4,213,433	3,278,260
Legal and professional charges		1,222,950	1,509,000
Conferences, seminars and training		93,851,244	72,889,590
Medical research and patient care		25,138,932	18,057,497
Depreciation	*11.5*	28,801,773	25,309,436
Other selling expenses		10,243,826	3,246,993
		852,798,246	684,909,625

22.1 Salaries other benefits include Rs. 9.54 million (2013: Rs. 7.46 million) charged on account of defined contribution plan.

	2014 Rupees	2013 Rupees
23 Finance cost		
Mark-up on bank financing	9,184,025	7,621,318
Bank charges	6,674,601	4,863,246
Interest on Workers' Profit Participation Fund	2,923,243	2,980,607
	18,781,869	15,465,171
24 Other expenses		
Exchange loss	7,316,893	5,130,635
Property, plant & equipment written off	6,377,986	-
Workers' Profit Participation Fund	40,506,542	23,749,231
Workers' Welfare Fund	15,392,486	9,499,692
Central Research Fund	8,183,140	5,244,372
	77,777,047	43,623,930

		2014 Rupees	2013 Rupees
25	**Other income**		
	From financial assets		
	Gain on sale of short term investments	2,106,603	617,554
	Profit on bank deposits	1,280,800	971,944
	Unrealised gain on re-measurement of short term investments to fair value	37,195,544	29,579,962
	Exchange gain	23,142,107	385,812
	Commission income	784,401	18,134,733
		64,509,455	49,690,005
	From non financial assets		
	Gain on sale of property, plant and equipment	13,701,929	4,569,587
		78,211,384	54,259,592

		2014 Rupees	2013 Rupees
26	**Taxation**		
	Current		
	- For the year	189,524,072	95,082,755
	- Prior years	(12,685,524)	(17,630)
		176,838,548	95,065,125
	Deferred	31,718,161	(38,416,364)
		208,556,709	56,648,761

Tax charge reconciliation

	2014	2013
Numerical reconciliation between tax expense and accounting profit		
Profit before taxation	760,719,516	450,918,081
Applicable tax rate as per Income Tax Ordinance, 2001	34%	35%
Tax on accounting profit	258,644,636	157,821,328
Effect of final tax regime	(21,043,553)	(12,691,239)
Effect of tax credit	(16,668,837)	(15,781,666)
Effect of permanent difference	(12,260,202)	(10,283,028)
Effect of minimum tax	2,020,086	10,078,631
Others (including the impact arising as a consequence of reversal of deferred tax liability)	(2,135,420)	(72,495,265)
	(50,087,927)	(101,172,567)
	208,556,709	56,648,761

			2014	2013
27	**Earnings per share - basic and diluted**			
	Profit after taxation for distribution to ordinary shareholders	*Rupees*	525,502,792	455,062,472
	Weighted average number of ordinary shares	*Numbers*	30,186,841	30,186,841
	Basic and diluted earnings per share	*Rupees*	17.41	15.07

27.1 There is no dilutive effect on the basic earnings per share of the Group.

28 Remuneration of Directors, Chief Executive and Executives

	2014			2013		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
	Rupees			Rupees		
Managerial remuneration	19,389,000	10,074,000	116,952,950	16,860,000	8,760,000	84,622,312
LFA	1,615,750	839,500	7,527,187	1,330,000	730,000	5,829,097
Bonus	3,934,000	2,044,000	13,888,093	3,810,000	1,995,000	11,030,192
Utilities	-	481,684	-	-	367,371	-
Contribution - provident fund	1,237,307	687,212	7,054,688	1,087,739	604,139	5,271,647
	26,176,057	14,126,396	145,422,918	23,087,739	12,456,510	106,753,248
Numbers	2	1	68	2	1	49

In addition, the Chief Executive, two working directors and certain executives of the holding company are allowed free use of company vehicles. The directors, chief executive officer and managing partner of the subsidiary companies are not paid any remuneration.

Non excutive directors are not paid any remuneration or benefits other than the meeting fee. The members of the board of directors were paid Rs. 380,000 (2013: Rs. 231,000) as meeting fee and Rs.1,234,955 (2013: Rs. 1,329,200) as reimbursement of expenses for attending the board of directors' meetings.

29 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:

	2014 Rupees	2013 Rupees
Remuneration including benefits and perquisites of key management personnel	166,203,660	72,062,714
Company share in employees provident fund	19,193,658	15,381,558

30 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.

31 Number of employees

	2014	2013
Total number of employees as at 30 June	687	632
Average number of employees during the year	665	627

	2014 Rupees un-audited	2013 Rupees audited
32 Disclosures relating to provident fund		
Size of the fund / trust	275,353,699	224,463,611
Cost of investment made	255,069,820	200,577,682
Percentage of investment made %	96%	97%
Fair value of investment	266,062,023	216,592,449
Break up of investment		
Special accounts in scheduled banks	4,577,808	1,182,774
Term deposit receipts	85,197,361	65,469,506
Government Securities	99,358,221	-
Mutual funds	70,143,481	144,227,065
Shares of listed companies	6,785,152	5,713,104
	266,062,023	216,592,449

	2014	2013
	------ (% age of size of fund) -----	
Break up of investment		
Special accounts in scheduled banks	2%	1%
Term deposit receipts	31%	29%
Government Securities	36%	-
Mutual funds	25%	64%
Shares of listed companies	2%	3%
	96%	97%

The figures for 2014 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.

33 Operating segments

33.1 These consolidated financial statements have been prepared on the basis of single operating segment.

33.2 Revenue from local sales and exports represents 100% (2013: 100%) of the total revenue of the Group.

33.3 100% (2013: 100%) of the revenue of the Group relates to operating activities in Pakistan.

33.4 All non-current assets of the Group as at 30 June 2014 are located in Pakistan.

34 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

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 loans, long term deposits, trade debts, other receivables, loans and advances, short term investments and balances with banks. The Group has no significant concentration of credit risk as exposure is spread over a large number of counter parties.

34.2 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:

	2014 Rupees	2013 Rupees
Long term deposits	7,758,100	7,733,100
Trade debts - considered good	174,178,229	206,232,139
Loans and advances - considered good	25,848,100	18,010,264
Short term deposits	45,312,094	46,162,750
Other receivables	3,925,022	7,412,959
Short term investments	748,688,343	413,499,520
Bank balances	161,061,403	102,738,926
	1,166,771,291	801,789,658

34.3 Credit quality of financial assets

Bank balances

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

Institutions	Rating Long term	Rating Short term	Rating Agency	2014 Rupees	2013 Rupees
Habib Bank Limited	AAA	A-1+	JCR-VIS	95,868,811	88,626,459
National Bank of Pakistan	AAA	A-1+	JCR-VIS	51,031	51,031
Allied Bank Limited	AA+	A1+	PACRA	4,952,047	887,896
Bank Al-Habib Limited	AA+	A1+	PACRA	19	26,457
Bank Alfalah Limited	AA	A1+	PACRA	60,177,821	13,134,482
Faysal Bank Limited	AA	A1+	PACRA	10,209	10,209
National Investment Bank	AA-	A1+	PACRA	1,465	1,465
Silk Bank Limited	A-	A-2	JCR-VIS	-	928
				161,061,403	102,738,927

Trade debts

The aging of trade debts at the reporting date was:

	2014 Rupees	2013 Rupees
Past due 0 - 30 days	68,550,269	75,023,492
Past due 31 - 120 days	54,845,133	57,295,167
Past due 121 - 365 days	36,291,297	39,590,976
More than 365 days	14,491,530	34,322,504
	174,178,229	206,232,139

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.

Other financial assets

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

Fund name	Rating	2014 Rupees	2013 Rupees
HBL Income Fund	A(f)	644,345,838	128,858,288
HBL Money Market Fund	AA(f)	14,892,578	270,921,964
MCB DCF Units	A+(f)	75,107,050	-
ABL Cash Fund	AA(f)	722,424	1,152,870
Faysal Money Market Fund	AA+(f)	13,620,453	12,566,398
		748,688,343	413,499,520

Loans, deposits and other recievables are mostly due from employees and 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.

34.4 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.

34.5 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 as on 30 June 2014:

	2014			
	Carrying amount	**Less than one year**	**One to five years**	**More than 5 years**
	Rupees			
Financial liabilities				
Trade and other payables	**523,202,919**	523,202,919	-	-
Short term borrowings	**495,829**	495,829	-	-
	523,698,748	523,698,748	-	-

	2013			
	Carrying amount	Less than one year	One to five years	More than 5 years
	Rupees			
Financial liabilities				
Trade and other payables	385,502,736	385,502,736	-	-
Short term borrowing	1,241,992	1,241,992	-	-
	275,683,527	275,683,527	-	-

34.6 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Groups'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

34.6.1 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:

	2014						
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling	JPY	Aus Dollars
Cash and cash equivalents	18,702,071	24,840	115,242	1,198	2,815	146,000	1,000
Trade and other payables	(276,344,723)	(2,801,264)	-	-	-	-	-
Advances to suppliers	7,137,671	72,353	-	-	-	-	-
Trade receivables	13,310,445	334,191	76,839	-	-	-	-
Advances from customers	(4,083,814)	(41,397)	-	-	-	-	-
Gross balance sheet exposure	(241,278,350)	(2,411,277)	192,081	1,198	2,815	146,000	1,000

	2013						
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling	JPY	Aus Dollars
Cash and cash equivalents	17,637,275	85,959	69,828	68	-	146,000	-
Trade and other payables	(194,544,017)	(1,971,064)	-	-	-	-	-
Advances to suppliers	876,752	8,883	-	-	-	-	-
Trade receivables	30,995,677	175,572	105,960	-	-	-	-
Gross balance sheet exposure	(145,034,313)	(1,700,659)	175,788	68	-	146,000	-

The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2014	2013	2014	2013
US Dollars	98.65	98.70	102.80	96.80
Euro	134.60	128.98	139.80	125.60
UAE Dirham	26.86	26.88	27.99	26.35
Pound Sterling	167.96	150.72	168.01	151.79
JPY	0.9738	0.998	1.009	1.107
Aus Dollars	92.88	93.12	94.07	99.93

Sensitivity analysis

A ten percent 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	
	2014 Rupees	2013 Rupees
Profit and loss account	21,127,833	14,503,431

A ten percent 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.

34.6.2 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). The Group is exposed to equity price risk because of investments held by the Group and classified on the Balance Sheet at fair value through profit or loss. 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.

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2014 and 2013 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	-----------------
2014				
Short term investments				
Investments at fair value through profit or loss	**748,688,343**	**10% increase**	823,557,177	**74,868,834**
		10% decrease	673,819,509	**(74,868,834)**
	748,688,343			

	Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	"Hypothetical increase (decrease) in profit / (loss) before tax"
	-----------------	-----------------	Rupees	-----------------
2013				
Short term investments				
Investments at fair value through profit or loss	413,499,520	10% increase	454,849,472	41,349,952
		10% decrease	372,149,568	(41,349,952)
	413,499,520			

34.6.3 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. 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:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	-----------------------Rupees-----------------------			
Long term deposits	7,758,100	7,758,100	7,733,100	7,733,100
Trade debts - considered good	174,178,229	174,178,229	206,232,139	206,232,139
Loans and advances - considered good	25,848,100	25,848,100	18,010,264	18,010,264
Short term deposits	45,312,094	45,312,094	46,162,750	46,162,750
Advance tax - net	52,804,745	52,804,745	72,357,631	72,357,631
Other receivables	3,925,022	3,925,022	7,412,959	7,412,959
Short term investments	748,688,343	748,688,343	413,499,520	413,499,520
Bank balances	161,061,403	161,061,403	102,738,926	102,738,926
	1,219,576,036	1,219,576,036	874,147,289	874,147,289
Financial liabilities				
Trade and other payables	523,202,919	523,202,919	385,502,736	385,502,736
Short term borrowing	495,829	495,829	1,241,992	1,241,992
	523,698,748	523,698,748	386,744,728	386,744,728

b) ***Valuation of financial instruments***

In case of equity instruments, the Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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.

The table below analyses equity instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

30 June 2014	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets at fair value through profit or loss	748,688,343	-	-	748,688,343
30 June 2013				
Financial assets at fair value through profit or loss	413,499,520	-	-	413,499,520

34.6.4 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:

	2014	2013	2014	2013
	Effective rate		Carrying amount	
	in Percentage		Rupees	
Financial assets				
Cash at bank - deposit accounts	7.1	6.5	18,204,303	27,216,955
Financial liabilities				
Short term borrowings secured	10.7	10.1	(495,829)	(1,241,992)
			17,708,474	25,974,963

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 2013.

	Profit or loss	
	100 bps Increase	100 bps Decrease
	------ Rupees ------	
As at 30 June 2014		
Cash flow sensitivity - Variable rate financial liabilities	177,085	(177,085)
As at 30 June 2013		
Cash flow sensitivity - Variable rate financial liabilities	259,750	(259,750)

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

34.6.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Group. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards

- risk mitigation, including insurance where this is effective

34.6.6 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.

35 Corresponding figures

Corresponding figures have been rearranged and reclassified, where necessary. However, there have been no material rearrangements or reclassifications.

36 Non Adjusting events after the balance sheet date

The Board of Directors of the Holding Company in its meeting held on 15 September 2014 has proposed a final cash dividend of Rs. 9 per share, for the year ended 30 June 2014 for approval of the members in the Annual General Meeting to be held on 24 October 2014.

37 Date of authorization for issue

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on 15 September 2014.

Lahore
15 September 2014

Director

Chairperson & CEO

PATTERN OF SHAREHOLDING
AS AT 30 JUNE 2014

Number of Shareholders	Shareholding					Total Shares held
1,076	From	1	to	Shares	100	22,641
549	From	101	to	Shares	500	155,196
301	From	501	to	Shares	1,000	229,318
389	From	1,001	to	Shares	5,000	917,486
120	From	5,001	to	Shares	10,000	887,765
25	From	10,001	to	Shares	15,000	303,490
17	From	15,001	to	Shares	20,000	303,042
20	From	20,001	to	Shares	25,000	455,617
19	From	25,001	to	Shares	30,000	537,568
9	From	30,001	to	Shares	35,000	300,803
4	From	35,001	to	Shares	40,000	149,004
5	From	40,001	to	Shares	45,000	215,926
5	From	45,001	to	Shares	50,000	242,095
1	From	50,001	to	Shares	55,000	52,000
2	From	55,001	to	Shares	60,000	117,314
3	From	60,001	to	Shares	65,000	184,621
2	From	65,001	to	Shares	70,000	133,400
2	From	70,001	to	Shares	75,000	146,595
2	From	85,001	to	Shares	90,000	175,220
2	From	95,001	to	Shares	100,000	191,352
1	From	105,001	to	Shares	110,000	108,100
1	From	145,001	to	Shares	150,000	147,753
1	From	150,001	to	Shares	155,000	150,756
1	From	155,001	to	Shares	160,000	157,142
1	From	160,001	to	Shares	165,000	163,692
1	From	170,001	to	Shares	175,000	174,100
1	From	175,001	to	Shares	180,000	179,503
1	From	180,001	to	Shares	185,000	180,235
1	From	255,001	to	Shares	260,000	259,800
1	From	270,001	to	Shares	275,000	274,696
1	From	300,001	to	Shares	305,000	300,463
2	From	330,001	to	Shares	335,000	666,946
1	From	350,001	to	Shares	355,000	351,761
1	From	355,001	to	Shares	360,000	359,116
1	From	360,001	to	Shares	365,000	362,314
1	From	365,001	to	Shares	370,000	369,531
1	From	380,001	to	Shares	385,000	384,955
1	From	410,001	to	Shares	415,000	410,979
2	From	430,001	to	Shares	435,000	869,763
1	From	435,001	to	Shares	440,000	437,416
1	From	650,001	to	Shares	655,000	651,347
1	From	695,001	to	Shares	700,000	700,000
1	From	905,001	to	Shares	910,000	906,427
1	From	960,001	to	Shares	965,000	964,441
1	From	1,400,001	to	Shares	1,405,000	1,400,780
1	From	1,715,001	to	Shares	1,720,000	1,718,825
1	From	1,795,001	to	Shares	1,800,000	1,799,392
1	From	1,810,001	to	Shares	1,815,000	1,814,867
1	From	8,200,001	to	Shares	8,205,000	8,201,288
2,584						**30,186,841**

Categories of Shareholder	Physical	CDC	Total	Percentage
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mrs. Akhter Khalid Waheed	1,814,867	-	1,814,867	6.01
Directors				
Mr. Osman Khalid Waheed	434,822	651,347	1,086,169	3.60
Mrs. Munize Azhar Peracha	333,473	-	333,473	1.10
Mr. Omar Khalid Waheed	906,427	-	906,427	3.00
Mr. Farooq Mazhar	-	147,753	147,753	0.49
Mr. Nihal F. Cassim	-	9,762	9,762	0.03
	3,489,589	**157,515**	**4,298,451**	**14.24**
Executives	-	**2,208**	**2,208**	**0.01**
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	-	1,718,825	1,718,825	5.69
	-	**1,718,825**	**1,718,825**	**5.69**
Mutual Funds (Name Wise Detail)				
CDC - Trustee Pak. Int. Element Islamic Asset Allocation Fund	-	13,500	13,500	0.04
CDC - Trustee Al Meezan Mutual Fund	-	5,500	5,500	0.02
CDC - Trustee Meezan Islamic Fund	-	30,700	30,700	0.10
CDC - Trustee PICIC Stock Fund	-	174,100	174,100	0.58
CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	-	39,500	39,500	0.13
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	-	65,400	65,400	0.22
Trustee Pak Qatar Family Takaful Limited Balance Fund (bf)	-	5,000	5,000	0.02
Trustee Pak Qatar Family Takaful Limited Aggressive Fund	-	5,000	5,000	0.02
CDC - Trustee Lakson Equity Fund	-	108,100	108,100	0.36
CDC - Trustee PICIC Islamic Stock Fund	-	52,000	52,000	0.17
	-	498,800	498,800	1.65
Banks, NBFCs, DFIs, Takaful, Pension Funds	**3,223**	**1,624,579**	**1,627,802**	**5.39**
Modarabas	-	**17,500**	**17,500**	**0.06**
Insurance Companies	**163,998**	**2,763,838**	**2,927,836**	**9.70**
Other Companies,Corporate Bodies, Trust etc.	**8,459**	**385,504**	**393,963**	**1.31**
General Public				
A. Local	5,631,544	4,407,516	10,039,060	33.26
B. Foreign	-	375,454	375,454	1.24
	5,631,544	**4,782,970**	**10,414,514**	**34.50**
Grand Total	**9,354,994**	**20,180,500**	**30,186,841**	**100.00**
Shareholders More Than 5.00%				
KFW Factors (Pvt) Limited			8,286,942	27.45
Mrs. Akhter Khalid Waheed			1,814,867	6.01
State Life Insurance Corp. of Pakistan			1,799,392	5.96
CDC - Trustee National Investment (Unit) Trust			1,718,825	5.69

FEROZSONS LABORATORIES LIMITED

FORM OF PROXY

58th Annual General Meeting

I/We,____________________of__________being a member of **Ferozsons Laboratories Limited** and holder of__________ ordinary Shares as per share register Folio No. __________ hereby appoint Mr./Mrs.____________________ of __________ another member of the Company Folio No.__________ (or failing him/her Mr./Mrs. ____________________

__________ of __________ who is also a member of the Company.

Folio No. ____________________

For beneficial owners as per CDC List

CDC Participant I.D. No. __________ Sub-Account No. __________

CNIC No. __________ or Passport No. __________

hereby appoint Mr./Mrs. ____________________ of __________ who is also a member of the Company, Folio No. __________ of failing him/her____________________ of __________

who is also a member of the Company, Folio No. __________ as my/our proxy to vote and act for me/our behalf at FIFTY EIGHT Annual General Meeting of the Company to be held on Friday, 24 October 2014 at 12:30 p.m. or at any adjournment thereof.

Five Rupees
Revenue Stamp

Signature of Member
(The signature should agree with the specimen registered with the Company)

Dated this _____ day of ______ 2014

Signature of Proxy ____________________

1. **Witness:**

   Signature : ____________________

   Name: ____________________

   Address ____________________

   CNIC No. __________

2. **Witness:**

   Signature : ____________________

   Name: ____________________

   Address ____________________

   CNIC No. __________

Note: Proxies, in order to be effective, must be received at the office of the Company's Share Registrar, CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore not less than 48 hours before 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.

INCOME TAX RETUN FILING STATUS FORM

Confirmation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2014

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 2013 filed (Yes or No)***

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

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Signature of Shareholder

The Shareholders having their accounts with Central Depository Company (CDC) have also to communicate confirmation of tax payment status information to relevant Member 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.

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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 relevant Member Stock Exchange.

**Please attach attested photocopy of the CNIC.

***Please attach attested photocopy of the Passport.

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