Consolidated Financial Statements for the Year Ended June 30, 2013

KPMG Taseer Hadi & Co.
Chartered Accountants

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **Ferozsons Laboratories Limited ("the Holding Company")** and its subsidiaries, BF Biosciences Limited and Farmacia as at 30 June 2013 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Ferozsons Laboratories Limited and its subsidiaries. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of Ferozsons Laboratories Limited and its subsidiaries as at 30 June 2013 and the results of their operations for the year then ended.

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

Lahore
Date: 24 September 2013

CONSOLIDATED BALANCE SHEET

	Note	2013 (Rupees)	2012 (Rupees)
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (2012: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid up capital	5	301,868,410	287,493,720
Capital reserve	6	321,843	321,843
Accumulated profit		2,061,029,564	1,744,227,890
		2,363,219,817	2,032,043,453
Non-controlling interest		72,090,498	60,773,274
		2,435,310,315	2,092,816,727
Surplus on revaluation of property, plant and equipment - net of tax	7	378,719,924	384,205,990
Non current liabilities			
Deferred taxation	8	64,932,160	103,348,521
Current liabilities			
Trade and other payables	9	385,502,736	439,723,478
Short term borrowings - secured	10	1,241,992	-
		386,744,728	439,723,478
Contingencies and commitments	11		
		3,265,707,127	3,020,094,716

The annexed notes from 1 to 38 form an integral part of these consolidated financial statements.

Lahore
September 24, 2013

Director

AT JUNE 30, 2013

	Note	2013 (Rupees)	2012 (Rupees)
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,518,791,709	1,479,534,613
Intangible assets	13	1,884,709	3,714,037
Long term deposits		7,733,100	7,543,600
		1,528,409,518	1,490,792,250
Current assets			
Stores, spare parts and loose tools	14	19,552,661	9,489,742
Stock in trade	15	846,906,085	583,051,961
Trade debts - considered good		206,232,139	325,691,298
Loans and advances - considered good	16	18,010,264	15,293,053
Deposits and prepayments	17	46,290,743	23,720,945
Income tax - net	18	72,357,631	119,205,063
Other receivables		7,412,959	9,985,159
Short term investments	19	413,499,520	345,247,322
Cash and bank balances	20	107,035,607	97,617,923
		1,737,297,609	1,529,302,466
		3,265,707,127	3,020,094,716

Chairperson & CEO

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 (Rupees)	2012 (Rupees)
Revenue - net	21	2,881,724,854	2,766,373,225
Cost of sales	22	(1,483,678,963)	(1,457,074,704)
Gross profit		1,398,045,891	1,309,298,521
Other income	23	54,259,592	52,082,875
Administrative expenses	24	(167,652,586)	(152,849,594)
Selling and distribution cost	25	(702,535,339)	(658,505,990)
Finance cost	26	(15,465,171)	(12,537,845)
Other expenses	27	(43,623,930)	(44,967,789)
Profit before taxation		523,028,457	492,520,178
Taxation	28	(56,648,761)	(16,256,184)
Profit after taxation		466,379,696	476,263,994
Attributable to:			
Shareholders of the Holding Company		455,062,472	464,656,265
Non-controlling interest		11,317,224	11,607,729
Profit for the year		466,379,696	476,263,994
Earnings per share - basic and diluted	29	15.07	15.39

The annexed notes from 1 to 38 form an integral part of these consolidated financial statements.

Lahore
September 24, 2013 Director Chairperson & CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	2013 (Rupees)	2012 (Rupees)
Profit after taxation	**466,379,696**	476,263,994
Other comprehensive income for the year - net of tax	-	-
Total comprehensive income for the year	**466,379,696**	476,263,994
Attributable to:		
Shareholders of the Holding Company	455,062,472	464,656,265
Non-controlling interest	11,317,224	11,607,729
	466,379,696	476,263,994

The annexed notes from 1 to 38 form an integral part of these consolidated financial statements.

Lahore
September 24, 2013 | Director | Chairperson & CEO

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 (Rupees)	2012 (Rupees)
Cash Flow From Operating Activities			
Profit before taxation		523,028,457	492,520,178
Adjustments for:			
Depreciation		148,527,072	137,803,723
Amortisation		1,829,328	1,829,319
Gain on sale of property, plant and equipment		(4,569,587)	(13,236,999)
Finance costs		15,465,171	12,537,845
Provision for Workers' Profit Participation Fund		23,749,231	20,682,801
Provision for Workers' Welfare Fund		9,499,692	8,273,120
Provision for Central Research Fund		5,244,372	4,989,224
Gain on re-measurement of short term investments to fair value		(29,579,962)	(7,189,149)
Gain on sale of short term investments		(617,554)	(54,038)
Dividend income, profit on bank deposits and commissions		(19,492,489)	(31,602,689)
		150,055,274	134,033,157
Cash generated from operations before working capital changes		673,083,731	626,553,335
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(10,062,918)	(4,684,459)
Loans, advances, deposits and prepayments		(22,714,809)	(2,753,706)
Stock in trade		(263,854,124)	9,671,395
Trade debts - considered good		119,459,159	(167,428,726)
		(177,172,692)	(165,195,496)
(Decrease) / increase in current liabilities			
Trade and other payables		(69,089,518)	151,619,520
Cash generated from operations		426,821,521	612,977,359
Finance cost paid		(12,484,564)	(13,767,750)
Taxes paid		(48,217,693)	(43,611,345)
Workers' Profit Participation Fund paid		(21,350,985)	(23,439,661)
Workers' Welfare Fund paid		(8,273,120)	(9,186,433)
Workers' Central Research Fund paid		(4,988,847)	(5,080,396)
		(95,315,209)	(95,085,585)
Net cash generated from operating activities		331,506,312	517,891,774
Cash Flow From Investing Activities			
Expenditure for property, plant and equipment		(189,902,552)	(163,007,299)
Proceeds from sale of property, plant and equipment		6,687,971	18,848,582
Dividend income, profit on bank deposits and commissions		19,492,489	31,602,689
Acquisition of short term investments		(126,108,381)	(337,436,250)
Proceeds from encashment of short term investments		88,053,700	23,130,445
Long term deposits		(189,500)	(78,100)
Net cash used in investing activities		(201,966,273)	(426,939,933)
Cash Flow From Financing Activities			
Repayment of long term loans to banking companies - secured		-	(79,937,500)
Receipt / (repayment) of short term borrowings		1,241,992	(37,805,811)
Payment to non-controlling interest		-	(510,204)
Dividend paid		(121,364,347)	(30,474,606)
Net cash used in financing activities		(120,122,355)	(148,728,121)
Net increase / (decrease) in cash and cash equivalents		9,417,684	(57,776,280)
Cash and cash equivalents at the beginning of year		97,617,923	155,394,203
Cash and cash equivalents at the end of year	20	107,035,607	97,617,923

The annexed notes from 1 to 38 form an integral part of these consolidated financial statements.

Lahore
September 24, 2013 Director Chairperson & CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Share capital	Capital reserve	Accumulated profit	Total	Non-controlling Interest	Total
	....	.. Rupees	....			
Balance as at 30 June 2011	249,994,540	321,843	1,342,834,271	1,593,150,654	49,675,749	1,642,826,403
Total comprehensive income for the year	-	-	464,656,265	464,656,265	11,607,729	476,263,994
Surplus transferred to accumulated profit in respect of :						
-incremental depreciation charged during the year - net of tax	-	-	5,486,066	5,486,066	-	5,486,066
Transactions with owners:						
Final dividend for the year ending 30 June 2011 at Rs. 1.25 per share	-	-	(31,249,532)	(31,249,532)	-	(31,249,532)
Reduction in non-controlling interest	-	-	-	-	(510,204)	(510,204)
Bonus shares issued at 15% for the year ended 30 June 2011	37,499,180	-	(37,499,180)	-	-	-
	37,499,180	-	(68,748,712)	(31,249,532)	(510,204)	(31,759,736)
Balance as at 30 June 2012	**287,493,720**	**321,843**	**1,744,227,890**	**2,032,043,453**	**60,773,274**	**2,092,816,727**
Total comprehensive income for the year	**-**	**-**	**455,062,472**	**455,062,472**	**11,317,224**	**466,379,696**
Surplus transferred to accumulated profit in respect of :						
-incremental depreciation charged during the year - net of tax	**-**	**-**	**5,486,066**	**5,486,066**	**-**	**5,486,066**
Transactions with owners:						
Final dividend for the year ended 30 June 2012 @ Rs. 4.50 per share	**-**	**-**	**(129,372,174)**	**(129,372,174)**	**-**	**(129,372,174)**
Reduction in non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**
Bonus shares issued at 5% for the year ended 30 June 2012	**14,374,690**	**-**	**(14,374,690)**	**-**	**-**	**-**
	14,374,690	**-**	**(143,746,864)**	**(129,372,174)**	**-**	(129,372,174
Balance as at 30 June 2013	**301,868,410**	**321,843**	**2,061,029,564**	**2,363,219,817**	**72,090,498**	**2,435,310,315**

The annexed notes from 1 to 38 form an integral part of these consolidated financial statements.

Lahore
September 24, 2013

Director

Chairperson & CEO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1 The Group and its operations

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

BF Biosciences Limited is an 80% owned subsidiary of the Holding Company and was incorporated as an unquoted public limited company under the Companies Ordinance, 1984 on 24 February 2006. BF Biosciences Limited has been set up for establishing a biotech pharmaceutical plant to manufacture cancer and hepatitis related medicines.

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

2 Basis of consolidation

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

Subsidiaries are those enterprises in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect or appoint more than 50% of its directors. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the control commences, until the date when that control ceases. The financial statements of the subsidiaries have been consolidated on line by line basis. Details of the subsidiaries are given in note 1.

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

3 Basis of preparation

3.1 Statement of compliance

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

3.2 Standards, interpretations and amendments to published approved accounting standards

3.2.1 Standards and interpretations to existing standards that are effective and applicable to the Company

During the current period, the Company has adopted the following amendments to IFRS which became effective for the current period:

- Presentations of items of Other Comprehensive Income (Amendments to IAS 1)- (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

- Amendments to IAS 12 - deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2012 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.

The adoption of the above amendments did not have any effect on these financial statements.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

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 interpretation did not have any material effect on the financial statements of the Group.

3.3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards

IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Group.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Group.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

  o IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

  o IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

  o IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- o IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

  The amendments have no impact on financial statements of the Group.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Group.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by Governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

3.4 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except that certain items of property, plant and equipment are stated at revalued amounts and investment in listed securities and financial instruments are stated at their 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 Pakistan Rupee ("Rs.") which is also the Group's functional currency. All financial information presented in Rupees has been rounded to the nearest rupee, unless otherwise stated.

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

Property, plant and equipment

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

Intangible asset

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

Stores, spare parts, loose tools and stock in trade

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

Provision against trade debts, advances and other receivables

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

Provisions

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

Taxation

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

4 Significant accounting policies

4.1 Employee benefits

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

Staff provident fund

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

Compensated absences

The Holding Company and its subsidiary company - BF Biosciences Limited provides for compensated absences for its employees on unavailed balance of leave in the period in which leave is earned.

4.2 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the profit and loss account except to the extent that it relates to items recognized outside profit and loss account (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside profit and loss account.

Current

Provision for current taxation is based on taxable income for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous years, if any, in accordance with the prevailing income tax laws.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent to which it is probable that taxable profits will be available against which the deductible temporary differences, unused tax loss, and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

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

Property, plant and equipment other than freehold land, building, plant and machinery and capital work in progress of the Holding Company are stated at cost less accumulated depreciation and impairment loss, if any. Building and plant and machinery of the Holding Company are stated at revalued amount less accumulated depreciation and impairment loss, if any. Further freehold land of the Holding Company is stated at revalued amount. Revaluation is carried out every five years unless earlier revaluation is necessitated.

In relation to the subsidiaries companies, property, plant and equipment except for capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. The management believes that there would be no material impact of revaluation of the building and plant of the subsidiary company, BF Biosciences Limited.

Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Depreciation is provided on a straight line basis and charged to profit and loss account to write off the depreciable amount of each asset, except for freehold land, over its estimated useful life at the rates specified in note 12. Depreciation on depreciable assets is commenced from the date asset is available for use.

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

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

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

4.3.1 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labor, related borrowing cost and appropriate overheads directly attributable to the project. These costs are transferred to operating fixed assets as and when assets are available for their intended use.

4.4 Intangible assets

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

4.5 Investments

All purchases and sale of investments are recognized using settlement date accounting. Settlement date is the date on which investments are delivered to or by the Group. All investments are derecognized when the right to receive economic benefits from the investments has expired or has been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.5.1 Investments at fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's investment strategy. All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognized directly in the profit and loss account.

4.6 Stores, spare parts and loose tools

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

4.7 Stock in trade

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

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

Cost comprises of purchase and other costs incurred in bringing the material to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessarily to be incurred in order to make a sale.

4.8 Trade debts and other receivables

Trade debts and other receivable are stated at original invoice amount as reduced by appropriate provision for impairment. Established impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

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

Exchange gains and losses arising on translation in respect of receivables in foreign currency are added to the carrying amount of the respective receivables.

4.9 Cash and cash equivalents

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

4.10 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments.

4.11 Revenue recognition

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

4.12 Trade and other payables

Trade and other payables are stated at cost which is fair value of the consideration to be paid in future for goods and services received. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.13 Dividend

Dividend distribution to the Holding Company's members is recognised as a liability in the period in which the dividends are approved.

4.14 Borrowing costs

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

4.15 Finance income

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

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

Gains and losses on sale of investments are accounted for when the settlement (settlement date) for sale of security is made.

4.16 Provisions

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Estimates of the amount of provisions and liabilities recognized are based on current legal and constructive requirements, technology and price levels. 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 and liabilities are regularly reviewed and adjusted to take account of such changes.

4.17 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 Group loses control of the contractual right that comprise the financial asset or portion of financial asset. While 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.

Financial assets are long term investment, trade debts, advances, deposits and other receivable, short term investments and cash and bank balances.

Financial liabilities are classified according to the substance of contractual agreements entered into, significant financial liabilities are long term and short term borrowing, accrued mark up and trade and other payables.

All the financial assets and liabilities are initially recognized at fair value. These are subsequently measured at fair value or amortized cost or cost as the case may be.

4.18 Offsetting of financial assets and financial liabilities

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

4.19 Foreign currencies

Pakistani Rupee ("Rupees") is the functional currency of the Group. Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupee ("Rupees") at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged to income for the year.

4.20 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

Non financial assets

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

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

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

	2013 (Rupees)	2012 (Rupees)

5 Issued, subscribed and paid up capital

1,441,952 (2012: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (2012: 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 (2012: 27,187,820) ordinary shares of Rs. 10 each issued as fully paid bonus shares	286,252,890	271,878,200
	301,868,410	287,493,720

6 Capital reserve

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

	2013 (Rupees)	2012 (Rupees)

7 Surplus on revaluation of property, plant and equipment - net of tax

Surplus on revaluation of property, plant and equipment as at 1 July	410,814,534	419,254,636
Surplus transferred to accumulated profit in respect of incremental depreciation charged during the year:		
- Net of deferred tax	(5,486,066)	(5,486,066)
- Related deferred tax liability	(2,954,036)	(2,954,036)
	(8,440,102)	(8,440,102)
	402,374,432	410,814,534
Related deferred tax liability		
- On revaluation as at 1 July	(26,608,544)	(29,562,580)
- Transferred to accumulated profit on : Incremental depreciation charged during the year	2,954,036	2,954,036
	(23,654,508)	(26,608,544)
Surplus on revaluation of property, plant and equipment as at 30 June	378,719,924	384,205,990

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

	Note	2013 (Rupees)	2012 (Rupees)

8 Deferred taxation

The net balance of deferred tax is in respect of the following major temporary differences:			
Taxable temporary differences:			
Accelerated tax depreciation		76,963,672	139,819,965
Surplus on revaluation of property, plant and equipment		23,654,508	26,608,544
		100,618,180	166,428,509
Deductible temporary differences:			
Unused tax losses		(26,229,145)	(54,643,272)
Minimum tax recoverable against normal tax in future		(9,456,875)	(8,436,716)
		64,932,160	103,348,521

9 Trade and other payables

	Note	2013 (Rupees)	2012 (Rupees)
Creditors		247,916,046	279,550,141
Accrued liabilities		8,998,174	52,790,314
Advances from customers		32,957,953	26,559,226
Unclaimed dividend		23,403,000	15,395,173
Tax deducted at source		43,519	4,463,982
Provision for compensated absences	9.1	7,088,403	5,978,697
Workers' Profit Participation Fund	9.2	26,720,367	21,341,515
Central Research Fund	9.3	5,244,749	4,989,224
Workers' Welfare Fund		9,499,692	8,273,120
Advances from employees against purchase of vehicles		18,585,774	11,511,999
Due to related parties - unsecured		3,720,991	6,709,018
Other payables		1,324,068	2,161,069
		385,502,736	439,723,478

9.1 Actuarial valuation of cumulative compensated absences has not been carried out as required by IAS 19 - "Employee Benefits" as the amount involved is deemed immaterial.

9.2 Workers' Profit Participation Fund

	2013 (Rupees)	2012 (Rupees)
Balance at the beginning of year	21,341,515	23,430,191
Interest on funds utilized	2,980,607	668,184
Provision for the year	23,749,230	20,682,801
	48,071,352	44,781,176
Payments made during the year	(21,350,985)	(23,439,661)
	26,720,367	21,341,515

The fund balance has been utilized by the Holding Company and the subsidiary company, BF Biociences Limited, for their own business and an interest at the rate of 12.99% to 33.75% (2012: 17.15% to 17.53%) has been credited to the fund. Interest is calculated at higher of 75% of the cash dividends paid rate or 2.5% plus bank rate as at 30 June 2013, as required under Companies Profit (Workers' Participation) Act, 1968.

	Note	2013 (Rupees)	2012 (Rupees)
9.3 Central Research Fund			
Balance at the beginning of the year		4,989,224	5,080,396
Provision for the year		5,244,372	4,989,224
		10,233,596	10,069,620
Payments made during the year		(4,988,847)	(5,080,396)
		5,244,749	4,989,224

10 Short term borrowings - secured

	Note	2013 (Rupees)	2012 (Rupees)
Running finance facility from:			
HSBC Bank Middle East Limited	10.1	695,869	-
Allied Bank Limited	10.1	546,123	-
		1,241,992	-

10.1 The Group has short term borrowing facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 560 million (2012: Rs. 330 million). The rates of mark up range from one to three months KIBOR 0.3% to 2% per annum (2012: one to six months KIBOR 1% to 2.25% per annum) on the balances outstanding. Out of aggregate facilities, facilities amounting to Rs. 260 million are secured by first pari passu charge over current and future assets of the respective companies in Group and remaining facility amounting to Rs. 300 million (2012: Nil) is secured by lien on the Holding Company's short term investments in mutual funds which shoud be 110% of the maximum limit allowed for utilization. Under this arrangement Rs. 139.6 million (2012: Nil) is marked under lien as at 30 June 2013. These facilities are renewable on annual basis by 30 November 2013.

11 Contingencies and commitments

Contingencies

Guarantees issued by banks

Out of the aggregate facility of Rs. 92 million (2012: Rs. 82 million) for letter of guarantees, the amount utilized by the Group at 30 June 2013 was Rs. 47.80 million (2012: Rs. 34.48 million).

Commitments

Letter of credits other than capital expenditure

Out of the aggregate facility of Rs. 440 million (2012: Rs. 470 million) for opening letters of credit, the amount utilized by the Group at 30 June 2013 was Rs. 51.81 million (2012: Rs. 79.96 million).

Guarantees issued on behalf of the subsidiary company

The Holding Company has issued cross corporate guarantee to various commercial banks favouring its subsidiary company BF Biosciences Limited amounting to Rs. 275 million (2012: Rs. 263 million)

12 Property, plant and equipment

	Note	Reassessed value/original cost: As at 01 July 2012	Additions	Transfers/ adjustments	Deletions	As at 30 June 2013	Rate %	Depreciation: As at 01 July 2012	For the year	On deletions	Transfers/ adjustments	As at 30 June 2013	Net book value as at 30 June 2013
		Rupees						Rupees					
OWNED:													
Freehold land		410,000,000	-	-	-	410,000,000	-	-	-	-	-	-	410,000,000
Building		509,977,163	-	70,758,079	(630,954)	580,104,288	10	96,401,046	50,806,846	(630,954)	(1,620,180)	144,956,758	435,147,530
Plant and machinery		555,231,297	1,244,850	147,750,337	-	704,226,484	10	127,787,132	58,064,043	-	1,152,845	187,004,020	517,222,464
Office equipments		57,955,998	3,634,631	115,112	(990,335)	60,715,406	10	29,795,782	4,578,622	(990,335)	22,349	33,406,418	27,308,988
Furniture and fittings		26,997,594	404,019	842,833	(505,763)	27,738,683	10	12,240,256	2,344,748	(505,763)	316,530	14,395,771	13,342,912
Computers		26,781,638	2,647,423	474,398	(2,062,881)	27,840,578	33	20,569,466	3,638,857	(2,031,773)	128,456	22,305,006	5,535,572
Vehicles		148,984,440	51,463,592	5,954,000	(9,541,180)	196,860,852	20	84,542,783	29,093,956	(7,453,904)	229,500	106,412,335	90,448,517
Capital work-in-progress	*12.2*	114,942,948	130,737,537	(225,894,759)	-	19,785,726		-	-	-	-	-	19,785,726
2013		**1,850,871,078**	**190,132,052**	**-**	**(13,731,113)**	**2,027,272,017**		**371,336,465**	**148,527,072**	**(11,612,729)**	**229,500**	**508,480,308**	**1,518,791,709**

Property, plant and equipment

	Note	Reassessed value/original cost: As at 01 July 2011	Additions	Transfers/ adjustments	Deletions	As at 30 June 2012	Rate %	Depreciation: As at 01 July 2011	For the year	On deletions	Transfers/ adjustments	As at 30 June 2012	Net book value as at 30 June 2012
		Rupees						Rupees					
OWNED:													
Freehold land		410,000,000	-	-	-	410,000,000	-	-	-	-	-	-	410,000,000
Building		498,074,161	4,706,986	7,196,016	-	509,977,163	10	46,392,706	50,008,340	-	-	96,401,046	413,576,117
Plant and machinery		528,908,172	12,897,114	13,426,011	-	555,231,297	10	73,189,960	54,597,172	-	-	127,787,132	427,444,165
Office equipments		55,026,936	2,547,563	599,999	(218,500)	57,955,998	10	25,516,500	4,483,219	(203,937)	-	29,795,782	28,160,216
Furniture and fittings		24,666,347	2,331,247	-	-	26,997,594	10	10,121,437	2,118,819	-	-	12,240,256	14,757,338
Computers		22,899,139	3,152,836	782,388	(52,725)	26,781,638	33	17,196,478	3,425,713	(52,725)	-	20,569,466	6,212,172
Vehicles		143,308,707	8,912,500	26,068,800	(29,305,567)	148,984,440	20	85,080,870	23,170,460	(23,708,547)	-	84,542,783	64,441,657
Capital work-in-progress	12.2	40,100,465	128,459,053	(53,616,570)	-	114,942,948		-	-	-	-	-	114,942,948
2012		1,722,983,927	163,007,299	(5,543,356)	(29,576,792)	1,850,871,078		257,497,951	137,803,723	(23,965,209)	-	371,336,465	1,479,534,613

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

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

	Cost	Accumulated depreciation	Net book value
	----------------------------------Rupees----------------------------------		
Freehold land	65,547,532	-	65,547,532
Buildings	351,055,757	88,502,485	262,553,272
Plant and machinery	379,545,613	173,910,742	205,634,871
2013	**796,148,902**	**262,413,227**	**533,735,675**
2012	576,208,144	219,178,759	357,029,385

	Note	2013 (Rupees)	2012 (Rupees)
12.2 Capital work-in-progress			
Building and civil works		**4,280,664**	21,585,429
Plant and machinery		**12,095,048**	84,089,129
Advances to suppliers		**3,410,014**	9,268,390
		19,785,726	114,942,948

	Note	2013 (Rupees)	2012 (Rupees)
12.3 Depreciation for the year has been allocated as follows:			
Cost of sales	22	**92,177,282**	87,517,003
Administrative expenses	24	**31,040,354**	26,532,525
Selling and distribution cost	25	**25,309,436**	23,754,195
		148,527,072	137,803,723

12.4 Gain on sale of property, plant and equipment

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Particulars	Cost	Net book value	Sale proceeds	Gain on sale	Mode of disposal	Particulars of buyer
	------Rupees------					
Vehicles						
1 Honda CG 125	76,490	5,097	76,490	71,393	Company Policy	Ghulam Hassan
2 Honda CD 70	50,490	6,726	50,490	43,764	Company Policy	Nadeem Akhtar
3 Honda CG 125	83,400	34,750	41,700	6,950	Company Policy	Hasnul Wahab
4 Suzuki Mehran	474,000	102,700	297,000	194,300	Company Policy	Muhammad Sohail Mugh
5 Suzuki Mehran	474,000	79,000	311,950	232,950	Company Policy	Emanual Ghauri
6 Suzuki Cultus	754,000	125,662	300,000	174,338	Company Policy	Rana Muhammad Saleem
7 Suzuki Cultus	809,000	107,871	444,950	337,079	Company Policy	Syed Faisal Saleem
8 Suzuki Cultus	834,000	180,700	486,500	305,800	Company Policy	Muhammad Akif Butt
9 Suzuki Cultus	845,000	337,999	605,583	267,584	Company Policy	Muhammad Nadeem Rar
10 Suzuki Cultus	704,000	35,204	625,000	589,796	Company Policy	Zahid Ali Khan
11 Honda CD 70	62,900	24,113	62,900	38,787	Insurance Claim	EFU Insurance Company
12 Suzuki Mehran	560,000	326,667	560,000	233,333	Insurance Claim	EFU Insurance Company
13 Suzuki Mehran	560,000	326,667	560,000	233,333	Insurance Claim	EFU Insurance Company
14 Honda CD 70	65,900	41,737	65,900	24,163	Insurance Claim	EFU Insurance Company
15 Honda CD 70	47,500	39,583	47,500	7,917	Insurance Claim	EFU Insurance Company
16 Suzuki Mehran	504,000	109,200	375,000	265,800	Insurance Claim	EFU Insurance Company
17 Suzuki Mehran	509,000	203,600	375,000	171,400	Company policy	Mudassir Hussain
18 Items of property, plant and equipment with individual book value not exceeding Rs. 5,000	6,266,533	-	1,370,900	1,370,900	Company policy	Various persons
Computer						
Laptop	50,900	31,108	31,108	-	Company policy	Ijaz Ahmed
2013 Rupees	**13,731,113**	**2,118,384**	**6,687,971**	**4,569,587**		
2012 Rupees	29,576,792	5,611,583	18,848,582	13,249,999		

	Note	2013 (Rupees)	2012 (Rupees)
13 Intangible assets			
Opening net book value		3,714,037	-
Additions during the year		-	5,543,356
Amortisation during the year		(1,829,328)	(1,829,319)
	13.1	1,884,709	3,714,037

13.1 This includes computer softwares and software license fees.

		2013 (Rupees)	2012 (Rupees)
14	**Stores, spare parts and loose tools**		
	Stores	17,410,219	4,631,196
	Spare parts	1,282,087	754,599
	Loose tools	860,355	4,103,947
		19,552,661	9,489,742
15	**Stock in trade**		
	Raw material	310,046,452	255,682,554
	Work in process	94,418,678	57,088,668
	Finished goods	425,048,851	263,156,413
		829,513,981	575,927,635
	Stock in transit	17,392,104	7,124,326
		846,906,085	583,051,961
16	**Loans and advances - considered good**		
	Advances to employees - secured	12,382,411	9,404,109
	Advances to suppliers - unsecured	4,579,104	5,174,639
	Others	1,048,749	714,305
		18,010,264	15,293,053
17	**Deposits and prepayments**		
	Deposits	46,162,750	23,099,347
	Prepayments	127,993	621,598
		46,290,743	23,720,945
18	**Income tax - net**		
	Balance at the beginning of year	119,205,063	110,196,797
	Income tax paid during the year	48,217,693	43,611,345
	Provision for current taxation	(95,065,125)	(34,603,079)
	Balance at the end of year	72,357,631	119,205,063

		Note	2013 (Rupees)	2012 (Rupees)
19	**Short term investments**			
	Investments at fair value through profit or loss - listed securities	19.1	413,499,520	345,247,322

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

Number of units 2013	Number of units 2012	Name of Companies	2013 Carrying value Rupees	2013 Fair value Rupees	2012 Carrying value Rupees	2012 Fair value Rupees
1,272,845	3,097,504	HBL Money Market Fund	117,870,246	128,858,288	336,354,912	344,141,022
2,634,203	-	HBL Income Fund	252,496,711	270,921,964	-	-
115,245	110,415	ABL Cash Fund	1,052,600	1,152,870	1,081,338	1,106,300
122,959	-	Faysal Money Market Fund	12,500,000	12,566,398	-	-
			383,919,557	413,499,520	337,436,250	345,247,322
		Unrealized gain on account of re-measurement to fair value	29,579,963	-	7,811,072	-
			413,499,520	413,499,520	345,247,322	345,247,322

		Note	2013 (Rupees)	2012 (Rupees)
20	**Cash and bank balances**			
	Cash in hand		4,296,681	3,621,367
	Cash at banks:			
	Current accounts			
	Foreign currency		15,319,750	12,072,426
	Local currency		60,202,221	34,532,414
			75,521,971	46,604,840
	Deposit accounts - local currency	20.1	27,216,955	47,391,716
			107,035,607	97,617,923

20.1 These carry interest at the rates ranging from 6% to 7% per annum (2012: 6.15% to 9.5%).

		2013 (Rupees)	2012 (Rupees)
21	**Revenue - net**		
	Gross revenue	3,207,232,548	3,142,366,320
	Less: Discount	(325,507,694)	(375,993,095)
		2,881,724,854	2,766,373,225

	Note	2013 (Rupees)	2012 (Rupees)
22 Cost of sales			
Work in process:			
Opening		57,088,668	31,773,388
Closing		(94,418,678)	(57,088,668)
		(37,330,010)	(25,315,280)
Raw materials consumed	22.1	906,787,812	844,973,893
Salaries, wages and other benefits	22.2	120,568,472	98,707,402
Fuel and power		78,736,423	60,601,542
Repairs and maintenance		8,551,012	9,413,464
Stores, spare parts and loose tools		23,073,568	30,251,039
Packing charges		13,383,478	9,998,035
Excise duty		263,147	205,372
Printing and Stationary		2,522,836	1,178,279
Postage and telephone		1,769,297	1,810,680
Insurance		9,002,798	7,479,715
Travelling and conveyance		8,578,302	6,762,470
Canteen expenses		4,981,387	2,609,651
Security expenses		2,109,706	1,424,195
Product registration expenses		610,000	54,640
Laboratory and other expenses		8,117,964	7,045,499
Depreciation	12.3	92,177,282	87,517,003
Cost of goods manufactured		1,243,903,474	1,144,717,599
Finished stock:			
Opening		263,156,413	263,368,791
Add: Purchases		401,667,927	312,144,727
Less: Closing		(425,048,851)	(263,156,413)
		239,775,489	312,357,105
		1,483,678,963	1,457,074,704

22.1 Raw materials consumed

	2013 (Rupees)	2012 (Rupees)
Balance at the beginning of year	255,682,554	261,125,156
Add: purchases made during the year	961,151,710	839,531,291
	1,216,834,264	1,100,656,447
Less: balance at the end of year	(310,046,452)	(255,682,554)
	906,787,812	844,973,893

22.2 Salaries, wages and other benefits include Rs. 4.54 million (2012: Rs. 3.58 million) charged on account of defined contribution plan of the Holding Company and subsidiary companies.

	Note	2013 (Rupees)	2012 (Rupees)

23 Other income

	Note	2013 (Rupees)	2012 (Rupees)
From financial assets			
Dividend income		-	1,990,524
Gain on sale of short term investments		617,554	54,038
Profit on bank deposits		971,944	2,893,172
Unrealised gain on re-measurement of short term investments to fair value		29,579,962	7,189,149
Exchange gain		385,812	160,008
Commission income		18,134,733	26,558,985
		49,690,005	38,845,876
From non financial assets			
Gain on sale of property, plant and equipment		4,569,587	13,236,999
		54,259,592	52,082,875

24 Administrative expenses

	Note	2013 (Rupees)	2012 (Rupees)
Salaries and other benefits	24.1	85,185,899	76,358,180
Directors fees and expenses		1,705,250	1,452,820
Rent, rates and taxes		1,545,963	1,495,302
Postage and telephone		4,412,932	5,067,093
Printing, stationery and office supplies		2,276,891	3,651,948
Travelling and conveyance		6,049,190	6,106,715
Transportation		3,488,435	3,417,178
Legal and professional charges		4,556,520	2,649,870
Fuel and power		2,196,600	2,264,852
Auditor's remuneration	24.2	1,129,580	1,034,660
Repairs and maintenance		6,206,673	4,337,559
Subscriptions		1,488,689	2,532,605
Donation	24.3	5,604,500	3,054,500
Insurance		2,720,997	2,018,558
Depreciation	12.3	31,040,354	26,532,525
Amortisation		1,829,328	1,829,319
Canteen expenses		4,863,055	6,812,998
Other administrative expenses		1,351,730	2,232,912
		167,652,586	152,849,594

24.1 Salaries and other benefits include Rs. 3.03 million (2012: Rs. 2.92 million) charged on account of defined contribution plan of the Holding Company and subsidiary companies.

	2013 (Rupees)	2012 (Rupees)
24.2 Auditor's remuneration		
Fee for annual audit	500,000	500,000
Fee for audit of consolidated accounts	50,000	50,000
Review of half yearly accounts	75,000	75,000
Audit fee - BF Biosciences Limited	150,000	150,000
Audit fee - Farmacia	35,000	25,500
Other certifications	210,000	165,000
Out of pocket expenses	109,580	69,160
	1,129,580	1,034,660

24.3 Donations were given to "The National Management Foundation" and "The Citizen Foundation". Donations did not include any amount paid to any person or organization in which a director or his spouse had any interest.

25 Selling and distribution cost

	Note	2013 (Rupees)	2012 (Rupees)
Salaries and other benefits	25.1	243,864,635	197,364,949
Product registration		14,647,603	29,178,950
Travelling and conveyance		157,335,321	141,976,376
Transportation		1,195,099	525,413
Rent, rates and taxes		1,570,294	1,154,281
Advertisement and publicity		151,448,669	164,876,517
Freight and forwarding		26,879,975	14,649,182
Printing, stationery and office supplies		2,279,202	1,972,299
Postage and telephone		8,958,859	7,198,292
Electricity and gas		660,771	701,636
Royalty, subscriptions and fees		11,154,796	13,827,544
Insurance		9,373,366	7,031,621
Repairs and maintenance		3,278,260	1,425,864
Medical research and publications		17,327,001	17,345,246
Legal and professional charges		1,509,000	1,390,000
Training		2,100,945	2,068,610
Depreciation	12.3	25,309,436	23,754,195
Other selling expenses		23,642,107	32,065,015
		702,535,339	658,505,990

25.1 Salaries and other benefits include Rs. 7.46 million (2012: Rs. 6.17 million) charged on account of defined contribution plan of the Holding Company and subsidiary companies.

		2013 (Rupees)	2012 (Rupees)
26	**Finance cost**		
	Mark-up on bank financing	7,621,318	8,245,711
	Bank charges	4,863,246	3,623,950
	Interest on Workers' Profit Participation Fund	2,980,607	668,184
		15,465,171	12,537,845
27	**Other expenses**		
	Zakat expense	-	7,543
	Exchange loss	5,130,635	11,015,101
	Workers' Profit Participation Fund	23,749,231	20,682,801
	Workers' Welfare Fund	9,499,692	8,273,120
	Central Research Fund	5,244,372	4,989,224
		43,623,930	44,967,789
28	**Taxation**		
	Current		
	- For the year	95,082,755	31,312,800
	- For prior years	(17,630)	3,290,279
	Deferred		
	- For the year	(38,416,364)	(18,346,895)
		56,648,761	16,256,184

Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit

	2013 (Rupees)	2012 (Rupees)
Profit before taxation	450,918,081	-
Applicable tax rate as per Income Tax Ordinance, 2001	35%	-
Tax on accounting profit	157,821,328	-
Effect of final tax regime	(12,691,239)	-
Effect of tax credit	(15,781,666)	-
Effect of permanent difference	(10,283,028)	-
Effect of minimum tax	10,078,631	-
Others (including the impact arising as a consequence of reversal of deferred tax liability)	(72,477,635)	-
Prior year adjustment	(17,630)	-
	(101,172,567)	-
	56,648,761	-

Taxation of Holding Company

For tax year 2013, the Holding Company has provided tax laibility on its taxable income under normal tax regime. However, the Holding Company has provided minimum tax under section 113 of the

Ordinance on its taxable income from tax year 2010 to tax year 2012 due to the exemption provided under clause 126F in Part-I of the Second Schedule of Income Tax Ordinance 2001, hence no numeric tax reconciliation is provided in comparatives.

29 Earnings per share - basic and diluted

	Note		2013 (Rupees)	2012 (Rupees)
Profit after taxation for distribution to ordinary shareholders		*Rupees*	455,062,472	464,656,265
Weighted average number of ordinary shares	29.1	*Numbers*	30,186,841	30,186,841
Basic and diluted earnings per share		*Rupees*	15.07	15.39

29.1 For the purpose of computing earnings per share, the number of shares for the previous year have been adjusted for the effect of bonus shares issued during the year.

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

30 Remuneration of Directors, Chief Executive and Executives

	2013			2012		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
	-----Rupees-----			-----Rupees-----		
Managerial remuneration	16,860,000	8,760,000	86,296,318	15,240,000	7,980,000	70,028,215
Bonus	3,810,000	1,995,000	11,030,192	2,475,000	1,293,750	7,240,726
Utilities	-	367,371	-	-	163,713	-
Provident fund	1,087,739	604,139	5,271,647	983,223	550,344	4,407,086
	21,757,739	11,726,510	102,598,157	18,698,223	9,987,807	81,676,027
Numbers	2	1	49	2	1	39

In addition, the Chief Executive, two working directors and certain executives of the Holding Company are allowed free use of company vehicles. The Directors, Chief Executive Officer and Managing Partner of the subsidiary companies are not paid any remuneration.

The members of the Board of Directors were paid Rs. 231,000 (2012: Rs. 3,800) as meeting fee and Rs.1,329,200 (2012: Rs. 1,449,020) as reimbursement expenses for attending the Board of Directors' meetings.

31 Related party transactions

The Group's related parties include associated companies, entities over which directors are able to exercise influence, subsidiaries, 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:

	2013 (Rupees)	2012 (Rupees)
Remuneration including benefits and perquisites of key management personnel	72,062,714	51,638,591
Company share in employees provident fund	15,381,558	12,674,590

32 Disclosures relating to provident fund

	2013 (Rupees) (un-audited)	2012 (Rupees)
Size of the fund / trust	223,759,277	190,034,437
Cost of investment made	199,221,472	166,373,086
Percentage of investment made %	89%	88%
Fair value of investment	215,409,675	178,522,314
Break up of investment		
Term deposit receipts	65,469,506	10,600,000
Mutual fund	144,227,065	164,280,816
Shares of listed companies	5,713,104	3,641,498

	2013	2012
	%age of size of fund	
Break up of investment		
Term deposit receipts	29%	6%
Mutual fund	64%	86%
Shares of listed companies	3%	2%

Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance. Whereas; total investment in mutual funds as on 30 June 2013 exceed the limit prescribed in rules for this purpose. However; subsequent to the balance sheet date, the ratio has changed as follows, which is in accordance with the rules:

Term deposit receipts	55%
Mutual fund	40%
Shares of listed companies	2%

33 Plant capacity and production

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

34 Number of employees

	2013	2012
Total number of employees as at 30 June	632	599
Average number of employees during the year	627	577

35 Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rates risk and price risk). The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

35.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The primary activities of the Group are manufacturing and sale of pharmaceuticals. The Group is exposed to credit risk from its operation and certain investing activities.

The Group's credit risk exposures are categorised under the following headings:

Counterparties

In relation to the Group's exposure to credit risk, trade debtors and financial institutions are major counterparties and Group's policies to manage risk in relation to these counter parties are explained in the following paragraphs:

Trade debts

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Substantial portion of the Group's revenue is attributable to sales transactions through a single distributor based on demand. However, geographically there is no concentration of credit risk.

Sale of pharmaceuticals is at a price determined in accordance with the agreed pricing formula as approved by Ministry of Health, Government of Pakistan.

Collectability is assessed based on the creditworthiness of the customer as determined by credit checks and the customer's payment history to the Group. The Group regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs, if any, by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

Banks balances and short term investments

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of financial assets of the Group represents the maximum credit exposure. The Group does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics and the maximum financial exposure due to credit risk on the groups financial assets as at 30 June was :

	2013 (Rupees)	2012 (Rupees)
Maximum credit risk exposure		
Long term deposits	7,733,100	7,543,600
Trade debts	206,232,139	325,691,298
Deposits and prepayments	46,290,743	23,099,347
Other receivables	7,412,959	9,985,159
Short term investments	413,499,520	345,247,322
Bank balances	102,738,926	93,996,556
	783,907,387	805,563,282

Credit quality of balances with banks

The credit quality of balances with banks can be assessed with reference to external credit rating as follows:

Institutions	Rating: Long term	Rating: Short term	Rating Agency	2013 (Rupees)	2012 (Rupees)
Habib Bank Limited	A1+	AAA	JCR-VIS	88,626,459	68,217,692
National Bank of Pakistan	A1+	AAA	JCR-VIS	51,031	51,031
Allied Bank Limited	A1+	AA+	PACRA	887,896	10,153,923
Bank Al-Habib Limited	A1+	AA+	PACRA	26,457	26,457
Bank Alfalah Limited	A1+	AA	PACRA	13,134,482	14,185,594
Faysal Bank Limited	A1+	AA	PACRA	10,209	9,884
National Investment Bank	A1+	AA	JCR-VIS	1,465	1,269
HSBC Bank Middle East Ltd	P1	A2	Moodys	-	216,634
Barclays Bank	P1	A2	Moodys	-	1,124,236
Silk Bank Limited	A2	A-	JCR-VIS	928	2,290
Samba Bank Limited	A1	AA-	JCR-VIS	-	7,546
				102,738,927	93,996,556

Geographically there is no concentration of credit risk.

The aging of trade debts at the reporting date was:

	2013 (Rupees)	2012 (Rupees)
Past due 0 - 30 days	75,023,492	239,460,882
Past due 31 - 120 days	57,295,167	48,885,776
Past due 121 - 365 days	39,590,976	17,082,945
More than one year	34,322,501	20,261,695
	206,232,136	325,691,298

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

35.2 Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages its liquidity risk by ensuring that the Group always has sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. Beyond effective net working capital and cash management, the Group mitigates liquidity risk by arranging short term financing from highly rated financial institutions.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2013			
	Carrying amount	**Less than one year**	**One to five years**	**More than 5 years**
		Rupees		
Trade and other payables	**385,502,736**	**385,502,736**	**-**	**-**
Short term borrowings	**1,241,992**	**1,241,992**	**-**	**-**
	386,744,728	**386,744,728**	**-**	**-**

	2012			
	Carrying amount	Less than one year	One to five years	More than 5 years
		Rupees		
Trade and other payables	439,723,478	439,723,478	-	-
Short term borrowing	-	-	-	-
	439,723,478	439,723,478	-	-

Market Risk

Market fluctuations may result in cashflow and profit volatility risk for the Group. The Group's operating activities as well as its investment and financing activities are affected by changes in foreign exchange rates, interest rates and security prices. To optimize the allocation of the financial resources as well as secure an optimal return for its shareholders, the Group identifies, analyzes and proactively manages the associated financial market risks. The Group seeks to manage and control these risks primarily through its regular operating and financing activities.

(i) 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 Rs. 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:

	2013					
	Rupees	JPY	Rupees	USD	Rupees	Euro
Cash and cash equivalents	145,766	146,000	8,483,265	85,950	9,006,418	69,828
Trade and other payables	-	-	(194,544,017)	(1,971,064)	-	-
Advances to suppliers	-	-	876,752	8,883	-	-
Trade debts	-	-	17,328,956	175,572	13,666,721	105,960
Gross balance sheet exposure	145,766	146,000	(167,855,044)	(1,700,659)	22,673,139	175,788

	2012					
	Rupees	JPY	Rupees	USD	Rupees	Euro
Cash and bank balances	-	-	10,646,773	113,023	3,404,169	28,727
Trade and other payables	-	-	(234,187,284)	(2,486,065)	-	-
Advances to suppliers	-	-	-	-	-	-
Trade debts	-	-	8,134,399	86,352	2,838,866	23,957
Gross balance sheet exposure	-	-	(215,406,112)	(2,286,690)	6,243,035	52,684

	Balance sheet date rate		Average rate	
	June 2013	June 2012	2013	2012
US Dollars	98.70	94.20	96.80	89.64
Euro	128.98	118.50	125.60	120.15
Japanese Yen	0.9984	1.1856	1.107	1.1238

Sensitivity analysis

A ten percent strengthening of the Pakistani Rupee against the US Dollar, Euro and Japanese Yen at the reporting date would have increased profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	2013 (Rupees)	2012 (Rupees)
Profit and loss account	14,503,614	(20,916,308)

A ten percent weakening of the Pakistani Rupee against JPY, US Dollar and Euro at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(ii) Price risk

The primary goal of the Group's investment strategy is to maximise investment returns on surplus funds. The Group adopts a policy of ensuring minimize its price risk by investing in fixed rate investments like TDRs and Income and Money Market funds of mutual fund. Certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis. Equity price risk arises from investments at fair value through profit and loss.

Sensitivity analysis

A five percent change in market price at the reporting date would have increased profit by the amounts shown below.

	2013 (Rupees)	2012 (Rupees)
Profit and loss account	20,674,976	17,262,366

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the balance sheet date, the interest rate profile of the Group's significant interest bearing financial instruments is as follows :

	2013 (Rupees)	2012 (Rupees)
Variable rate instruments		
Financial assets		
Short term investments	413,499,520	345,247,322
Cash at bank - deposit accounts	27,216,955	47,391,716
	440,716,475	392,639,038
Financial liabilities		
Short term borrowing - secured	(1,241,992)	-
Net exposure	439,474,483	392,639,038

Cash flow sensitivity analysis for variable rate instruments

A one percent increase in interest rate at the reporting date would have increased profit by the amounts shown below.

	2013 (Rupees)	2012 (Rupees)
Profit and loss account	4,394,745	3,926,390

(iv) Fair value estimation

The estimated fair value of financial instruments is not significantly different from their book value as shown in these financial statements.

35.3 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirement.

36 Corresponding figures

Previous year's figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.

Reclassification from component		Reclassification to component		Rupees
Note	Component	Note	Component	
22	Repairs and maintenance	22	Stores, spare parts and loose tools	10,402,228
22	Laboratory and other expenses	22	Printing and Stationary	1,178,279
22	Transportation	22	Travelling and conveyance	1,278,595
24	Rent, rates and taxes	25	Rent, rates and taxes	315,000
25	Advertisement and publicity	25	Salaries and other benefits	1,543,779
25	Advertisement and publicity	25	Travelling and conveyance	48,761,259
25	Advertisement and publicity	25	Medical research and publications	17,345,246
25	Transportation	25	Travelling and conveyance	58,930
25	Entertainment expenses	25	Travelling and conveyance	941,701

37 Non Adjusting events after the balance sheet date

The Board of Directors of the Holding Company in their meeting held on 24 September 2013 have proposed final cash dividend of Rs. 7 per share for the year ended 30 June 2013.

38 Date of authorization for issue

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on 24 September 2013.

Lahore
September 24, 2013 Director Chairperson & CEO

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2013

Number of Shareholders	Shareholding					Total Shares held
1,031	From	1	to	100	Shares	17,943
498	From	101	to	500	Shares	140,324
295	From	501	to	1,000	Shares	221,658
360	From	1,001	to	5,000	Shares	830,265
105	From	5,001	to	10,000	Shares	777,368
24	From	10,001	to	15,000	Shares	290,669
17	From	15,001	to	20,000	Shares	301,705
19	From	20,001	to	25,000	Shares	428,779
17	From	25,001	to	30,000	Shares	471,164
10	From	30,001	to	35,000	Shares	331,578
4	From	35,001	to	40,000	Shares	148,502
4	From	40,001	to	45,000	Shares	173,426
4	From	45,001	to	50,000	Shares	190,097
3	From	55,001	to	60,000	Shares	174,314
2	From	60,001	to	65,000	Shares	122,548
2	From	70,001	to	75,000	Shares	148,015
1	From	75,001	to	80,000	Shares	77,000
1	From	85,001	to	90,000	Shares	88,804
1	From	95,001	to	100,000	Shares	96,111
2	From	100,001	to	105,000	Shares	203,573
1	From	120,001	to	125,000	Shares	120,265
1	From	145,001	to	150,000	Shares	147,753
1	From	155,001	to	160,000	Shares	157,142
2	From	160,001	to	165,000	Shares	324,448
2	From	180,001	to	185,000	Shares	360,238
1	From	200,001	to	205,000	Shares	200,784
1	From	270,001	to	275,000	Shares	274,696
1	From	300,001	to	305,000	Shares	300,463
2	From	330,001	to	335,000	Shares	666,946
1	From	350,001	to	355,000	Shares	351,761
1	From	355,001	to	360,000	Shares	359,116
1	From	360,001	to	365,000	Shares	362,314
1	From	365,001	to	370,000	Shares	369,531
1	From	380,001	to	385,000	Shares	384,955
1	From	410,001	to	415,000	Shares	410,979
2	From	430,001	to	435,000	Shares	869,763
1	From	435,001	to	440,000	Shares	437,416
1	From	650,001	to	655,000	Shares	651,347
1	From	665,001	to	670,000	Shares	666,540
1	From	705,001	to	710,000	Shares	705,643
1	From	930,001	to	935,000	Shares	931,305
1	From	960,001	to	965,000	Shares	964,441
1	From	1,400,001	to	1,405,000	Shares	1,400,780
1	From	1,715,001	to	1,720,000	Shares	1,718,825
1	From	1,795,001	to	1,800,000	Shares	1,799,392
1	From	1,810,001	to	1,815,000	Shares	1,814,867
1	From	8,200,001	to	8,205,000	Shares	8,201,288
2,431						**30,186,841**

Categories of Shareholder	Physical	CDC	Total	Percentage
Directors, Chief Executive Officer, Their Spouses and Minor Childern				
Chief Executive				
Mrs. Akhter Khalid Waheed	1,814,867	-	1,814,867	6.01
Directors				
Mr. Osman Khalid Waheed	434,822	651,347	1,086,169	3.60
Mrs. Munize Azhar Peracha	333,473	-	333,473	1.10
Mr. Omar Khalid Waheed	705,643	200,784	906,427	3.00
Maj. Farooq Mazhar	-	147,753	147,753	0.49
Mr. Nihal F. Cassim	-	9,762	9,762	0.03
	3,288,805	**1,009,646**	**4,298,451**	**14.24**
Executives	**-**	**2,208**	**2,208**	**0.01**
Associated Companies, Undertakings & Related Parties				
KFW Factors (Pvt) Limited	58,181	8,228,761	8,286,942	27.45
	58,181	**8,228,761**	**8,286,942**	**27.45**
NIT & ICP (Name Wise Detail)				
National Investment Trust Limited	-	33,017	33,017	0.11
	-	**33,017**	**33,017**	**0.11**
Mutual Funds (Name Wise Detail)				
NBP - Trustee Department NI(U)T Fund	-	1,718,825	1,718,825	5.69
	-	**1,718,825**	**1,718,825**	**5.69**
Banks, NBFCs, DFIs, Takaful, Pension Funds	**3,223**	**1,736,946**	**1,740,169**	**5.76**
Insurance Companies	**163,998**	**2,763,838**	**2,927,836**	**9.70**
Other Companies,Corporate Bodies, Trust etc.	**8,460**	**939,779**	**948,239**	**3.14**
General Public	**5,831,906**	**4,399,248**	**10,231,154**	**33.89**
Grand Total	**9,354,573**	**20,832,268**	**30,186,841**	**100.00**

Shareholders holding 5% or more

KFW Factors (Pvt) Limited	8,286,942	27.45
Mrs. Akhter Khalid Waheed	1,814,867	6.01
State Life Insurance Corp. of Pakistan	1,799,392	5.96
NBP - Trustee Department NI(U)T Fund	1,718,825	5.69

FEROZSONS
LABORATORIES LIMITED

FORM OF PROXY

57th Annual General Meeting

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

Folio No. ____________________

For beneficial owners as per CDC List

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

CNIC No. ____________ or Passport No. ____________

hereby appoint Mr./Mrs. ____________ of ____________ who is also a member of the Company, Folio No. ____________ of failing him/her ____________ of ____________

who is also a member of the Company, Folio No. ____________ as my/our proxy to vote and act for me/our behalf at FIFTY SEVENTH Annual General Meeting of the Company to be held on Saturday, October 26, 2013 at 12:30 p.m. or at any adjournment thereof.

Five Rupees
Revenue Stamp

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

Dated this ______ day of ______ 2013

Signature of Proxy ____________

1. Witness:

Signature : ____________

Name: ____________

Address ____________

____

CNIC No. ____________

2. Witness:

Signature : ____________

Name: ____________

Address ____________

____

CNIC No. ____________

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

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