Annual Report 2018

FEROZSONS
LABORATORIES LIMITED

60 YEARS
OF TRUST & DEVOTION

60 YEARS

OF TRUST & DEVOTION

Contents

01 Corporate information

02 About us

04 Our vision & mission statement

06 Community care initiatives

10 Our work in hepatology

14 New brand launches

16 Representing Pakistan, internationally

17 Key operating & financial data

19 Horizontal analysis

20 Vertical analysis

21 Chairperson's review

22 Director's report

29 Dates and attendance of board meetings

30 Review report to the members on statement of compliance with CCG

31 Statement of compliance with the code of corporate governance

36 Auditor's report on unconsolidated financial statements

42 Unconsolidated financial statements

101 Auditor's report on consolidated financial statements

106 Consolidated financial statements

167 Pattern of shareholding

169 Notice of annual general meeting

173 Form of proxy

183 Urdu reports

FEROZSONS
LABORATORIES LIMITED

Corporate Information

Board of Directors

Mrs. Akhter Khalid Waheed	Chairperson	Non-Executive Director
Mr. Osman Khalid Waheed	Chief Executive	Executive Director
Mrs. Amna Piracha Khan		Non-Executive Director
Ms. Munize Azhar Peracha		Non-Executive Director
Mr. Nihal Cassim		Non-Executive Director
Mr. Shahid Anwar		Non-Executive Director
Mr. Arshad Saeed Husain		Independent Director

Audit Committee

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

Investment Committee

Mr. Nihal Cassim	Chairman
Mr. Osman Khalid Waheed	Member
Mr. Shahid Anwar	Member

HR & Remuneration Committee

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

Company Secretary / Chief Financial Officer
Syed Ghausuddin Saif

Head of Internal Audit
Mr. Rizwan Hameed Butt

External Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Internal Auditors
EY Ford Rhodes
Chartered Accountants

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

Legal Advisors
Khan & Piracha

Registered Office
Ferozsons Laboratories Limited
197-A, The Mall
Rawalpindi-46000, Pakistan
Telephone: +92-51-4252155-57
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Email: cs@ferozsons-labs.com

Share Registrar
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503-E, Johar Town
Lahore, Pakistan
Telephone: +92-42-35170336-37
Fax: +92-42-35170338

Factory
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Fax: +92-923-611302

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

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Bank Square, The Mall
Lahore, Pakistan
Telephone: +92-42-37358194
Fax: +92-42-37313680

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

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

About Us

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

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

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

In addition to representing Gilead Sciences Inc., one of the world's most innovative biotech companies in the viral hepatitis and HIV space, Ferozsons Laboratories Limited is the Pakistan marketing and distribution partner for the Boston Scientific Corporation, USA for its range of interventional devices. This partnership allows us to offer complete medical solutions in cardiology, oncology, urology and gastroenterology. We are also distribution partners for GE Healthcare, a global leader in transformational medical technologies, for distribution, marketing and sales services for the Value segment of the ultrasound products in Pakistan.

In 2009, Ferozsons Laboratories Limited entered into a joint venture with the Bagó Group of Argentina to establish BF Biosciences Limited, Pakistan's first biotech pharmaceutical company. Our other international partners include BioGaia of Sweden and Performance Health of USA in pharma and OTC products respectively and MAVIG of Germany for medical equipment.

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

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

PEOPLE TRUST US

Our Vision, Mission & Values

Our Vision

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

Mission Statement

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

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

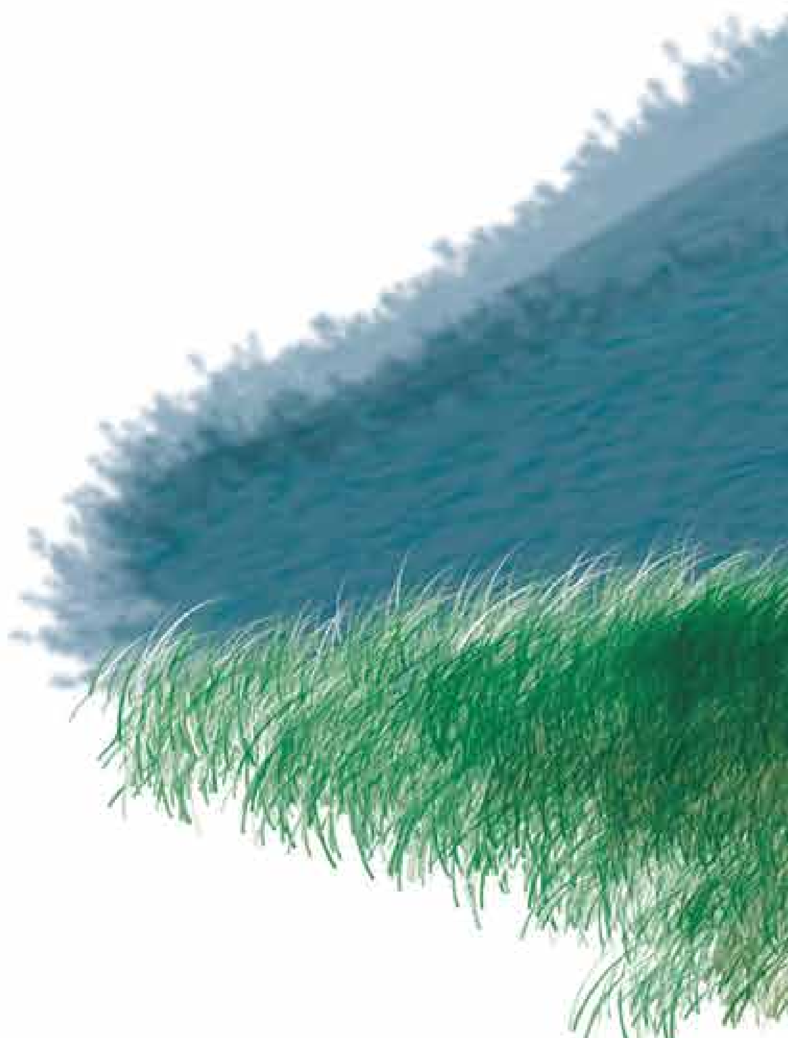
Our Values

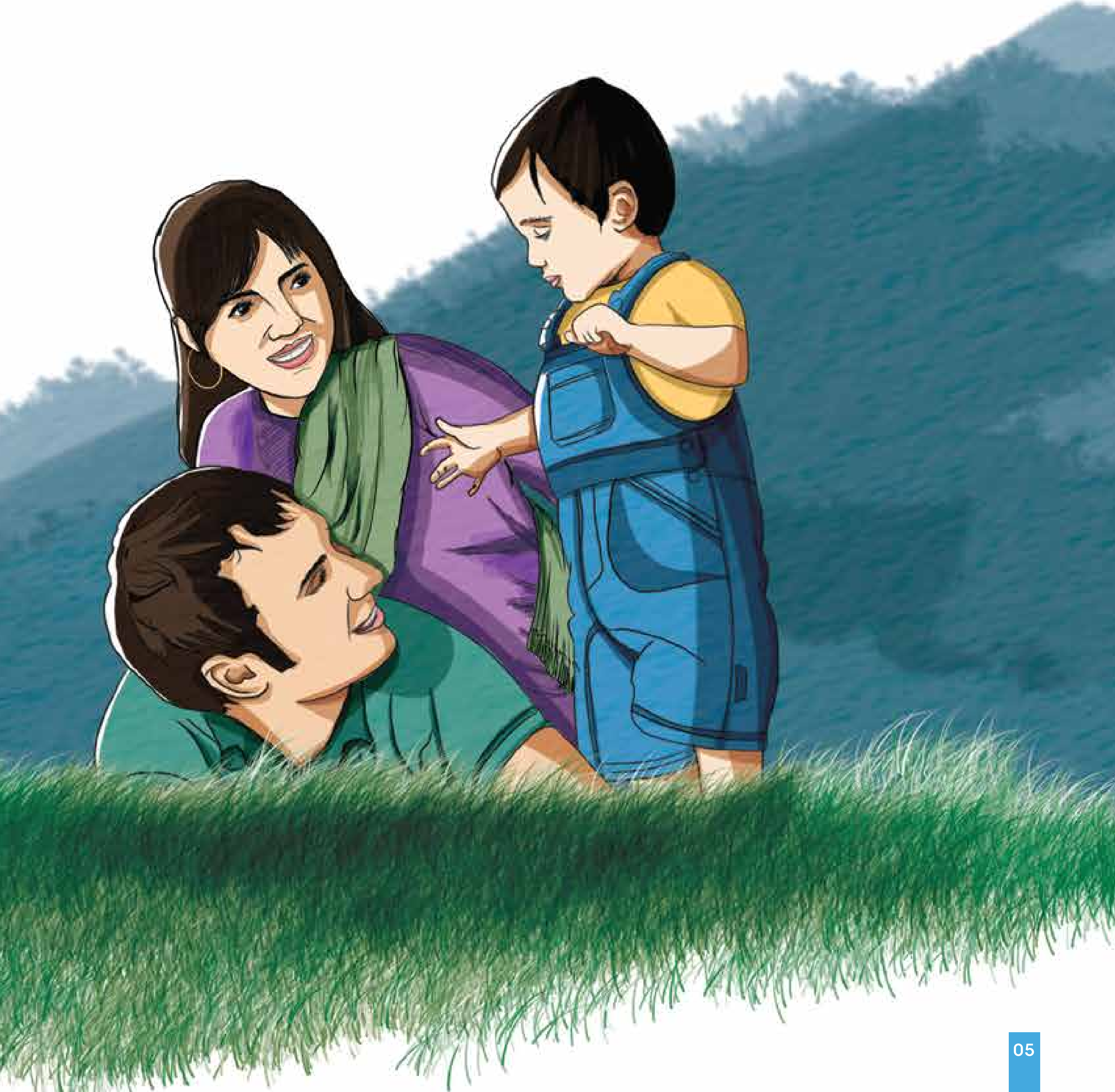
- **Putting Patients First:** Our purpose for existence and ultimate measure of success is our impact on the improvement of human lives

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

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

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





Community Care Initiatives

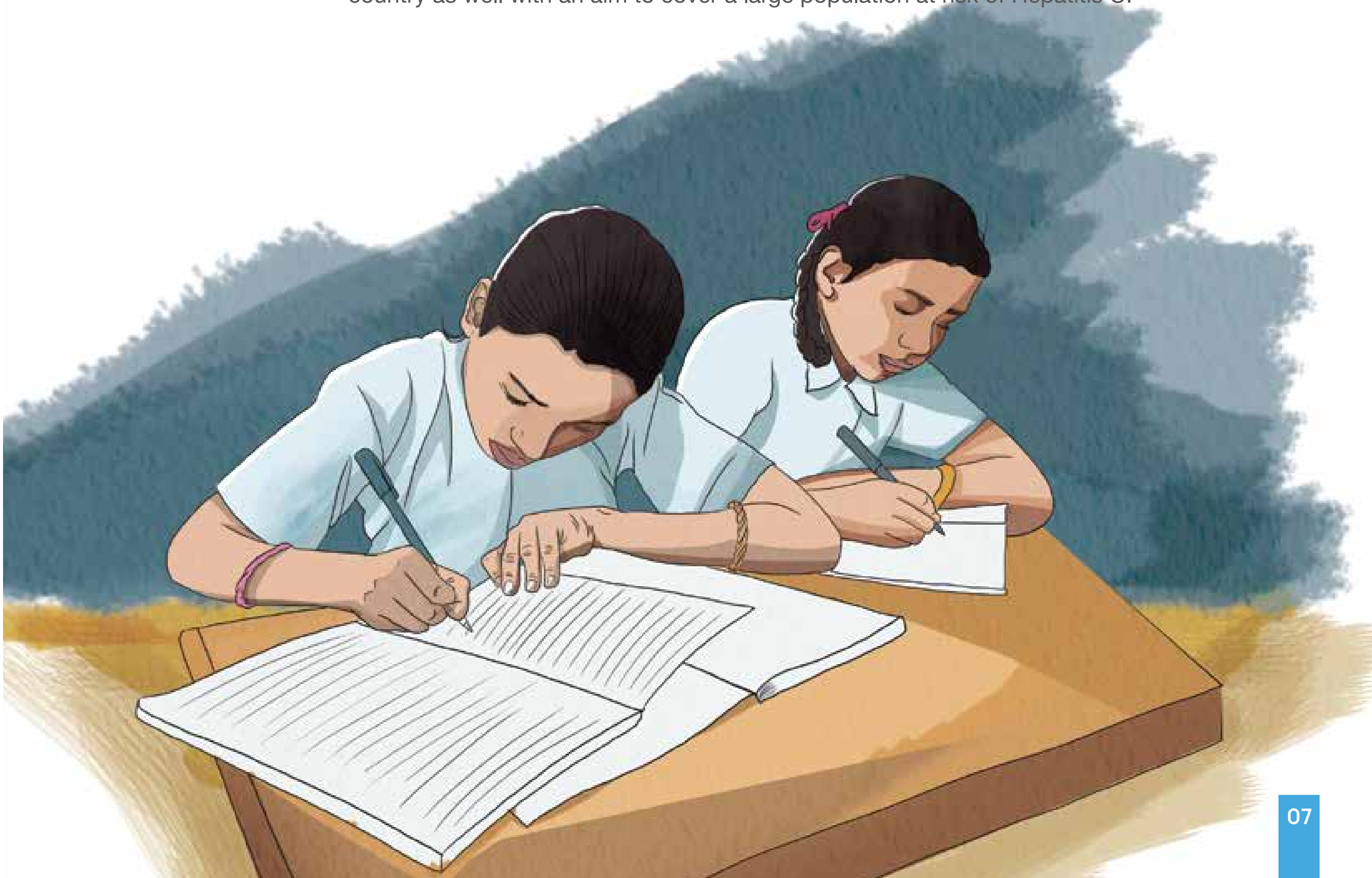
Our continued commitment to promoting a healthier and more productive society through support to the health and education sector results in a number of engagements each year. The projects that we fund regularly include contributions to The Citizens Foundation (TCF) schools for the underprivileged and scholarship support for deserving students at the Lahore University of Management Sciences (LUMS). Apart from these regular engagements, in FY 2018 we have funded various health sector organizations working for the benefit of patients in Pakistan. Our donations have helped patient organizations working in the field of hepatology, we have committed to help larger organisations such as The Indus Centre by donating ultrasound machines as well as free treatment for hundreds of Hepatitis C patients. In addition to this, our work in the Northern areas of Pakistan as well as in Lahore has enabled institutions to treat a larger number of patients than before. Ferozsons has also significantly invested in the hepatology education and awareness both for the physicians, patients and the community at large.

A number of literary activities such as the Young Writers Workshop held at LUMS and the Lahore Literary Festival were also supported by Ferozsons this year, as well as several health awareness and education sessions held at public schools and community events.

Following are some highlights of our corporate social investments in 2017-18;

Community Projects Promise Elimination of Hepatitis

We have worked on partnerships that link appropriate screening, prevention and treatment of Hepatitis C patients at the local level. These community based projects, pilots of which are being run at two locations in Central Punjab with the support of some leading NGOs as well as community clinics engaged in liver care, work on screening and treating patients, but also at educating communities regarding the disease and ways to prevent it. This holistic approach, encompassing awareness, education, prevention, screening and treatment, promises to help achieve the goal of elimination of Hepatitis C from Pakistan. The screening campaigns have reached out to thousands of people in the communities to date and is scheduled to continue whilst workshops are designed for awareness for school-teachers and general public. All these efforts will play a key role in addressing the burden of Hepatitis C in the communities. More projects on the same lines are being initiated in other parts of the country as well with an aim to cover a large population at risk of Hepatitis C.



Community Care Initiatives

TCF Sponsorships

Ferozsons supported events organized by TCF for fundraising including the Heer Ranjha play staged at the Al-Hamra Arts Centre in Lahore. In addition to this, Ferozsons continues to support the Khalid Waheed Campus annually.

TCF is committed to supporting the education of the underprivileged across Pakistan by managing schools providing quality education at low costs. The Citizens Foundation (TCF) is a professionally managed, non-profit organization set up in 1995 by a group of citizens who wanted to bring about positive social change through education. Twenty two years later, TCF is now one of Pakistan's leading organizations in the field of education for the less privileged.

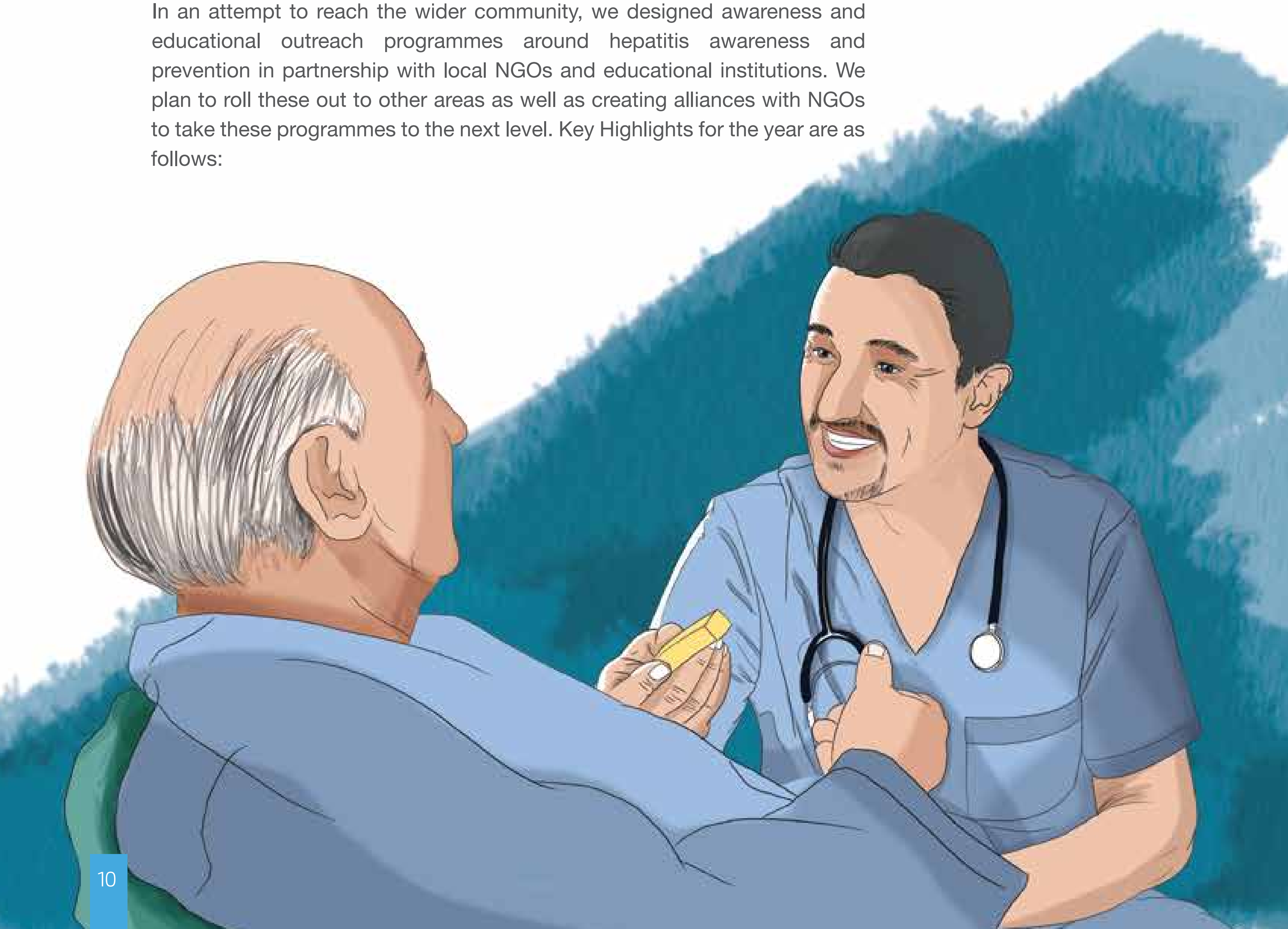
THE CITIZENS FOUNDATION

Our work in **Hepatology**

For nearly a decade, our work in the field of hepatology has been pivotal in changing the treatment landscape, initially through the local production of interferons, which reduced treatment costs by half, and subsequently through the introduction of Directly Acting Antivirals (DAAs) under a special access program in partnership with Gilead Sciences.

This year as well, we have worked with healthcare providers and medical societies on a number of programs raising awareness, and delivering education, screening and treatment in the field, including arranging medical education events that bring together top Hepatologists from Pakistan and global experts in the field from around the world. We intend to take medical education for the treatment and diagnosis of Hepatitis to the General Physicians in the next phase.

In an attempt to reach the wider community, we designed awareness and educational outreach programmes around hepatitis awareness and prevention in partnership with local NGOs and educational institutions. We plan to roll these out to other areas as well as creating alliances with NGOs to take these programmes to the next level. Key Highlights for the year are as follows:



Hepatitis Free Pakistan
A social media initiative for a Heaptitis Free Pakistan

In order to raise disease awareness on Hepatitis, a Facebook page has been launched disseminating information by medical experts. Through this platform, one of the key objectives would be to establish Ferozsons as a leader in public awareness and education. Ferozsons is already known for our work in medical education. This initiative launched with the support of our partner, Gilead Sciences features video messages by Liver disease experts, educational videos on the disease and messaging around prevention disease facts and prevention techniques.

Launched on World Hepatitis Day, this social media page has already garnered thousands of followers who subscribe to this page for regular updates on the disease. Leading experts in Heaptology and Gastroenterology are engaged to provide patients with basic education and awareness. Apart from the video messaging by experts, animated videos and posts are used to break the clutter and keep the audiences engaged.

Our work in **Hepatology**

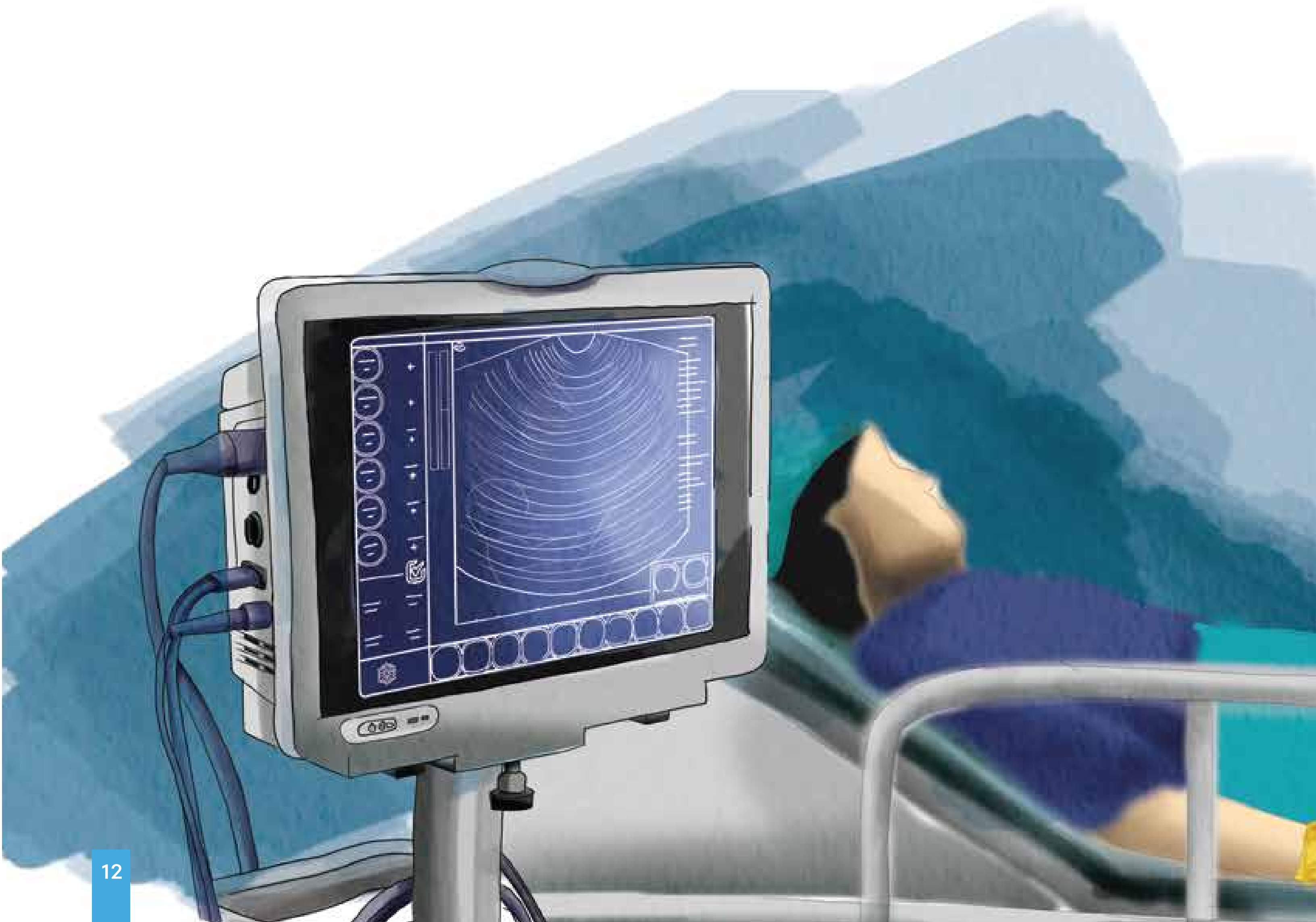
TED-Gilead video features Ferozsons

A micro-documentary produced by world renowned TED featured Gilead and Ferozsons for our work in the field of hepatology in Pakistan. Apart of the TED and Gilead partnership, the video highlighted Ferozsons efforts to address the high burden of Hepatitis in the country.

Gilead Sciences has partnered with TED to celebrate the power of collaboration. From hosting a hands-on workshop at TED Global in Tanzania to sharing an inspiring micro-documentary filmed in Pakistan, TED and Gilead Sciences have shed light on the exponential impact that can be achieved when we work together.

Founded in 1984, TED is a global nonprofit dedicated to ideas worth spreading with the goal to make great ideas accessible and spark conversation.

To watch this micro-documentary, please visit:
www.ted.com/about/partner-with-ted/case-studies/gilead



8th Annual Liver Summit - 2018

The flagship CME event supported by Ferozsons and Gilead, the Liver Summit brings medical professionals together from all over the world. This meeting is organized with the aim to provide the latest scientific and evidence-based research results that will be applicable to everyday clinical practice, with the mission to advance and disseminate the knowledge and best practices in Hepatology, and to help make liver health and quality patient care accessible and achievable.

The 8th Liver Summit followed the theme of "Integrated Assessment and Care in Liver Diseases: Multidisciplinary Approach" and served as a platform for exchange of ideas and experiences on common prevailing hepatic illnesses between national and international experts, to explore new opportunities for joint research and to set better, improved standards in hepatic care.

The summit attracted a number of leading experts from leading institutions in Pakistan, as well as international faculty from Virginia Commonwealth University, the University of Arizona, and the University of California, San Francisco. Liver Summit is a collaborative event that is organized in partnership with Gilead Sciences, Inc. USA and endorsed by the International Association of the Study of Liver Diseases (IASL).

PSSLD Certificate Course - Liver Disease

Ferozsons collaborated with the Pakistan Society for the Study of Liver Disease (PSSLD) to conduct a Certificate Course on Liver Diseases for more than 250 doctors across Pakistan in collaboration with Agha Khan University Hospital (AKUH) and the International Coalition of Hepatology Education Providers (IC-HEP). This course was a blended learning program and combined didactic lectures, face-to-face sessions and assignments. This course was certified for CME Credit hours by AKUH.

The training sessions were held across Karachi, Hyderabad, Multan, Faisalabad, Lahore and Rawalpindi. This was a webinar-based program that combined technology with expert knowledge disseminated by some of the leading names in the field of Hepatology.

This is the second major pan-Pakistan medical education programme supported by Ferozsons Laboratories Limited within the last two years that certified physicians in Liver Diseases. Earlier, EMERALD programme held in partnership with the Pakistan Society of Heptology, disseminated Liver diseases knowledge to over 500 primary care physicians from Pakistan.

New brand launches

In line with our commitment to give access to the latest treatment and cure to a large number of patients in Pakistan, we have grown our Hepatology portfolio significantly. As the official Pakistan partner for Gilead Sciences, Inc. we have launched global innovative brands under the Access Programme and have worked on technology transfer to introduce licensed generics of these innovative brands in the market.

Apart from launching global innovative brands in partnerships, we have also launched a number of high quality generics in the market. Following are two of our launches in the field of Hepatology and Pediatrics respectively:

Daklana (Daclatasvir) in Hepatology

Continuing with our commitment to provide patients and physicians in Pakistan with the latest treatments in the field of Hepatology, Ferozsons launched the brand Daklana (Daclatasvir) 60mg tablets which are recommended as concomitant treatment with Sofosbuvir for the treatment of Hepatitis C. Daclatasvir got FDA approval for the treatment of Chronic Hepatitis C in Combination of Sofosbuvir, for better and swift results in July 2015. Ferozsons received the registration for its Daclatasvir Brand (Daklana) on September 8, 2017.

Daklana was launched across the country in the presence of leading hepatologists and gastroenterologists of Pakistan, many of whom were speakers at the events.

DiaResQ launched for the treatment of childhood diarrhea

Ferozsons Laboratories Limited has partnered with PanTheryx Inc. an innovative US life sciences company to launch DiaResQ sachets, a breakthrough nutritional innovation for diarrhoea relief in children and adults.

The product was included among the world's 30 leading healthcare innovations that show promise in transforming global health by 2030, in the "Reimagining Global Health, Innovation Countdown 2030" report, produced by PATH, and supported by Bill & Melinda Gates Foundation, USAID and Ministry of Foreign Affairs, Norway. DiaResQ gives physicians an option for a highly effective nature-based treatment of diarrhoea, a disease that according to the Pakistan Demographic and Health Survey, claims around 53,000 lives of children under the age of 5 annually.

DiaResQ supplements use of oral rehydration solution and zinc by providing nutrients for intestinal repair. Most children that suffer from diarrhoea in Pakistan are also reported to be malnourished. According to a study published by the British Medical Journal (BMJ), demonstrated the efficacy of DiaResQ in treating acute childhood diarrhoea caused by the most common pathogens.

Ninety-six percent (96%) of the diarrhoea cases resolved with one dose of DiaResQ taken for three days – it significantly reduced diarrhea episodes at day 1 of treatment as well.

Representing Pakistan, **Internationally**

Apart from catering to the needs of patients all over Pakistan, we are expanding our footprints around the world.

In the period 2017-18, Ferozsons entered the markets of Ghana and Uzbekistan, and held re-launches of business in Cambodia and Nigeria.

Ferozsons actively exports to over 15 countries in Asia, Africa and the Central Asian region.

KEY OPERATING AND FINANCIAL DATA

FOR THE LAST SIX YEARS

UNCONSOLIDATED

Operating Results

DESCRIPTION		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Revenue - net	(Rs. Million)	**4,459**	4,311	10,186	4,439	2,535	1,950
Gross Profit	(Rs. Million)	**1,570**	1,777	4,109	2,021	1,304	1,035
Profit Before Taxation	(Rs. Million)	**207**	602	2,654	1,083	567	451
Profit After Taxation	(Rs. Million)	**95**	394	2,104	749	418	409

Financial Position

DESCRIPTION		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Share Capital	(Rs. Million)	**302**	302	302	302	302	302
Accumulated Profit	(Rs. Million)	**3,735**	3,733	3,766	2,401	2,039	1,919
Non Current Assets	(Rs. Million)	**2,956**	2,857	2,659	1,533	1,367	1,589
Non Current Liabiltiies	(Rs. Million)	**166**	167	149	40	46	42
Curent Assets	(Rs. Million)	**3,009**	2,921	3,043	2,856	1,786	1,328
Current Liabilties	(Rs. Million)	**972**	767	652	1,275	392	276

Summary of Cashflow Statement

DESCRIPTION		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Cash generated from Operations	(Rs. Million)	**431**	854	621	973	512	284
Net cash used in Investing activities	(Rs. Million)	**(332)**	(516)	(82)	(223)	(172)	(147)
Net cash used in Financing activities	(Rs. Million)	**(132)**	(454)	(743)	(400)	(303)	(128)

Key Financial Ratios

Profitability Ratios

DESCRIPTION		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Gross Profit ratio	(%)	**35.2**	41.2	40.3	45.5	51.4	53.1
Net Profit After Tax to Sales	(%)	**2.1**	9.1	20.7	16.9	16.5	21.0
Return on Equity	(%)	**2.0**	8.1	42.9	24.3	15.4	15.7
Return on Capital Employed	(%)	**4.5**	12.8	54.4	35.7	21.5	17.8

Liquidity Ratios

DESCRIPTION		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Current Ratio	(Times)	**3.1**	3.8	4.7	2.2	4.6	4.8
Quick Ratio/Acid Test Ratio	(Times)	**1.8**	1.8	1.8	1.3	2.9	2.7

Turnover Ratios

DESCRIPTION		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Debtor Turnover Period	(Days)	**44**	31	14	19	21	26
Inventory Turnover Period	(Days)	**160**	226	113	187	196	230
Creditors Turnover Period	(Days)	**100**	90	18	141	82	78
Working Capital Cycle	(Days)	**104**	167	109	66	135	178
Non-Current Asset Turnover Ratio	(Times)	**1.5**	1.5	3.8	2.9	1.9	1.2
Operating Cash Flow To Sales Ratio	(%)	**9.7**	19.8	6.1	21.9	20.2	14.6

Investment/Market Ratios

DESCRIPTION		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Earnings per Share Basic & Diluted (Adjusted)	(Rs.)	**3.2**	13.0	69.7	24.8	13.8	13.5
Cash Dividend per Share	(Rs.)	**-**	7.0	22.0	19.0	12.0	7.0
Bonus Share Issued	(%)	**-**	-	-	-	-	-
Price Earning Ratio	(Times)	**61.6**	29.6	14.8	25.8	16.7	8.2
Market Price per Share	(Rs.)	**195**	387	1,031	640	230	111
Cash Dividend Payout Ratio	(%)	**-**	53.7	31.6	76.6	86.8	51.7

Capital Structure Ratios

DESCRIPTION		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Debt To Equity Ratio	(%)	**-**	-	-	-	-	-
Interest Cover	(Times)	**19.8**	38.0	239.0	78.5	34.2	39.4

CONSOLIDATED

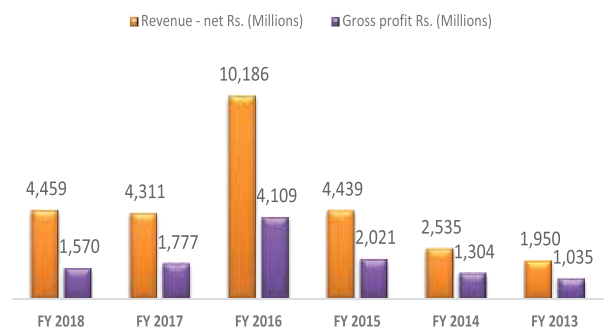
Operating Results

DESCRIPTION		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Revenue - net	(Rs. Million)	**5,057**	5,002	11,335	5,711	3,832	2,879
Gross Profit	(Rs. Million)	**1,596**	1,911	4,594	2,597	1,828	1,380
Profit Before Taxation	(Rs. Million)	**86**	591	2,859	1,360	761	523
Profit After Taxation	(Rs. Million)	**(17)**	395	2,233	944	552	466

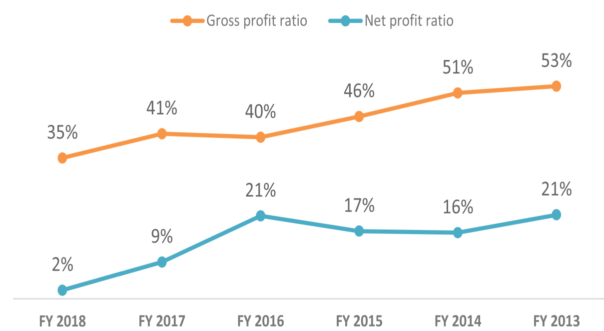
Financial Position

DESCRIPTION		FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Share Capital	(Rs. Million)	**302**	302	302	302	302	302
Accumulated Profit	(Rs. Million)	**4,195**	4,265	4,280	2,811	2,289	2,061
Non Current Assets	(Rs. Million)	**3,168**	3,096	3,025	1,751	1,642	1,528
Non Current Liabiltiies	(Rs. Million)	**223**	246	269	101	122	65
Curent Assets	(Rs. Million)	**3,801**	3,745	3,838	3,474	2,115	1,737
Current Liabilties	(Rs. Million)	**1,143**	876	821	1,456	524	387

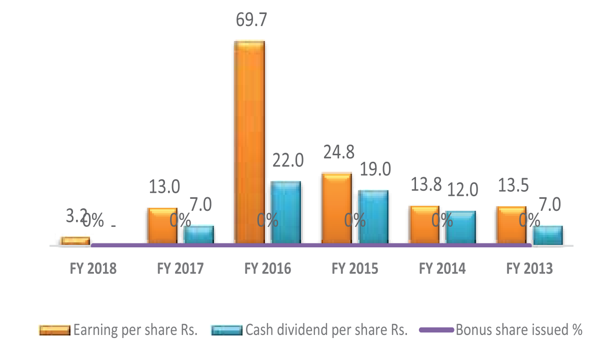
REVENUE & GROSS PROFIT (RS. MILLION)



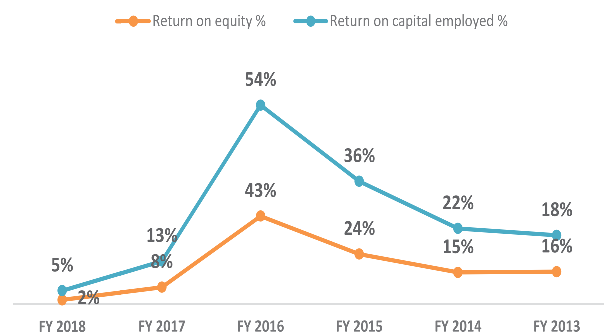
PROFITABILITY RATIOS (%)



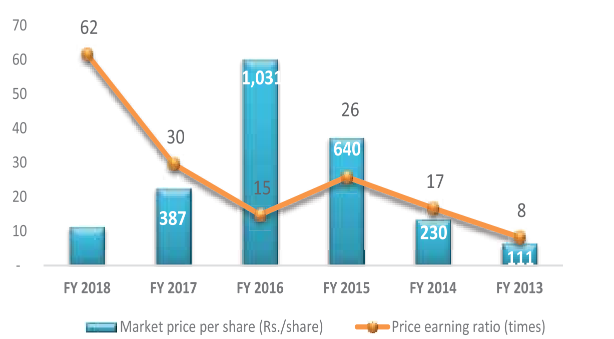
INVESTORS' RATIOS



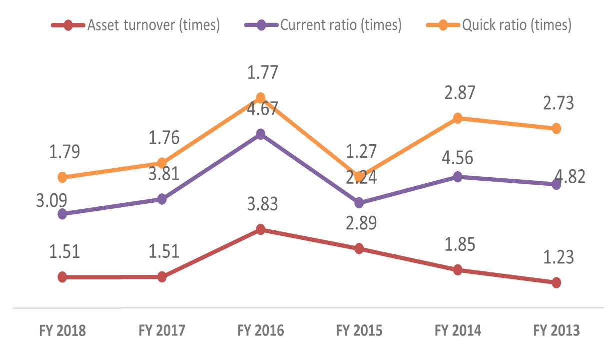
CAPITAL RETURNS RATIOS



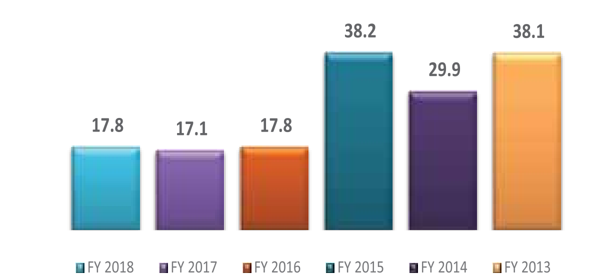
MARKET RATIOS



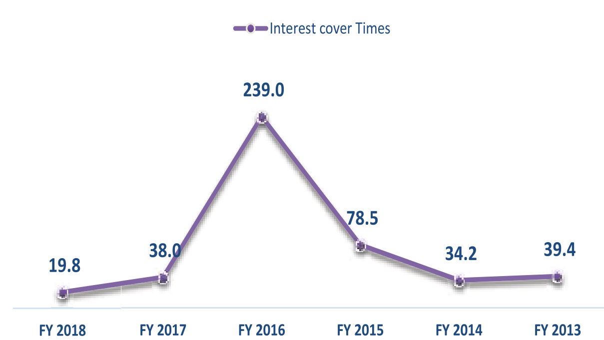
LIQUIDITY & ASSET TURNOVER RATIOS



NON CURRENT ASSETS TO NON CURRENT LIABILITIES (RATIO)



INTEREST COVER (TIMES)



HORIZONTAL Analysis

	2018	2017	2016	2015	2014	2013
	% Change from preceding year					
BALANCE SHEET ANALYSIS						
Share Capital and Reserves	(0.3)	(1.2)	59.4	13.2	4.4	12.0
Non Current Liabilities	(0.8)	12.0	271.7	(12.4)	9.8	(50.6)
Current Liabilities	26.7	17.8	(48.9)	225.3	42.1	34.0
Total Equity and Liabilities	**3.2**	**1.3**	**29.9**	**39.2**	**8.1**	**11.7**
Non Current Assets	3.5	7.4	73.4	12.2	(14.0)	2.2
Current Assets	3.0	(4.0)	6.6	59.9	34.5	25.8
Total Assets	**3.2**	**1.3**	**29.9**	**39.2**	**8.1**	**11.7**
PROFIT AND LOSS ANALYSIS						
Revenue - net	3.4	(57.7)	129.5	75.1	30.0	10.1
Cost of sales	14.0	(58.3)	151.4	96.4	34.6	6.2
Gross Profit	**(11.7)**	**(56.8)**	**103.3**	**55.0**	**25.9**	**13.9**
Administrative expenses	4.8	4.7	43.2	20.2	14.4	4.8
Selling and distribution expenses	23.3	(11.5)	39.7	23.2	23.5	10.6
Other expenses	9.5	(82.2)	221.7	68.3	47.3	14.0
Other income	41.5	(27.9)	42.9	(0.9)	3.5	(31.6)
Operating Profit	**(64.7)**	**(76.8)**	**143.1**	**87.7**	**26.3**	**6.8**
Finance costs	(32.2)	46.1	(20.1)	(18.3)	45.4	48.9
Profit Before Taxation	**(65.6)**	**(77.3)**	**145.2**	**90.9**	**25.8**	**6.0**
Taxation	(46.4)	(62.0)	64.6	123.3	253.2	202.8
Profit After Taxation	**(75.8)**	**(81.3)**	**181.1**	**79.3**	**2.2**	**(0.7)**

VERTICAL Analysis

	2018	2017	2016	2015	2014	2013
			%			
BALANCE SHEET ANALYSIS						
Share Capital and Reserves	80.9	83.8	85.9	70.1	86.1	89.1
Non Current Liabilities	2.8	2.9	2.7	0.9	1.5	1.4
Current Liabilities	16.3	13.3	11.4	29.0	12.4	9.5
Total Equity and Liabilities	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Non Current Assets	49.6	49.4	46.6	34.9	43.4	54.5
Current Assets	50.4	50.6	53.4	65.1	56.6	45.5
Total Assets	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
PROFIT AND LOSS ANALYSIS						
Revenue - net	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	64.8	58.8	59.7	54.5	48.6	46.9
Gross Profit	**35.2**	**41.2**	**40.3**	**45.5**	**51.4**	**53.1**
Administrative expenses	6.8	6.7	2.7	4.3	6.3	7.2
Selling and distribution expenses	25.3	21.2	10.1	16.7	23.7	24.9
Other expenses	1.1	1.1	2.6	1.8	1.9	1.7
Other income	2.9	2.1	1.2	2.0	3.5	4.4
Operating Profit	**4.9**	**14.3**	**26.1**	**24.7**	**23.0**	**23.7**
Finance costs	0.2	0.4	0.1	0.3	0.7	0.6
Profit Before Taxation	**4.7**	**13.9**	**26.0**	**24.4**	**22.3**	**23.1**
Taxation	2.5	4.8	5.4	7.5	5.9	2.2
Profit After Taxation	**2.2**	**9.1**	**20.6**	**16.9**	**16.4**	**20.9**

Chairperson's Review

Putting patients first and ensuring access to the most needed treatments lies at the heart of the Ferozsons Excellence Framework. We are committed to exploring new areas of unmet need, providing innovative solutions and creating opportunities to add value to the lives of patients and the community.

Performance and Role of Board of Directors:

During the year under review the board has carried out its roles and responsibilities diligently and has effectively contributed in the strategic affairs of the Company. The Board has reviewed the financial statements of the Company periodically along with governance matters such as the transparencies of disclosures, policies, corporate plans, budgets, and compliance of all regulatory requirements by the Management. During the proceedings of periodic meetings of the board, management has given presentations on critical and strategic analysis of all functional areas of business operations of the Company.

The Board has approved a risk management framework with a vision to implement a strong system of internal controls to ensure an effective control environment for compliance with the best practices of Corporate Governance. The Board has also stressed upon high standards of honesty and integrity pivotal for success of the business and reputation of the Company.

The composition of the Board of Directors reflects mix of varied backgrounds to provide strategic direction to the management. The board is duly assisted by its sub-committees.

The Board has also put in place a mechanism for annual evaluation of the performance of the Board of Directors, its members and subcommittees to identify the areas of further improvement and to adopt best global practices. On the basis of latest feedback received under this mechanism, the performance of Board has been found satisfactory.

Operational Overview of the Company

Despite the challenges posed by the decline in our imported range of HCV products, cost increases fueled by devaluation and economic turmoil in the market, your Company outperformed the market in its promoted brand range in our generic line of products that has witnessed a compound growth of 15%. To strengthen our generic portfolio, we launched Valiant (Vildagliptin) for diabetes mellitus, launched Daklana (Daclatasvir) to further augment our Hepatology range, and will also be adding line extensions of our existing products such as Carveda (Cardvedilol) and Sitagen (Sitagliptin).

In order to promote a healthier and more productive society, Ferozsons remains committed to making social investments in programmes impacting the underprivileged in the society. In addition to working with The Citizens Foundation (TCF) and the Lahore University of Management Sciences (LUMS), this year our support facilitated patient organizations working in the field of hepatology. Moreover, we have established partnerships that ensure screening, prevention and treatment of Hepatitis C patients through a number of community based projects. All these initiatives are designed to help Pakistan meet its commitment to the World Health Organization to eliminate Hepatitis C by 2030. We hope to continue changing lives and playing our role in transforming healthcare in Pakistan.

Mrs. Akhter Khalid Waheed
Chairperson

DIRECTORS' REPORT TO SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2018

We are pleased to present the 62nd Annual Report which includes the Audited Financial Statements of your Company for the financial year ended June 30, 2018 along with the Consolidated Financial Statements of its subsidiaries, BF Biosciences Limited and the Farmacia retail venture.

Your Company's Individual and Consolidated Financial Results

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

	Individual		Consolidated	
	2018	2017	**2018**	2017
	(Rupees in thousands)			
Profit before tax	**207,266**	602,218	**85,572**	591,176
Taxation	**(111,860)**	(208,553)	**(102,584)**	(196,572)
Profit / (Loss) after tax	**95,406**	393,665	**(17,012)**	394,604
Appropriations				
Interim cash dividend for the FY 2018 @ Rs. Nil share (FY 2017: @ Rs. 3/Share)	**-**	(90,561)	**-**	(90,561)
Final cash dividend for the FY 2018 @ Rs. 2 share (FY 2017: @ Rs. 4/share)	**(60,374)**	(120,747)	**(60,374)**	(120,747)

During the year under review consolidated net sales of your Company closed at Rs. 5,057 million, an increase of 1% over the last year. On a stand-alone basis, net sales of your Company closed at Rs. 4,459 million against Rs 4,311 million last year, demonstrating an increase of 3%.

The decline in our imported line of products, mainly Sovaldi®, a drug used to cure Hepatitis C, continued this year, diluting the sales growth of the Company. The net sales of the Company outside the Gilead portfolio increased by 20% over the last year. Apart from our imported line of products, our promoted generic product portfolio in the private market grew by 15% over the last year, whereas our generic products sales to institutions have grown by 179% over the last year.

The gross profit (GP) of your Company in absolute terms decreased by 12% net over the last year which is mainly due to decrease in Sovaldi® sales along with reduction in carrying value due to diminution in net realizable value of stocks of Sovald® amounting to Rs. 190 million during the year under review as compared to Rs. 140 million recorded in same period last year. Total carrying value written down to date against stock of Sovaldi ® to its net realizable value is Rs. 330 million which in management's view is sufficient as at balance sheet date.

The net profit after tax (NPAT) of your Company closed at Rs. 95 million, against Rs. 394 million achieved last year. The effective tax rate for the year ended 30 June 2018 closed at 54% against 35% last year. If charge related to diminution in net realizable value against stocks of Sovaldi® is excluded, the effective tax rate would have arrived at 28%. Since these stocks had been made fall under final tax regime at import stage, the charge against diminution in net realizable value does not affect the tax provisioning in the year under review.

Sales of the subsidiary Company BF Biosciences Limited closed at Rs. 537 million with a decrease of 12% over the last year. Net loss after tax (NLAT) for the year stood at Rs. 98 million. The decline in operating results of the subsidiary is primarily due to the expanded use of oral treatment regimens for HCV patients which are impacting the market for Interferons. As a matter of prudence, the management has written off stocks of Inteferons worth Rs. 33.8 million as compared to Rs. 25.4 million in same period last year. Total stocks of Inteferons written off to date is Rs. 59.2 million which in management's view is sufficient as at balance sheet date.

Our subsidiary Company BF Biosciences has registration applications pending with DRAP for new products, and is in talks with potential partners in the biotech space for additional product portfolios. We have recently entered into an agreement with an international biotech firm for the registration and local manufacturing of a proprietary Hepatitis E vaccine, which carries important potential for the company and for Pakistan. Hepatitis E virus is endemic in the country, and carries high mortality in pregnant women, the elderly, and in patients with pre-existing chronic liver disease. The availability of the vaccine in Pakistan promises to save thousands of lives, and add value to the company's portfolio of biotech products.

Key Operating and Financial Data

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

Capital Expenditure

In order to keep pace with the latest technologies in pharmaceutical industry, during the year under review your Company has invested Rs. 134 million for balancing and modernization of its manufacturing facilities.

Subsequent Events

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

Earnings per Share

Based on the net profit for the year ended June 30, 2018 the earnings per share (EPS) stand at Rs. 3.16 per share, compared to prior year EPS of Rs. 13.04 on capital of Rs. 301.868 million. Consolidated EPS for the year under review closed at Rs. 0.23 against last year EPS of Rs. 13.11.

Dividend Announcement

The Directors have recommended a final cash dividend of 20% i.e. Rs. 2 per 10 - Rupee share. This amounts to a total payout of 20% for the year ended June 30, 2018.

These appropriations will be accounted for in the subsequent financial statements, in compliance with the Companies Act, 2017.

Statement of Compliance with the Code of Corporate Governance

The Company is fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017, a statement to this effect along with Auditors' report is annexed with our annual report.

Statement of Compliance with Corporate & Financial Reporting Framework

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

- 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 financial statements. Accounting estimates are based on reasonable and prudent judgment.

- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

- The systems of internal controls are sound in design and have been effectively implemented by the management and monitored by the internal auditors as well as Board of Directors and the Audit Committee. The Board reviews the effectiveness of established internal controls through the Audit Committee and suggest, whenever required, further improvement in the internal control system.

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

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

- Significant deviations from last year's operating results have been disclosed as appropriate in the Directors report/Chairperson's review and in the notes to the accounts, annexed to this report.

- 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 June 30, 2018 have been cleared subsequent to the year end.

- The values of investments of employees' provident fund based on latest audited accounts as of June 30, 2017 are Rs. 438 million.

Contribution to National Exchequer

During the current financial year out of the total wealth generated, your Company contributed approximately Rs. 203 million to the national exchequer in lieu of various levies including Income Tax, Custom Duty, Federal and Provincial Sales Taxes WWF, WPPF and Central Research Fund.

Cash Flow Management

The Company's cash flow management system projects cash inflows and outflows on a regular basis and monitors the cash position on a daily basis.

Related Party Transactions

Transactions with related parties during the year ended June 30, 2018 were placed before the audit committee and the board for their review and approval. These transactions were approved by the Board in their meetings held during the year. Detail of related party transactions is given in note 32 to the financial statements.

Meetings of the Board of Directors and Board Committees

The information regarding the meetings of the board of directors and Board committees held during the year ended June 30, 2018 is annexed.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2018 is annexed. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children are also annexed.

Corporate Social Responsibility

In line with our Code of Business Conduct and Excellence Framework, we are committed to the protection of environment and investing in community's health and education initiatives.

Your Company contributed towards various CSR activities during the year under review, mainly with the following organizations:

- Cancer Care Hospital and Research Center Foundation
- The Citizens Foundation
- Pakistan Center for Philanthropy
- Liver Foundation Trust
- National Management Foundation (LUMS)

Risk Management

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

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

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

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

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

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

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

Remuneration Policy of Non-Executive Directors

Non-executive directors including the independent director are entitled only for the fee for attending the meetings.

Auditors

The Auditors Messer KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for reappointment for the financial year ending June 30, 2019.

Industry Review and Future Outlook

The current year proved to be challenging for your Company mainly on account of reduction in carrying value against diminution in net realizable value of stocks of Sovaldi®. Our own manufactured branded generics business of gastroenterology, cardiology and diabetes is expected to grow at reasonable rate.

Further in order to enhance long term shareholders' wealth, your Company has taken several initiatives including launch of several new brands and partnered with new international entities.

In order to further strengthen our commitment towards elimination of Hepatitis C from country, we launched Daklana (Daclatasvir), a drug which is recommended as concomitant treatment with Sofosbuvir for treatment of Hepatitis C. Daclatasvir got FDA approval for the treatment of Chronic Hepatitis C in combination with Sofosbuvir.

Our application for registration of Epclusa®, a pan genotypic agent for treatment of HCV from Gilead has been approved by DRAP. This presents another paradigm shift in HCV treatment and elimination, however low cost generics approved by DRAP is adding competition in the HCV market space. Epclusa has a 50% reduced treatment duration (90 days VS 180 days with Sovaldi and Ribavirin), demonstrates high cure rate across all genotypes of HCV.

In line with our growing commitment to maternal and child health, Ferozsons has partnered with PanTheryx Inc., a US-based life science company, to launch DiaResQ sachets, a breakthrough nutritional innovation for diarrhoea relief in children and adults. The product was included among the world's 30 leading healthcare innovations that show promise in transforming global health by 2030, in the 'Reimagining Global Health, Innovation Countdown 2030' report, produced by PATH, and supported by Bill & Melinda Gates Foundation, USAID and Ministry of Foreign Affairs, Norway.

DiaResQ gives physicians an option for a highly effective nature-based treatment of diarrhoea, a disease that annually claims the lives of over 125,000 children under the age of 5 in Pakistan alone.

We have also partnered with GE Healthcare, the world's leading equipment manufacturers of neonatal health as we are committed to bring latest medical technologies in Pakistan for improvement of maternal health. We were able to secure an order of 400 ultrasound machines for our Principals GE Healthcare from the Punjab Government and trained over 1000 midwives to date on detection of preventable mortalities during pregnancy and child-birth. During the year under review 260 ultrasound machines were supplied and commission has been booked accordingly.

Your Company has also launched Valiant and Valiant – M, a range of products for the treatment of diabetes mellitus.

Being patient centric, the management of your Company is committed to addressing unmet patient needs; however the delays in registrations by DRAP, issues in drug pricing policy and foreign exchange rate adjustments possess significant threats in delivering our commitments to patients and shareholders. We have already witnessed multiple foreign rate adjustments during the year which has impacted our margins.

An important development during the year was the notification of the 2018 Drug Pricing Policy. Contentious areas such as impact of the devaluation of the Rupee remain in the new policy. We hope that these areas will also be resolved by mutual consensus of Industry and DRAP.

In an ongoing Human Rights Case, the Supreme Court of Pakistan (SCP) cognizance in respect of matters pertaining to prices of medicines in Pakistan. Pursuant to a consensus roadmap that was agreed between the DRAP and the Industry, the SCP decided the matter by remanding outstanding Hardship cases back to DRAP with a direction to reconsider these under the 2018 drug pricing policy.

While regulatory oversight tends to remain largely focused on pricing, counterfeit and low quality drugs remain a major concern for the organized industry players and concrete steps are necessary to protect the stake of the industry and the patients.

Acknowledgements

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

We would also like to thank our principals and business partners for their continuous support and confidence in our Company as well as our valued customers for their continued trust in our products.

For and on behalf of the Board

Mr. Osman Khalid Waheed Chief Executive Officer	Mrs. Akhter Khalid Waheed Chairperson

Lahore
25 September 2018

Dates and attendance of Board Meetings held during the year ended 30 June 2018

A total of Five Board Meetings were held during the Financial Year 2017-2018 on the following dates:

- 03 July 2017
- 30 August 2017
- 18 October 2017
- 19 February 2018
- 21 April 2018

Sr. No	Name of Directors	Attendance
1	Mrs. Akhter Khalid Waheed	4
2	Mr. Osman Khalid Waheed	4
3	Mrs. Amna Piracha Khan	5
4	Mrs. Munize Azhar Peracha	5
5	Mr. Farooq Mazhar	1
6	Mr. Nihal Cassim	3
7	Mr. Shahid Anwar	3
8	Mr. Arshad Saeed Husain	3
Audit Committee Meetings:		
1	Mr. Arshad Saeed Husain	3
2	Mrs. Amna Piracha Khan	4
3	Mr. Nihal Cassim	2
4	Mr. Shahid Anwar	3
HR&R Committee Meetings:		
1	Mr. Shahid Anwar	2
2	Mr. Osman Khalid Waheed	2
3	Mr. Nihal Cassim	1
4	Mr. Arshad Saeed Husain	1

KPMG

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Chartered Accountants
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Lahore 54000 Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ferozsons Laboratories Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Ferozsons Laboratories Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

As a part of our audit of the 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 Directors' 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 Regulations require 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, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

KPMG Taseer Hadi & Co.

Lahore

Date: 25 September 2018

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

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of company: Ferozsons Laboratories Limited
Year ended: June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

Gender	Number
Male	4
Female	3

2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Arshad Saeed Husain
Other Non-Executive Directors	Mrs. Akhter Khalid Waheed
	Mrs. Amna Piracha Khan
	Mrs. Munize Azhar Peracha
	Mr. Nihal Cassim
	Mr. Shahid Anwar
Executive Director	Mr. Osman Khalid Waheed

Further, as per the provision to regulation 6 of the 2017 code, grace period has been prescribed in respect of transition phase for the composition of the Board with respect to minimum number of independent directors as specified in the 2017 code. Accordingly, requirements of minimum number of directors will be complied in next elections of directors.

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

   Further under the 2017 code, the maximum number of directorship in listed companies a person can hold has been reduced to 5. As per the proviso to regulation 3 of the 2017 code, grace period of one year has been prescribed to comply with this requirement.

4. 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.

5. 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.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of Companies Act 2017 (the Act) and these Regulations.

7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. In term of Regulation 20 of the 2017 Code, the Company will ensure that at least 50% of the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2019. Further, where exemptions from training is applicable, approval from Security and Exchange Commission of Pakistan will be obtained within the prescribed time.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The board has formed committees comprising of members given below:

Committees	Composition/Names
Audit Committee	**Chairman** Mr. Arshad Saeed Husain **Members** Mrs. Amna Piracha Khan Mr. Nihal Cassim Mr. Shahid Anwar
HR & Remuneration Committee	**Chairman** Mr. Arshad Saeed Husain **Members** Mr. Osman Khalid Waheed Mr. Nihal Cassim Mr. Shahid Anwar

The company was in compliance with the Code of Corporate Governance, 2012. Further, during the year, the committees of the Board of Directors have been reconstituted to comply with the requirements of the 2017 code.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee were as per following:

Meetings	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended June 30, 2018.
HR & Remuneration Committee	Two meetings were held during the financial year ended June 30, 2018

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

16. 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 and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Mrs. Akhter Khalid Waheed
Chairperson

60 YEARS

OF TRUST & DEVOTION

Financial Statements

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the members of Ferozsons Laboratories Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Ferozsons Laboratories Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

KPMG Taseer Hadi & Co.

Following are the Key audit matter(s):

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	**Sales** Refer to note 4.18 and 23 to the unconsolidated financial statements The Company recognized revenue of Rs. 4,459 million from the sale of goods to domestic as well as export customers during the year ended 30 June 2018. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.	Our audit procedures included the following: • Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of sales; • assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; • comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • inspecting on a sample basis, credit notes issued in June 2018 and July 2018 to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and • scanning for any manual journal entries relating to sales recorded during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2	**Valuation of Trade Debts** Refer to note 4.9 and 17 to the unconsolidated financial statements. As at 30 June 2018, the Company's trade debts amount to Rs. 536.41 million.	Our audit procedures included the following: • obtaining an understanding of and assessing the design and implementation of management's key internal controls over trade debtors including debt collection process and making allowance for doubtful debts;

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KPMG Taseer Hadi & Co.

S.No.	Key audit matter(s)	How the matter was addressed in our audit
	We identified the recoverability of trade debtors as a key audit matter because estimating the recoverable amount involves inherent uncertainty and significant management judgment. Historically recovery from Government institutions has been slow.	• assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation; and • assessing the assumptions and estimates made by the management for the allowances for doubtful debts, the ageing of overdue balances, during and subsequent to the year-end cash receipts from debtors and by performing a retrospective review of historical accuracy of these estimates.
3	**Valuation of Stock-in-trade and related provisions** Refer to note 4.15 and 16 to the unconsolidated financial statements. As at 30 June 2018, the Company's gross carrying amount of stock in trade amounts to Rs. 1,411.62 million against which net realizable value adjustment of Rs. 191.77 million has been recorded. We identified valuation of stock in trade as a key audit matter as it involves significant management judgement in determining the carrying value of stock in trade.	Our audit procedures included the following: • Obtaining an understanding of internal controls over valuation of stock in trade and testing, their design, implementation and operating effectiveness; • assessing the appropriateness of the Company's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting standards; • obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales and their basis; and • comparing the NRV, on a sample basis, to the cost of stock in trade to assess whether any adjustments are required to value stock in trade in accordance with the accounting policy.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended **30 June 2018**, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

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Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);

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b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Bilal Ali.

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore

Date: 25 September 2018

Unconsolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital				
50,000,000 (2017: 50,000,000) ordinary shares of Rs. 10 each		**500,000,000**	500,000,000	500,000,000
Issued, subscribed and paid up capital	*5*	**301,868,410**	301,868,410	301,868,410
Capital reserve	*6*	**321,843**	321,843	321,843
Accumulated profit		**3,735,100,328**	3,733,431,676	3,765,936,024
Revaluation surplus on property, plant and equipment	*7*	**789,650,185**	807,524,953	832,797,085
		4,826,940,766	4,843,146,882	4,900,923,362
Non current liabilities				
Deferred taxation	*8*	**165,760,483**	167,046,631	149,191,075
Current liabilities				
Trade and other payables	*9*	**792,675,804**	682,611,179	583,605,560
Short term borrowings - secured	*10*	**96,852,363**	2,138,283	-
Unclaimed dividend		**82,143,724**	80,854,747	67,868,588
Accrued mark-up		**533,713**	1,646,851	32,767
		972,205,604	767,251,060	651,506,915
Contingencies and commitments	*11*			
		5,964,906,853	5,777,444,573	5,701,621,352

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

Chief Executive Officer

Chief Financial Officer

	Note	**2018 Rupees**	2017 Rupees *(Restated)*	2016 Rupees *(Restated)*
ASSETS				
Non-current assets				
Property, plant and equipment	*12*	**2,649,216,106**	2,566,321,990	2,384,990,408
Intangibles	*13*	**2,016,272**	2,319,638	4,174,991
Long term investments - related parties	*14*	**297,798,460**	280,949,050	263,310,134
Long term deposits and prepayments		**7,066,325**	7,066,325	6,351,325
		2,956,097,163	2,856,657,003	2,658,826,858
Current assets				
Stores, spare parts and loose tools	*15*	**46,218,187**	22,754,337	22,249,383
Stock in trade	*16*	**1,219,853,920**	1,546,037,068	1,866,923,740
Trade debts - considered good	*17*	**536,412,764**	365,941,171	387,586,473
Loans and advances - considered good	*18*	**43,976,934**	72,918,451	35,476,550
Deposits and prepayments	*19*	**174,960,635**	151,421,998	92,321,784
Other receivables	*20*	**92,465,979**	10,595,528	7,637,820
Income tax - net		**170,398,448**	127,916,951	45,918,965
Short term investments	*21*	**527,343,533**	487,884,889	335,000,000
Cash and bank balances	*22*	**197,179,290**	135,317,177	249,679,779
		3,008,809,690	2,920,787,570	3,042,794,494
		5,964,906,853	5,777,444,573	5,701,621,352

Director

Unconsolidated Statement of Profit or Loss

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	23	**4,459,323,228**	4,311,441,718
Cost of sales	24	**(2,889,668,475)**	(2,534,669,504)
Gross profit		**1,569,654,753**	1,776,772,214
Administrative expenses	25	**(303,096,037)**	(289,129,914)
Selling and distribution expenses	26	**(1,126,344,657)**	(913,763,385)
Other expenses	27	**(50,987,393)**	(46,569,913)
Other income	28	**129,086,882**	91,202,506
Profit from operations		**218,313,548**	618,511,508
Finance cost	29	**(11,048,102)**	(16,293,573)
Profit before taxation		**207,265,446**	602,217,935
Taxation	30	**(111,859,642)**	(208,553,225)
Profit after taxation		**95,405,804**	393,664,710
Earnings per share - basic and diluted	31	**3.16**	13.04

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

Chief Executive Officer Chief Financial Officer Director

Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	2018	2017
	Rupees	Rupees
		(Restated)
Profit after taxation	**95,405,804**	393,664,710
Items that will not be reclassified to profit and loss account:		
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**95,405,804**	393,664,710

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

Chief Executive Officer　　Chief Financial Officer　　Director

Unconsolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Capital Reserve			Revenue Reserve	
	Share capital	Capital reserve	Revaluation surplus on Property, plant and equipment	Accumu-lated profit	Total
	--------------------------Rupees--------------------------				
Balance as at 01 July 2016	301,868,410	321,843	-	3,765,936,024	4,068,126,277
Impact of re-statement - note 4.1	-	-	832,797,085	-	832,797,085
Balance as at 01 July 2016 - restated	301,868,410	321,843	832,797,085	3,765,936,024	4,900,923,362
Total comprehensive income for the year	-	-	-	393,664,710	393,664,710
Surplus transferred to accumulated profit:					
- on account of incremental depreciation on property, plant and equipment charged during the year - net of tax	-	-	(26,633,557)	26,633,557	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	1,361,425	-	1,361,425
Transactions with owners of the Company, recognized directly in equity - Distributions					
- Final dividend for the year ended 30 June 2016 at Rs. 12 per share	-	-	-	(362,242,092)	(362,242,092)
- Interim dividend for the year ended 30 June 2017 at Rs. 3 per share	-	-	-	(90,560,523)	(90,560,523)
	-	-	-	(452,802,615)	(452,802,615)
Balance as at 30 June 2017 - restated	301,868,410	321,843	807,524,953	3,733,431,676	4,843,146,882
Total comprehensive income for the year	-	-	-	**95,405,804**	**95,405,804**
Surplus transferred to accumulated profit:					
- on account of incremental depreciation on property, plant and equipment 'charged during the year - net of tax	-	-	**(27,011,229)**	**27,011,229**	-
- on account of disposal of fixed assets during the year - net of tax	-	-	**1,017**	**(1,017)**	-
	-	-	**(27,010,212)**	**27,010,212**	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	**9,135,444**	-	**9,135,444**
Transactions with owners of the Company, recognized directly in equity - Distributions					
- Final dividend for the year ended 30 June 2017 at Rs. 4 per share	-	-	-	**(120,747,364)**	**(120,747,364)**
Balance as at 30 June 2018	**301,868,410**	**321,843**	**789,650,185**	**3,735,100,328**	**4,826,940,766**

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

Chief Executive Officer | Chief Financial Officer | Director

Unconsolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Cash flow from operating activities			
Profit before taxation		**207,265,446**	602,217,935
Adjustments for non - cash and other items			
Depreciation on property, plant and equipment	12.4	**246,338,313**	209,789,257
Amortisation of intangibles		**2,044,342**	1,855,353
Trade debts write off	26	**-**	15,350,017
Earnest money written off	26	**7,430,890**	-
Gain on disposal of property, plant and equipment	12.5	**(17,231,877)**	(10,941,817)
Finance costs		**11,048,102**	16,293,573
Gain on re-measurement of short term investments to fair value		**(19,138,298)**	(85,611)
Dividend income	21.1	**-**	(12,287,391)
Gain on sale of short term investments		**(1,947,077)**	(3,171,520)
Profit on term deposits		**-**	(834,747)
Share in profit of Farmacia	14.1	**(16,849,410)**	(17,638,916)
Workers' Profit Participation Fund		**11,281,892**	29,941,741
Central Research Fund		**2,717,079**	6,048,836
Workers' Welfare Fund no longer payable written back	28	**-**	(43,352,950)
Workers' Welfare Fund		**7,090,508**	10,028,086
		232,784,464	200,993,911
Cash generated from operations before working capital changes		**440,049,910**	803,211,846
Effect on cash flow due to working capital changes			
Decrease / (increase) in current assets			
Stores, spare parts and loose tools		**(23,463,850)**	1,297,663
Stock in trade		**326,183,148**	319,084,055
Trade debts - considered good		**(170,471,593)**	6,295,285
Loans and advances - considered good		**28,941,517**	(37,441,901)
Deposits and prepayments		**(30,969,527)**	(59,100,214)
Other receivables		**(74,481,371)**	(2,116,118)
		55,738,324	228,018,770
Increase in current liabilities			
Trade and other payables		**116,767,490**	187,451,758
Cash generated from operations		**612,555,724**	1,218,682,374
Taxes paid		**(146,491,843)**	(227,981,280)
Workers' Profit Participation Fund paid	20.1	**(18,670,972)**	(53,034,847)
Workers' Welfare Fund paid		**(10,028,086)**	(54,163,779)
Central Research Fund paid	9.1	**(6,482,366)**	(28,795,204)
Long term deposits - net		**-**	(715,000)
Net cash generated from operating activities		**430,882,457**	853,992,264
Cash flow from investing activities			
Acquisition of property, plant and equipment		**(337,417,193)**	(395,980,754)
Acquisition of intangibles		**(1,740,976)**	-
Dividend income received		**-**	12,287,391
Proceeds from sale of property, plant and equipment	12.5	**25,416,641**	15,801,732
Profit on term deposits received		**-**	1,522,185
Short term investments - net		**(18,373,269)**	(149,627,758)
Net cash used in investing activities		**(332,114,797)**	(515,997,204)
Cash flow from financing activities			
Finance cost paid		**(12,161,240)**	(14,679,489)
Dividend paid		**(119,458,387)**	(439,816,456)
Net cash used in financing activities		**(131,619,627)**	(454,495,945)
Net decrease in cash and cash equivalents		**(32,851,967)**	(116,500,885)
Cash and cash equivalents at the beginning of the year		**133,178,894**	249,679,779
Cash and cash equivalents at the end of the year		**100,326,927**	133,178,894
Cash and cash equivalents comprise of the following			
Cash and bank balances	22	**197,179,290**	135,317,177
Running finance	10	**(96,852,363)**	(2,138,283)
		100,326,927	133,178,894

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

Chief Executive Officer Chief Financial Officer Director

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

1 Reporting entity

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

2 Summary of significant transactions and events affecting the Company's financial position and performance

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The accounting policy for surplus on revaluation of freehold land, building on freehold land and plant and machinery changed during the year as detailed in note 4.1 to these unconsolidated financial statements.

- The gross profit for the year has been affected primarily because of change in sales mix and devaluation of Pakistani rupees thereby impacting the cost of imported raw material and imported finished goods purchased for resale.

- The Company has incurred capital expenditure amounting to Rs. 265.92 million in aggregate (building and plant and machinery) for the expansion and modernization of its current manufacturing facility. The expansion has been financed through own sources.

- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, the Company has presented additional disclosures in these financial statements and represented certain comparative figures.

- For a detailed discussion about the Company's performance please refer to the Director's report.

3. Basis of preparation

3.1 Separate financial statements

These unconsolidated financial statements are the separate financial statements of the

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

The Company has following major investments:

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

3.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 Standards, amendments and interpretations and forth coming requirements

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

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

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS

28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's financial statements.

3.4 Basis of measurement

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

3.5 Functional and presentation currency

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

3.6 Use of estimates and judgments

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

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

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

3.6.1 Property, plant and equipment

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

3.6.2 Intangibles

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

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

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

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

3.6.4 Provision against trade debts, advances and other receivables

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

3.6.5 Provisions

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

3.6.6 Impairment

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

3.6.7 Fair value of investments

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

3.6.8 Taxation

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

4 Significant accounting policies

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements, except as disclosed in note 4.1.

4.1 Changes in accounting policy

Upto 30 June 2017, surplus on revaluation of land, building and plant and machinery was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation account. With effect from 01 January 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly the management has changed the accounting policy to bring accounting of revaluation surplus on land, building, and plant and machinery in accordance with the requirements of IAS 16 "Property, plant and equipment". The effect of this change in accounting policy, which is applied with retrospective effect, has resulted in transfer of surplus on revaluation of land, building on freehold land, and plant and machinery - net of tax to equity which was previously being presented outside equity.

4.2 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:

4.2.1 Staff provident fund (Retirement benefit)

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.

4.2.2 Compensated absences

The Company provides for compensated absences for its employees on unavailed balance of leave in the period in which leave is earned and the charge is recognized in the profit or loss account.

4.3 Taxation

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

4.3.1 Current taxation

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The amount of unpaid income tax in respect of the current and prior periods is recognized as liability. Any excess amount paid over what is due in respect of the current or prior periods is recognized as an asset.

4.3.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.4. Property, plant and equipment

4.4.1 Owned

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

Depreciation is provided on a straight line basis and charged to profit or 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 12 to these financial statements. Depreciation on depreciable assets is commenced from the date asset is available for use up to the date when asset is retired. Any accumulated depreciation at the date of revaluation is eliminated, against the gross carrying amount of the asset and the net amount is restated to the revalued amount.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to profit or loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss account as and when 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.

4.4.2 Capital work in progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

4.5 Intangibles

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

4.6 Financial instruments

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

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

Significant financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities include trade and other payables, short term borrowings and accrued markup.

4.7 Offsetting of financial assets and 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.

4.8 Investments

4.8.1 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.

4.8.2 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 profit or loss account. Fair value of investments is their quoted bid price at the reporting date. Transaction costs are charged to profit or loss account.

4.9 Loans and receivables

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

Trade debts

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

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

4.10 Settlement date accounting

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

4.11 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.

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

4.12 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 reporting date and adjusted to reflect current best estimate.

4.13 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting 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 profit or loss account.

4.14 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost except for items in transits which are stated at cost incurred up to the reporting date less impairment, if any. For items which are slow moving and/or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores, spares parts and loose tools on a regular basis and provision is made for obsolescence.

4.15 Stocks in trade

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

Raw and Packing materials	- at moving average cost
Work in process	- at weighted average cost
Finished goods	- at moving average cost and
Finished goods for resale	- at weighted average cost of purchase

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

4.16 Cash and cash equivalents

Cash and cash equivalents are carried in statement of financial position at cost. For the purpose of cash flow statement cash and cash equivalents comprise of cash in hand, cash at banks and outstanding balance of short term borrowing facilities.

4.17 Borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss account over the period of the borrowings on an effective interest basis.

Finance cost are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has as unconditional right to defer settlement of the liability for atleast twelve months after the balance sheet date.

4.18 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of products, net of sales returns, discounts and commission. Revenue is recognized when the goods are dispatched and title passes to the customer, it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably and there is no continuing management involvement.

4.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss account as incurred.

4.20 Other income

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

Dividend income and entitlement of bonus shares are recognised when the right to receive is established.

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

4.21 Impairment

4.21.1 *Financial assets*

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

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

4.21.2 *Non financial assets*

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

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

4.22 Earnings per share (EPS)

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

4.23 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the financial statements in the period in which it is approved.

4.24 Operating lease

Lease where a significant portion of the risks and rewards of ownership are retained by the lessor is classified as operating lease. Payments made under operating lease are charged to profit or loss account on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the Company's benefit.

4.25 Segment Reporting

Operating segments are 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 Company that make strategic decisions. These financial statements are prepared on the basis of single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

	2018 **Rupees**	2017 Rupees
5. Issued, subscribed and paid up capital		
1,441,952 (2017: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	**14,419,520**	14,419,520
119,600 (2017: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	**1,196,000**	1,196,000
28,625,289 (2017: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	**286,252,890**	286,252,890
	301,868,410	301,868,410

KFW Factors (Private) Limited, an associated company holds 8,286,942 (2017: 8,286,942) ordinary shares of Rs. 10 each of the Holding Company.

6. Capital reserve

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

7 Revaluation surplus on property, plant and equipment

	2018 Rupees	2017 Rupees
Surplus on revaluation of property, plant and equipment as at 01 July	**895,001,308**	933,032,737
Surplus transferred to equity on account of incremental depreciation charged during the year net of deferred tax	**(27,011,229)**	(26,633,557)
Related deferred tax liability	**(11,020,200)**	(11,397,872)
	(38,031,429)	(38,031,429)
Surplus transferred to equity:		
- on account of disposal during the year net of deferred tax	**1,017**	-
- Related deferred tax liability	**415**	-
	1,432	-
Revaluation Surplus	**856,971,311**	895,001,308
Related deferred tax liability:		
- On revaluation as at 01 July	**(87,476,355)**	(100,235,652)
- Transferred / recognized		
- on disposals during the year	**(415)**	-
- on account of incremental depreciation charged during the year	**11,020,200**	11,397,872
- tax rate adjustment	**9,135,444**	1,361,425
	(67,321,126)	(87,476,355)
Surplus on revaluation of property, plant and equipment as at 30 June	**789,650,185**	807,524,953

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

8 Deferred taxation

	2018			
		(Reversal from) / charge to		
	Opening	**Profit or loss**	**Equity**	**Closing**
	---------------------(Rupees)-----------------------------			
Taxable temporary difference				
Accelerated tax depreciation allowances	**79,570,276**	**14,084,507**	**-**	**93,654,783**
Surplus on revaluation of property, plant and equipment	**87,476,355**	**(11,019,785)**	**(9,135,444)**	**67,321,126**
Unrealized gain on short term investments - mutual funds	**-**	**4,784,574**	**-**	**4,784,574**
	167,046,631	**7,849,296**	**(9,135,444)**	**165,760,483**

	2017			
		(Reversal from) / charge to		
	Opening	Profit or loss	Equity	Closing
	---------------------(Rupees)-----------------------------			
Taxable temporary difference				
Accelerated tax depreciation allowances	48,955,423	30,614,853	-	79,570,276
Surplus on revaluation of property, plant and equipment	100,235,652	(11,397,872)	(1,361,425)	87,476,355
	149,191,075	19,216,981	(1,361,425)	167,046,631

9	Trade and other payables	Note	2018 Rupees	2017 Rupees
	Trade creditors		**543,862,953**	420,783,911
	Accrued liabilities		**81,890,246**	78,435,514
	Advances from customers		**85,868,075**	102,146,513
	Provision for compensated absences		**22,652,323**	20,483,086
	Central Research Fund	*9.1*	**2,283,549**	6,048,836
	Workers' Welfare Fund	*27*	**7,090,508**	10,028,086
	Advances from employees against purchase of vehicles		**41,971,602**	40,334,282
	Other payables		**7,056,548**	4,350,951
			792,675,804	682,611,179

9.1 Central Research Fund

	Note	2018 Rupees	2017 Rupees
Balance as at 01 July		**6,048,836**	28,795,204
Provision for the year	*27*	**2,717,079**	6,048,836
		8,765,915	34,844,040
Payments made during the year		**(6,482,366)**	(28,795,204)
Balance as at 30 June		**2,283,549**	6,048,836

10 Short term borrowings - secured

	2018 Rupees	2017 Rupees
Short term running finance - secured	**96,852,363**	2,138,283

10.1 Particulars of borrowings

	Note	2018 Rupees	2017 Rupees
Interest / markup based financing	*10.2*	**60,508,717**	2,138,283
Islamic mode of financing	*10.3*	**36,343,646**	-
		96,852,363	2,138,283

10.2 Interest / markup based financing

The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 750 million (2017: Rs. 750 million). These facilities carry mark-up at the rates ranging from three months KIBOR plus 0.3% to 0.9% (2017: three months KIBOR plus 0.1% to 0.9%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 450 million can interchangeably be utilized as non-funded facilities. Out of the aggregate facilities, Rs. 450 million (2017: Rs. 450 million) are secured by first pari passu charge of Rs. 1,000 million over all present and future assets (current and fixed assets) of the Company (excluding land and building) and remaining Rs. 300 million (2017: Rs. 300 million) facility is secured by lien on Company's short term investments (money market/income fund) which should be 110% of the maximum limit allowed for utilization. Under this arrangement, short term investment of Rs. 333.33 million (2017: Rs. 207.75 million) in HBL funds as mentioned in note 21.1.1 is marked under lien. These facilities are renewable on annual basis latest by 31 December 2018.

10.3 Islamic mode of financing

The Company has short term borrowing facility i.e. Running Musharakah available from Islamic bank under profit arrangements having sanctioned limit of Rs. 200 million (2017: Rs. 200 million). This facility carries profit rate of three months KIBOR plus 0.3% (2017: three months KIBOR plus 0.3%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded. This facility is secured by first pari passu charge over current assets of the Company. This facility is renewable on annual basis latest by 31 July 2018.

11 Contingencies and commitments

11.1 Contingencies

The Company filed a suit before the Honorable High Court of Sindh challenging SRO related to pharmaceutical pricing issued by Drug Regulatory Authority of Pakistan ("DRAP") being ultra vires the constitution. The issue relates to fixation of prices of certain products of the Company and the SRO issued in this regard whereby the products of the Company were notified as controlled drugs. During the year, the matter was transferred to Honorable Supreme Court of Pakistan ("Supreme Court"). The Supreme Court on 06 August 2018 ordered to resolve the matter, in line with mechanisms and procedures incorporated in the Drug Pricing Policy, 2018 issued by DRAP, within ten weeks from the date of the order. Till the resolution of the matter, the pricing issued by DRAP will remain frozen. The management based on obtained legal opinion believes that the Company has a strong case on merit and is likely to succeed in obtaining relief.

11.2 Commitments

11.2.1 Letter of credits

11.2.1.1 Interest / markup based arrangments

Out of the aggregate facility of Rs. 600 million (2017: Rs. 600 million) for opening letters of credit, the amount utilized as at 30 June 2018 for capital expenditure was Rs. 192.52 million (2017: Rs. Nil) and for other than capital expenditure was Rs. 151.99 million (2017: Rs. 166.2 million). Out of these facilities, Rs. 300 million can interchangeably be utilized as running finance. These facilities are secured by first pari passu charge of Rs. 1,000 million over all present and future assets (excluding land & building) of the Company and lien over import documents.

11.2.1.2 Islamic mode arrangements

The Company has facility i.e. letters of credit of Rs. 75 million (2017: Rs. 75 million) available from Islamic bank. The amount utilized as at 30 June 2018 for capital expenditure was Rs. 1.64 million (2017: Rs. Nil) and for other than capital expenditure was Rs. 54.87 million (2017: Rs. 28.74 million). Lien is also marked over import documents.

11.2.2 Guarantees issued by banks on behalf of the Company

11.2.2.1 Interest / markup based arrangments

Out of the aggregate facility of Rs. 325 million (2017: Rs. 25 million) for letter of guarantees (which is the sublimit of running finance), the amount utilized as at 30 June 2018 was Rs. 62.39 million (2017: Rs. 9.82 million).

11.2.2.2 Islamic mode arrangements

The Company has facility i.e. letter of guarantee of Rs. 25 million (2017: Rs. 25 million) available from Islamic bank, the amount utilized at 30 June 2018 was Rs. 1.96 million (2017: Rs. 1.96 million).

		Note	**2018 Rupees**	2017 Rupees
12	**Property, plant and equipment**			
	Operating assets	*12.1*	**2,546,322,823**	2,349,059,821
	Capital work in progress	*12.6*	**102,893,283**	217,262,169
			2,649,216,106	2,566,321,990

12.1 Operating assets

	Owned							
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Furniture and fittings	Computers	Vehicles	Total
	------------ Rupees ------------							
30 June 2018								
Cost / revalued amount								
Balance as at 01 July 2017	666,500,000	669,752,530	852,888,052	88,362,524	74,914,362	35,398,328	332,185,247	2,720,001,043
Additions / transfers	43,500,000	116,116,572	183,500,881	7,712,709	8,665,165	3,577,010	88,713,742	451,786,079
Disposals / write off	-	-	(244,090)	(168,200)	-	(977,269)	(39,992,633)	(41,382,192)
Balance as at 30 June 2018	**710,000,000**	**785,869,102**	**1,036,144,843**	**95,907,033**	**83,579,527**	**37,998,069**	**380,906,356**	**3,130,404,930**
Depreciation								
Balance as at 01 July 2017	-	64,565,160	70,941,993	37,010,182	14,868,439	22,336,975	161,218,473	370,941,222
Charge for the year	-	68,850,414	90,370,499	8,616,233	7,893,929	7,713,252	62,893,986	246,338,313
On disposals	-	-	(28,476)	(148,581)	-	(969,202)	(32,051,169)	(33,197,428)
Balance as at 30 June 2018	**-**	**133,415,574**	**161,284,016**	**45,477,834**	**22,762,368**	**29,081,025**	**192,061,290**	**584,082,107**
Net book value as at 30 June 2018	**710,000,000**	**652,453,528**	**874,860,827**	**50,429,199**	**60,817,159**	**8,917,044**	**188,845,066**	**2,546,322,823**
30 June 2017								
Cost / revalued amount								
Balance as at 01 July 2016	666,500,000	637,375,756	496,475,194	58,152,706	31,778,972	28,789,733	303,784,050	2,222,856,411
Additions / transfers	-	32,376,774	356,412,858	30,209,818	43,135,390	9,381,127	55,284,988	526,800,955
Disposals / write off	-	-	-	-	-	(2,772,532)	(26,883,791)	(29,656,323)
Balance as at 30 June 2017	**666,500,000**	**669,752,530**	**852,888,052**	**88,362,524**	**74,914,362**	**35,398,328**	**332,185,247**	**2,720,001,043**
Depreciation								
Balance as at 01 July 2016	-	-	-	30,082,198	9,284,117	18,426,604	128,155,454	185,948,373
Charge for the year	-	64,565,160	70,941,993	6,927,984	5,584,322	6,682,903	55,086,895	209,789,257
On disposals	-	-	-	-	-	(2,772,532)	(22,023,876)	(24,796,408)
Balance as at 30 June 2017	**-**	**64,565,160**	**70,941,993**	**37,010,182**	**14,868,439**	**22,336,975**	**161,218,473**	**370,941,222**
Net book value as at 30 June 2017	**666,500,000**	**605,187,370**	**781,946,059**	**51,352,342**	**60,045,923**	**13,061,353**	**170,966,774**	**2,349,059,821**
Depreciation Rate %	**-**	**10**	**10**	**10**	**10**	**33.33**	**20**	

12.1.1 These include fully depreciated assets amounting to Rs. 74.57 million (2017: Rs. 64.08 million).

12.1.2 Had there been no revaluation, carrying value of freehold land, building on free hold land and plant and machinery would have been as follows:

	Note	2018 Rupees	2017 Rupees
Freehold land		**116,611,635**	73,111,635
Building on freehold land		**463,617,811**	391,065,829
Plant and machinery		**800,113,598**	694,454,657
		1,380,343,044	1,158,632,121

12.2 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immovable property	Total area (acres)	Covered Area (square feet)
Main G.T Road, Amanghar, District Nowshera, KPK	Manufacturing facility	29.81	336,222
5-K.M - Sunder Raiwind Road, Raiwind Lahore	Head office	23.59	26,852
197-A, The Mall, Rawalpindi Cantt, Rawalpindi	Registered office	0.66	28,749
Shop no. 2, Ground Floor, Ramzan Medical Centre, Lahore	Vacant shop	0.01	351
Phase II Extension Defence House Authority, Islamabad	Vacant plot	1.03	N/A
House No. 167, Khanuspur Ayubia, KPK	Guest house	0.33	5,000

12.3 The latest revaluation was carried on at 30 June 2016. As per the revaluation report, forced sale value of freehold land, buildings on free hold land and plant and machinery was Rs. 597.75 million, Rs. 526.28 million and Rs. 307.00 million respectively.

12.4 **Depreciation is allocated as under:**

	Note	2018	2017
Cost of sales	*24*	**160,548,574**	132,043,041
Administrative expenses	*25*	**45,442,289**	44,039,257
Selling and distribution expenses	*26*	**40,347,450**	33,706,959
		246,338,313	209,789,257

12.5 **Disposal of property, plant and equipment**

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost / revalued amount	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
			-----Rupees-----				
Vehicles							
Toyota Corolla Altis	Mr. Farhan Rafique	Ex Employee	2,242,060	2,167,324	2,242,060	74,736	Company Policy
Suzuki Liana	Mr. Khalil Ahmad	Employee	1,511,000	-	650,000	650,000	Company Policy
Honda City	Mr. Hassan Ali	Auction	1,382,000	-	1,283,000	1,283,000	Tender
Suzuki Liana	Mr. Munawar Hayat	Employee	1,239,000	-	550,000	550,000	Company Policy
Suzuki Cultus	Mr. Muhammad Umer	Auction	1,114,000	649,840	906,907	257,067	Tender
Suzuki Cultus	Mr. Sajid Kamal	Ex Employee	1,105,000	358,200	705,320	347,120	Company Policy
Suzuki Cultus	Mr. Akbar Shahzad	Auction	1,039,000	484,867	886,500	401,633	Tender
Suzuki Cultus	Mr. Waseem Mirza	Auction	1,039,000	415,600	908,000	492,400	Tender
Suzuki Cultus	Mr. Muhammad Zia Ullah Khan	Ex Employee	1,019,000	67,933	923,956	856,023	Company Policy
Suzuki Cultus	Mr. Waqar Ud Din Siddiqui	Ex Employee	1,013,999	135,199	719,320	584,121	Company Policy

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost / revalued amount	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
Suzuki Cultus	Mr. Iqbal Ud Din	Employee	1,005,000	-	502,500	502,500	Company Policy
Suzuki Cultus	Mr. Asim Rafique	Employee	990,000	82,500	495,000	412,500	Company Policy
Suzuki Cultus	Mr. Sohail Mughal	Employee	985,500	-	558,450	558,450	Company Policy
Suzuki Cultus	Mr. Sibtul Hasan Saqib	Employee	930,000	-	394,200	394,200	Company Policy
Suzuki Mehran	EFU Insurance Company	N/A	778,000	648,333	778,000	129,667	Insurance Claim
Suzuki Mehran	EFU Insurance Company	N/A	751,295	663,644	700,000	36,356	Insurance Claim
Suzuki Mehran	Mr. Yasir Islam	Ex Employee	734,814	220,443	521,348	300,905	Company Policy
Suzuki Alto	Mr. Mukhtar Kiyani	Ex Employee	710,000	-	517,750	517,750	Company Policy
Suzuki Alto	Mr. Raja Faheem Ahmad	Employee	705,000	-	237,960	237,960	Company Policy
Suzuki Mehran	Mr. Junaid Ikram	Employee	683,000	227,667	468,625	240,958	Company Policy
Suzuki Mehran	Mr. Usman Aqeel	Employee	683,000	375,650	401,700	26,050	Company Policy
Suzuki Mehran	Mr. Muhammad Nasir Zahoor	Auction	683,000	227,667	553,000	325,333	Tender
Suzuki Mehran	Mr. Shahid Ali Hanif	Employee	683,000	204,901	452,379	247,478	Company Policy
Suzuki Mehran	Mr. Khursheed Norojo	Employee	663,813	-	333,500	333,500	Company Policy
Suzuki Mehran	Mr. Muhammad Imitaiz Anwar	Employee	637,000	-	354,797	354,797	Company Policy
Suzuki Mehran	Mr. Sikandar Zaman	Employee	612,000	-	355,732	355,732	Company Policy
Suzuki Mehran	Mr. Muhammad Ali	Employee	612,000	-	333,500	333,500	Company Policy
Suzuki Mehran	Mr. Syed Shehnaz Ul hasan	Auction	605,000	-	436,911	436,911	Tender
Suzuki Mehran	Mr. Syed Faisal Saleem	Ex Employee	605,000	-	368,007	368,007	Company Policy
Suzuki Mehran	Mr. Abdul Manan	Employee	568,500	-	284,000	284,000	Company Policy
Suzuki Mehran	Mr. Waseem Akram	Employee	568,500	-	284,000	284,000	Company Policy
Suzuki Mehran	Mr. Shakeel Ahmad	Ex Employee	567,000	-	283,500	283,500	Company Policy
Suzuki Mehran	Mr. Maqbool Ali	Employee	567,000	-	283,500	283,500	Company Policy
Suzuki Mehran	Mr. Kamar Sohail Saeed Butt	Employee	567,000	-	450,000	450,000	Company Policy
Suzuki Mehran	Mr. Aleem Ahmad Khan	Ex Employee	567,000	-	425,000	425,000	Company Policy
Suzuki Mehran	Mr. Asim Hussain	Employee	560,000	-	280,000	280,000	Company Policy
Suzuki Mehran	Mr. Muhammad Akbar Shahzad	Auction	549,000	-	427,000	427,000	Tender
Suzuki Mehran	Mr. Azhar Mehmood	Ex Employee	530,000	-	400,000	400,000	Company Policy
Suzuki Mehran	Mr. Muhammad Imran Abbasi	Employee	529,000	-	220,410	220,410	Company Policy
Suzuki Mehran	Mr. Imran Qayyum	Employee	529,000	-	220,410	220,410	Company Policy
Suzuki Mehran	Mr. Mohsin Rasheed Bhatti	Employee	529,000	-	233,637	233,637	Company Policy
Suzuki Mehran	Mr. Farid Gul	Ex Employee	408,866	-	350,000	350,000	Company Policy
Suzuki Mehran	Mr. Muhammad Shahid Saleem	Employee	390,000	-	172,929	172,929	Company Policy
Suzuki Mehran	Mr. Furqan Khaliq	Employee	380,250	-	225,000	225,000	Company Policy
Honda CD 70	Mr. Masood Ahmad	Employee	73,700	-	30,000	30,000	Company Policy
Honda CD 70	Mr. Muhammad Akbar Shahzad	Auction	69,900	19,805	31,900	12,095	Tender
Honda CD 70	Mr. Muhammad Akbar Shahzad	Auction	69,900	19,805	31,700	11,895	Tender
Honda CD 70	Mr. Muhammad Akbar Shahzad	Auction	69,900	32,620	36,500	3,880	Tender
Honda CD 70	Mr. Muhammad Akbar Shahzad	Auction	69,900	32,620	37,700	5,080	Tender
Honda CD 70	Mr. Raheel Zaman	Auction	69,900	22,135	37,250	15,115	Tender
Honda CD 70	Mr. Raheel Zaman	Auction	69,900	25,630	41,250	15,620	Tender
Honda CD 70	Mr. Akbar Shahzad	Auction	69,900	16,310	33,500	17,190	Tender
Honda CD 70	Mr. Syed Kashif Ur Rehman	Employee	69,900	19,805	45,876	26,071	Company Policy
Honda CD 70	Mr. Akbar Shahzad	Auction	69,900	29,125	35,000	5,875	Tender
Honda CD 70	Mr. Akbar Shahzad	Auction	69,900	29,125	34,000	4,875	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	12,815	32,911	20,096	Tender
Honda CD 70	Mr. Asad Ali Shah	Auction	69,900	16,310	26,000	9,690	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	19,805	31,911	12,106	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	19,805	32,786	12,981	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	25,630	40,911	15,281	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	25,630	39,911	14,281	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	25,630	39,911	14,281	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	25,630	39,911	14,281	Tender
Honda CD 70	Mr. Asad Ali Shah	Auction	69,900	25,630	28,000	2,370	Tender
Honda CD 70	Mr. Syed Qamar Ul Hasan	Auction	69,900	11,650	30,911	19,261	Tender
Honda CD 70	Mr. Syed Qamar Ul Hasan	Auction	69,900	15,145	32,200	17,055	Tender
Honda CD 70	Mr. Syed Qamar Ul Hasan	Auction	69,900	18,640	32,300	13,660	Tender
Honda CD 70	Mr. Syed Qamar Ul Hasan	Auction	69,900	24,465	36,786	12,321	Tender
Honda CD 70	Mr. Adnan Ilyas Awan	Employee	69,900	10,485	37,140	26,655	Company Policy
Honda CD 70	Mr. Ghani Badshah	Ex Employee	69,900	13,980	39,000	25,020	Company Policy
Honda CD 70	Mr. Sajid Zaman	Ex Employee	69,900	17,475	48,788	31,313	Company Policy
Honda CD 70	Mr. Muhammad Sohail	Auction	69,000	17,250	32,000	14,750	Tender
Honda CD 70	Mr. Syed Qamar Ul Hasan	Auction	69,000	9,200	29,786	20,586	Tender
Honda CD 70	Mr. Waseem Umer	Employee	68,500	13,700	29,250	15,550	Company Policy
Honda CD 70	Mr. Muhammad Ibrar	Employee	68,500	10,275	29,250	18,975	Company Policy
Honda CD 70	Mr. Rizwan Saeed	Employee	68,500	10,275	34,250	23,975	Company Policy
Honda CD 70	Mr. Javed Hamid	Employee	68,500	10,275	34,250	23,975	Company Policy
Honda CD 70	Mr. Waseem Baig	Employee	68,500	10,275	34,250	23,975	Company Policy
Honda CD 70	Mr. Raees Abbas	Employee	68,500	10,275	34,250	23,975	Company Policy

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost / revalued amount	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
Honda CD 70	Mr. Usman Akram	Employee	68,500	10,275	34,250	23,975	Company Policy
Honda CD 70	Mr. Khuram Shahzad	Auction	68,500	5,707	23,730	18,023	Tender
Honda CD 70	Mr. Khuram Shahzad	Auction	68,500	5,707	25,600	19,893	Tender
Honda CD 70	EFU Insurance Company	N/A	66,885	60,196	63,500	3,304	Insurance Claim
Honda CD 70	Mr. Imran Ali	Employee	65,900	-	30,204	30,204	Company Policy
Honda CD 70	Mr. Ali Haider	Employee	65,900	-	33,500	33,500	Company Policy
Honda CD 70	Mr. Asad Ali Shah	Auction	65,900	-	19,000	19,000	Tender
Honda CD 70	Mr. Adeel Ahmed	Employee	64,500	-	32,250	32,250	Company Policy
Honda CD 70	EFU Insurance Company	N/A	63,501	44,451	62,000	17,549	Insurance Claim
Honda CD 70	Mr. Akbar Shahzad	Auction	63,500	32,807	35,000	2,193	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	63,500	32,807	35,911	3,104	Tender
Honda CD 70	Mr. Khuram Shahzad	Auction	63,500	25,400	37,000	11,600	Tender
Honda CD 70	Mr. Khuram Shahzad	Auction	63,500	25,400	28,880	3,480	Tender
Honda CD 70	Mr. Muhammad Usman Baig	Ex Employee	63,500	40,217	63,500	23,283	Company Policy
Honda CD 70	Mr. Muzafar Hussain	Ex Employee	62,900	-	16,362	16,362	Company Policy
Honda CD 70	Mr. Qaisar Khan	Ex Employee	62,900	-	31,450	31,450	Company Policy
Honda CD 70	Mr. Ghulam Mustafa	Employee	56,240	-	17,000	17,000	Company Policy
Honda CD 70	Mr. Sohail Ahmad Shaik	Ex Employee	56,240	-	54,000	54,000	Company Policy
Honda CD 70	Mr. Muhammad Rafique	Ex Employee	56,240	-	35,000	35,000	Company Policy
Honda CD 70	Mr. Mumtaz Ahmad	Ex Employee	56,240	-	54,000	54,000	Company Policy
Honda CD 70	Mr. Mansoor Ahmad Paracha	Ex Employee	54,000	-	30,000	30,000	Company Policy
Honda CD 70	Mr. Muhammad Afaque Khan	Employee	50,490	-	19,985	19,985	Company Policy
YD 70 Dhoom	Mr. Babar Baig	Employee	49,400	13,172	24,700	11,528	Company Policy
YD 70 Dhoom	Mr. Raheel Zaman	Auction	49,400	11,526	21,250	9,724	Tender
YD 70 Dhoom	Mr. Raheel Zaman	Auction	49,400	11,526	22,250	10,724	Tender
YD 70 Dhoom	Mr. Raheel Zaman	Auction	49,400	11,526	20,250	8,724	Tender
YD 70 Dhoom	Mr. Muhammad Babar	Auction	49,400	7,408	16,500	9,092	Tender
YD 70 Dhoom	Mr. Syed Shahzad UL Hasan	Auction	49,400	7,408	15,786	8,378	Tender
YD 70 Dhoom	Mr. Muhammad Babar	Auction	49,400	7,408	16,500	9,092	Tender
YD 70 Dhoom	Mr. Asad Ali Shah	Auction	49,400	5,763	15,000	9,237	Tender
YD 70 Dhoom	Mr. Asad Ali Shah	Auction	49,400	5,763	15,000	9,237	Tender
YD 70 Dhoom	Mr. Liaqat Hussain	Employee	47,500	-	31,660	31,660	Company Policy
YD 70 Dhoom	Mr. Jahanzaib	Employee	47,500	-	6,000	6,000	Company Policy
YD 70 Dhoom	Mr. Raheel Zaman	Auction	47,500	-	18,250	18,250	Tender
YD 70 Dhoom	Mr. Zalmi Khan	Ex Employee	47,500	-	16,000	16,000	Company Policy
YD 70 Dhoom	Mr. Noor Muhammad Gul	Employee	47,500	-	13,000	13,000	Company Policy
YD 70 Dhoom	Mr. Shahbaz Mashi	Ex Employee	47,500	-	23,740	23,740	Company Policy
YD 70 Dhoom	Mr. Syed Shahzad UL Hasan	Auction	47,500	-	15,786	15,786	Tender
YD 70 Dhoom	Mr. Hassan Ali	Auction	47,500	-	17,700	17,700	Tender
YD 70 Dhoom	Mr. Asad Ali Shah	Auction	47,500	-	11,000	11,000	Tender
			39,253,633	7,941,465	25,401,641	17,460,176	
Computers							
Laptop	Dr. Muhammad Asif Ijaz	Ex Employee	48,376	8,067	10,000	1,933	Company Policy
Laptop	Miss Nayyar Meraj	Ex Employee	52,722	-	5,000	5,000	Company Policy
			101,098	8,067	15,000	6,933	
Assets written off:							
Vehicles	Mr. Sabir Hussain Butt	Not Applicable	739,000	-	-	-	Long Service Award
Computers	Not Applicable	Not Applicable	876,172	-	-	-	Written - off
Office equipment	Not Applicable	Not Applicable	168,200	19,619	-	(19,619)	Written - off
Plant & machinery	Not Applicable	Not Applicable	244,089	215,613	-	(215,613)	Written - off
2018 Rupees			**41,382,192**	**8,184,764**	**25,416,641**	**17,231,877**	
2017 Rupees			29,656,323	4,859,915	15,801,732	10,941,817	

		Note	2018 Rupees	2017 Rupees
12.6	**Capital work-in-progress**			
	The movement in capital work in progress is as follows:			
	Balance as at 01 July		**217,262,169**	348,082,370
	Additions		**242,787,699**	326,129,941
	Transfers		**(357,156,585)**	(456,950,142)
	Balance as at 30 June	*12.6.1*	**102,893,283**	217,262,169

12.6.1 Capital work-in-progress comprises of:

	Note	2018 Rupees	2017 Rupees
Building and civil works		**3,192,751**	65,625,630
Plant and machinery	*12.6.1.1*	**63,068,421**	135,879,696
Advances to suppliers	*12.6.1.2*	**36,632,111**	15,756,843
		102,893,283	217,262,169

12.6.1.1 These represents plant and machinery and equipment in the course of development and installation.

12.6.1.2 These are interest free in the normal course of business for machinery and equipment.

		Note	2018 Rupees	2017 Rupees
13	**Intangibles**			
13.1	**Computer softwares and software license fees**			
	Cost			
	Balance as at 01 July		**11,109,813**	11,109,813
	Addition during the year		**1,740,976**	-
	Balance as at 30 June	*13.1.1*	**12,850,789**	11,109,813
	Amortisation			
	Balance as at 01 July		**8,790,175**	6,934,822
	Amortisation for the year	*25*	**2,044,342**	1,855,353
	Balance as at 30 June		**10,834,517**	8,790,175
	Net book value		**2,016,272**	2,319,638

13.1.1 These include fully amortized assets amounting to Rs. 6.82 million (2017: Rs. 5.54 million). Intangibles are amortised at 33% (2017: 33%) on straight line basis.

14 Long term investments - related parties	*Note*	**2018 Rupees**	2017 Rupees
Related parties - at cost			
Farmacia (Partnership firm): Capital held: 98% (2017: 98%) Managing Partner - Osman Khalid Waheed	*14.1*	**145,798,500**	128,949,090
BF Biosciences Limited (unlisted subsidiary): 15,199,996 (2017: 15,199,996) fully paid ordinary shares of Rs. 10 each Equity held: 80% (2017: 80%) Chief Executive Officer - Osman Khalid Waheed	*14.2*	**151,999,960**	151,999,960
		297,798,460	280,949,050

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

14.2 BF Biosciences Limited has been set up for establishing a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company owns holds 80% (2017: 80%) of equity of the subsidiary and the remaining 20% is held by Grupo Empresarial Bagó S.A., Spain.

14.3 These investments were made before the promulgation of the Companies Act, 2017 and the requirements of repealed Companies Ordinance, 1984 were duly complied with at the time of investment.

	Note	**2018 Rupees**	2017 Rupees
15 Stores, spare parts and loose tools			
Stores		**10,511,016**	14,781,764
Spare parts		**16,685,492**	5,945,584
Loose tools		**218,862**	224,372
Stores in transit		**18,802,817**	1,802,617
		46,218,187	22,754,337
16 Stock in trade			
Raw and packing materials		**338,718,490**	378,989,330
Work in process		**50,818,086**	33,156,171
Finished goods	*16.1*	**730,289,493**	1,079,226,890
Stock in transit	*16.2*	**100,027,851**	54,664,677
		1,219,853,920	1,546,037,068

16.1 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounts to Rs. 191.77 million (2017: Rs. 144.48 million).

16.2 It includes raw and packing material in transit amounting to Rs. 20.44 million (2017: Rs. 1.19 million) and finished goods in transit amounting to Rs. 79.59 million (2017: 53.48 million).

	Note	2018 Rupees	2017 Rupees
17 Trade debts - considered good			
Exports - secured, considered good	*17.1*	**7,909,650**	22,510,664
Unsecured - Considered good			
- Exports	*17.1*	**64,740,522**	39,760,139
- Others		**463,762,592**	303,670,368
		528,503,114	343,430,507
		536,412,764	365,941,171

17.1 Detail of trade debts on account of export sales:

	Confirmed LCs		Contracts	
Country	**2018 Rupees**	2017 Rupees	**2018 Rupees**	2017 Rupees
Sri Lanka	**-**	22,510,664	**35,265,769**	839,200
Myanmar	**-**	-	**-**	1,910,233
Sudan	**-**	-	**27,311,615**	33,606,806
Uzbekistan	**-**	-	**1,298,203**	-
Kenya	**6,269,400**	-	**-**	3,403,900
Afghanistan	**-**	-	**864,935**	-
Nigeria	**1,640,250**	-	**-**	-
	7,909,650	22,510,664	**64,740,522**	39,760,139

	Note	2018 Rupees	2017 Rupees
18 Loans and advances - considered good			
Advances to employees - secured	*18.1*	**19,646,918**	13,991,693
Advances to suppliers - unsecured	*18.2*	**23,954,345**	57,958,111
Others		**375,671**	968,647
		43,976,934	72,918,451

18.1 Advances given to staff are in accordance with the Company's policy and terms of employment contract. These advances are secured against provident fund. Advances to staff include amount due from executives of the Company of Rs. 2.13 million (2017: Rs. 3.89 million).

18.2 These are interest free in the ordinary course of business.

19	Deposits and prepayments	Note	**2018 Rupees**	2017 Rupees
	Deposits - considered good			
	Earnest Money	*19.1*	**167,098,030**	149,665,615
	Security Margins		**7,177,902**	980,102
			174,275,932	150,645,717
	Prepayments		**684,703**	776,281
			174,960,635	151,421,998

19.1 These are interest free and given in ordinary course of business.

20	Other receivables	Note	**2018 Rupees**	2017 Rupees
	Sales tax refundable - net		**8,760,977**	8,809,800
	Worker's profit participation fund	*20.1*	**8,918,108**	1,529,028
	Export rebate		**5,252,893**	-
	Others	*20.2*	**69,534,001**	256,700
			92,465,979	10,595,528

20.1 Workers' Profit Participation Fund

	2018	2017
Balance receivable / (payable) as at 01 July	**1,529,028**	(19,256,025)
Interest on funds utilized by the Company	**-**	(2,308,053)
Provision for the year	**(11,281,892)**	(29,941,741)
	(9,752,864)	(51,505,819)
Payments made during the year	**18,670,972**	53,034,847
Balance as at 30 June	**8,918,108**	1,529,028

Last year, the fund balance was utilized by the Company for its own business and interest at the rate of 165% was credited to the fund. Interest was calculated at higher of 75% of dividend rate or 2.5% plus bank rate, as required under Companies Profits (Workers' Participation) Act, 1968.

20.2 This includes Rs. 60.86 million (2017: Nil) receivable on account of commission in the capacity of acting as an agent.

21 Short term investments

	Note	2018 Rupees	2017 Rupees
Investments at fair value through profit or loss - Mutual Funds			
Held for trading	*21.1*	**527,343,533**	487,884,889

21.1 These investments are 'held for trading'

	Note	2018	2017
Carrying value at 01 July		**487,884,889**	-
Acquisition during the year		**175,000,000**	724,215,542
Redemption during the year		**(156,626,731)**	(239,587,784)
Realized gain on sale of investments during the year		**1,947,077**	3,171,520
Unrealized gain on re-measurement of investment during the year		**19,138,298**	85,611
Carrying and fair value of short term investments	*21.1.1*	**527,343,533**	487,884,889

21.1.1 Mutual fund wise detail is as follows:

	Units		Fair value	
	2018	2017	**2018**	2017
	...............**Number**..............		...............**Number**..............	
HBL Money Market Fund	**2,041,354**	2,041,354	**218,732,153**	207,745,379
MCB Cash Management Optimizer Fund	**1,664,517**	1,243,740	**176,329,065**	125,017,910
HBL Cash Fund	**1,248,377**	1,543,804	**132,282,315**	155,121,600
			527,343,533	487,884,889

21.2 Realized gain of Rs. 1.95 million (2017: Rs. 3.17 million) on sale of mutual funds and bonus dividend of Rs. Nil (2017: Rs. 12.29) has been recorded in "other income". These investments and related gain is from non shariah compliant arrangement. These are marked under lien as mentioned in note 10.

22 Cash and bank balances

	Note	2018 Rupees	2017 Rupees
Cash in hand		**3,880,948**	6,947,754
Cash at bank:			
Current accounts		**5,912,890**	11,397,194
- foreign currency	*22.1*	**183,335,764**	63,479,949
- local currency		**189,248,654**	74,877,143
	22.2	**4,049,688**	53,492,280
Deposit accounts - local currency		**197,179,290**	135,317,177

22.1 These include bank accounts of Rs. 0.67 million (2017: Rs. 0.67 million) maintained under Shariah compliant arrangements.

22.2 These include deposit accounts of Rs. 4.05 million (2017: Rs. 52.07 million) under mark up arrangements, which carry interest rates ranging from 3.5% - 4.25% (2017: 3.75% - 5.4%) per annum.

These also include deposit account of Rs. 0.001 million (2017: Rs. 1.42 million) under Shariah compliant arrangements, which carries profit rate of 2.40% (2017: 2.40% - 2.41%) per annum.

23 Sales - net

	2018 Rupees	2017 Rupees
Gross sales:		
Local	**4,635,493,115**	4,476,139,346
Export	**145,351,460**	180,179,417
	4,780,844,575	4,656,318,763
Less:	**(60,300,351)**	(116,641,668)
Sales returns	**(234,849,356)**	(214,315,750)
Discounts and commission	**(26,371,640)**	(13,919,627)
Sales tax	**(321,521,347)**	(344,877,045)
	4,459,323,228	4,311,441,718

23.1 This includes sale of both own manufactured and purchased products.

24	Cost of sales	Note	2018 Rupees	2017 Rupees
	Raw and packing materials consumed	24.1	**876,308,967**	701,825,947
	Salaries, wages and other benefits	24.2	**226,366,588**	198,247,265
	Fuel and power		**25,700,771**	20,784,495
	Repair and maintenance		**10,856,874**	10,546,619
	Stores, spare parts and loose tools consumed		**42,999,232**	32,738,097
	Packing charges		**14,570,053**	11,643,474
	Rent, rates and taxes		**137,012**	622,259
	Printing and stationery		**2,330,816**	2,186,523
	Postage and telephone		**4,073,891**	3,539,250
	Insurance		**9,671,774**	9,575,365
	Travelling and conveyance		**6,756,071**	7,193,700
	Canteen expenses		**11,625,069**	9,430,337
	Security expenses		**24,097**	871,689
	Depreciation on property, plant and equipment	12.4	**160,548,574**	132,043,041
	Laboratory and other expenses		**13,101,975**	23,688,904
			1,405,071,764	1,164,936,965
	Work in process:			
	Opening		**33,156,171**	24,195,375
	Closing		**(50,818,086)**	(33,156,171)
			(17,661,915)	(8,960,796)
	Cost of goods manufactured		**1,387,409,849**	1,155,976,169
	Finished stock:			
	Opening		**1,079,226,890**	1,526,340,345
	Purchases made during the year		**1,153,321,229**	931,579,880
	Closing		**(730,289,493)**	(1,079,226,890)
			1,502,258,626	1,378,693,335
			2,889,668,475	2,534,669,504

24.1 *Raw and packing materials consumed*

Opening	**378,989,330**	301,363,782
Purchases made during the year	**836,038,127**	779,451,495
	1,215,027,457	1,080,815,277
Closing	**(338,718,490)**	(378,989,330)
	876,308,967	701,825,947

24.2 Salaries, wages and other benefits include Rs. 7.95 million (2017: Rs. 6.98 million), which represents employer's contribution towards provident fund.

25	**Administrative expenses**	*Note*	**2018 Rupees**	2017 Rupees
	Salaries and other benefits	*25.1*	**168,990,448**	154,713,943
	Directors fees and expenses		**1,428,736**	1,246,516
	Rent, rates and taxes		**880,708**	880,765
	Postage and telephone		**7,038,278**	8,802,216
	Printing, stationery and office supplies		**4,208,797**	3,514,348
	Travelling and conveyance		**14,252,215**	9,899,646
	Transportation		**8,768,139**	8,736,893
	Legal and professional charges		**6,480,137**	10,160,326
	Fuel and power		**4,605,442**	4,308,327
	Auditors' remuneration	*25.2*	**1,289,061**	1,151,150
	Repair and maintenance		**12,225,678**	11,047,024
	Fee and subscriptions		**4,008,785**	5,999,347
	Donations	*25.3 & 25.4*	**8,012,070**	10,280,583
	Insurance		**4,131,175**	4,809,263
	Depreciation on property, plant and equipment	*12.4*	**45,442,289**	44,039,257
	Amortisation of intangibles	*13.1*	**2,044,342**	1,855,353
	Canteen expenses		**7,010,884**	6,065,953
	Training expenses		**205,794**	41,000
	Other expenses		**2,073,059**	1,578,004
			303,096,037	289,129,914

25.1 Salaries and other benefits include Rs. 7.53 million (2017: Rs. 6.46 million), which represents employer's contribution towards provident fund.

25.2	**Auditors' remuneration**	**2018 Rupees**	2017 Rupees
	Fee for annual audit	**784,900**	747,500
	Audit of consolidated financial statements	**78,500**	74,750
	Review of half yearly financial statements	**117,750**	112,125
	Special certificates and others	**117,750**	112,125
	Out-of-pocket expenses	**190,161**	104,650
		1,289,061	1,151,150

25.3 Donations include the payment to following institution in which the director is interested:

Name of director	**Nature of interest in donee**	**Name of donee**	**2018 Rupees**	2017 Rupees
Mr. Osman Khalid Waheed (Director)	Trustee	National Management Foundation (LUMS)	**3,000,000**	2,000,000

25.4 Donations to following organizations exceeds Rs. 0.5 million:

	2018 Rupees	2017 Rupees
- Cancer Care Hospital and Research Center Foundation	**1,000,000**	-
- Cultoor (Private) Limited	**543,478**	-
- Liver Foundation Trust	**600,000**	600,000
- Pakistan Center for Philanthropy	**1,000,000**	-
- The Citizens Foundation	**665,000**	-
- Gujranwala Liver foundation, The Health	**-**	1,287,000
Foundation	**-**	875,852
- University of Kelaniya		
- Ali Institute of Education	**-**	1,020,000
- Lahore Literary Festival (Society)	**-**	1,000,000
- NIBD Welfare Society	**-**	1,100,000
- Okara Patient Welfare Association	**-**	1,411,200

26 Selling and distribution expenses

	Note	2018 Rupees	2017 Rupees
Salaries and other benefits	*26.1*	**451,696,775**	353,243,056
Travelling and conveyance		**176,642,148**	171,174,002
Trade debts written off		**-**	15,350,017
Earnest money written off		**7,430,890**	-
Fuel and power		**5,759,696**	5,292,778
Rent, rates and taxes		**9,461,430**	8,272,602
Sales promotion and advertisement		**134,051,050**	100,835,213
Freight and forwarding		**19,227,089**	18,637,693
Printing and stationary		**4,549,210**	6,257,356
Postage and telephone		**14,426,746**	15,930,808
Fee and subscription		**15,264,356**	11,378,019
Insurance		**20,506,859**	19,567,917
Repairs and maintenance		**12,949,955**	6,149,636
Conferences, seminars and training		**120,883,617**	103,128,608
Medical research and patient care		**41,197,682**	15,963,754
Depreciation on property, plant and equipment	*12.4*	**40,347,450**	33,706,959
Other expenses		**1,764,160**	808,306
Service charges on sales		**50,185,544**	28,066,661
		1,126,344,657	913,763,385

26.1 Salaries and other benefits include Rs. 14.38 million (2017: Rs. 12.96 million), which represents employer's contribution towards provident fund.

		Note	2018 Rupees	2017 Rupees
27	**Other expenses**			
	Exchange loss-net	*27.1*	**29,897,914**	551,250
	Workers' Profit Participation Fund	*20.1*	**11,281,892**	29,941,741
	Workers' Welfare Fund	*9*	**7,090,508**	10,028,086
	Central Research Fund	*9.1*	**2,717,079**	6,048,836
			50,987,393	46,569,913

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

		Note	2018 Rupees	2017 Rupees
28	**Other income**			
	From financial assets	*28.1*	**39,221,192**	36,244,952
	From non financial assets	*28.2*	**89,865,690**	54,957,554
			129,086,882	91,202,506

28.1 From financial assets

	Note	2018 Rupees	2017 Rupees
From related party			
Share in profit of Farmacia - 98% owned partnership firm		**16,849,410**	17,638,916
Others			
Profit on deposits with banks	*28.1.1*	**1,286,407**	2,226,767
Dividend income		**-**	12,287,391
Unrealized gain on re-measurement of short term investments to fair value	*21.1*	**19,138,298**	85,611
Profit on term deposits		**-**	834,747
Realized gain on sale of short term investments	*21.1*	**1,947,077**	3,171,520
		22,371,782	18,606,036
		39,221,192	36,244,952

28.1.1 These include profit of Rs. 0.02 million (2017: Rs. 0.05 million) earned on deposit account maintained under Shariah compliant arrangements.

28.2	From non financial assets	Note	2018 Rupees	2017 Rupees
	Others			
	Gain on sale of property, plant and equipment - net of write off	*12.5*	**17,231,877**	10,941,817
	Export rebate		**7,029,886**	-
	Commission income	*20.2*	**65,603,927**	662,787
	Workers' Welfare Fund (prior years') no longer payable written back		**-**	43,352,950
			89,865,690	54,957,554

29	Finance cost	Note	2018 Rupees	2017 Rupees
	Mark-up on bank financing	*29.1*	**5,530,864**	4,156,090
	Bank charges		**5,517,238**	9,829,430
	Interest on Workers' Profit Participation Fund	*20.1*	**-**	2,308,053
			11,048,102	16,293,573

29.1 This includes markup paid under Shariah compliant arrangements amounting to Rs. 1.59 million (2017: Rs. 0.16 million) against facilities of short term borrowings.

30	Taxation	2018 Rupees	2017 Rupees
	Current		
	- For the year	**101,991,249**	189,336,244
	- For prior years	**2,019,097**	-
	Deferred		
	- For the year	**7,849,296**	19,216,981
		111,859,642	208,553,225

30.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:	**2018 Rupees**	2017 Rupees
Profit before taxation	**207,265,446**	602,217,935
	- - - - - (Percentage) - - - - -	
Applicable tax rate as per Income Tax Ordinance, 2001	**30%**	31%
	2018 Rupees	2017 Rupees
Tax on accounting profit	**62,179,634**	186,687,560
Effect of final tax regime	**69,322,526**	54,241,670
Effect of tax credit	**(23,015,088)**	(36,611,254)
Not adjustable for tax purposes	**9,622,490**	(2,261,881)
Effect of super tax	**-**	19,936,544
Effect of proration and tax rate adjustment	**(8,269,017)**	-
Prior year tax adjustment	**2,019,097**	-
Effect of prior years' reversal of Workers' Welfare Fund	**-**	(13,439,414)
	49,680,008	21,865,665
	111,859,642	208,553,225

30.2 The provision for current taxation represent tax under the normal tax regime at the rate of 30% of taxable income (2017: 31%) and final taxes paid under final tax regime as adjusted by tax credits available under Income Tax Ordinance, 2001.

30.3 As per management's assessment, the provision for tax made in the financial statements is sufficient. A comparison of last three years' of income tax provisions with tax assessment is presented below:

Tax Years	**Tax provision as per financial statements Rupees**	**Tax as per assessment / return Rupees**
2015	336,832,137	344,091,729
2016	527,715,381	475,342,236
2017	189,336,244	207,752,145

30.4 As explained in note 39 to the consolidated financial statements, the Board of Directors in their meeting held on 25 September 2018 has recommended sufficient cash dividend for the year ended 30 June 2018 which complies with the requirements of sections 5A of the Income Tax Ordinance 2001. Accordingly, no provision for tax on non-distribution of dividend has been recognized in these unconsolidated financial statements.

31 Earnings per share - basic and diluted

		2018	2017
Profit after taxation for distribution to ordinary shareholders	*Rupees*	**95,405,804**	393,664,710
Weighted average number of ordinary shares	*Numbers*	**30,186,841**	30,186,841
Basic and diluted earnings per share	*Rupees*	**3.16**	13.04

31.1 There is no dilutive effect on the basic earnings per share as the Group has no commitment for potentially issuable shares.

32 Remuneration of Chief Executive, Executive Director and Executives

	2018		
	Chief Executive	**Executive Director**	**Executives**
	--Rupees--		
Managerial remuneration	**15,759,021**	**-**	**156,574,039**
Utilities	**-**	**-**	**-**
LFA	**1,272,513**	**-**	**8,065,428**
Bonus	**2,356,506**	**-**	**20,091,464**
Contribution to provident fund	**966,927**	**-**	**8,590,556**
	20,354,967	**-**	**193,321,487**
Numbers	**1**	**-**	**36**

	2017		
	Chief Executive	Executive Director	Executives
	--Rupees--		
Managerial remuneration	14,571,032	-	213,319,908
Utilities	-	-	-
LFA	1,178,253	-	12,570,864
Bonus	3,534,759	-	31,007,659
Contribution to provident fund	912,192	-	11,068,434
	20,196,236	-	267,966,865
Numbers	1	-	101

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

The Company has 6 (2017: 6) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee and reimbursement of expenses. All the members of the Board of Directors were paid Rs. 426,908 (2017: Rs. 330,000) as meeting fee and Rs. 1,001,828 (2017: Rs. 916,516) 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. The Company in the normal course of business carries out transactions with various related parties. Balances with the related parties are shown in respective notes in the unconsolidated financial statements. Other significant transactions with related parties are as follows:

	2018 **Rupees**	2017 Rupees
Farmacia - 98% owned subsidiary partnership firm		
Sale of medicines	**41,757,660**	31,377,008
Payment received from Farmacia against sale of medicine	**41,757,660**	31,377,008
Rentals paid	**3,683,077**	3,348,259
Share of profit reinvested	**16,849,410**	17,638,916
BF Biosciences Limited - 80% owned subsidiary company		
Sale of finished goods	**121,812,937**	98,818,067
Payment received	**121,812,937**	98,818,067
Purchase of goods	**6,934,592**	2,971,772
Payment made	**6,934,592**	2,971,772
Marketing fee	**3,248,350**	7,947,136
Expenses incurred	**4,593,657**	17,129,851
Expenses paid	**7,842,007**	25,076,987
Other related parties		
Contribution towards employees' provident fund	**29,861,021**	26,391,122
Remuneration including benefits and perquisites of key management personnel - note 32	**124,477,674**	135,750,539
Dividend to KFW Factors (Private) Limited - associated company (27% equity held)	**33,147,768**	124,304,130
Dividend to Directors	**11,141,136**	44,193,540

34 Plant capacity and production

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

35 Number of employees

	Factory employees		Total employees	
	2018	2017	**2018**	2017
Total number of employees as at 30 June	**200**	183	**945**	876
Average number of employees during the year	**192**	180	**911**	855

36 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2018		
	Liabilities		
	Unclaimed dividend	Accrued finance cost	Total
	---------------------Rupees---------------------		
Balance as at 01 July 2017	80,854,747	1,646,851	82,501,598
<u>Changes from financing cash flows</u>			
Finance cost paid	-	(12,161,240)	(12,161,240)
Dividends paid	(119,458,387)	-	(119,458,387)
Total changes from financing cash flows	**(119,458,387)**	**(12,161,240)**	**(131,619,627)**
<u>Non-cash changes</u>			
Dividend approved	120,747,364	-	120,747,364
Interest / markup expense	-	11,048,102	11,048,102
Total non-cash changes	**120,747,364**	**11,048,102**	**131,795,466**
Closing as at 30 June 2018	**82,143,724**	**533,713**	**82,677,437**

37 Disclosures relating to provident fund

	Un-audited 2018 Rupees	Audited 2017 Rupees
Size of the fund / trust	**495,100,285**	451,837,463
Cost of investments made	**464,279,730**	400,765,322
Fair value of investment	**480,070,316**	437,675,297
Percentage of investments made	**97%**	97%

	Un-Audited 2018		Audited 2017	
Break up of investment	**% of size of fund**	**Rupees**	% of size of fund	Rupees
Investment in listed equity securities	**6%**	**31,481,067**	9%	42,141,560
Investment in listed debt collective investment schemes	**30%**	**150,094,307**	16%	70,093,653
Investment in listed equity collective investment schemes	**21%**	**104,424,097**	21%	96,208,127
Investment in government securities	**23%**	**115,126,349**	9%	39,876,875
Special accounts in scheduled banks	**8%**	**38,944,496**	10%	45,275,787
Term deposit receipts	**8%**	**40,000,000**	32%	144,079,295
	97%	**480,070,316**	97%	437,675,297

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

	Un-Audited 2018		Audited 2017	
	% of size of fund	**Rupees**	% of size of fund	Rupees
Ferozsons Laboratories Limited - Parent Company	**79%**	**391,358,275**	79%	356,869,797
BF Biosciences Limited - Subsidiary	**19%**	**94,839,371**	19%	87,196,132
Farmacia - Partnership firm	**2%**	**8,902,639**	2%	7,771,534
	100%	**495,100,285**	100%	451,837,463

Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated there under.

38 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

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

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

38.1.1 Exposure to credit risk

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

	2018 Rupees	2017 Rupees
Long term deposits	**7,066,325**	7,066,325
Trade debts - considered good	**536,412,764**	365,941,171
Loans and advances - considered good	**375,671**	968,647
Short term deposits	**174,275,932**	150,645,717
Other receivables	**69,534,001**	256,700
Short term investments	**527,343,533**	487,884,889
Bank balances	**193,298,342**	128,369,423
	1,508,306,568	1,141,132,872

38.1.2 Credit quality of financial assets

Bank balances & short term investments

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

Institutions	Rating		Rating Agency	2018	2017
	Short term	Long term		--------------------Rupees--------------------	
Bank balances					
Habib Bank Limited	A-1+	AAA	JCR-VIS	**119,428,056**	37,863,242
Bank Al-Habib Limited	A1+	AA+	PACRA	**47,343,460**	33,591,323
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**22,518,002**	27,794,370
Bank Alfalah Limited	A-1+	AA+	JCR-VIS	**2,738,069**	21,958,006
Meezan Bank Limited	A-1+	AA+	JCR-VIS	**673,754**	4,459,190
MCB Bank Limited	A1+	AAA	PACRA	**578,821**	2,670,831
Faysal Bank Limited	A1+	AAA	PACRA	**9,552**	9,698
Allied Bank Limited	A-1+	AA	JCR-VIS	**8,628**	22,763
				193,298,342	128,369,423
Short term investments					
HBL Money Market Fund	N/A	AA(f)	JCR-VIS	**218,732,153**	207,745,379
MCB Cash Management Optimizer Fund	N/A	AA+(f)	PACRA	**176,329,065**	125,017,910
HBL Cash Fund	N/A	AA(f)	JCR-VIS	**132,282,315**	155,121,600
				527,343,533	487,884,889
				720,641,875	616,254,312

Trade debts	**Related party 2018**	Related party 2017	**Other 2018**	Other 2017
The aging of trade debts at the reporting date was:	**Rupees**			
Past due 0 - 30 days	-	-	**154,184,008**	119,813,426
Past due 31 - 120 days	-	-	**191,772,817**	160,407,910
Past due 121 - 365 days	-	-	**122,600,455**	51,130,091
More than 365 days	-	-	**67,855,484**	34,589,744
	-	-	**536,412,764**	365,941,171

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

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

38.1.3 Concentration of credit risk

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

38.2 Liquidity risk

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

The following are the contractual maturities of financial liabilities:

	2018			
	Carrying amount	**Less than one year**	**One to five years**	**More than 5 years**
	---------------------Rupees---------------------			
Financial liabilities				
Trade and other payables	**655,462,070**	**655,462,070**	**-**	**-**
Unclaimed dividend	**82,143,724**	**82,143,724**	**-**	**-**
Short term borrowings - secured	**96,852,363**	**96,852,363**	**-**	**-**
Accrued mark-up	**533,713**	**533,713**	**-**	**-**
	834,991,870	**834,991,870**	**-**	**-**

	2017			
Financial liabilities	Carrying amount	Less than one year	One to five years	More than 5 years
	---------------------Rupees---------------------			
Trade and other payables	524,053,462	524,053,462	-	-
Unclaimed dividend	80,854,747	80,854,747	-	-
Short term borrowings - secured	2,138,283	2,138,283	-	-
Accrued mark-up	1,646,851	1,646,851	-	-
	608,693,343	608,693,343	-	-

38.3 Market risk

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

Market risk comprises of three types of risks:

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

38.3.1 Currency risk

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

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

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

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

Exposure to currency risk

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

			2018		
	Rupees	**US Dollars**	**Euro**	**UAE Dirham**	**Pound Sterling**
Cash and bank balances	**8,519,849**	**46,057**	**17,609**	**3,800**	**1,930**
Trade and other payables	**(484,115,347)**	**(3,949,163)**	**(30,343)**	**-**	**-**
Trade receivables	**72,650,172**	**373,157**	**-**	**825,623**	**-**
Gross balance sheet exposure	**(402,945,326)**	**(3,529,949)**	**(12,734)**	**829,423**	**1,930**

			2017		
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling
Cash and bank balances	13,733,532	69,034	50,832	-	2,860
Trade and other payables	(395,012,909)	(3,765,614)	-	-	-
Trade receivables	77,620,863	401,371	-	1,243,594	-
Gross balance sheet exposure	(303,658,514)	(3,295,209)	50,832	1,243,594	2,860

The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2018	2017	**2018**	2017
US Dollars	**121.50**	104.90	**113.14**	104.65
Euro	**141.45**	120.03	**134.84**	114.28
UAE Dirham	**33.08**	28.56	**30.80**	28.49
Pound Sterling	**159.28**	136.55	**152.78**	132.92

Sensitivity analysis

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

	Profit and loss	
	2018	**2017**
	Rupees	
Profit and loss account	**40,294,533**	(30,365,851)

38.3.2 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:

	Interest range / Effective rate		Carrying amount	
	2018	2017	**2018**	2017
Variable rate instruments	**(in Percentage)**		**(Rupees)**	
Financial assets				
Cash at bank - deposit accounts	**3.14**	3.49	**4,049,688**	53,492,280
Net Exposure			**4,049,688**	53,492,280

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 loss 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 2017.

	Profit or loss	
	100 bps Increase	100 bps Decrease
	Rupees	
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	**40,497**	**(40,497)**
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	534,923	(534,923)

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

38.3.3 Other price risk

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

38.4 Fair value of financial instruments

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

38.4.1 Fair values versus carrying amounts

The carrying amounts of financial assets and financial liabilities are reasonable approximation of their fair value.

38.4.2 Valuation of financial instruments

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

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

Level 2: Valuation techniques based on observable inputs.

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

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

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting 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.

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

	Carrying Amount					Fair Value		
	Cash and cash equivalents	Fair Value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	------ Rupees ------							
30 June 2018								
Financial assets measured at fair value:	-	527,343,533	-	-	527,343,533	527,343,533	-	-
Financial assets not measured at fair value								
Long term deposits and prepayments	-	-	7,066,325	-	7,066,325	-	-	-
Trade debts - considered good	-	-	536,412,764	-	536,412,764	-	-	-
Loans and advances - considered good	-	-	20,022,589	-	20,022,589	-	-	-
Short term deposits and prepayments	-	-	174,275,932	-	174,275,932	-	-	-
Other receivables	-	-	69,534,001	-	69,534,001	-	-	-
Bank balances	193,298,342	-	-	-	193,298,342	-	-	-
	193,298,342	-	807,311,611	-	1,000,609,953	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	-	655,462,070	655,462,070	-	-	-
Unclaimed dividend	-	-	-	82,143,724	82,143,724	-	-	-
Short term borrowings - secured	-	-	-	96,852,363	96,852,363	-	-	-
Accrued mark-up	-	-	-	533,713	533,713	-	-	-
	-	-	-	834,991,870	834,991,870	-	-	-
30 June 2017								
Financial assets measured at fair value:	-	487,884,889	-	-	487,884,889	487,884,889	-	-
Financial assets not measured at fair value								
Long term deposits and prepayments	-	-	7,066,325	-	7,066,325	-	-	-
Trade debts - considered good	-	-	365,941,171	-	365,941,171	-	-	-
Loans and advances - considered good	-	-	14,960,340	-	14,960,340	-	-	-
Short term deposits and prepayments	-	-	150,645,717	-	150,645,717	-	-	-
Other receivables	-	-	256,700	-	256,700	-	-	-
Bank balances	128,369,423	-	-	-	128,369,423	-	-	-
	128,369,423	-	538,870,253	-	667,239,676	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	-	524,053,462	524,053,462	-	-	-
Unclaimed dividend	-	-	-	80,854,747	80,854,747			
Short term borrowings - secured	-	-	-	2,138,283	2,138,283	-	-	-
Accrued mark-up	-	-	-	1,646,851	1,646,851	-	-	-
	-	-	-	608,693,343	608,693,343	-	-	-

38.5 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 Non adjusting events after the balance sheet date

The Board of Directors of the Company in its meeting held on 25 September 2018 has proposed a final cash dividend of Rs. 2 (2017: Rs. 4) per share, amounting to Rs. 60.37 million (2017: Rs. 120.75 million) for approval of the members in the Annual General Meeting to be held on 27 October 2018.

40 Corresponding figures

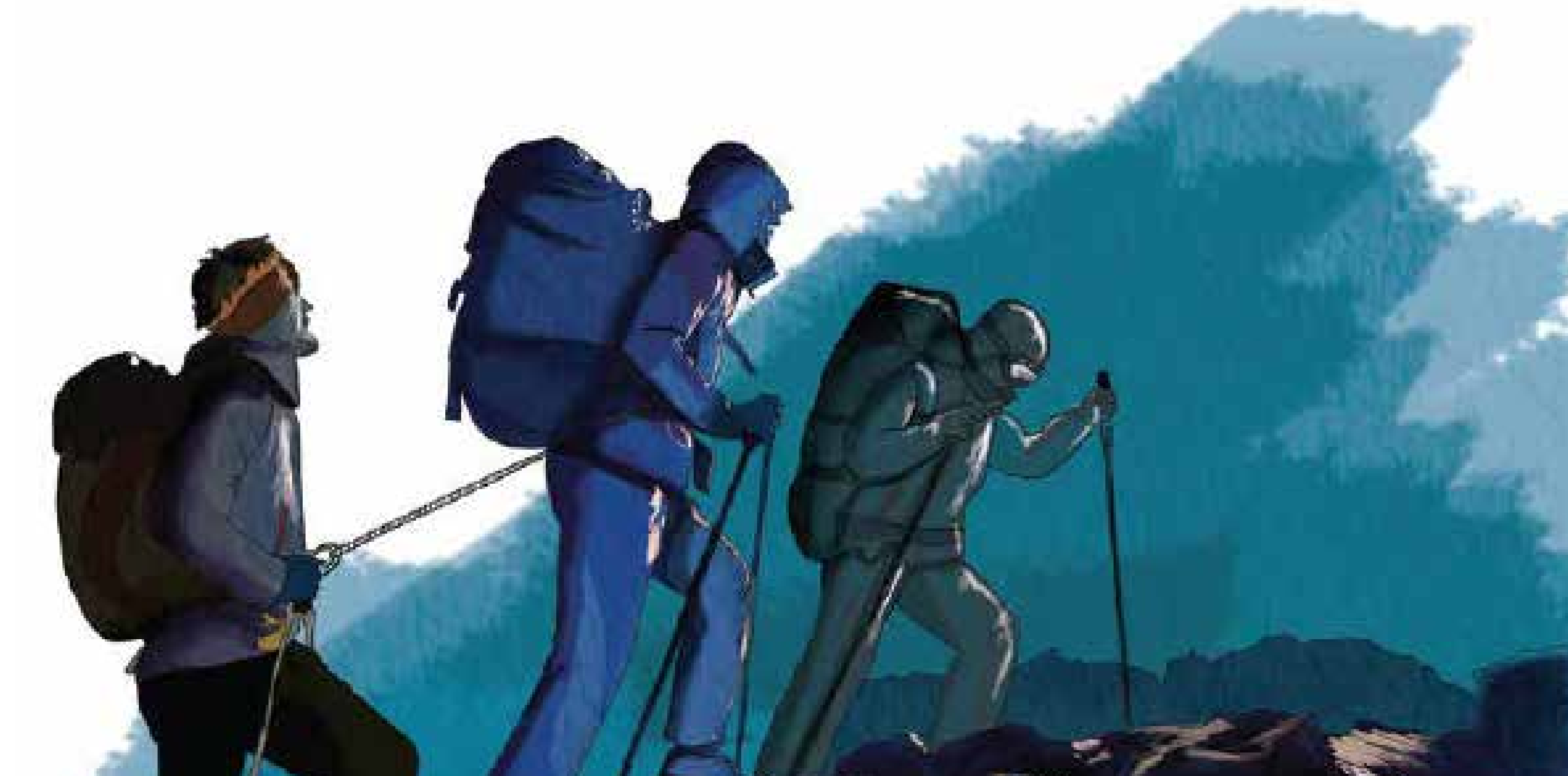
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison and better presentation as per reporting framework.

41 Date of authorization for issue

These unconsolidated financial statements have been authorized for issue by the Board of Directors of the Company on 25 September 2018.

Chief Executive Officer | Chief Financial Officer | Director

Consolidated Financial Statements for the Year Ended 30 June 2018



60 YEARS

OF TRUST & DEVOTION

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the members of Ferozsons Laboratories Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed Consolidated financial statements of **Ferozsons Laboratories Limited** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and *of* its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matter(s):

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	**Sales** Refer to note 4.20 and 23 to the consolidated financial statements The Group recognized revenue of Rs. 5,057 million from the sale of goods to domestic as well as export customers during the year ended 30 June 2018. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk of misstatement to meet expectations or targets.	Our audit procedures included the following: • Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of revenue; • assessing the appropriateness of the Group's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; • comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • inspecting on a sample basis, credit notes issued in June 2018 and July 2018 to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and • scanning for any manual journal entries relating to sales recorded during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2	**Valuation of Trade Debts** Refer to note 4.11 and 17 to the consolidated financial statements. As at 30 June 2018, the Group's trade debts amount to Rs. 604 million. We identified the recoverability of trade debtors as a key audit matter because	Our audit procedures included the following: • obtaining an understanding of and assessing the design and implementation of management's key internal controls over trade debtors including debt collection process and making allowance for doubtful debts;

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S.No.	Key audit matter(s)	How the matter was addressed in our audit
	estimating the recoverable amount involves inherent uncertainty and significant management judgment. Historically recovery from Government institutions has been slow.	• assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation; and • assessing the assumptions and estimates made by the management for the allowances for doubtful debts, the ageing of overdue balances, during and subsequent to the year-end cash receipts from debtors and by performing a retrospective review of historical accuracy of these estimates.
3	**Valuation of Stock-in-trade and related provisions** Refer to note 4.17 and 16 to the consolidated financial statements. As at 30 June 2018, the Group's gross carrying amount of stock in trade amounts to Rs. 1,579.75 million against which net realizable value adjustment of Rs. 232.75 million has been recorded. We identified valuation of stock in trade as a key audit matter as it involves significant management judgement in determining the carrying value of stock in trade.	Our audit procedures included the following: • Obtaining an understanding of internal controls over valuation of stock in trade and testing, their design, implementation and operating effectiveness; • assessing the appropriateness of the Group's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting standards; • obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales and their basis; and • comparing the NRV, on a sample basis, to the cost of stock in trade to assess whether any adjustments are required to the value of stock in trade in accordance with the accounting policy.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended **30 June 2018**, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Bilal Ali.

KPMG Taseer Hadi & Co.

Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 25 September 2018

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital				
50,000,000 (2017: 50,000,000) ordinary shares of Rs. 10 each		**500,000,000**	500,000,000	500,000,000
Issued, subscribed and paid up capital	*5*	**301,868,410**	301,868,410	301,868,410
Accumulated profits		**4,194,798,630**	4,265,339,789	4,279,679,051
Capital reserve	*6*	**321,843**	321,843	321,843
Revaluation surplus on property, plant and equipment	*7*	**921,179,842**	944,836,904	984,750,889
Equity attributable to owners of the Company		**5,418,168,725**	5,512,366,946	5,566,620,193
Non-controlling interests		**184,360,696**	205,863,948	206,669,545
		5,602,529,421	5,718,230,894	5,773,289,738
Non current liabilities				
Deferred taxation	*8*	**222,502,168**	246,490,537	268,664,070
Current liabilities				
Trade and other payables	*9*	**960,178,380**	769,042,722	710,418,978
Short term borrowings - secured	*10*	**100,525,853**	24,888,862	42,851,551
Unclaimed dividend		**82,143,724**	80,854,747	67,868,588
Accrued mark-up		**539,624**	1,646,851	138,692
		1,143,387,581	876,433,182	821,277,809
Contingencies and commitments	*11*			
		6,968,419,170	6,841,154,613	6,863,231,617

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

	Note	**2018 Rupees**	2017 Rupees *(Restated)*	2016 Rupees *(Restated)*
ASSETS				
Non-current assets				
Property, plant and equipment	*12*	**3,075,164,414**	3,082,250,380	3,009,074,944
Investment property	*13*	**78,545,641**	-	-
Intangibles	*14*	**2,357,632**	3,172,498	5,539,396
Long term deposits and prepayments		**11,613,325**	11,053,325	10,338,325
		3,167,681,012	3,096,476,203	3,024,952,665
Current assets				
Stores, spare parts and loose tools	*15*	**71,802,216**	47,409,138	44,734,010
Stock in trade	*16*	**1,346,996,263**	1,764,902,522	2,071,316,936
Trade debts - considered good	*17*	**604,467,682**	429,773,583	447,354,701
Loans and advances - considered good	*18*	**48,225,856**	77,152,418	43,691,073
Deposits and prepayments	*19*	**191,428,941**	170,092,045	116,441,665
Other receivables	*20*	**92,304,228**	9,003,812	7,637,820
Income tax - net		**212,899,309**	146,034,709	55,178,359
Short term investments	*21*	**941,746,224**	855,943,421	667,166,585
Cash and bank balances	*22*	**290,867,439**	244,366,762	384,757,803
		3,800,738,158	3,744,678,410	3,838,278,952
		6,968,419,170	6,841,154,613	6,863,231,617

Director

Consolidated Statement of Profit or Loss

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	23	**5,057,118,829**	5,002,429,682
Cost of sales	24	**(3,461,346,024)**	(3,090,966,615)
Gross profit		**1,595,772,805**	1,911,463,067
Administrative expenses	25	**(346,745,044)**	(335,594,707)
Selling and distribution expenses	26	**(1,237,924,734)**	(1,023,216,945)
Other expenses	27	**(53,114,850)**	(50,674,194)
Other income	28	**139,585,855**	106,900,395
Profit from operations		**97,574,032**	608,877,616
Finance cost	29	**(12,001,704)**	(17,701,190)
Profit before taxation		**85,572,328**	591,176,426
Taxation	30	**(102,583,964)**	(196,572,511)
(Loss) / profit after taxation		**(17,011,636)**	394,603,915
Attributable to:			
Owners of the Group		**7,076,033**	395,765,198
Non-controlling interests		**(24,087,669)**	(1,161,283)
(Loss) / profit after taxation		**(17,011,636)**	394,603,915
Earnings per share - basic and diluted	31	**0.23**	13.11

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive Officer   Chief Financial Officer   Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	2018 Rupees	2017 Rupees *(Restated)*
(Loss) / profit after taxation	**(17,011,636)**	394,603,915
Items that will not be reclassified to profit and loss account:		
Other comprehensive income for the year	**-**	-
Total comprehensive (loss) / income for the year	**(17,011,636)**	394,603,915
Attributable to:		
Owners of the Group	**7,076,033**	395,765,198
Non-controlling interests	**(24,087,669)**	(1,161,283)
	(17,011,636)	394,603,915

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

Consolidated Statement of Change in Equity

For the year ended 30 June 2018

	Attributable to Owners of the Group						
		Capital reserve		Revenue reserve			
	Share capital	Capital reserve	Revaluation surplus on Property, plant and equipment	Accumu-lated profit	Total	Non-controlling interest	Total
	-----Rupees-----						
Balance as at 01 July 2016	301,868,410	321,843	-	4,279,679,051	4,581,869,304	168,681,094	4,750,550,398
Impact of re-statement - note 4.1	-	-	984,750,889	-	984,750,889	37,988,451	1,022,739,340
Balance as at 01 July 2016 - restated	301,868,410	321,843	984,750,889	4,279,679,051	5,566,620,193	206,669,545	5,773,289,738
Total comprehensive income for the year	-	-	-	395,765,198	395,765,198	(1,161,283)	394,603,915
Surplus transferred to accumulated profit:							
- on account of incremental depreciation on property, plant and equipment charged during the year - net of tax	-	-	(42,698,155)	42,698,155	-	-	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	2,784,170	-	2,784,170	355,686	3,139,856
Transactions with owners of the Company, recognized directly in equity - Distributions							
- Final dividend for the year ended 30 June 2016 at Rs. 12 per share	-	-	-	(362,242,092)	(362,242,092)	-	(362,242,092)
- Interim dividend for the year ended 30 June 2017 at Rs. 3 per share	-	-		(90,560,523)	(90,560,523)	-	(90,560,523)
	-	-	-	(452,802,615)	(452,802,615)	-	(452,802,615)
Balance as at 30 June 2017 - restated	301,868,410	321,843	944,836,904	4,265,339,789	5,512,366,946	205,863,948	5,718,230,894
Total comprehensive loss for the year	-	-	-	7,076,033	7,076,033	(24,087,669)	(17,011,636)
Surplus transferred to accumulated profit:							
- on account of incremental depreciation on property, plant and equipment charged during the year - net of tax	-	-	(43,131,189)	43,131,189	-	-	-
- on account of disposal of fixed assets during the year - net of tax	-	-	1,017	(1,017)	-	-	-
	-	-	(43,130,172)	43,130,172	-	-	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	19,473,110	-	19,473,110	2,584,417	22,057,527
Transactions with owners of the Company, recognized directly in equity - Distributions							
Final dividend for the year ended 30 June 2017 at Rs. 4 per share	-	-	-	(120,747,364)	(120,747,364)	-	(120,747,364)
Balance as at 30 June 2018	301,868,410	321,843	921,179,842	4,194,798,630	5,418,168,725	184,360,696	5,602,529,421

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

FEROZSONS LABORATORIES LIMITED

60 YEARS OF TRUST & DEVOTION

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Cash flow from operating activities			
Profit before taxation		**85,572,328**	591,176,426
Adjustments for non - cash and other items			
Depreciation on property, plant and equipment	*12.4*	**360,840,669**	326,993,412
Amortisation of intangibles		**2,555,842**	2,366,898
Trade debts write off	*26*	**-**	15,356,017
Earnest money written off	*26*	**7,430,890**	-
Gain on disposal of property, plant and equipment	*12.5*	**(25,670,407)**	(15,984,759)
Finance costs		**12,001,704**	17,701,190
Gain on re-measurement of short term investments to fair value		**(31,061,670)**	(5,047,578)
Dividend income	*21.1*	**-**	(16,169,325)
Gain on sale of short term investments		**(6,158,532)**	(19,983,118)
Profit on term deposits		**-**	(834,747)
Workers' Profit Participation Fund		**11,281,892**	31,137,923
Central Research Fund		**2,717,079**	6,290,489
Workers' Welfare Fund no longer payable written back	*28*	**-**	(43,352,950)
Workers' Welfare Fund		**7,090,508**	11,601,068
		341,027,975	310,074,520
Cash generated from operations before working capital changes		**426,600,303**	901,250,946
Effect on cash flow due to working capital changes			
Decrease / (increase) in current assets			
Stores, spare parts and loose tools		**(24,393,078)**	(872,511)
Stock in trade		**417,906,259**	304,611,797
Trade debts - considered good		**(174,694,099)**	2,225,101
Loans and advances - considered good		**28,926,562**	(33,461,345)
Deposits and prepayments		**(28,767,786)**	(53,650,380)
Other receivables		**(74,502,292)**	(1,963,244)
		144,475,566	216,889,418
Increase in current liabilities			
Trade and other payables		**199,653,534**	165,075,142
Cash generated from operations		**770,729,403**	1,283,215,506
Taxes paid		**(171,379,406)**	(263,109,587)
Workers' Profit Participation Fund paid		**(20,080,016)**	(65,439,531)
Workers' Welfare Fund paid		**(11,601,068)**	(58,846,725)
Central Research Fund paid	*9.1*	**(6,724,395)**	(31,284,809)
Long term deposits - net		**(560,000)**	(715,000)
Net cash generated from operating activities		**560,384,518**	863,819,854
Cash flow from investing activities			
Acquisition of property, plant and equipment		**(362,962,476)**	(407,298,834)
Acquisition of investment property		**(78,545,641)**	-
Acquisition of intangibles		**(1,740,976)**	-
Proceeds from sale of property, plant and equipment	*12.5*	**34,878,180**	23,114,745
Profit on term deposits received		**-**	1,522,185
Short term investments - net		**(48,582,601)**	(147,576,815)
Net cash used in investing activities		**(456,953,514)**	(530,238,719)
Cash flow from financing activities			
Finance cost paid		**(13,108,931)**	(16,193,031)
Dividend paid		**(119,458,387)**	(439,816,456)
Net cash used in financing activities		**(132,567,318)**	(456,009,487)
Net decrease in cash and cash equivalents		**(29,136,314)**	(122,428,352)
Cash and cash equivalents at the beginning of the year		**219,477,900**	341,906,252
Cash and cash equivalents at the end of the year		**190,341,586**	219,477,900
Cash and cash equivalents comprise of the following			
Cash and bank balances	*22*	**290,867,439**	244,366,762
Running finance	*10*	**(100,525,853)**	(24,888,862)
		190,341,586	219,477,900

The annexed notes from 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive Officer　　Chief Financial Officer　　Director

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

1 Reporting entity

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

"The Group" consists of the following subsidiaries:

Company / Entity	Country of incorporation	Nature of business	Effective holding %	
			2018	2017
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

The registered office of the BF Biosciences Limited is situated at 197-A, The Mall, Rawalpindi and the production facility is located at 5 KM- Sunder Raiwind Road Lahore.

The head office of the Farmacia is situated at 76-B, Shah Jamal, Lahore.

2 Summary of significant transactions and events affecting the Group's financial position and performance

The Group's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The accounting policy for surplus on revaluation of freehold land, building on freehold land and plant and machinery changed during the year as detailed in note 4.1 to these consolidated financial statements.

- The gross profit for the year has been affected primarily because of change in sales mix and devaluation of pakistani rupees thereby impacting the cost of imported raw material and imported finished goods purchased for resale.

- The Group has incurred capital expenditure amounting to Rs. 265.92 million in aggregate (building and plant and machinery) for the expansion and modernization of its current manufacturing facility. The expansion has been financed through own sources. In addition the Group acquired 0.62 kanal of land situated at Civic Centre, Gulberg Greens, Islamabad and classified it as investment property.

- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, the Holding Company has presented additional disclosures in these financial statements and represented certain comparative figures.

- For a detailed discussion about the Group's performance please refer to the Director's report.

3 Basis of preparation

3.1 Separate 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 2018 and the audited financial statements of the subsidiaries for the year ended 30 June 2018.

3.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 Standards, amendments and interpretations and forth coming requirements

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

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

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Group's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Group's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Group's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Group's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Group is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group's financial statements.

- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Group's financial statements.

3.4 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 revaluation of certain financial instruments at fair values. The methods used to measure fair values are discussed further in their respective policy notes.

3.5 Functional and presentation currency

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

3.6 Use of estimates and judgments

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

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

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

3.6.1 Property, plant and equipment

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

3.6.2 Intangibles

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

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

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

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

3.6.4 Provision against trade debts, advances and other receivables

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

3.6.5 Provisions

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

3.6.6 Impairment

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

3.6.7 Fair value of investments

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

3.6.8 Taxation

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

4 Significant accounting policies

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements, except as disclosed in note 4.1.

4.1 Changes in accounting policies

Upto 30 June 2017, surplus on revaluation of land, building and plant and machinery was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation is credited to the surplus on revaluation account. With effect from 01 January 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly the Group has changed the accounting policy to bring accounting of revaluation surplus on land, building and plant and machinery in accordance with the requirements of IAS 16 "Property, plant and equipment". The effect of this change in accounting policy, which is applied with retrospective effect, has resulted in transfer of surplus on revaluation of land, building on freehold land and plant and machinery - net of tax to equity and non-controlling interest which was previously being presented outside equity.

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

4.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the Holding Company have been eliminated against the shareholders' equity in the subsidiary companies. The financial statements of the subsidiaries are prepared for the same reporting year as of the Holding Company, using consistent accounting policies except where specified otherwise.

4.2.2 Non-controlling interests

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements.
Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

4.2.3 Loss of control

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

4.2.4 Transactions eliminated on consolidation

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

4.3 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:

4.3.1 Staff provident fund (Retirement benefit)

The Holding Company and the subsidiary companies 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 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.

4.3.2 Compensated absences

The Group provides for compensated absences for its employees on unavailed balance of leave in the period in which leave is earned and the charge is recognized in the profit or loss account.

4.4 Taxation

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

4.4.1 Current taxation

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The amount of unpaid income tax in respect of the current and prior periods is recognized as liability. Any excess amount paid over what is due in respect of the current or prior periods is recognized as an asset.

4.4.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.5 Property, plant and equipment

4.5.1 Owned

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

Depreciation is provided on a straight line basis and charged to profit or 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 12 to these financial statements. Depreciation on depreciable assets is commenced from the date asset is available for use up to the date when asset is retired. Any accumulated depreciation at the date of revaluation is eliminated, against the gross carrying amount of the asset and the net amount is restated to the revalued amount.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to profit or loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss account as and when 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.

4.5.2 Capital work in progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

4.6 Investment property

Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, these are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a reducing balance method and charged to profit or loss account to write off the depreciable amount over its estimated useful life.

Depreciation on depreciable assets is commenced from the date asset is available for use up to the date when asset is retired. The assets' residual values and useful life are reviewed at reporting date and adjusted if impact on depreciation is significant.

Any transfers between 'investment properties' and 'property and equipment' do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

4.7 Intangibles

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

4.8 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 looses control of the contractual rights that comprise the financial asset or portion of financial asset. A financial liability or part of financial liability is de-recognized from the statement of financial position, 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 or loss account currently.

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

Significant financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities include trade and other payables, short term borrowings and accrued markup.

4.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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.

4.10 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 profit or loss account. Fair value of investments is their quoted bid price at the reporting date. Transaction costs are charged to profit or loss account.

4.11 Loans and receivables

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

Trade debts

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

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

4.12 Settlement date accounting

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

4.13 Trade and other payables

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

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

4.14 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 reporting date and adjusted to reflect current best estimate.

4.15 Foreign currency

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting 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 profit or loss account currently.

4.16 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost except for items in transits which are stated at cost incurred up to the reporting date less impairment, if any. For items which are slow moving and/or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amount of stores, spares parts and loose tools on a regular basis and provision is made for obsolescence.

4.17 Stocks in trade

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

Raw and Packing materials	- at moving average cost
Work in process	- at weighted average cost
Finished goods	- at moving average cost and
Finished goods for resale	- at weighted average cost of purchase

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

4.18 Cash and cash equivalents

Cash and cash equivalents are carried in statement of financial position at cost. For the purpose of cash flow statement cash and cash equivalents comprise of cash in hand, cash at banks and outstanding balance of short term borrowing facilities.

4.19 Borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss account over the period of the borrowings on an effective interest basis.

Finance cost are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Group has as unconditional right to defer settlement of the liability for atleast twelve months after the reporting date.

4.20 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of products, net of sales returns, discounts and commission. Revenue is recognized when the goods are dispatched and title passes to the customer, it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably and there is no continuing management involvement.

4.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss account as incurred.

4.22 Other income

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

Dividend income and entitlement of bonus shares are recognised when the right to receive is established.

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

4.23 Impairment

4.23.1 *Financial assets*

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

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

4.23.2 ***Non financial assets***

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

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

4.24 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the financial statements in the period in which it is approved.

4.25 Operating lease

Lease where a significant portion of the risks and rewards of ownership are retained by the lessor is classified as operating lease. Payments made under operating lease are charged to profit or loss account on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the Group's benefit.

4.26 Segment Reporting

Operating segments are 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 Company that make strategic decisions. These financial statements are prepared on the basis of single reportable segment as the Board of Directors views the Group's operations as one reportable segment. All non-current assets of the Group are located in Pakistan and 100% of the revenue is derived from sale of pharmaceuticals products and medical devices.

	2018 Rupees	2017 Rupees
5 Issued, subscribed and paid up capital		
1,441,952 (2017: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	**14,419,520**	14,419,520
119,600 (2017: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	**1,196,000**	1,196,000
28,625,289 (2017: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	**286,252,890**	286,252,890
	301,868,410	301,868,410

KFW Factors (Private) Limited, an associated company holds 8,286,942 (2017: 8,286,942) ordinary shares of Rs. 10 each of the Holding Company.

6 Capital reserve

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

7 **Revaluation surplus on property, plant and equipment**	*Note*	**2018 Rupees**	2017 Rupees *(Restated)*
Surplus on revaluation of property, plant and equipment as at 01 July		**1,138,246,955**	1,205,064,027
Surplus transferred to equity on account of incremental depreciation charged during the year - net of deferred tax	*7.1*	**(47,161,179)**	(46,714,305)
- Related deferred tax liability		**(19,655,893)**	(20,102,767)
		(66,817,072)	(66,817,072)
Surplus transferred to equity:			
- on account of disposal of assets during the year net of deferred tax		**1,017**	-
- Related deferred tax liability		**415**	-
		1,432	-
Revaluation Surplus		**1,071,431,315**	1,138,246,955
Related deferred tax liability:			
- On revaluation as at 01 July		**(159,082,064)**	(182,324,687)
- Transferred / recognized			
- on disposals during the year		**(415)**	-
- on account of incremental depreciation charged during the year		**19,655,893**	20,102,767
- tax rate adjustment - Group		**19,473,110**	2,784,170
- tax rate adjustment - non controlling interest		**2,584,417**	355,686
		(117,369,059)	(159,082,064)
Surplus on revaluation of property, plant and equipment as at 30 June	*7.2*	**954,062,256**	979,164,891

7.1 Charge of incremental depreciation for the year net of tax attributable to:

Owners of the Group	**(43,131,189)**	(42,698,155)
Non-controlling interests	**(4,029,990)**	(4,016,150)
	(47,161,179)	(46,714,305)

7.2 Balance as at 30 June attributable to:

Owners of the Group	**921,179,842**	944,836,904
Non-controlling interests	**32,882,414**	34,327,987
	954,062,256	979,164,891

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

8 Deferred taxation

	2018			
	(Reversal from) / charge to			
	Opening	Profit or loss	Equity	Closing
	---------------------(Rupees)----------------------------			
Taxable temporary difference				
Accelerated tax depreciation allowances	95,024,392	3,669,152	-	98,693,544
Surplus on revaluation of property, plant and equipment	159,082,064	(19,655,478)	(22,057,527)	117,369,059
Unrealized gain on short term investments - mutual funds	-	7,765,417	-	7,765,417
Deductible temporary differences				
Provisions	(7,615,919)	6,290,067	-	(1,325,852)
	246,490,537	(1,930,842)	(22,057,527)	222,502,168

	2017			
	(Reversal from) / charge to			
	Opening	Profit or loss	Equity	Closing
Taxable temporary difference	---------------------(Rupees)----------------------------			
Accelerated tax depreciation allowances	86,339,383	8,685,009	-	95,024,392
Surplus on revaluation of property, plant and equipment	182,324,687	(20,102,767)	(3,139,856)	159,082,064
Deductible temporary differences				
Provisions	-	(7,615,919)	-	(7,615,919)
	268,664,070	(19,033,677)	(3,139,856)	246,490,537

The Group has not recognised deferred tax asset on tax loss amounting to Rs. 93.65 million and tax credit on account of minimum tax paid available for carry forward under section 113 of the Income Tax Ordinance, 2001 amounting to Rs. 5.94 million, pertaining to subsidiary, as enough taxable profits may not be available to set these off in the foreseeable future.

9	**Trade and other payables**	*Note*	**2018 Rupees**	2017 Rupees
	Trade creditors		**590,013,029**	439,117,638
	Accrued liabilities		**82,960,712**	81,531,562
	Advances from customers		**185,015,657**	138,768,457
	Tax deducted at source		**319,200**	15,353
	Provision for compensated absences		**25,540,225**	23,023,775
	Central Research Fund	*9.1*	**2,283,549**	6,290,865
	Workers' Welfare Fund	*27*	**7,090,508**	11,601,068
	Advances from employees against purchase of vehicles		**48,120,016**	47,853,044
	Due to related parties - unsecured	*9.2*	**10,869,542**	15,568,379
	Other payables		**7,965,942**	5,272,581
			960,178,380	769,042,722

9.1 Central Research Fund

Balance as at 01 July		**6,290,866**	31,285,186
Provision for the year	*27*	**2,717,079**	6,290,489
		9,007,945	37,575,675
Payments made during the year		**(6,724,396)**	(31,284,809)
Balance as at 30 June		**2,283,549**	6,290,866

9.2 Due to related parties - unsecured

Name of related party:		
Grupo Empresarial Bagó S.A	**8,139,437**	2,565,499
Bagó Laboratories Pte Ltd	**2,730,105**	13,002,880
	10,869,542	15,568,379

10 Short term borrowings - secured

Short term running finance - secured	**100,525,853**	24,888,862

10.1 Particulars of borrowings

Interest / markup based financing	*10.2*	**64,182,207**	24,888,862
Islamic mode of financing	*10.3*	**36,343,646**	-
		100,525,853	24,888,862

10.2 Interest / markup based financing

The Group has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 1,000 million (2017: Rs. 1,000 million). These facilities carry mark-up at the rates ranging from three months KIBOR plus 0.3% to 1.0% (2017: three months KIBOR plus 0.1% to 1.5%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 450 million can interchangeably be utilized as non-funded facilities. Out of the aggregate facilities, Rs. 700 million (2017: Rs. 700 million) are secured by first pari passu charge of Rs. 1,621 million over all present and future assets (current and fixed assets) of the respective Companies in the Group (excluding land and building) and remaining Rs. 300 million (2017: Rs. 300 million) facility is secured by lien on Holding Company's short term investments (money market/income fund) which should be 110% of the maximum limit allowed for utilization. Under this arrangement, short term investment of Rs. 333.33 million (2017: Rs. 207.75 million) in HBL funds as mentioned in note 21.1.1 is marked under lien. These facilities are renewable on annual basis latest by 31 December 2018.

10.3 Islamic mode of financing

The Holding Company has short term borrowing facility i.e. Running Musharakah available from Islamic bank under profit arrangements having sanctioned limit of Rs. 200 million (2017: Rs. 200 million). This facility carries profit rate of three months KIBOR plus 0.3% (2016: three months KIBOR plus 0.3%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded. This facility is secured by first pari passu charge over current assets of the Holding Company. This facility is renewable on annual basis latest by 31 July 2018.

11 Contingencies and commitments

11.1 Contingencies

The Holding Company filed a suit before the Honorable High Court of Sindh challenging SRO related to pharmaceutical pricing issued by Drug Regulatory Authority of Pakistan ("DRAP") being ultra vires the constitution. The issue relates to fixation of prices of certain products of the Holding Company and the SRO issued in this regard whereby the products of the Holding Company were notified as controlled drugs. During the year, the matter was transferred to Honorable Supreme Court of Pakistan ("Supreme Court"). The Supreme Court on 06 August 2018 ordered to resolve the matter, in line with mechanisms and procedures incorporated in the Drug Pricing Policy, 2018 issued by DRAP, within ten weeks from the date of the order. Till the resolution of the matter, the pricing issued by DRAP will remain frozen. The management based on obtained legal opinion believes that the Holding Company has a strong case on merit and is likely to succeed in obtaining relief.

11.2 Commitments

11.2.1 Letter of credits

11.2.1.1 Interest / markup based arrangements

Out of the aggregate facility of Rs. 850 million (2017: Rs. 850 million) for opening letters of credit, the amount utilized by the Group as at 30 June 2018 for capital expenditure was Rs. 192.52 million (2017: Nil) and for other than capital expenditure was Rs. 151.99 million (2017: Rs. 184.15 million). These facilities are secured by first pari passu charge of Rs. 1,621 million over all present and future assets (excluding land and building) of the respective Companies in the Group and lien over import documents.

11.2.1.2 Islamic mode arrangements

The Holding Company has facility i.e. letters of credit of Rs. 75 million (2017: Rs. 75 million) availed from Islamic bank. The amount utilized as at 30 June 2018 for capital expenditure was Rs. 1.64 million (2017: Rs. Nil) and for other than capital expenditure was Rs. 54.87 million (2017: Rs. 28.74 million). Lien is also marked over import documents.

11.2.2 Guarantees issued by banks on behalf of the Group

11.2.2.1 Interest / markup based arrangements

Out of the aggregate facility of Rs. 480 million (2017: Rs. 180 million) for letter of guarantees (which is the sublimit of running finance) of the respective Companies in the Group, the amount utilized by the Group as at 30 June 2018 was Rs. 71.06 million (2017: Rs. 18.52 million).

11.2.2.2 Islamic mode arrangements

The Holding Company has facility i.e. letter of guarantee of Rs. 25 million (2017: Rs. 25 million) available from Islamic bank, the amount utilized as at 30 June 2018 was Rs. 1.96 million (2017: Rs. 1.96 million).

	Note	**2018 Rupees**	2017 Rupees
12 Property, plant and equipment			
Operating assets	*12.1*	**2,970,028,177**	2,862,770,364
Capital work in progress	*12.6*	**105,136,237**	219,480,016
		3,075,164,414	3,082,250,380

12.1 Operating assets

	Owned							
	Freehold land	Buildings on freehold land	Plant and machinery	Office equipment	Furniture and fittings	Computers	Vehicles	Total
	Rupees							
30 June 2018								
Cost / revalued amount								
Balance as at 01 July 2017	678,076,127	814,724,992	1,303,597,331	99,678,607	82,481,170	39,543,653	389,426,786	3,407,528,666
Additions / transfers	43,500,000	116,506,826	186,186,836	7,789,624	8,681,655	4,485,497	110,155,817	477,306,255
Disposals / write off	-	-	(244,090)	(168,200)	-	(977,269)	(57,966,183)	(59,355,742)
Balance as at 30 June 2018	**721,576,127**	**931,231,818**	**1,489,540,077**	**107,300,031**	**91,162,825**	**43,051,881**	**441,616,420**	**3,825,479,179**
Depreciation								
Balance as at 01 July 2017	-	113,105,869	146,121,960	42,556,631	19,665,021	25,884,872	197,423,949	544,758,302
Charge for the year	-	95,194,887	165,883,583	9,748,549	8,626,743	8,210,350	73,176,557	360,840,669
On disposals	-	-	(28,476)	(148,581)	-	(969,202)	(49,001,710)	(50,147,969)
Balance as at 30 June 2018	**-**	**208,300,756**	**311,977,067**	**52,156,599**	**28,291,764**	**33,126,020**	**221,598,796**	**855,451,002**
Net book value as at 30 June 2018	**721,576,127**	**722,931,062**	**1,177,563,010**	**55,143,432**	**62,871,061**	**9,925,861**	**220,017,624**	**2,970,028,177**
30 June 2017								
Cost / revalued amount								
Balance as at 01 July 2016	678,076,127	779,564,255	941,786,054	68,029,388	39,490,452	33,190,875	367,265,054	2,907,402,205
Additions / transfers	-	35,160,737	361,811,277	31,733,119	43,135,390	9,592,191	60,603,871	542,036,585
Disposals / write off	-	-	-	(83,900)	(144,672)	(3,239,413)	(38,442,139)	(41,910,124)
Balance as at 30 June 2017	**678,076,127**	**814,724,992**	**1,303,597,331**	**99,678,607**	**82,481,170**	**39,543,653**	**389,426,786**	**3,407,528,666**
Depreciation								
Balance as at 01 July 2016	-	20,336,033	-	34,655,514	13,410,415	22,058,824	162,084,242	252,545,028
Charge for the year	-	92,769,836	146,121,960	7,985,017	6,399,278	7,065,461	66,651,860	326,993,412
On disposals	-	-	-	(83,900)	(144,672)	(3,239,413)	(31,312,153)	(34,780,138)
Balance as at 30 June 2017	**-**	**113,105,869**	**146,121,960**	**42,556,631**	**19,665,021**	**25,884,872**	**197,423,949**	**544,758,302**
Net book value as at 30 June 2017	**678,076,127**	**701,619,123**	**1,157,475,371**	**57,121,976**	**62,816,149**	**13,658,781**	**192,002,837**	**2,862,770,364**
Depreciation Rate %	**-**	**10**	**10**	**10**	**10**	**33.33**	**20**	

12.1.1 These include fully depreciated assets amounting to Rs. 82.17 million (2017: Rs. 72.2 million).

12.1.2 Had there been no revaluation, carrying value of freehold land, building on free hold land and plant and machinery would have been as follows:

	2018 Rupees	2017 Rupees
Freehold land	**129,623,262**	86,123,262
Building on freehold land	**504,298,273**	454,247,553
Plant and machinery	**916,717,349**	858,552,851
	1,550,638,884	1,398,923,666

12.2 Particulars of immovable property (i.e. land and building) in the name of Holding Company and its subsidiaries are as follows:

Location	Usage of immovable property	Total area (acres)	Covered Area (square feet)
Main G.T Road, Amanghar, District Nowshera, KPK	Manufacturing Facility	29.81	336,222
5-K.M - Sunder Raiwind Road, Raiwind Lahore	Head office & biotech plant	25.65	88,101
197-A, The Mall, Rawalpindi Cantt, Rawalpindi	Registered office	0.66	28,749
Shop no. 2, Ground Floor, Ramzan Medical Centre, Lahore	Vacant shop	0.01	351
Phase II Extension Defence House Authority, Islamabad	Vacant plots	1.03	N/A
House No. 167, Khanuspur Ayubia, KPK	Guest house	0.33	5,000
Shahra-e-Faysal, Karachi	Sale office	0.08	2,668

12.3 The latest revaluation was carried on at 30 June 2016. As per the revaluation report, forced sale value of freehold land, buildings on free hold land and plant and machinery was Rs. 618.08 million, Rs. 615.63 million and Rs. 685.51 million respectively.

12.4 Depreciation is allocated as under:

Cost of sales	*24*	**265,395,929**	236,079,596
Administrative expenses	*25*	**48,366,394**	49,255,224
Selling and distribution expenses	*26*	**47,078,346**	41,658,592
		360,840,669	326,993,412

12.5 Disposal of property, plant and equipment

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost / revalued amount	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
			-----------------------------Rupees	--------------------------			
Vehicles							
Toyota Corolla Altis	Mr. Farhan Rafique	Ex Employee	2,242,060	2,167,324	2,242,060	74,736	Company Policy
Suzuki Liana	Mr. Khalil Ahmad	Employee	1,511,000	-	650,000	650,000	Company Policy
Honda City	Mr. Hassan Ali	Auction	1,382,000	-	1,283,000	1,283,000	Tender
Suzuki Liana	Mr. Munawar Hayat	Employee	1,239,000	-	550,000	550,000	Company Policy
Suzuki Cultus	Mr. Muhammad Umer	Auction	1,114,000	649,840	906,907	257,067	Tender
Suzuki Cultus	Mr. Sajid Kamal	Ex Employee	1,105,000	358,200	705,320	347,120	Company Policy
Suzuki Cultus	Mr. Akbar Shahzad	Auction	1,039,000	484,867	886,500	401,633	Tender
Suzuki Cultus	Mr. Waseem Mirza	Auction	1,039,000	415,600	908,000	492,400	Tender
Suzuki Cultus	Mr. Muhammad Zia Ullah Khan	Ex Employee	1,019,000	67,933	923,956	856,023	Company Policy
Suzuki Cultus	Mr. Waqar Ud Din Siddiqui	Ex Employee	1,013,999	135,199	719,320	584,121	Company Policy
Suzuki Cultus	Mr. Iqbal Ud Din	Employee	1,005,000	-	502,500	502,500	Company Policy
Suzuki Cultus	Mr. Asim Rafique	Employee	990,000	82,500	495,000	412,500	Company Policy

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost / revalued amount	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
			-----------------------------Rupees--------------------------				
Suzuki Cultus	Mr. Sohail Mughal	Employee	985,500	-	558,450	558,450	Company Policy
Suzuki Cultus	Mr. Sibtul Hasan Saqib	Employee	930,000	-	394,200	394,200	Company Policy
Suzuki Mehran	EFU Insurance Company	N/A	778,000	648,333	778,000	129,667	Insurance Claim
Suzuki Mehran	EFU Insurance Company	N/A	751,295	663,644	700,000	36,356	Insurance Claim
Suzuki Mehran	Mr. Yasir Islam	Ex Employee	734,814	220,443	521,348	300,905	Company Policy
Suzuki Alto	Mr. Mukhtar Kiyani	Ex Employee	710,000	-	517,750	517,750	Company Policy
Suzuki Alto	Mr. Raja Faheem Ahmad	Employee	705,000	-	237,960	237,960	Company Policy
Suzuki Mehran	Mr. Junaid Ikram	Employee	683,000	227,667	468,625	240,958	Company Policy
Suzuki Mehran	Mr. Usman Aqeel	Employee	683,000	375,650	401,700	26,050	Company Policy
Suzuki Mehran	Mr. Muhammad Nasir Zahoor	Auction	683,000	227,667	553,000	325,333	Tender
Suzuki Mehran	Mr. Shahid Ali Hanif	Employee	683,000	204,901	452,379	247,478	Company Policy
Suzuki Mehran	Mr. Khursheed Norojo	Employee	663,813	-	333,500	333,500	Company Policy
Suzuki Mehran	Mr. Muhammad Imitaiz Anwar	Employee	637,000	-	354,797	354,797	Company Policy
Suzuki Mehran	Mr. Sikandar Zaman	Employee	612,000	-	355,732	355,732	Company Policy
Suzuki Mehran	Mr. Muhammad Ali	Employee	612,000	-	333,500	333,500	Company Policy
Suzuki Mehran	Mr. Syed shehnaz Ul hasan	Auction	605,000	-	436,911	436,911	Tender
Suzuki Mehran	Mr. Syed Faisal Saleem	Ex Employee	605,000	-	368,007	368,007	Company Policy
Suzuki Mehran	Mr. Abdul Manan	Employee	568,500	-	284,000	284,000	Company Policy
Suzuki Mehran	Mr. Waseem Akram	Employee	568,500	-	284,000	284,000	Company Policy
Suzuki Mehran	Mr. Shakeel Ahmad	Ex Employee	567,000	-	283,500	283,500	Company Policy
Suzuki Mehran	Mr. Maqbool Ali	Employee	567,000	-	283,500	283,500	Company Policy
Suzuki Mehran	Mr. Kamar Sohail Saeed Butt	Employee	567,000	-	450,000	450,000	Company Policy
Suzuki Mehran	Mr. Aleem Ahmad Khan	Ex Employee	567,000	-	425,000	425,000	Company Policy
Suzuki Mehran	Mr. Asim Hussain	Employee	560,000	-	280,000	280,000	Company Policy
Suzuki Mehran	Mr. Muhammad Akbar Shahzad	Auction	549,000	-	427,000	427,000	Tender
Suzuki Mehran	Mr. Azhar Mehmood	Ex Employee	530,000	-	400,000	400,000	Company Policy
Suzuki Mehran	Mr. Muhammad Imran Abbasi	Employee	529,000	-	220,410	220,410	Company Policy
Suzuki Mehran	Mr. Imran Qayyum	Employee	529,000	-	220,410	220,410	Company Policy
Suzuki Mehran	Mr. Mohsin Rasheed Bhatti	Employee	529,000	-	233,637	233,637	Company Policy
Suzuki Mehran	Mr. Farid Gul	Ex Employee	408,866	-	350,000	350,000	Company Policy
Suzuki Mehran	Mr. Muhammad Shahid Saleem	Employee	390,000	-	172,929	172,929	Company Policy
Suzuki Mehran	Mr. Furqan Khaliq	Employee	380,250	-	225,000	225,000	Company Policy
Honda CD 70	Mr. Masood Ahmad	Employee	73,700	-	30,000	30,000	Company Policy
Honda CD 70	Mr. Muhammad Akbar Shahzad	Auction	69,900	19,805	31,900	12,095	Tender
Honda CD 70	Mr. Muhammad Akbar Shahzad	Auction	69,900	19,805	31,700	11,895	Tender
Honda CD 70	Mr. Muhammad Akbar Shahzad	Auction	69,900	32,620	36,500	3,880	Tender
Honda CD 70	Mr. Muhammad Akbar Shahzad	Auction	69,900	32,620	37,700	5,080	Tender
Honda CD 70	Mr. Raheel Zaman	Auction	69,900	22,135	37,250	15,115	Tender
Honda CD 70	Mr. Raheel Zaman	Auction	69,900	25,630	41,250	15,620	Tender
Honda CD 70	Mr. Akbar Shahzad	Auction	69,900	16,310	33,500	17,190	Tender
Honda CD 70	Mr. Syed Kashif Ur Rehman	Employee	69,900	19,805	45,876	26,071	Company Policy
Honda CD 70	Mr. Akbar Shahzad	Auction	69,900	29,125	35,000	5,875	Tender
Honda CD 70	Mr. Akbar Shahzad	Auction	69,900	29,125	34,000	4,875	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	12,815	32,911	20,096	Tender
Honda CD 70	Mr. Asad Ali Shah	Auction	69,900	16,310	26,000	9,690	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	19,805	31,911	12,106	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	19,805	32,786	12,981	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	25,630	40,911	15,281	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	25,630	39,911	14,281	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	25,630	39,911	14,281	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	69,900	25,630	39,911	14,281	Tender
Honda CD 70	Mr. Asad Ali Shah	Auction	69,900	25,630	28,000	2,370	Tender
Honda CD 70	Mr. Syed Qamar Ul Hasan	Auction	69,900	11,650	30,911	19,261	Tender
Honda CD 70	Mr. Syed Qamar Ul Hasan	Auction	69,900	15,145	32,200	17,055	Tender
Honda CD 70	Mr. Syed Qamar Ul Hasan	Auction	69,900	18,640	32,300	13,660	Tender
Honda CD 70	Mr. Syed Qamar Ul Hasan	Auction	69,900	24,465	36,786	12,321	Tender
Honda CD 70	Mr. Adnan Ilyas Awan	Employee	69,900	10,485	37,140	26,655	Company Policy
Honda CD 70	Mr. Ghani Badshah	Ex Employee	69,900	13,980	39,000	25,020	Company Policy
Honda CD 70	Mr. Sajid Zaman	Ex Employee	69,900	17,475	48,788	31,313	Company Policy
Honda CD 70	Mr. Muhammad Sohail	Auction	69,000	17,250	32,000	14,750	Tender
Honda CD 70	Mr. Syed Qamar Ul Hasan	Auction	69,000	9,200	29,786	20,586	Tender
Honda CD 70	Mr. Waseem Umer	Employee	68,500	13,700	29,250	15,550	Company Policy
Honda CD 70	Mr. Muhammad Ibrar	Employee	68,500	10,275	29,250	18,975	Company Policy
Honda CD 70	Mr. Rizwan Saeed	Employee	68,500	10,275	34,250	23,975	Company Policy
Honda CD 70	Mr. Javed Hamid	Employee	68,500	10,275	34,250	23,975	Company Policy
Honda CD 70	Mr. Waseem Baig	Employee	68,500	10,275	34,250	23,975	Company Policy
Honda CD 70	Mr. Raees Abbas	Employee	68,500	10,275	34,250	23,975	Company Policy

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost / revalued amount	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
			------------------------------Rupees--------------------------				
Honda CD 70	Mr. Usman Akram	Employee	68,500	10,275	34,250	23,975	Company Policy
Honda CD 70	Mr. Khuram Shahzad	Auction	68,500	5,707	23,730	18,023	Tender
Honda CD 70	Mr. Khuram Shahzad	Auction	68,500	5,707	25,600	19,893	Tender
Honda CD 70	EFU Insurance Company	N/A	66,885	60,196	63,500	3,304	Insurance Claim
Honda CD 70	Mr. Imran Ali	Employee	65,900	-	30,204	30,204	Company Policy
Honda CD 70	Mr. Ali Haider	Employee	65,900	-	33,500	33,500	Company Policy
Honda CD 70	Mr. Asad Ali Shah	Auction	65,900	-	19,000	19,000	Tender
Honda CD 70	Mr. Adeel Ahmed	Employee	64,500	-	32,250	32,250	Company Policy
Honda CD 70	EFU Insurance Company	N/A	63,501	44,451	62,000	17,549	Insurance Claim
Honda CD 70	Mr. Akbar Shahzad	Auction	63,500	32,807	35,000	2,193	Tender
Honda CD 70	Mr. Syed Shahzad UL Hasan	Auction	63,500	32,807	35,911	3,104	Tender
Honda CD 70	Mr. Khuram Shahzad	Auction	63,500	25,400	37,000	11,600	Tender
Honda CD 70	Mr. Khuram Shahzad	Auction	63,500	25,400	28,880	3,480	Tender
Honda CD 70	Mr. Muhammad Usman Baig	Ex Employee	63,500	40,217	63,500	23,283	Company Policy
Honda CD 70	Mr. Muzafar Hussain	Ex Employee	62,900	-	16,362	16,362	Company Policy
Honda CD 70	Mr. Qaisar Khan	Ex Employee	62,900	-	31,450	31,450	Company Policy
Honda CD 70	Mr. Ghulam Mustafa	Employee	56,240	-	17,000	17,000	Company Policy
Honda CD 70	Mr. Sohail Ahmad Shaik	Ex Employee	56,240	-	54,000	54,000	Company Policy
Honda CD 70	Mr. Muhammad Rafique	Ex Employee	56,240	-	35,000	35,000	Company Policy
Honda CD 70	Mr. Mumtaz Ahmad	Ex Employee	56,240	-	54,000	54,000	Company Policy
Honda CD 70	Mr. Mansoor Ahmad Paracha	Ex Employee	54,000	-	30,000	30,000	Company Policy
Honda CD 70	Mr. Muhammad Afaque Khan	Employee	50,490	-	19,985	19,985	Company Policy
YD 70 Dhoom	Mr. Babar Baig	Employee	49,400	13,172	24,700	11,528	Company Policy
YD 70 Dhoom	Mr. Raheel Zaman	Auction	49,400	11,526	21,250	9,724	Tender
YD 70 Dhoom	Mr. Raheel Zaman	Auction	49,400	11,526	22,250	10,724	Tender
YD 70 Dhoom	Mr. Raheel Zaman	Auction	49,400	11,526	20,250	8,724	Tender
YD 70 Dhoom	Mr. Muhammad Babar	Auction	49,400	7,408	16,500	9,092	Tender
YD 70 Dhoom	Mr. Syed Shahzad UL Hasan	Auction	49,400	7,408	15,786	8,378	Tender
YD 70 Dhoom	Mr. Muhammad Babar	Auction	49,400	7,408	16,500	9,092	Tender
YD 70 Dhoom	Mr. Asad Ali Shah	Auction	49,400	5,763	15,000	9,237	Tender
YD 70 Dhoom	Mr. Asad Ali Shah	Auction	49,400	5,763	15,000	9,237	Tender
YD 70 Dhoom	Mr. Liaqat Hussain	Employee	47,500	-	31,660	31,660	Company Policy
YD 70 Dhoom	Mr. Jahanzaib	Employee	47,500	-	6,000	6,000	Company Policy
YD 70 Dhoom	Mr. Raheel Zaman	Auction	47,500	-	18,250	18,250	Tender
YD 70 Dhoom	Mr. Zalmi Khan	Ex Employee	47,500	-	16,000	16,000	Company Policy
YD 70 Dhoom	Mr. Noor Muhammad Gul	Employee	47,500	-	13,000	13,000	Company Policy
YD 70 Dhoom	Mr. Shahbaz Mashi	Ex Employee	47,500	-	23,740	23,740	Company Policy
YD 70 Dhoom	Mr. Syed Shahzad UL Hasan	Auction	47,500	-	15,786	15,786	Tender
YD 70 Dhoom	Mr. Hassan Ali	Auction	47,500	-	17,700	17,700	Tender
YD 70 Dhoom	Mr. Asad Ali Shah	Auction	47,500	-	11,000	11,000	Tender
Toyota Corolla	Mr. Farhan Rafiq	Ex-Employee	1,726,340	-	690,536	690,536	Company Policy
Toyota Corolla	Mr. Tahir Iqbal	Employee	1,705,500	113,700	795,667	681,967	Company Policy
Toyota Corolla	Mr. Shams ul Arfeen	Employee	1,705,500	113,700	795,667	681,967	Company Policy
Suzuki Cultus	Mr. Imran Shahzad	Employee	1,052,850	-	421,140	421,140	Company Policy
Suzuki Cultus	Mr. M. Waqas	Employee	1,019,000	288,716	645,367	356,651	Company Policy
Suzuki Cultus	Mr. Saeed Ahmed	Employee	1,019,000	33,967	586,572	552,605	Company Policy
Suzuki Cultus	Mr. Muhammad Yasir	Employee	985,500	-	492,500	492,500	Company Policy
Suzuki Cultus	Mr. Syed Mahmood	Employee	916,000	-	458,000	458,000	Company Policy
Suzuki Cultus	Mr. Muhammad Asad	Employee	911,000	-	432,724	432,724	Company Policy
Suzuki Mehran	Mr. Muhammad Sultan	Employee	690,820	-	333,500	333,500	Company Policy
Suzuki Mehran	Mr. Tabassum Ali	Employee	690,820	-	333,500	333,500	Company Policy
Suzuki Mehran	Mr. Ubaid Ul Islam	Employee	690,820	-	333,500	333,500	Company Policy
Suzuki Mehran	Mr. Imran Latif	Employee	690,770	-	276,308	276,308	Company Policy
Suzuki Mehran	Mr. Muhammad Irfan	Employee	685,770	-	331,000	331,000	Company Policy
Suzuki Mehran	Mr. Usman Saleem	Employee	670,500	-	466,956	466,956	Company Policy
Suzuki Mehran	Mr Ahsan Amin	Employee	605,000	-	409,000	409,000	Company Policy
Motor Cycle 70 CC	Mr. M. Hammad	Employee	73,348	36,675	46,028	9,353	Company Policy
Motor Cycle 70 CC	Mr. Noor Ullah Jan	Employee	72,499	31,417	45,300	13,883	Company Policy
Motor Cycle 70 CC	Mr. M. Umar Abbas	Employee	69,900	17,475	39,476	22,001	Company Policy
Motor Cycle 70 CC	Mr. Arshad	Employee	47,500	-	18,500	18,500	Company Policy
Suzuki Cultus	Mr. Waseem Mirza	Auction	1,128,327	319,692	901,000	581,308	Tender
Suzuki Mehran	Mr. Akbar Shahzad	Auction	612,000	10,200	509,500	499,300	Tender
Motor Cycle 70 CC	Mr. Raj Muhammad	Auction	68,500	3,424	28,000	24,576	Tender
Motor Cycle 70 CC	Mr. Hassan Ali	Auction	69,900	18,640	33,100	14,460	Tender
Motor Cycle 70 CC	Mr. Akbar Shahzad	Auction	66,386	35,403	38,698	3,295	Tender
			57,227,183	8,964,474	34,863,180	25,898,706	

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost / revalued amount	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
Computers			------------------------------Rupees------------------------------				
Laptop	Dr. Muhammad Asif Ijaz	Ex Employee	48,376	8,067	10,000	1,933	Company Policy
Laptop	Miss Nayyar Meraj	Ex Employee	52,722	-	5,000	5,000	Company Policy
			101,098	8,067	15,000	6,933	
Assets written off:							
Vehicles	Mr. Sabir Hussain Butt	Not Applicable	739,000	-	-	-	Long Service Award
Computers	Not Applicable	Not Applicable	876,172	-	-	-	Written - off
Office equipment	Not Applicable	Not Applicable	168,200	19,619	-	(19,619)	Written - off
Plant & machinery	Not Applicable	Not Applicable	244,089	215,613	-	(215,613)	Written - off
2018 Rupees			59,355,742	9,207,773	34,878,180	25,670,407	
2017 Rupees			41,910,124	7,129,986	23,114,745	15,984,759	

	Note	2018 Rupees	2017 Rupees
12.6 Capital work-in-progress			
The movement in capital work in progress is as follows:			
Balance as at 01 July		**219,480,016**	354,217,767
Additions		**267,331,090**	335,713,656
Transfers		**(381,674,869)**	(470,451,407)
Balance as at 30 June	*12.6.1*	**105,136,237**	219,480,016

12.6.1 Capital work-in-progress comprises of:

	Note	2018 Rupees	2017 Rupees
Building and civil works		**3,192,752**	65,625,631
Plant and machinery	*12.6.1.1*	**63,068,421**	137,816,372
Advances to suppliers	*12.6.1.2*	**38,875,064**	16,038,013
		105,136,237	219,480,016

12.6.1.1 These represents plant and machinery and equipment in the course of development and installation.

12.6.1.2 These are interest free in the normal course of business for machinery, equipment and vehicles.

13 Investment property

	Note	2018 Rupees	2017 Rupees
Opening balance		**-**	-
Additions during the year	*13.1*	**78,545,641**	-
Less: accumulated depreciation		**-**	-
Closing balance		**78,545,641**	-

13.1 It represents following pieces of land:

- Plot number 69 measuring 177.77 square yards situated at Civic Centre, Gulberg Greens, Islamabad.

- Plot number 70 measuring 200 square yards situated at Civic Centre, Gulberg Greens, Islamabad.

These plots were purchased on 02 May 2018 and their carrying value approximates fair value.

14 Intangibles

14.1 Computer softwares and software license fees

Cost	Note	2018 Rupees	2017 Rupees
Balance as at 01 July		**13,964,128**	13,964,128
Addition during the year		**1,740,976**	-
Balance as at 30 June	*14.1.1*	**15,705,104**	13,964,128
Amortisation			
Balance as at 01 July		**10,791,630**	8,424,732
Amortisation for the year	*25*	**2,555,842**	2,366,898
Balance as at 30 June		**13,347,472**	10,791,630
Net book value		**2,357,632**	3,172,498

14.1.1 These include fully amortized assets amounting to Rs. 8.12 million (2017: Rs. 6.84 million). Intangibles are amortised at 33% (2017: 33%) on straight line basis.

		Note	2018 Rupees	2017 Rupees
15	**Stores, spare parts and loose tools**			
	Stores		**16,997,016**	21,496,812
	Spare parts		**27,359,521**	15,924,274
	Loose tools		**8,642,862**	8,185,435
	Stores in transit		**18,802,817**	1,802,617
			71,802,216	47,409,138
16	**Stock in trade**			
	Raw and packing materials		**392,398,201**	481,959,789
	Work in process		**71,287,001**	78,514,365
	Finished goods	*16.1*	**773,414,598**	1,149,308,318
	Stock in transit	*16.2*	**109,896,463**	55,120,050
			1,346,996,263	1,764,902,522

16.1 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounts to Rs. 232.75 million (2017: Rs. 173.03 million).

16.2 It includes raw and packing material in transit amounting to Rs. 29.72 million (2017: Rs. 1.65 million) and finished goods in transit amounting to Rs. 80.18 million (2017: 53.48 million).

		Note	2018 Rupees	2017 Rupees
17	**Trade debts - considered good**			
	Exports - secured, considered good	*17.1*	**7,909,650**	28,638,649
	Unsecured - Considered good			
	- Exports	*17.1*	**73,875,402**	54,020,535
	- Others		**522,682,630**	347,114,399
			596,558,032	401,134,934
			604,467,682	429,773,583

17.1 Detail of trade debts on account of export sales:

	Confirmed LCs		Contracts	
Country	**2018 Rupees**	2017 Rupees	**2018 Rupees**	2017 Rupees
Sri Lanka	**-**	28,638,649	**44,400,649**	839,200
Myanmar	**-**	-	**-**	15,478,289
Sudan	**-**	-	**27,311,615**	33,606,806
Uzbekistan	**-**	-	**1,298,203**	-
Kenya	**6,269,400**	-	**-**	4,096,240
Afghanistan	**-**	-	**864,935**	-
Nigeria	**1,640,250**	-	**-**	-
	7,909,650	28,638,649	**73,875,402**	54,020,535

		Note	2018 Rupees	2017 Rupees
18	**Loans and advances - considered good**			
	Advances to employees - secured	*18.1*	**21,492,726**	16,080,948
	Advances to suppliers - unsecured	*18.2*	**26,319,171**	59,458,496
	Others		**413,959**	1,612,974
			48,225,856	77,152,418

18.1 Advances given to staff are in accordance with the Group's policy and terms of employment contract. These advances are secured against provident fund. Advances to staff include amount due from executives of the Holding Company of Rs. 2.13 million (2017: Rs. 8.03 million).

18.2 These are interest free in the ordinary course of business.

		Note	2018 Rupees	2017 Rupees
19	**Deposits and prepayments**			
	Deposits - considered good			
	Earnest Money	*19.1*	**181,561,652**	168,330,957
	Security Margins		**9,166,102**	980,102
			190,727,754	169,311,059
	Prepayments		**701,187**	780,986
			191,428,941	170,092,045

19.1 These are interest free and given in ordinary course of business.

		Note	2018 Rupees	2017 Rupees
20	**Other receivables**			
	Sales tax refundable - net		**8,629,024**	8,656,926
	Worker's profit participation fund	*20.1*	**8,888,310**	90,186
	Export rebate		**5,252,893**	-
	Others	*20.2*	**69,534,001**	256,700
			92,304,228	9,003,812

20.1 Workers' Profit Participation Fund

	2018	2017
Balance receivable / (payable) as at 01 July	**90,186**	(31,660,709)
Interest on funds utilized	**(29,798)**	(2,550,713)
Provision for the year	**(11,281,892)**	(31,137,923)
	(11,221,504)	(65,349,345)
Payments made during the year	**20,109,814**	65,439,531
Balance as at 30 June	**8,888,310**	90,186

The fund balance has been utilized by the subsidiary company, BF Biosciences Limited, for its own business and interest at the rate of 9.68% per annum (2017: 10.02% per annum) has been credited to the fund. Interest was calculated at higher of 75% of dividend rate or 2.5% plus bank rate, as was required under Companies Profits (Workers' Participation) Act, 1968.

20.2 This includes Rs. 60.86 million (2017: Nil) receivable on account of commission in the capacity of acting as an agent.

21 **Short term investments**	*Note*	**2018 Rupees**	2017 Rupees
Investments at fair value through profit or loss - Mutual Funds			
Held for trading	*21.1*	**941,746,224**	855,943,421

21.1 These investments are 'held for trading'

Carrying value at 01 July		**855,943,421**	332,166,585
Acquisition during the year		**317,010,000**	1,072,379,518
Redemption during the year		**(268,427,399)**	(573,633,378)
Realized gain on sale of investments during the year		**6,158,532**	19,983,118
Unrealized gain on re-measurement of investment during the year		**31,061,670**	5,047,578
Carrying and fair value of short term investments	*21.1.1*	**941,746,224**	855,943,421

21.1.1 Mutual fund wise detail is as follows:	**Units**		**Fair value**	
	2018	2017	**2018**	2017
	............**Number**............		............**Rupees**............	
HBL Money Market Fund	**2,042,626**	2,042,627	**218,868,503**	207,874,880
MCB Cash Management Optimizer Fund	**3,693,953**	4,033,778	**391,315,609**	405,466,136
HBL Cash Fund	**1,550,552**	1,543,804	**164,301,807**	155,121,600
NAFA Money Market Fund	**10,641,065**	-	**110,720,285**	-
ABL Government Securities Fund	**3,371,142**	3,371,142	**35,481,940**	33,772,097
MCB Pakistan Stock Market Fund	**206,559**	206,559	**19,584,236**	21,172,676
Faysal Savings Growth Fund	**7,425**	7,425	**794,481**	757,430
Faysal MTS Fund	**6,414**	155,713	**679,363**	15,616,439
Faysal Money Market Fund	**-**	159,626	**-**	16,162,163
			941,746,224	855,943,421

21.2 Realized gain of Rs. 6.16 million (2017: Rs. 19.98 million) on sale of mutual funds and bonus dividend of Rs. Nil (2017: Rs. 16.17 million) has been recorded in "other income". These investments and related gain is from non shariah compliant arrangement. These are marked under lien as mentioned in note 10.

22 Cash and bank balances

	Note	2018 Rupees	2017 Rupees
Cash in hand		**10,678,976**	10,309,874
Cash at bank:			
Current accounts			
- foreign currency		**9,784,545**	13,186,391
- local currency	*22.1*	**234,501,933**	93,391,348
		244,286,478	106,577,739
Call deposit receipt	*22.2*	**27,958,000**	-
Deposit accounts - local currency	*22.3*	**7,943,985**	127,479,149
		290,867,439	244,366,762

22.1 These include bank accounts of Rs. 0.67 million (2017: Rs. 0.67 million) maintained under Shariah compliant arrangements.

22.2 It represents call deposit receipts with Bank Alfalah Limited.

22.3 These include deposit accounts of Rs. 7.94 million (2017: Rs. 126.06 million) under mark up arrangements, which carry interest rates ranging from 3.5% - 4.57% (2017: 3.75% - 6.00%) per annum.

These also include deposit account of Rs. 0.001 million (2017: Rs. 1.42 million) under Shariah compliant arrangements, which carries profit rate of 2.40% (2017: 2.40% - 2.41%) per annum.

23 Sales - net

	2018 Rupees	2017 Rupees
Gross sales:		
Local	**5,324,231,713**	5,251,325,294
Export	**155,329,621**	220,655,474
	5,479,561,334	5,471,980,768
Less:		
Sales returns	**(78,243,918)**	(138,558,186)
Discounts and commission	**(314,001,291)**	(313,514,151)
Sales tax	**(30,197,296)**	(17,478,749)
	(422,442,505)	(469,551,086)
	5,057,118,829	5,002,429,682

23.1 This includes sale of both own manufactured and purchased products.

24 Cost of sales

	Note	2018 Rupees	2017 Rupees
Raw and packing materials consumed	*24.1*	**973,850,210**	805,691,075
Salaries, wages and other benefits	*24.2*	**302,593,586**	269,404,865
Fuel and power		**54,860,271**	55,037,193
Repair and maintenance		**17,464,729**	16,954,724
Stores, spare parts and loose tools consumed		**48,909,587**	39,819,113
Packing charges		**15,284,308**	11,643,474
Rent, rates and taxes		**137,012**	622,259
Printing and stationery		**2,330,816**	2,186,523
Postage and telephone		**4,529,812**	4,248,297
Insurance		**13,573,695**	13,871,323
Travelling and conveyance		**11,895,361**	11,948,679
Canteen expenses		**16,257,346**	13,604,599
Security expenses		**24,097**	871,689
Depreciation on property, plant and equipment	*12.4*	**265,395,929**	236,079,596
Laboratory and other expenses		**22,549,041**	35,025,333
		1,749,655,800	1,517,008,742
Work in process:			
Opening		**76,419,116**	96,389,128
Closing		**(71,287,001)**	(76,419,116)
		5,132,115	19,970,012
Cost of goods manufactured		**1,754,787,915**	1,536,978,754
Finished stock:			
Opening		**1,160,681,402**	1,597,678,787
Purchases made during the year		**1,319,291,305**	1,116,990,476
Closing		**(773,414,598)**	(1,160,681,402)
		1,706,558,109	1,553,987,861
		3,461,346,024	3,090,966,615

24.1 *Raw and packing materials consumed*

	2018	2017
Opening	**472,681,955**	357,353,488
Purchases made during the year	**893,566,456**	921,019,542
	1,366,248,411	1,278,373,030
Closing	**(392,398,201)**	(472,681,955)
	973,850,210	805,691,075

24.2 Salaries, wages and other benefits include Rs. 10.75 million (2017: Rs. 9.68 million), which represents employer's contribution towards provident fund.

25	Administrative expenses	Note	2018 Rupees	2017 Rupees
	Salaries and other benefits	*25.1*	**202,849,515**	188,469,388
	Directors fees and expenses		**1,428,736**	1,246,516
	Rent, rates and taxes		**995,562**	1,683,279
	Postage and telephone		**7,410,295**	9,353,881
	Printing, stationery and office supplies		**4,815,103**	4,318,092
	Travelling and conveyance		**14,656,333**	10,317,189
	Transportation		**8,769,539**	8,751,588
	Legal and professional charges		**6,598,164**	10,267,032
	Fuel and power		**5,448,846**	4,879,864
	Auditors' remuneration	*25.2*	**1,772,969**	1,680,486
	Repair and maintenance		**13,363,691**	12,098,932
	Fee and subscriptions		**4,072,025**	6,236,682
	Donations	*25.3 & 25.4*	**8,012,070**	10,280,583
	Insurance		**5,479,107**	5,788,907
	Depreciation on property, plant and equipment	*12.4*	**48,366,394**	49,255,224
	Amortisation of intangibles		**2,555,842**	2,366,898
	Canteen expenses		**7,766,628**	6,828,413
	Training expenses		**205,794**	41,000
	Other expenses		**2,178,431**	1,730,753
			346,745,044	335,594,707

25.1 Salaries and other benefits include Rs. 9.09 million (2017: Rs. 7.89 million), which represents employer's contribution towards provident fund.

25.2	Auditors' remuneration	2018 Rupees	2017 Rupees
	Fee for annual audit	**784,900**	747,500
	Audit of consolidated financial statements	**78,500**	74,750
	Review of half yearly financial statements	**117,750**	112,125
	Annual audit - BF Biosciences Limited	**224,250**	224,250
	Annual audit - Farmacia	**62,800**	62,368
	Special certificates and others	**269,875**	264,250
	Out-of-pocket expenses	**234,894**	195,243
		1,772,969	1,680,486

25.3 Donations include the payment to following institution in which the director is interested:

Name of director	Nature of interest in donee	Name of donee	2018 Rupees	2017 Rupees
Mr. Osman Khalid Waheed (Director)	Trustee	National Management Foundation (LUMS)	**3,000,000**	2,000,000

25.4 Donations to following organizations exceeds Rs. 0.5 million:

	2018 Rupees	2017 Rupees
- Cancer Care Hospital and Research Center Foundation	**1,000,000**	-
- Cultoor (Private) Limited	**543,478**	-
- Liver Foundation Trust	**600,000**	600,000
- Pakistan Center for Philanthropy	**1,000,000**	-
- The Citizens Foundation	**665,000**	-
- Gujranwala Liver foundation, The Health Foundation	**-**	1,287,000
- University of Kelaniya	**-**	875,852
- Ali Institute of Education	**-**	1,020,000
- Lahore Literary Festival (Society)	**-**	1,000,000
- NIBD Welfare Society	**-**	1,100,000
- Okara Patient Welfare Association	**-**	1,411,200

26 Selling and distribution expenses

	Note	2018 Rupees	2017 Rupees
Salaries and other benefits	*26.1*	**498,675,460**	397,483,267
Travelling and conveyance		**188,650,269**	184,679,367
Trade debts written off		**-**	15,356,017
Earnest money written off		**7,430,890**	-
Fuel and power		**5,759,696**	5,292,778
Rent, rates and taxes		**6,781,739**	5,936,687
Sales promotion and advertisement		**146,348,510**	113,449,316
Freight and forwarding		**22,404,318**	22,065,043
Printing and stationary		**5,030,193**	6,443,403
Postage and telephone		**16,346,672**	17,102,596
Royalty, Fee and subscription		**20,976,048**	17,138,012
Insurance		**22,695,857**	21,625,620
Repairs and maintenance		**14,121,470**	7,084,594
Conferences, seminars and training		**137,656,824**	115,916,971
Medical research and patient care		**41,337,522**	16,509,032
Depreciation on property, plant and equipment	*12.4*	**47,078,346**	41,658,592
Other expenses		**2,192,094**	1,898,558
Service charges on sales		**54,438,826**	33,577,092
		1,237,924,734	1,023,216,945

26.1 Salaries and other benefits include Rs. 16.08 million (2017: Rs. 14.52 million), which represents employer's contribution towards provident fund.

27 Other expenses

	Note	2018 Rupees	2017 Rupees
Exchange loss	*27.1*	**32,025,371**	1,644,714
Workers' Profit Participation Fund	*20.1*	**11,281,892**	31,137,923
Workers' Welfare Fund	*9*	**7,090,508**	11,601,068
Central Research Fund	*9.1*	**2,717,079**	6,290,489
		53,114,850	50,674,194

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

28 Other income

	Note	2018 Rupees	2017 Rupees
From financial assets	*28.1*	**41,281,635**	46,866,634
From non financial assets	*28.2*	**98,304,220**	60,033,761
		139,585,855	106,900,395

28.1 From financial assets

	Note	2018 Rupees	2017 Rupees
Profit on deposits with banks	*28.1.1*	**4,061,433**	4,831,866
Dividend income		**-**	16,169,325
Unrealized gain on re-measurement of short term investments to fair value	*21.1*	**31,061,670**	5,047,578
Profit on term deposits		**-**	834,747
Realized gain on sale of short term investments	*21.1*	**6,158,532**	19,983,118
		41,281,635	46,866,634

28.1.1 These include profit of Rs. 0.02 million (2017: Rs. 0.05 million) earned on deposit account maintained under Shariah compliant arrangements.

28.2 From non financial assets

	Note	2018 Rupees	2017 Rupees
Gain on sale of property, plant and equipment - net of write off	*12.5*	**25,670,407**	15,984,759
Export rebate		**7,029,886**	-
Commission income	*20.2*	**65,603,927**	696,052
Workers' Welfare Fund (prior years') no longer payable written back		**-**	43,352,950
		98,304,220	60,033,761

29 Finance cost

	Note	2018 Rupees	2017 Rupees
Mark-up on bank financing	*29.1*	**6,235,857**	4,386,844
Bank charges		**5,736,049**	10,763,633
Interest on Workers' Profit Participation Fund	*20.1*	**29,798**	2,550,713
		12,001,704	17,701,190

29.1 This includes markup paid under Shariah compliant arrangements amounting to Rs. 1.59 million (2017: Rs. 0.16 million) against facilities of short term borrowings.

30 Taxation

	2018 Rupees	2017 Rupees
Current		
- For the year	**110,847,344**	215,606,188
- For prior years	**(6,332,538)**	-
Deferred		
- For the year	**(1,930,842)**	(19,033,677)
	102,583,964	196,572,511

30.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2018 Rupees	2017 Rupees
Profit before taxation	**85,572,328**	591,176,426
	- - - - - (Percentage) - - - - -	
Applicable tax rate as per Income Tax Ordinance, 2001	**30%**	31%
	2018 Rupees	2017 Rupees
Tax on accounting profit	**25,671,698**	183,264,692
Effect of final tax regime	**67,306,589**	53,687,252
Effect of tax credit	**(23,283,684)**	(37,151,095)
Not adjustable for tax purposes	**37,963,935**	(9,725,467)
Effect of super tax	**-**	19,936,544
Effect of proration and tax rate adjustment	**(4,683,787)**	-
Effect of minimum tax	**5,941,751**	-
Prior year tax adjustment	**(6,332,538)**	-
Effect of prior years' reversal of Workers' Welfare Fund	**-**	(13,439,415)
	76,912,266	13,307,819
	102,583,964	196,572,511

30.2 The Group's current tax provision represents tax under the normal tax regime at the rate of 30% of taxable income (2017: 31%), minimum tax paid on turnover and final taxes paid under final tax regime as adjusted by tax credits available under Income Tax Ordinance, 2001.

30.3 As per management's assessment, the provision for tax made in the financial statements is sufficient. A comparison of last three years' of income tax provisions with tax assessment is presented below:

Tax Years	**Tax provision as per financial statements Rupees**	Tax as per assessment / return Rupees
2015	**438,221,875**	442,377,441
2016	**609,539,730**	558,107,117
2017	**215,606,188**	235,100,609

30.4 As explained in note 40 to the consolidated financial statements, the Board of Directors in their meeting held on 25 September 2018 has recommended sufficient cash dividend for the year ended 30 June 2018 which complies with the requirements of sections 5A of the Income Tax Ordinance 2001. Accordingly, no provision for tax on non-distribution of dividend has been recognized in these consolidated financial statements.

31 Earnings per share - basic and diluted

		2018	2017
Profit for the year after taxation attributable to equity holders of the Holding Company	*Rupees*	**7,076,033**	395,765,198
Weighted average number of ordinary shares	*Numbers*	**30,186,841**	30,186,841
Earnings per share	*Rupees*	**0.23**	13.11

31.1 There is no dilutive effect on the basic earnings per share as the Group has no commitment for potentially issuable shares.

32 Remuneration of Chief Executive, Executive Director and Executives

	2018		
	Chief Executive	**Executive Director**	**Executives**
	---------------------Rupees---------------------		
Managerial remuneration	**29,270,805**	-	183,934,453
Utilities	**482,097**	-	-
LFA	**2,398,495**	-	9,354,279
Bonus	**4,441,658**	-	24,311,866
Contribution to provident fund	**1,898,775**	-	9,608,991
	38,491,830	-	227,209,589
Numbers	**2**	-	41

	2017		
	Chief Executive	Executive Director	Executives
	--------------------Rupees--------------------		
Managerial remuneration	27,081,944	-	253,985,635
Utilities	465,598	-	-
LFA	2,220,829.00	-	14,851,875
Bonus	6,662,487	-	36,845,138
Contribution to provident fund	1,775,016	-	12,929,124
	38,205,874	-	318,611,772
Numbers	2	-	119

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

The Holding Company has 6 (2017: 6) non executive directors. Non executive directors are not paid any remuneration or benefits other than the meeting fee and reimbursement of expenses. All the members of the Board of Directors were paid Rs. 426,908 (2017: Rs. 330,000) as meeting fee and Rs. 1,001,828 (2017: Rs. 916,516) as reimbursement of expenses for attending the Board of Directors' meetings.

33 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:

	2018 Rupees	2017 Rupees
Contribution towards employees' provident fund	**35,929,876**	32,079,540
Remuneration including benefits and perquisites of key management personnel - note 32	**155,424,408**	165,890,469
Dividend to KFW Factors (Private) Limited - associated company (27% equity held)	**33,147,768**	124,304,130
Dividend to Directors	**11,141,136**	44,193,540

34 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.

35 Number of employees

	Factory employees		Total employees	
	2018	2017	**2018**	2017
Total number of employees as at 30 June	**272**	255	**1117**	1038
Average number of employees during the year	**263**	253	**1078**	1029

36 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2018		
	Liabilities		
	Unclaimed dividend	Accrued finance cost	Total
	---Rupees---		
Balance as at 01 July 2017	80,854,747	1,646,851	82,501,598
Changes from financing cash flows			
Finance cost paid	-	(13,108,931)	(13,108,931)
Dividends paid	(119,458,387)	-	(119,458,387)
Total changes from financing cash flows	**(119,458,387)**	**(13,108,931)**	**(132,567,318)**
Non-cash changes			
Dividend approved	120,747,364	-	120,747,364
Interest / markup expense	-	12,001,704	12,001,704
Total non-cash changes	**120,747,364**	**12,001,704**	**132,749,068**
Closing as at 30 June 2018	**82,143,724**	**539,624**	**82,683,348**

37 Disclosures relating to provident fund

	Un-audited 2018 Rupees	Audited 2017 Rupees
Size of the fund / trust	**495,100,285**	451,837,463
Cost of investments made	**464,279,730**	400,765,322
Fair value of investment	**480,070,316**	437,675,297
Percentage of investments made	**97%**	97%

Break up of investment	**Un-Audited 2018**		Audited 2017	
	% of size of fund	**Rupees**	% of size of fund	Rupees
Investment in listed equity securities	**6%**	**31,481,067**	9%	42,141,560
Investment in listed debt collective investment schemes	**30%**	**150,094,307**	16%	70,093,653
Investment in listed equity collective investment schemes	**21%**	**104,424,097**	21%	96,208,127
Investment in government securities	**23%**	**115,126,349**	9%	39,876,875
Special accounts in scheduled banks	**8%**	**38,944,496**	10%	45,275,787
Term deposit receipts	**8%**	**40,000,000**	32%	144,079,295
	97%	**480,070,316**	97%	437,675,297

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

	Un-Audited 2018		Audited 2017	
	% of size of fund	**Rupees**	% of size of fund	Rupees
Ferozsons Laboratories Limited - Parent Company	**79%**	**391,358,275**	79%	356,869,797
BF Biosciences Limited - Subsidiary	**19%**	**94,839,371**	19%	87,196,132
Farmacia - Partnership firm	**2%**	**8,902,639**	2%	7,771,534
	100%	**495,100,285**	100%	451,837,463

Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated there under.

38 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

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

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

38.1.1 Exposure to credit risk

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

	2018 Rupees	2017 Rupees
Long term deposits	**11,613,325**	11,053,325
Trade debts - considered good	**604,467,682**	429,773,583
Loans and advances - considered good	**413,959**	1,612,974
Short term deposits	**190,727,754**	169,311,059
Other receivables	**69,534,001**	256,700
Short term investments	**941,746,224**	855,943,421
Bank balances	**252,230,463**	234,056,888
	2,070,733,408	1,702,007,950

38.1.2 Credit quality of financial assets

Bank balances & short term investments

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

Institutions	Rating		Rating Agency	2018	2017
	Short term	Long term		-------------------Rupees-------------------	
Bank balances					
Habib Bank Limited	A-1+	AAA	JCR-VIS	140,066,227	54,199,417
Bank Al-Habib Limited	A1+	AA+	PACRA	47,343,460	33,591,323
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	26,887,738	30,678,962
Bank Alfalah Limited	A-1+	AA+	JCR-VIS	3,238,605	89,548,991
Meezan Bank Limited	A-1+	AA+	JCR-VIS	673,754	4,459,190
MCB Bank Limited	A1+	AAA	PACRA	1,891,702	5,610,747
Allied Bank Limited	A1+	AAA	PACRA	32,119,425	15,958,558
Faysal Bank Limited	A-1+	AA	JCR-VIS	9,552	9,698
				252,230,463	234,056,886
Short term investments					
HBL Money Market Fund	N/A	AA(f)	JCR-VIS	218,868,503	207,874,880
MCB Cash Management Optimizer Fund	N/A	AA+(f)	PACRA	391,315,609	405,466,136
HBL Cash Fund	N/A	AA(f)	JCR-VIS	164,301,807	155,121,600
NAFA Money Market Fund	N/A	AA(f)	PACRA	110,720,285	-
ABL Government Securities Fund	N/A	A(f)	JCR-VIS	35,481,940	33,772,097
MCB Pakistan Stock Market Fund	N/A	4 Star	PACRA	19,584,236	21,172,676
Faysal Savings Growth Fund	N/A	AA-(f)	PACRA	794,481	757,430
Faysal MTS Fund	N/A	A+(f)	PACRA	679,363	15,616,439
Faysal Money Market Fund	N/A	AA(f)	JCR-VIS	-	16,162,163
				941,746,224	855,943,421
				1,193,976,687	1,090,000,307

Trade debts

The aging of trade debts at the reporting date was:

	2018	2017
	Rupees	Rupees
Past due 0 - 30 days	179,819,469	156,710,926
Past due 31 - 120 days	216,620,328	175,863,972
Past due 121 - 365 days	128,566,273	56,642,976
More than 365 days	79,461,612	40,555,709
	604,467,682	429,773,583

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

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

38.1.3 Concentration of credit risk

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

38.2 Liquidity risk

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

The following are the contractual maturities of financial liabilities:

	2018				2017			
	Carrying amount	**Less than one year**	**One to five years**	**More than 5 years**	Carrying amount	Less than one year	One to five years	More than 5 years
	--------Rupees--------				--------Rupees--------			
Financial liabilities								
Trade and other payables	**717,349,450**	**717,349,450**	**-**	**-**	564,513,935	564,513,935	-	-
Unclaimed dividend	**82,143,724**	**82,143,724**	**-**	**-**	80,854,747	80,854,747	-	-
Short term borrowings - secured	**100,525,853**	**100,525,853**	**-**	**-**	24,888,862	24,888,862	-	-
Accrued mark-up	**539,624**	**539,624**	**-**	**-**	1,646,851	1,646,851	-	-
	900,558,651	**900,558,651**	**-**	**-**	671,904,395	671,904,395	-	-

38.3 Market risk

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

Market risk comprises of three types of risks:

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

38.3.1 Currency risk

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

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

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

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

Exposure to currency risk

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

	2018						
	Rupees	**US Dollars**	**Euro**	**UAE Dirham**	**Pound Sterling**	**JPY**	**Aus Dollars**
Cash and cash equivalents	**14,239,922**	**84,093**	**19,769**	**3,800**	**5,340**	**146,000**	**1,000**
Trade and other payables	**(506,994,891)**	**(4,137,472)**	**(30,343)**	**-**	**-**	**-**	**-**
Trade receivables	**81,785,052**	**448,341**	**-**	**825,623**	**-**	**-**	**-**
Gross balance sheet exposure	**(410,969,917)**	**(3,605,038)**	**(10,574)**	**829,423**	**5,340**	**146,000**	**1,000**

	2017						
	Rupees	US Dollars	Euro	UAE Dirham	Pound Sterling	JPY	Aus Dollars
Cash and cash equivalents	17,112,716	92,261	52,992	-	6,270	146,000	1,000
Trade and other payables	(408,015,788)	(3,889,569)	-	-	-	-	-
Trade receivables	98,009,244	466,388	-	1,718,666	-	-	-
Gross balance sheet exposure	(292,893,828)	(3,330,920)	52,992	1,718,666	6,270	146,000	1,000

38.3.2 The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2018	2017	**2018**	2017
US Dollars	**121.50**	104.90	**113.14**	104.65
Euro	**141.45**	120.03	**134.84**	114.28
UAE Dirham	**33.08**	28.56	**30.80**	28.49
Pound Sterling	**159.28**	136.55	**152.78**	132.92
JPY	**1.10**	0.94	**1.00**	0.96
Australian dollars	**89.69**	80.78	**85.50**	78.94

Sensitivity analysis

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

	Profit and loss	
	2018	2017
	----Rupees----	
Profit or loss account	**41,096,992**	29,289,383

38.3.3 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:

	2018	2017	**2018**	2017
	Interest range / Effective rate (in Percentage)		**Carrying amount (Rupees)**	
Variable rate instruments				
Financial assets				
Cash at bank - deposit accounts	**3.14 to 3.97**	2.40 to 5.40	**7,943,985**	127,479,149
Financial liabilities				
Short term borrowings secured	**7.12 to 7.82**	6.61 to 7.11	**(100,525,853)**	(24,888,862)
Net Exposure			**(92,581,868)**	102,590,287

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 loss 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 2017.

	Profit or loss	
	100 bps Increase	**100 bps Decrease**
	Rupees	
As at 30 June 2018		
Cash flow sensitivity - Variable rate financial liabilities	**(925,819)**	925,819
As at 30 June 2017		
Cash flow sensitivity - Variable rate financial liabilities	**1,025,903**	(1,025,903)

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

38.3.4 Other price risk

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

Sensitivity analysis

The table below summarizes the Group's equity price risk as of 30 June 2018 and 2017 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---------------------------			
2018				
Short term investments				
Investments at fair value through profit or loss	941,746,224	**10% increase**	1,035,920,846	94,174,622
		10% decrease	847,571,602	(94,174,622)
	941,746,224			

	Fair value	"Hypothetical price change"	Estimated fair value after hypothetical change in prices"	"Hypothetical increase (decrease) in profit / (loss) before tax"
	----------------------------Rupees---------------------------			
2017				
Short term investments				
Investments at fair value through profit or loss	855,943,421	10% increase	941,537,763	85,594,342
		10% decrease	770,349,079	(85,594,342)
	855,943,421			

38.3.5 Fair value of financial instruments

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

(a) Fair values versus carrying amounts

The carrying amounts of financial assets and financial liabilities are reasonable approximation of their fair value.

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

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

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

Level 2: Valuation techniques based on observable inputs.

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

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

Valuation techniques used by the 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 reporting 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.

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

	Carrying Amount					Fair Value		
	Cash and cash equivalents	**Fair Value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
	---------- Rupees ----------							
30 June 2018								
Financial assets measured at fair value:	**-**	**941,746,224**	**-**	**-**	**941,746,224**	**941,746,224**	**-**	**-**
Financial assets not measured at fair value								
Long term deposits and prepayments	-	-	11,613,325	-	11,613,325	-	-	-
Trade debts - considered good	-	-	604,467,682	-	604,467,682	-	-	-
Loans and advances - considered good	-	-	21,906,685	-	21,906,685	-	-	-
Short term deposits and prepayments	-	-	190,727,754	-	190,727,754	-	-	-
Other receivables	-	-	69,534,001	-	69,534,001	-	-	-
Bank balances	280,188,463	-	-	-	280,188,463	-	-	-
	280,188,463	**-**	**898,249,447**	**-**	**1,178,437,910**	**-**	**-**	**-**
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	-	717,349,450	717,349,450	-	-	-
Unclaimed dividend	-	-	-	82,143,724	82,143,724	-	-	-
Short term borrowings - secured	-	-	-	100,525,853	100,525,853	-	-	-
Accrued mark-up	-	-	-	539,624	539,624	-	-	-
	-	**-**	**-**	**900,558,651**	**900,558,651**	**-**	**-**	**-**
30 June 2017								
Financial assets measured at fair value:	-	855,943,421	-	-	855,943,421	855,943,421	-	-
Financial assets not measured at fair value								
Long term deposits and prepayments	-	-	11,053,325	-	11,053,325	-	-	-
Trade debts - considered good	-	-	429,773,583	-	429,773,583	-	-	-
Loans and advances - considered good	-	-	1,612,974	-	1,612,974	-	-	-
Short term deposits and prepayments	-	-	169,311,059	-	169,311,059	-	-	-
Other receivables	-	-	256,700	-	256,700	-	-	-
Bank balances	234,056,888	-	-	-	234,056,888	-	-	-
	234,056,888	-	612,007,641	-	846,064,529	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	-	564,513,935	564,513,935	-	-	-
Unclaimed dividend	-	-	-	80,854,747	80,854,747			
Short term borrowings - secured	-	-	-	24,888,862	24,888,862	-	-	-
Accrued mark-up	-	-	-	1,646,851	1,646,851	-	-	-
	-	-	-	671,904,395	671,904,395	-	-	-

38.4 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the 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.

39 Group entities

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

30 June 2018 Amount in Rupees	**BF Biosciences Limited**	**Farmacia**	**Intra-Group eliminations**	**Total**
NCI percentage	**20%**	**2%**		
Non current assets	**215,145,798**	**95,655,679**		
Revaluation surplus - note 4.1	**171,570,736**	**-**		
Current assets	**726,943,585**	**68,823,512**		
Non-current liabilities	**6,693,751**	**-**		
Current liabilities	**155,638,145**	**15,705,212**		
Net assets	**951,328,223**	**148,773,979**		
Carrying amount of NCI	**190,265,645**	**2,975,480**	**(8,880,429)**	**184,360,696**
Revenue - net	**536,558,769**	**279,086,232**		
(Loss) / profit after taxation	**(97,710,193)**	**17,193,275**		
Other comprehensive income	**12,922,083**	**-**		
Total comprehensive (loss) / income	**(84,788,110)**	**17,193,275**		
Total comprehensive (loss) / income allocated to NCI	**(16,957,622)**	**343,866**	**(7,473,913)**	**(24,087,669)**
Cash flows from operating activities	**103,575,839**	**25,839,127**		
Cash flows from investing activities	**(62,531,826)**	**(62,383,479)**		
Cash flows from financing activities (dividends to NCI : Nil)	**(784,006)**	**-**		
Net increase / (decrease) in cash and cash equivalents	**40,260,007**	**(36,544,352)**		

30 June 2017 *Amount in Rupees*	**BF Biosciences Limited**	**Farmacia**	**Intra-Group eliminations**	**Total**
NCI percentage	20%	2%		
Non current assets	273,859,577	19,542,197		
Revaluation surplus - note 4.1	189,942,255	-		
Current assets	713,776,572	125,214,717		
Non-current liabilities	7,838,197	-		
Current liabilities	102,330,272	13,176,211		
Net assets	1,067,409,935	131,580,703		
Carrying amount of NCI	213,481,987	2,631,614	(10,249,653)	205,863,948
Revenue - net	609,513,026	268,399,784		
Profit after taxation	24,430,289	17,998,894		
Other comprehensive income	-	-		
Total comprehensive income	24,430,289	17,998,894		
Total comprehensive income allocated to NCI	4,886,058	359,978	(6,407,319)	(1,161,283)
Cash flows from operating activities	(4,368,448)	14,269,329		
Cash flows from investing activities	(12,515,951)	(2,300,421)		
Cash flows from financing activities (dividends to NCI : Nil)	(1,011,975)	-		
Net (decrease) / increase in cash and cash equivalents	(17,896,374)	11,968,908		

40 Non adjusting events after the balance sheet date

The Board of Directors of the Holding Company in its meeting held on 25 September 2018 has proposed a final cash dividend of Rs. 2 (2017: Rs. 4) per share, amounting to Rs. 60.37 million (2017: Rs. 120.75 million) for approval of the members in the Annual General Meeting to be held on 27 October 2018.

41 Corresponding figures

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

42 Date of authorization for issue

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on 25 September 2018.

Chief Executive Officer | Chief Financial Officer | Director

Pattern Of Shareholding

As at 30 June 2018

No. of Shareholders	Shareholding		Total Shares held
	From	To	
1,704	1	100	68,696
1,354	101	500	417,893
608	501	1,000	486,671
686	1,001	5,000	1,614,420
139	5,001	10,000	1,026,375
28	10,001	15,000	348,690
20	15,001	20,000	359,850
19	20,001	25,000	436,482
13	25,001	30,000	357,734
8	30,001	35,000	257,966
3	35,001	40,000	108,504
4	40,001	45,000	171,426
4	45,001	50,000	190,213
3	50,001	55,000	156,700
5	55,001	60,000	285,685
3	60,001	65,000	184,048
1	65,001	70,000	67,000
1	75,001	80,000	77,700
1	90,001	95,000	94,000
3	95,001	100,000	291,352
1	110,001	115,000	110,256
1	140,001	145,000	143,850
1	145,001	150,000	150,000
1	155,001	160,000	157,142
2	160,001	165,000	324,644
1	170,001	175,000	170,600
1	175,001	180,000	179,503
1	180,001	185,000	180,235
1	210,001	215,000	212,550
1	270,001	275,000	274,696
1	295,001	300,000	295,463
2	330,001	335,000	666,946
1	350,001	355,000	352,690
1	355,001	360,000	359,116
1	360,001	365,000	362,314
1	365,001	370,000	369,531
1	380,001	385,000	384,955
1	410,001	415,000	410,979
1	430,001	435,000	434,941
1	435,001	440,000	437,416
1	650,001	655,000	651,347
1	700,001	705,000	701,600
1	900,001	905,000	904,934
1	905,001	910,000	906,427
1	950,001	955,000	954,441
1	1,335,001	1,340,000	1,339,755
1	1,720,001	1,725,000	1,722,375
1	1,825,001	1,830,000	1,825,442
1	8,200,001	8,205,000	8,201,288
4,638			**30,186,841**

As On: June 30, 2018

Categories of Shareholder	Physical	CDC	Total	% age
i. 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**
ii. Mutual Funds				
	-	51,200	51,200	0.17
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	-	170,600	170,600	0.57
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	-	143,850	143,850	0.48
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	-	3,350	3,350	0.01
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	-	26,650	26,650	0.09
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	-	61,500	61,500	0.20
ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	-	1,000	1,000	0.00
GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	-	25,130	25,130	0.08
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	-	18,050	18,050	0.06
	-	**501,330**	**501,330**	**1.66**
iii. Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Mrs. Akhter Khalid Waheed (Chairperson)	5,000	-	5,000	0.02
Mr. Osman Khalid Waheed (Chief Executive)	1,339,755	651,347	1,991,102	6.60
Mrs. Amna Piracha Khan	437,416	8,531	445,947	1.48
Mrs. Munize Azhar Peracha	333,473	-	333,473	1.10
Mr. NIHAL CASSIM	-	9,762	9,762	0.03
Mr. Arshad Saeed Husain	2,500	-	2,500	0.01
Mst. SADIA AMIN (Spouse of Mr. Osman Khalid Waheed)	-	3,000	3,000	0.01
	2,118,144	**672,640**	**2,790,784**	**9.25**
iv. Executives	**906,427**	**-**	**906,427**	**3.00**
v. Public Sector Companies and Corporation	**-**	**3,550,280**	**3,550,280**	**11.76**
vi. Banks, DFIs, NBFCs, Insurance Companies, Takaful, Modarabas and Pension Funds				
Banks, NBFCs, DFIs, Takaful, Pension Funds	3,223	339,728	342,951	1.14
Insurance Companies	163,792	1,039,646	1,203,438	3.99
Modarabas	-	13,400	13,400	0.04
Other Companies,Corporate Bodies, Trust etc.	7,408	1,471,221	1,478,629	4.90
	174,423	**2,863,995**	**3,038,418**	**10.07**
General Public				
A. Local	5,519,782	5,003,874	10,523,656	34.86
B. Foreign	-	589,004	589,004	1.95
	5,519,782	**5,592,878**	**11,112,660**	**36.81**
	8,776,957	**21,409,884**	**30,186,841**	**100.00**
Shareholders More Than 5.00%				
Mr. Osman Khalid Waheed			1,991,102	6.60
KFW Factors (Pvt) Limited			8,286,942	27.45
STATE LIFE INSURANCE CORP. OF PAKISTAN			1,825,442	6.05
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST			1,722,375	5.71
No trade in has been made in Shares of the Company by Directros, CEO, CDO, Company Secretary, Executives and their spouces and minor children except for share mentioned below:				
Mr. Arshad Saeed Husain	Director			2,500

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 62nd Sixty Second Annual General Meeting of **FEROZSONS LABORATORIES LIMITED** will be held on Saturday, October 27, 2018 at 12:30 P.M. at Hotel Shalimar, Aziz Bhatti Shaheed Road, Rawalpindi, to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on October 18, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Reports of the Directors and the Auditors.
3. To consider and approve the final cash dividend of Rs. 2 per share i.e. 20% for the year ended June 30, 2018 as recommended by the Board of Directors.
4. To appoint Auditors for the year ending June 30, 2019 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

Rawalpindi
September 25, 2018

Syed Ghausuddin Saif
Company Secretary

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS:

The share Transfer Books of the Company will remain closed from October 20, 2018 to October 27, 2018 (both days inclusive). Transfers received in order at the office of our Shares Registrar, M/s CorpTec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore., by the close of the business on October 19, 2018 will be considered in time to determine the above mentioned entitlement.

2. PARTICIPATION IN THE ANNUAL GENERAL MEETING:

A member entitled to attend and vote at this meeting is also entitled to appoint another proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the time of the meeting.

CDC account holders will have to follow further under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 by the securities and exchange commission of Pakistan

A. For Attending the Meeting

(i) In case of individuals, the account holders or sub-account holders 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.

(i) In case of individuals, the account holders 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 the meeting.
(v) In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has not been provided earlier) along with proxy form to the company.

3. DEDUCTION OF INCOME TAX FROM DIVIDEND U/S 150 OF INCOME TAX ORDINANCE 2001:

Currently Section 150 of the Income Tax Ordinance, 2001 prescribed the following rates for deduction of withholding tax on the amount of dividend paid by the companies:

a.	Rate of tax deduction for filer of income tax returns	15%
b.	Rate of tax deduction for non-filer of income tax returns	20%

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares:

Company Name	Folio/ CDS ID/ A/C #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding proportion (No. of Shares)	Name and CNIC No.	Shareholding proportion (No. of Shares)

The CNIC number / NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

4. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

5. PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE:

Under the provision of Section 242 of the Companies Act, 2017, it is mandatory for a to the Company's registered address, giving particulars of their bank account detail. In the absence of a member's valid bank account detail by October 19, 2018, the Company will be constrained to withhold payment of dividend to such members.

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

6. SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) FOR PAYMENT OF FINAL CASH DIVIDEND 2017-18:

Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP), CNIC number of shareholders are MANDATORILY required for payment of dividend. Shareholders are therefore, requested to submit a copy of their valid CNIC (if not already provided) to the Company's Share Registrar. In the absence of a member's valid CNIC, the Company will be constrained to withhold payment of cash dividend to such members.

CDC account holders are requested to submit attested copy of their CNIC to the relevant member stock exchange or to CDC if maintaining CDC investor account.

7. CIRCULATION OF ANNUAL AUDITED FINANCIAL STATEMENTS TO SHAREHOLDERS THROUGH EMAIL/CD/USB/DVD OR ANY OTHER MEDIA:

Pursuant to the directions given by the SECP through its SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 that have allowed the companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet, Profit and Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) to its members through Email/CD/DVD/USB/ or any other Electronic Media at their registered Addresses.

Shareholders who wish to receive the hard copy of Financial Statements shall have to fill the standard request form (available on the company's website www.ferozsons-labs.com) and send it to the Company's Share Registrar.

CDC account holders are requested to provide their email addresses to the relevant member stock exchange or to CDC if maintaining CDC investor account.

8. STATEMENT OF UNCLAIMED OR UNPAID AMOUNTS UNDER SECTION 244 OF THE COMPANIES ACT, 2017:

In compliance of Section 244 of the Companies Act 2017, once the Company has completed stipulated formalities, any unclaimed dividend and /or shares that have remained outstanding for a period of three years or more from the date of becoming due and payable shall be credited to the Federal Government (in case of dividend) or delivered to the SECP (in case of physical shares).

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar (CDC) to collect/inquire about their unclaimed dividend or shares, if any.

conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Share Registrar.

10. CHANGE IN ADDRESS:

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

11. AVAILABILTY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE:

The audited financial statements of the Company for the year ended June 30, 2018 have been made available on the Company's website www.ferozsons-labs.com, at least 21 days before the date of Annual General Meeting.

FORM OF PROXY

62nd Annual General Meeting

I/We,____of_______________ being a member of **Ferozsons Laboratories Limited** and holder of_______________ ordinary Shares as per share register Folio/CDC Account No._________________hereby appoint Mr./Mrs.____ Folio/CDC Account No._________________of_________________CNIC No. or Passport No.________________or failing him/her Mr./Mrs.__________________________________ Folio/CDC Account No._________________of_________________CNIC No. or Passport No.________________who is also a member of the Company as my/our proxy to attend and vote for me/us and on my/our behalf at the 62nd Annual General Meeting of the Company to be held on_________________, October_________________2018 at 12:30 p.m. or at any adjournment thereof.

Five Rupees Revenue Stamp

____

Signature of Shareholder

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

Dated this _____day of__________2018 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 with the secretary of the company at the company's registered office 197-A, The Mall, Rawalpindi at least 48 hours before the time of the Meeting.

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

FEROZSONS LABORATORIES LIMITED

60 YEARS OF TRUST & DEVOTION

نمائندگی کا فارم (پراکسی فارم)

62واں سالانہ اجلاسِ عام

میں / ہم______________________کا / کی______________بحثیت رکن **فیروزسنز لیبارٹریز لمیٹڈ** اور بذریعہ حصص رجسٹر کے فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر___________________ حامل _______________ عام حصص، کمپنی کے ایک دوسرے رکن ________________کا / کی________________فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____________ شناختی کارڈ نمبر ________________________ یا پاسپورٹ نمبر _____________________ ، یا بصورتِ دیگر کمپنی کے اور رکن ________________کا / کی________________فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____________ شناختی کارڈ نمبر ________________________یا پاسپورٹ نمبر___________________، کو میری / ہماری غیر حاضری میں کمپنی کے 62ویں سالانہ اجلاسِ عام میں، جو بتاریخ 27 اکتوبر 2018، دوپہر 12:30 بجے منعقد ہو رہا ہے، یا کسی بھی ملتوی شدہ اجلاس میں حاضری اور حق رائے دہی کے استعمال کیلئے اپنا نمائندہ (پراکسی) مقرر کرتا / کرتے ہیں۔

پانچ روپے کی ریونیو سٹامپ

____

حصص دار کے دستخط

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

بتاریخ__________مہینہ____________ 2018

نمائندہ کے دستخط:__________________

1. گواہ

دستخط:

نام:_____________________________

پتہ:_____________________________

____

شناختی کارڈ نمبر:______________________

2. گواہ

دستخط:

نام:_____________________________

پتہ:_____________________________

____

شناختی کارڈ نمبر:______________________

نوٹ:

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

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

آپ کی کمپنی مریضوں پہ اپنی توجہ مرکوز کرتے ہوئے مریضوں کی ادھوری ضروریات کو پورا کرنے کے لیے پرعزم ہے تاہم DRAP کی طرف سے رجسٹریشن کے عمل میں تاخیر، ادویات کی لاگت کی پالیسی اور فارن ایکسچینج ریٹ میں اتار چڑھاؤ مریضوں اور کاروباری شراکت داروں کے لیے اپنے عزائم کو پورا کرنے کی راہ میں اہم رکاوٹ ہے۔ اسی سال ہم نے متعدد فارن ریٹ ایڈ جسٹ کیے ہیں جس سے ہمارے منافع پر فرق پڑا ہے۔

اس سال کی اہم پیش رفت 2018 ڈرگ پرائس پالیسی کا اعلان ہے۔ روپے کی قیمت میں کمی کے اثر جیسے متنازع پہلونئی پالیسی میں بھی موجود ہیں۔ ہم امید کرتے ہیں کہ انڈسٹری اور DRAP کی باہمی مشاورت سے یہ مسائل بھی حل ہو جائیں گے۔

انسانی حقوق کے ایک کیس کی سماعت میں سپریم کورٹ آف پاکستان (SCP) نے پاکستان میں ادویات کی قیمتوں سے متعلقہ معاملات کو اٹھایا ہے۔ DRAP اور انڈسٹری میں اتفاق رائے سے طے ہونے والے اور روڈ میپ کی پیروی کرتے ہوئے SCP نے یہ فیصلہ کیا کہ Hardship cases دوبارہ DRAP کے سپرد کر دیئے جائیں۔ اس ہدایت کے ساتھ کہ وہ 2018 ڈرگ پرائس پالیسی کے تحت ان کا دوبارہ جائزہ لے۔

چونکہ مجاز اداروں کی نگرانی زیادہ تر قیمتوں پر مرکوز ہونے کی وجہ سے انڈسٹری کے منظم لوگوں کے لیے جعل سازی اور کم معیار کی ادویات سازی بہت زیادہ اہمیت کی حامل ہیں۔ اور مریضوں اور انڈسٹری کے مفاد کے تحفظ کے لیے ٹھوس اقدامات کی ضرورت ہے۔

اظہار تشکر

ہم کمپنی کے مقاصد کے حصول کے لیے اپنے ملازمین کی قابل قدر کوششوں اور پیشہ وارانہ صلاحیتوں کا اعتراف کرتے ہیں۔ مسلسل حمایت اور اعتماد رکھنے پر اپنے اعلیٰ عہدیداران اور کاروباری شراکت داروں کے بھی شکر گزار ہیں اور اپنے معزز گاہکوں کے مشکور ہیں کہ انہوں نے ہماری مصنوعات پہ مسلسل بھروسہ کیا۔

منجانب بورڈ

مسٹر عثمان خالد وحید
چیف ایگزیکٹو آفیسر

مسز اختر خالد وحید
چیئر پرسن

لاہور

25 ستمبر 2018

علاج میں Sofosbuvir کے ساتھ ملا کر تجویز کی جاتی ہے۔ہیپاٹائٹس سی کے علاج کے لیے (Daclatasvir) کے استعمال کی FDA سے اجازت مل گئی ہے۔

Gilead کی طرف سے ہیپاٹائٹس سی وائرس کی (Pangenotype) پر اثر کرنے والی دوا Epclusa(R) کی رجسٹریشن کے لیے دی گئی ہماری درخواست DRAP نے منظور کرلی ہے۔یہ Hcv کے علاج اور روک تھام میں ایک اہم پیش رفت ہے۔ تاہم DRAP کی طرف سے منظور شدہ کم لاگت والی (Generic) ادویات مارکیٹ میں مقابلے کی فضا پیدا کررہی ہیں۔ Epclusa سے علاج کے دورانیے میں 50 فی صد کمی آتی ہے(Sovaldi اور Ribavirin کے 180 دنوں کی نسبت 90 دن)،جس سے HCV کی تمام جینوٹائپ سے شفاء کی واضح شرح ظاہر ہوتی ہے۔

زچہ بچہ کی صحت کے لیے اپنے بڑھتے ہوئے عزم کے ساتھ، فیروز سنز نے امریکا میں موجود حیاتیاتی سائنس کمپنی PanTheryxInc کے ساتھ "DiaResQ سا شے متعارف کرانے کے لیے شراکت کی ہے۔جو کہ بچوں اور بڑوں میں اسہال سے علاج میں بڑی غذائی جدت ہے۔ PATH کی طرف سے تیار کردہ رپورٹ "Reimaging Global Health Innovation Countdown 2030" میں اس دوا کو دنیا بھر کی صحت مہیا کرنے والی 30 نمایاں ایجادات میں شامل کیا گیا تھا جو کہ 2030 تک بین الاقوامی صحت کی ضامن ہوں گی۔اس رپورٹ کی حمایت بل اینڈ میلنڈا گیٹس فاؤنڈیشن،USAID اور وزارت خارجہ امور ناروے نے کی ہے۔

DiaResQ اسہال کے موثر قدرتی علاج کے لیے ڈاکٹروں کو تجویز کرنے کا موقع فراہم کرتی ہے۔اسہال صرف پاکستان میں ہر سال 5 سال سے کم عمر میں 125000 بچوں کی جان لے لیتا ہے۔

جیسا کہ ہم پاکستان میں ماؤں کی صحت میں بہتری لانے کے لیے جدید میڈیکل ٹیکنالوجیاں لانے کے لیے پرعزم ہیں،اسی حوالے سے ہم نے جی ای ہیلتھ کیئر کے ساتھ کاروباری شراکت کی ہے جو کہ دنیا میں نوزائیدہ بچوں کی صحت کے لیے آلات تیار کرنے والی ممتاز کمپنی ہے۔ہم نے پنجاب حکومت سے GE ہیلتھ کیئر کے لیے 1400 الٹرا ساؤنڈ مشینوں کے آرڈر حاصل کیے اور بچوں کی پیدائش اور دوران حمل قابل تدارک اموات کے تعین کے لیے اب تک 1000 سے زیادہ دائیوں کی تربیت کی ہے۔زیر جائزہ سال کے دوران الٹرا ساؤنڈ کی 260 مشینیں سپلائی کی گئیں اور ان پر کمیشن موصول کیا۔

آپ کی کمپنی نے ذیابطیس کے علاج کے لیے مصنوعات کا ایک سلسلہ Valiant and Valiant-M بھی شروع کیا ہے۔

مسابقتی خطرات کا سامنا ہے۔ اس خطرے کو کم کرنے کیلئے آپکی کمپنی پاکستان کی دیگر فارماسیوٹیکل کمپنیوں کے ساتھ مل کر گورنمنٹ کے قوانین اور پالیسیوں کو بہتر بنانے کیلئے مسلسل لابنگ کررہی ہے۔

سلسلہ فراہمی کے خطرات:

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

انفارمیشن ٹیکنالوجی کے خطرات:

مستقبل کی ضروریات کو مدنظر رکھتے ہوئے کمپنی IT انفراسٹرکچر میں مسلسل سرمایہ کاری کرتی رہتی ہے۔

مالیاتی خطرات

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

نان ایگزیکٹو ڈائریکٹرز کی معاوضہ پالیسی:

نان ایگزیکٹو ڈائریکٹرز بشمول انڈیپینڈنٹ ڈائریکٹر اجلاس میں شرکت کے معاوضے کے حقدار ہیں۔

آڈیٹرز:

آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہوتے ہیں اور انھوں نے 30 جون 2019 پر ختم ہونے والے مالی سال کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

انڈسٹری کا جائزہ اور مستقبل کے امکانات کا جائزہ

موجودہ سال سوالڈی کے سٹاک کی قابل فروخت قیمت میں کمی کی بناء پر آپ کی کمپنی کے لیے مشکل رہا ہماری اپنی تیار کردہ شوگر، امراض دل، معدہ اور انتڑیوں کے امراض کی (Generic) ادویات کا کاروبار متوقع طور پر معقول شرح سے ترقی کرے گا۔

علاوہ ازیں طویل المدت کاروباری شراکت داروں کی رقم بڑھانے کے لیے آپ کی کمپنی نے مختلف اقدامات کیے ہیں جن میں نئے برانڈ متعارف کرانا، اور نئے بین الاقوامی شراکت داروں کے ساتھ معاہدے شامل ہیں۔ ملک سے ہیپاٹائٹس سی کے

سرمایہ حصص اور حصص داری کی ترتیب

30 جون 2018 کو کمپنی کی جاری کردہ سرمایہ حصص اور حصص داروں کی ترتیب لف کی گئی ہے۔ کمپنی کے حصص سے اگر کوئی خرید و فروخت ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی کے سیکرٹری، ایگزیکٹوز یا ان کی بیویاں/شوہر یا چھوٹے بچوں نے کی ہو اسکی تفصیلات لف ہیں۔

کارپوریٹ سماجی ذمہ داری:

ہم اپنے (Code of Business Conduct) اور (Excellence framework) کے عین مطابق ماحولیاتی تحفظ، معاشرتی صحت میں سرمایہ کاری اور تعلیمی اخراجات کے لیے پُرعزم ہیں۔ رواں سال کے دوران آپ کی کمپنی نے مختلف کارپوریٹ سماجی ذمہ داری کی سرگرمیوں میں شرکت کی ہے۔ اور یہ شرکت زیادہ تر مندرجہ ذیل تنظیموں کے ساتھ کی گئی ہے۔

- ☆ کینسر کیئر ہسپتال اور ریسرچ سنٹر فاؤنڈیشن
- ☆ سٹیزنز فاؤنڈیشن
- ☆ پاکستان سنٹر فار فلانتھروپی
- ☆ لیور فاؤنڈیشن ٹرسٹ
- ☆ نیشنل مینجمنٹ فاؤنڈیشن (LUMS)

خطرات سے بچاؤ

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

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

معاشی اور سیاسی خطرات:

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

مسابقت کے خطرات:

- لسٹڈ ضوابط میں بتائی گئی کارپوریٹ گورننس کی بہترین روایات سے کوئی نمایاں انحراف نہیں کیا گیا۔
- کمپنی قابل قیاس مستقبل کے دوران کسی کارپوریٹ تنظیم نو یا آپریشن کی بندش پر غور نہیں کر رہی۔
- 30 جون 2018 تک کے گورنمنٹ کے نافذ کردہ ایسے تمام محصولات، جو عمومی کاروباری معاملات میں نافذ کئے جاتے ہیں، سال کے اختتام کے بعد ادا کئے جا چکے ہیں۔
- تازہ ترین آڈٹ شدہ اکاؤنٹس کے مطابق 30 جون 2017 پر ملازمین کی پرووِیڈنٹ فنڈ کی سرمایہ کاری کی قدر 438 ملین روپے ہے۔

قومی خزانے میں حصہ:

اس مالی سال کے دوران، کمپنی نے مختلف ٹیکسوں پر محصولات کی مد میں (جیسے کہ انکم ٹیکس، کسٹم ڈیوٹی، وفاقی اور صوبائی سیلز ٹیکس، ورکرز ویلفیئر فنڈ، ورکرز پرافٹ پارٹیسپیشن فنڈ اور سنٹرل ریسرچ فنڈ) پیدہ کردہ دولت میں 203 ملین روپے قومی خزانے میں جمع کروائے۔

ترسیل زر کی فراہمی:

کمپنی کی ترسیل زر کا نظام باقاعدگی سے زر کی دستیابی کو یقینی بناتا ہے اور روزانہ کی بنیادوں پر زر کی صورت حال کی نگرانی کرتا ہے۔

متعلقہ پارٹی لین دین:

30 جون 2018 پر اختتام شدہ سال کے دوران متعلقہ پارٹیوں سے ہونے والے معاملات بورڈ اور آڈٹ کمیٹی کے سامنے جائزے اور منظوری کیلئے پیش کئے گئے۔ سال کے دوران ہونے والی میٹنگز میں بورڈ نے ان معاملات کی منظوری دی۔ متعلقہ پارٹی لین دین کی تفصیل مالیاتی گوشواروں کے نوٹ نمبر 32 میں دی گئی ہے۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی میٹنگز:

30 جون 2018 پر اختتام شدہ سال کے دوران ہونے والی بورڈ آف ڈائریکٹرز کی میٹنگز اور بورڈ کمیٹیوں کی میٹنگز کے بارے معلومات ساتھ لف کر دی گئی ہیں۔

ڈیویڈنڈ تجویز کیا ہے۔

کمپنیز ایکٹ 2017 (Compaines Act, 2017) پر عمل کرتے ہوئے اس تقسیم کاری کا اندراج بعد کے مالیاتی گوشواروں میں کیا جائے گا۔

کوڈ آف کارپوریٹ گورننس کی تعمیل کا اعلامیہ

لسٹڈ ضوابط 2017 (Code of Corporate Governance) کی بہترین روایات کی مکمل تکمیل کی ہے۔ آڈیٹرز کی رپورٹ کے ساتھ اس سے متعلقہ بیان ہماری سالانہ رپورٹ میں لف ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کی تعمیل کا اعلامیہ

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

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

- انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، سرگرمیوں کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- کمپنی کے اکاؤنٹس کے موزوں کھاتے تیار رکھے گئے ہیں۔
- کمپنی کے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ میں موزوں پالیسیوں کا مسلسل اطلاق کیا گیا ہے جو کہ پاکستان میں اکاؤنٹنگ کے منظور شدہ معیارات سے مطابقت رکھتی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو مالیاتی رپورٹنگ کے بین الاقوامی معیارات (IFRS) کو اختیار کیا گیا ہے، اور ان معیارات کئے گئے انحراف (اگر کوئی ہو) کی مناسب انداز میں نشاندہی اور وضاحت کی گئی ہے۔
- اندرونی کنٹرولز کا نظام مستحکم ہے اور انتظامیہ نے اس کا موثر اطلاق کیا ہے، اور اندرونی آڈیٹرز، بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی نے اس کی نگرانی کی ہے۔ بورڈ، آڈٹ کمیٹی کے ذریعے، اندرونی کنٹرولز کے موثر پن کا جائزہ لیتا ہے اور، اگر ضروری ہو، اندرونی کنٹرول کے نظام میں مزید بہتری لانے کیلئے تجاویز دیتا ہے۔
- بطور ایک چلتے ادارے کمپنی کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات موجود نہیں ہیں۔

مجموعی طور پر انٹروفیرونز (Interferons) کی حذف کی گئی آج کی تاریخ تک کل رقم 59.2 ملین روپے جو کہ انتظامیہ کے خیال میں بیلنس شیٹ ڈیٹ تک کافی ہے۔

ہماری ذیلی کمپنی BF بایوسائنسز کے DRAP کے ساتھ نئی مصنوعات کے اندراجات کے اطلاقات زیرِ غور ہیں اور وہ بایوٹیکنالوجی کے شعبے میں اضافی مصنوعات کے لئے ممکنہ شراکت داروں کے ساتھ گفت وشنید کر رہے ہیں۔ ہم نے حال ہی میں مالکانہ حقوق والی ہیپاٹائٹس ای E ویکسین کی مقامی طور پر تیاری اور رجسٹریشن کے لئے ایک بین الاقوامی بایوٹیک فرم کے ساتھ معاہدہ کیا ہے جو کہ پاکستان اور کمپنی کے لئے بہت اہمیت کا حامل ہے۔ ہیپاٹائٹس E وائرس پاکستان میں مقامی طور پر پایا جاتا ہے۔ اور یہ حاملہ خواتین، عمر رسیدہ افراد اور پہلے سے جگر کی پائی جانے والی بیماری والے افراد کے لئے زیادہ شرح اموات کا حامل ہے۔ پاکستان میں اس ویکسین کی دستیابی سے ہزاروں افراد کی زندگیاں بچ سکیں گی اور بایوٹیک مصنوعات سے کمپنی کی ساکھ میں اضافہ ہوگا۔

کلیدی عملی اور مالیاتی اعداد و شمار

پچھلے 6 سال کے انفرادی اور اضما کردہ مالیاتی گوشواروں سے لیے گئے کلیدی عملی اور مالیاتی اعداد و شمار کا خلاصہ ساتھ لف کیا گیا ہے۔

سرمایہ کاری کے اخراجات: فارماسیوٹیکل انڈسٹری میں جدید ٹیکنالوجیوں کے شانہ بشانہ رہنے کے لیے زیرِ جائزہ سال کے دوران آپ کی کمپنی نے اپنی مینوفیکچرنگ کی سہولت کو برقرار رکھنے اور ان میں جدت کے لیے 134 ملین روپے کی سرمایہ کاری کی ہے۔

سال کے اختتام کے بعد ہونے والے واقعات: بیلنس شیٹ کی تاریخ اور اس رپورٹ کی تاریخ کے درمیان اس طرح کے کوئی واقعات نہیں ہوئے جو کمپنی کی مالیاتی پوزیشن پر اثر انداز ہوسکیں۔

فی حصص آمدن: 30 جون 2018 کو ختم ہونے والے سال کے لیے خالص منافع فی حصص آمدن (EPS) 3.16 روپے فی حصص رہی۔ جو کہ پچھلے سال 301.868 ملین روپے کے سرمایہ پر 13.04EPS روپے فی حصص تھی۔ موجودہ سال کی اجتماعی EPS 0.23 روپے تھی جو کہ پچھلے سال 13.11 روپے تھی۔

ڈیویڈنڈ کا علان: ڈائریکٹرز نے 20 فی صد حتمی نقد ڈیویڈنڈ تجویز کیا ہے جسکا مطلب ہے 10 روپے حصص پر 2 روپے

اس سال کے دوران مصنوعات کی درآمدی شرح کم رہی، بالخصوص سووالڈی Sovaldi کی وجہ سے، جو کہ ہیپاٹائٹس سی کے علاج کی ایک دوا ہے۔جس سے کمپنی کی شرح فروخت پر منفی اثر پڑا۔

Gilead کی مصنوعات کی فروخت کے علاوہ کمپنی کی خالص فروخت میں پچھلے سال کی نسبت 20فی صد اضافہ ہوا۔ ہماری مصنوعات درآمدی سے ہٹ کر نجی مارکیٹ میں ہماری تشہیر شدہ (Generic) مصنوعات کی حصص میں پچھلے سال کی نسبت 15% زیادہ ترقی ہوئی۔جبکہ پچھلے سال کی نسبت اداروں کو جنرک مصنوعات کی فروخت میں 179فی صد اضافہ ہوا۔

مکمل اصطلاح میں آپ کی کمپنی کا جملہ منافع (GP) پچھلے سال کی نسبت 12فی صد کم ہوا۔جس کی بڑی وجہ سووالڈی کی فروخت میں کمی کے ساتھ ساتھ اصل قیمت میں کمی ہے جس کا سبب سووالڈی کے سٹاک کی کل قیمت میں کمی ہے۔زیر جائزہ سال میں اس کی رقم 190 ملین روپے ہے جبکہ پچھلے سال اسی مدت میں یہ رقم 140 ملین روپے تھی۔اب تک سووالڈی(R) کے سٹاک کی قابل فروخت قیمت (NRV) میں 330 ملین روپے کی کمی ہوئی ہے جو کہ انتظامیہ کی رائے میں بیلنس شیٹ ڈیٹ میں کافی ہے۔

آپ کی کمپنی کا بعداز ٹیکس کل منافع (NPAT) پچھلے سال (394 ملین روپے) کی نسبت 95 ملین روپے پر اختتام پذیر ہوا۔ 30جون 2018 یہ اختتام پذیر مالی سال میں ٹیکس کی مؤثر شرح پچھلے سال (35% کی نسبت 54 فی صد تھی۔ اگر سووالڈی(R) کے سٹاک کی کل قابل فروخت قیمت میں کمی سے متعلقہ اثر کو نکال دیا جائے تو مؤثر شرحِ ٹیکس 28فی صد ہو جاتی۔ چونکہ درآمدی سطح پر حتمی ٹیکس کے نظام کی وجہ سے ان ذخیرہ کردہ مصنوعات (سٹاک) پر ٹیکس لگ چکا ہے لہٰذا، زیرِ جائزہ سال میں حتمی قابل فروخت قیمت میں کمی کے باعث ٹیکس کی فراہمی (Pravision) پر فرق نہیں پڑتا۔

ذیلی کمپنی BF بایوسائنسز لمیٹڈ کی آمدن 537 ملین روپے پر رہی جو کہ پچھلے سال کی نسبت 12فی صد کم ہے۔سال ہذا کا بعداز ٹیکس حتمی نقصان98 (NLAT) ملین روپے پہ رہا۔

ذیلی کمپنی کے مالیاتی نتائج میں کمی کی بنیادی وجہ ہیپاٹائٹس سی کے مریضوں میں کھانے والی ادویات کا استعمال ہے جو کہ انٹر فیرونز (Interferons) کی فروخت پر اثر انداز ہو رہا ہے۔احتیاطی طور پر کمپنی کی انتظامیہ کے انٹروفیرونز (Interferons) کا سٹاک حذف(written off) کرلیا جسکی مالیت 33.8 ملین روپے ہے جو کہ پچھلے 25.4 ملین رپے تھا۔

ڈائریکٹرز کی رپورٹ برائے کاروباری شراکت داران

ہم انتہائی مسرت کے ساتھ باسٹھویں سالانہ رپورٹ پیش کر رہے ہیں جس میں 30 جون، 2018 کو ختم ہونے والے مالی سال کے لئے آپ کی کمپنی کا پڑتال شدہ مالیاتی حساب کتاب بشمول ذیلی کمپنیوں، BF بایوسائینز لمٹیڈ اور فارمیسیا کی تجارتی خوردہ فروشی کے اجتماعی مالیاتی کھاتوں کی تفصیلات شامل ہیں۔

آپ کی کمپنی کے انفرادی اور اجتماعی مالیاتی نتائج

اس سال کے مالیاتی امور کے نتائج اور پچھلے سال کی نسبت قابل تقسیم منافع کی موزونیت کا ذیل میں خلاصہ پیش کیا جا رہا ہے۔

	انفرادی 2018	انفرادی 2017	اجتماعی 2018	اجتماعی 2017
	----(روپے ہزاروں میں)----			
ٹیکس سے قبل منافع	207,266	602,218	85,572	591,176
ٹیکس	(111,860)	(208,553)	(102,584)	(196,572)
ٹیکس کے بعد نفع/نقصان	95,406	393,665	(17,012)	394,604

تخصیص

	انفرادی 2018	انفرادی 2017	اجتماعی 2018	اجتماعی 2017
مالی سال 2018 کے لئے درمیانی مدت کا کیش میں حصہ صفر روپے حصہ کے حساب سے۔				
(مالی سال 2017 میں 3 روپے فی حصص کے حساب سے)۔		(90,561)		(90,561)
مالی سال 2018 کے لئے کیش کے حتمی حصص -/2 روپے حصص کے حساب سے				
(مالی سال 2017 میں 4 روپے فی حصص)	(60,374)	(120,747)	(60,374)	(120,747)

زیر جائزہ سال کے دوران آپ کی کمپنی کی کل خالص فروخت 5057 ملین رہی جو کہ پچھلے سال کی نسبت ایک فیصد زیادہ رہی۔ انفرادی حیثیت میں آپ کی کمپنی کی خالص فروخت پچھلے سال کی 4311 ملین کی نسبت 4459 ملین پر اختتام پذیر ہوئی۔ جو کہ


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