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# **Condensed Interim Financial Information for the Three Month Ended 30 September 2019**

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# CORPORATE INFORMATION

## Board of Directors

Mrs. Akhter Khalid Waheed  
Mr. Osman Khalid Waheed  
Mrs. Amna Piracha Khan  
Ms. Munize Azhar Peracha  
Mr. Nihal Cassim  
Mr. Shahid Anwar  
Mr. Arshad Saeed Husain

Chairperson  
Chief Executive

Non-Executive Director  
Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Independent Director

## Audit Committee

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

Chairman  
Member  
Member  
Member

## Investment Committee

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

Chairman  
Member  
Member

## HR & Remuneration Committee

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

Chairman  
Member  
Member  
Member

## Company Secretary

Syed Ghausuddin Saif

## Legal Advisors

Khan & Piracha

## Chief Financial Officer

Mr. Muhammad Farhan Rafiq

## Share Registrar

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

## Head of Internal Audit

Mr. Rizwan Hameed Butt

## Factory

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

## External Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Head Office

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

## Internal Auditors

EY Ford Rhodes  
Chartered Accountants

## Sales Office Lahore

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

## Bankers

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

## 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

## Registered Office

Ferozsons Laboratories Limited  
197-A, The Mall  
Rawalpindi-46000, Pakistan  
Telephone: +92-51-4252155-57  
Fax: +92-51-4252153  
Email: cs@ferozsons-labs.com

(The quarterly reports can be downloaded from Company's Website: [www.ferozsons-labs.com](http://www.ferozsons-labs.com))

## DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019

We are pleased to present a brief review of your Company's un-audited Standalone and Consolidated condensed interim financial information for the three months ended 30 September 2019. The consolidated condensed interim financial information incorporates the Company's 98% owned venture Farmacia and 80% owned subsidiary BF Biosciences Limited.

### Operational and Financial Performance

A summary of operating results for the period is given below:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>3 Months</b>	3 Months	<b>3 Months</b>	3 Months
	<b>30-Sep-19</b>	30-Sep-18	<b>30-Sep-19</b>	30-Sep-18
	<b>(Rupees in thousand)</b>			
<b>Sales (net)</b>	<b>1,188,828</b>	1,046,141	<b>1,336,877</b>	1,219,320
<b>Gross Profit</b>	<b>512,330</b>	439,532	<b>525,961</b>	469,658
<b>Profit before tax</b>	<b>125,884</b>	95,828	<b>124,057</b>	92,608
<b>Taxation</b>	<b>(42,882)</b>	(31,210)	<b>(47,735)</b>	(20,158)
<b>Profit after tax</b>	<b>83,002</b>	64,617	<b>76,321</b>	72,451

During the 1<sup>st</sup> Quarter under review, the standalone Net Sales of your Company increased by 14%, while at the Group level, Net Sales increased by 10% over corresponding period. Sales of our branded generic product portfolio in the private market grew by 20%, whereas generic products sales to institutions declined by 63% in comparison to same period last year owing to reduced public sector procurement of medicines compared to the same period last year.

The Gross Profit (GP) margin of your Company stands at 43% against 42% in the corresponding period. The slight improvement in GP margin is mainly due to change in sales mix.

The increase in selling and distribution expenses is in line with the increase in sales. Other expenses decreased by 30%, the decrease mainly reflects impact of exchange loss booked in corresponding period. Other income increased by 109%, as revaluation gains on investments in mutual funds were booked during the current period.

Your Company reported Net Profit after Tax (NPAT) of Rs. 83 million for the for the three months' period ended 30 September 2019, depicting a growth of 28% as compared to same period last year.

Based on the Net Profit for the three months ended 30 September 2019, the Earnings per Share (EPS), both basic and diluted, stand at Rs. 2.75 (30 Sep 2018: Rs. 2.14).

### BF Biosciences Limited Operational Status

The Company's subsidiary BF Biosciences Limited closed its Net Sales at Rs. 99.9 million for the quarter ended 30 September 2019, witnessing a decrease of 18% in comparison with the prior period, mainly due to lower government purchases of Peginterferon. Net Loss after Tax (NLAT) for the quarter under review

stood at Rs. 5.7 million as compared to Net Profit after Tax (NPAT) of Rs. 12.7 million for the corresponding period.

### **Future Outlook**

As mentioned in the annual report for 2019, the management is working on a number of new product launches for improving the topline of the company. We are glad to report that after a pendency of nearly 5 years, we have finally received some registrations of biologics and pharmaceutical products for BF Biosciences Limited, although two more product ranges remain pending. The addition of these products will Inshallah greatly help in improving the subsidiary's financial position.

Various challenges associated with the external environment remain very much in place. Adverse movements in exchange rates, high interest rates, prevailing tensions with India, overall economic slowdown, and last but not least, delays in receivables with the Government Institutions are the main challenges we face on a daily basis as we go through the financial year. Despite these challenges, we are committed to working closely with the relevant stakeholders to improve the quality of patient care and ensuring access to the highest quality medicines. In remaining true to this pledge, we are confident that we can continue to maintain our growth momentum.

### **Acknowledgments**

We thank our customers, vendors, distributors, business partners and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels.

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

**Mr. Osman Khalid Waheed**  
Chief Executive Officer

**Mrs. Akhter Khalid Waheed**  
Chairperson

Ferozsons Laboratories Limited  
Condensed Interim Unconsolidated Statement of Financial Position  
As at 30 September 2019

		Un-audited 30 Sep 2019	Audited 30 Jun 2019
	Note	----- Rupees -----	
<b>EQUITY AND LIABILITIES</b>			
<u><b>Share capital and reserves</b></u>			
Authorized share capital 50,000,000 (30 June 2019: 50,000,000) ordinary shares of Rs. 10 each		<b>500,000,000</b>	500,000,000
Issued, subscribed and paid up capital	3	<b>301,868,410</b>	301,868,410
Capital reserve		<b>321,843</b>	321,843
Accumulated profit		<b>3,969,350,238</b>	3,879,504,557
Revaluation surplus on property, plant and equipment		<b>748,888,879</b>	755,732,295
		<b>5,020,429,370</b>	4,937,427,105
<u><b>Non current liabilities</b></u>			
Deferred taxation		<b>171,966,466</b>	178,928,506
<u><b>Current liabilities</b></u>			
Trade and other payables		<b>1,103,999,617</b>	1,006,902,101
Short term borrowings - secured	4	<b>39,630,517</b>	-
Unclaimed dividend		<b>74,165,500</b>	75,156,815
Accrued mark-up		<b>2,230,476</b>	4,432,350
		<b>1,220,026,110</b>	1,086,491,266
<b>Contingencies and commitments</b>			
	5		
		<b>6,412,421,946</b>	6,202,846,877

		Un-audited 30 Sep 2019	Audited 30 Jun 2019
		----- Rupees -----	
ASSETS	Note		
<u>Non-current assets</u>			
Property, plant and equipment	6	2,826,028,809	2,720,876,300
Intangibles		586,114	731,179
Long term investments - related parties	7	320,545,419	314,545,924
Long term deposits and prepayments		9,687,325	7,086,325
		3,156,847,667	3,043,239,728
<u>Current assets</u>			
Stores, spare parts and loose tools		21,212,139	20,878,123
Stock in trade		1,304,155,587	1,170,925,851
Trade debts - considered good		1,050,507,428	887,452,305
Loans and advances - considered good		45,682,648	24,399,746
Deposits and prepayments		169,234,660	151,088,839
Other receivables		51,326,565	67,564,290
Income tax - net		209,731,983	202,002,562
Short term investments	8	361,752,961	451,847,651
Cash and bank balances	9	41,970,308	183,447,782
		3,255,574,279	3,159,607,149
		6,412,421,946	6,202,846,877

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

Chief Executive Officer

Chief Financial Officer

Director

# Ferozsons Laboratories Limited

## Condensed Interim Unconsolidated Statement of Profit or Loss (Un-audited)

For the three months period ended 30 September 2019

		Quarter ended	
		30 Sep 2019	30 Sep 2018
	Note	Rupees	
Sales - net	10	1,188,827,828	1,046,140,773
Cost of sales	11	(676,498,250)	(606,608,993)
<b>Gross profit</b>		<b>512,329,578</b>	439,531,780
Administrative expenses		(92,814,682)	(82,452,182)
Selling and distribution expenses		(313,212,736)	(258,370,304)
Other expenses		(10,544,941)	(15,155,360)
Other income		34,475,083	16,482,740
<b>Profit from operations</b>		<b>130,232,302</b>	100,036,674
Finance cost		(4,347,989)	(4,208,994)
<b>Profit before taxation</b>		<b>125,884,313</b>	95,827,680
Taxation		(42,882,048)	(31,210,415)
<b>Profit after taxation</b>		<b>83,002,265</b>	64,617,265
Earnings per share - basic and diluted		2.75	2.14

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

Chief Executive Officer

Chief Financial Officer

Director

# Ferozsons Laboratories Limited

## Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

For the three months period ended 30 September 2019

	Quarter ended	
	30 Sep 2019	30 Sep 2018
	----- Rupees -----	
<b>Profit after taxation</b>	<b>83,002,265</b>	64,617,265
<i>Items that will not be reclassified to profit or loss :</i>		
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>83,002,265</b>	<b>64,617,265</b>

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



# Ferozsons Laboratories Limited

## Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)

For the three months period ended 30 September 2019

	Share capital	Capital reserve		Revenue reserve	Total
		Capital reserve	Revaluation surplus on Property, plant and equipment	Accumulated profit	
		-----Rupees-----			
<b>Balance as at 01 July 2018</b>	301,868,410	321,843	789,650,185	3,735,100,328	4,826,940,766
<b>Total comprehensive income for the period</b>	-	-	-	64,617,265	64,617,265
<b><u>Surplus transferred to accumulated profit:</u></b>					
-on account of incremental depreciation charged during the period - net of tax	-	-	(6,750,578)	6,750,578	-
<b>Balance as at 30 September 2018 - unaudited</b>	<u>301,868,410</u>	<u>321,843</u>	<u>782,899,607</u>	<u>3,806,468,171</u>	<u>4,891,558,031</u>
<b>Balance as at 01 July 2019</b>	<b>301,868,410</b>	<b>321,843</b>	<b>755,732,295</b>	<b>3,879,504,557</b>	<b>4,937,427,105</b>
<b>Total comprehensive income for the period</b>	-	-	-	<b>83,002,265</b>	<b>83,002,265</b>
<b><u>Surplus transferred to accumulated profit:</u></b>					
-on account of incremental depreciation charged during the period - net of tax	-	-	(6,843,416)	<b>6,843,416</b>	-
<b>Balance as at 30 September 2019 - unaudited</b>	<u><b>301,868,410</b></u>	<u><b>321,843</b></u>	<u><b>748,888,879</b></u>	<u><b>3,969,350,238</b></u>	<u><b>5,020,429,370</b></u>

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

\_\_\_\_\_  
Chief Executive Officer

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Chief Financial Officer

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Director <sub>9</sub>

**Ferozsons Laboratories Limited**  
**Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)**  
*For the three months period ended 30 September 2019*

	<b>Quarter ended</b>	
	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>
	<b>----- Rupees -----</b>	
<b><u>Cash flow from operating activities</u></b>		
Profit before taxation	<b>125,884,313</b>	95,827,680
<i>Adjustments for non-cash and other items</i>		
Depreciation on property, plant and equipment	<b>78,377,521</b>	70,253,447
Amortisation of intangibles	<b>145,065</b>	502,154
Gain on disposal of property, plant and equipment	<b>(6,236,722)</b>	(6,079,046)
Finance cost	<b>4,347,989</b>	4,208,994
Dividend income	<b>(3,749,600)</b>	-
Profit on bank deposits	<b>(1,354,976)</b>	(635,925)
Gain on re-measurement of short term investments to fair value	<b>(8,514,819)</b>	(2,333,458)
Gain on sale of short term investments	<b>(668,434)</b>	-
Share in profit of Farmacia	<b>(5,999,495)</b>	(4,960,882)
Workers' Profit Participation Fund	<b>6,753,248</b>	5,171,320
Central Research Fund	<b>1,364,293</b>	1,044,711
Workers' Welfare Fund	<b>2,427,400</b>	2,427,400
	<b>66,891,470</b>	69,598,715
<b>Cash generated from operations before working capital changes</b>	<b>192,775,783</b>	165,426,395
<b><u>Effect on cash flow due to working capital changes</u></b>		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	<b>(334,016)</b>	12,711,941
Advances, deposits, prepayments and other receivables	<b>(23,222,438)</b>	(65,811,548)
Stock in trade	<b>(133,229,736)</b>	35,110,074
Trade debts - considered good	<b>(163,055,123)</b>	(60,711,948)
	<b>(319,841,313)</b>	(78,701,481)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	<b>86,584,016</b>	(90,468,195)
<b>Cash generated from operations</b>	<b>(40,481,514)</b>	(3,743,281)
Taxes paid	<b>(57,573,515)</b>	(47,773,167)
Long term deposits - net	<b>(2,601,000)</b>	(20,000)
<b>Net cash generated from operating activities</b>	<b>(100,656,029)</b>	(51,536,448)
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	<b>(187,963,671)</b>	(240,575,452)
Proceeds from sale of property, plant and equipment	<b>10,670,368</b>	10,588,800
Dividend income received - net	<b>3,749,600</b>	-
Profit on bank deposits received	<b>1,354,976</b>	635,925
Redemption of short term investments - net	<b>99,277,943</b>	-
<b>Net cash used in investing activities</b>	<b>(72,910,784)</b>	(229,350,727)
<b><u>Cash flow from financing activities</u></b>		
Finance cost paid	<b>(6,549,863)</b>	(1,862,237)
Dividend paid	<b>(991,315)</b>	(341)
<b>Net cash used in financing activities</b>	<b>(7,541,178)</b>	(1,862,578)
<b>Net decrease in cash and cash equivalents</b>	<b>(181,107,991)</b>	(282,749,753)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>183,447,782</b>	100,326,927
<b>Cash and cash equivalents at the end of the period</b>	<b>2,339,791</b>	(182,422,826)
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	<b>41,970,308</b>	89,675,537
Running finance	<b>(39,630,517)</b>	(272,098,363)
	<b>2,339,791</b>	(182,422,826)

The annexed notes from 1 to 17 form an integral part of this condensed interim unconsolidated financial information.

# Ferozsons Laboratories Limited

## Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

*For the three months period ended 30 September 2019*

### **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 Basis of preparation**

#### **2.1 Statement of compliance**

These condensed interim 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.

#### **2.2 Basis of accounting**

**2.2.1** This condensed interim unconsolidated financial information comprises the condensed interim unconsolidated statement of financial position of the Company, as at 30 September 2019 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows together with the notes forming part thereof.

**2.2.2** This condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual unconsolidated financial statements for the year ended 30 June 2019.

**2.2.3** Comparative unconsolidated balance sheet numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2019, whereas comparative unconsolidated profit and loss, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial information of the Company for the three months period ended 30 September 2018.

**2.2.4** This condensed interim unconsolidated financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

#### **2.3 Judgements and estimates**

In preparing this interim unconsolidated financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the unconsolidated financial statements as at and for the year ended 30 June 2019.

## 2.4 Statement of consistency in accounting policies

**2.4.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2019.

**2.4.2** There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

Un-audited	Audited
30 Sep	30 Jun
2019	2019
-----Rupees-----	

## 3 Issued, subscribed and paid up capital

1,441,952 (30 June 2019: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash

<b>14,419,520</b>	14,419,520
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119,600 (30 June 2019: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged

<b>1,196,000</b>	1,196,000
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28,625,289 (30 June 2019: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares

<b>286,252,890</b>	286,252,890
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<b>301,868,410</b>	301,868,410
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KFW Factors (Private) Limited, an associated company holds 8,286,942 (30 June 2019: 8,286,942) ordinary shares of Rs. 10 each of the Company.

## **4 Short term borrowings - secured**

### **4.1 Under mark-up arrangements**

The Company has short term running finance and import finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 775 million (2019: Rs. 775 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1% (2019: three months KIBOR plus 0.1% to 1%) 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 (2019: Rs. 450 million) are secured by joint pari passu charge (2019: joint pari passu charge) over all present and future current assets of the Company, import finance is secured against lien on dollar account and remaining Rs. 300 million (2019: Rs. 300 million) facility is secured by lien on Company's short term investments (money market/cash fund) which should be 110% of the maximum limit allowed for utilization. Under this arrangement, short term investment of Rs. 333.33 million (2019: Rs. 333.33 million) in HBL funds are marked under lien. These facilities are renewable on annual basis latest by 31 December 2019 and 31 January 2020.

### **4.2 Under shariah compliant arrangements**

The Company has short term borrowing facility i.e. Running Musharakah available from Islamic bank under profit arrangements having sanctioned limit of Rs. 200 million (2019: Rs. 200 million). This facility carries mark-up at the rates ranging from one to three months KIBOR plus 0.25% to 0.3% (2019: three months KIBOR plus 0.25% to 0.3%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded. This facility is secured by joint pari passu charge (2019: joint pari passu charge) over present and future current assets of the Company. This facility is renewable on annual basis latest by 31 October 2019.

## **5 Contingencies and commitments**

### **5.1 Contingencies**

There are no contingencies as of the reporting date.

### **5.2 Commitments**

#### **5.2.1 Letter of credits**

##### **5.2.1.1 Under mark-up arrangements**

Out of the aggregate facility of Rs. 700 million (2019: Rs. 700 million) for opening letters of credit, the amount utilized as at 30 Sep 2019 for capital expenditure was Rs. 18.76 million (2019: Rs. 131.27 million) and for other than capital expenditure was Rs. 60.36 million (2019: Rs. 77.38 million). Out of these facilities, Rs. 300 million can interchangeably be utilized as running finance. These facilities are secured by joint pari passu charge (2019: joint pari passu charge) over all present and future current assets of the Company.

##### **5.2.1.2 Under shariah compliant arrangements**

The Company has facility i.e. letters of credit of Rs. 275 million (2019: Rs. 275 million) including interchangeable limit of running musharakah of Rs. 200 million (2019: Rs. 200 million) available from Islamic bank. The amount utilized as at 30 Sep 2019 for capital expenditure was Rs. 10.93 million (2019: Rs. 2.82 million) and for other than capital expenditure was Rs. 57.55 million (2019: Rs. 100.52 million). Lien is also marked over import documents

Un-audited	Audited
30 Sep	30 Jun
2019	2019
-----Rupees-----	

## 6 Property, plant and equipment

### Cost

Opening balance at beginning of the period / year	3,528,087,489	3,130,404,930
Additions / transfers during the period / year	15,728,042	471,621,122
Disposals during the period / year	(18,425,500)	(73,938,563)
Closing balance at end of the period / year	3,525,390,031	3,528,087,489

### Less: Accumulated depreciation

Opening balance at beginning of the period / year	811,508,915	584,082,107
Depreciation for the period / year	78,377,611	285,495,105
On disposals	(13,991,854)	(58,068,297)
Closing balance at end of the period / year	875,894,672	811,508,915
<b>Operating fixed assets - net book value</b>	<b>2,649,495,359</b>	<b>2,716,578,574</b>
<b>Add: Capital work in progress - at cost</b>	<b>176,533,450</b>	<b>4,297,726</b>
	<b>2,826,028,809</b>	<b>2,720,876,300</b>

## 7 Long term investments

Note

### Related parties - at cost:

Farmacia (partnership firm)	7.1	168,545,459	162,545,964
BF Biosciences Limited (unlisted subsidiary)	7.2	151,999,960	151,999,960
		<b>320,545,419</b>	<b>314,545,924</b>

**7.1** This represents the 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 period / year not withdrawn is reinvested in capital account of partnership.

**7.2** This represents investment made in 15,199,996 (30 June 2019: 15,199,996) ordinary shares of Rs. 10 each, in BF Biosciences Limited. BF Biosciences Limited has been set up for establishing a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company holds 80% (30 June 2019: 80%) of equity of the subsidiary and the remaining 20% (30 June 2019: 20%) is held by Gurpo Empresarial Bagó S.A, Argentina (previously known as Laboratories Bagó S.A., Argentina).

	Un-audited	Audited
	30 Sep	30 Jun
	2019	2019
Note	----- Rupees -----	

## 8 Short term investments

### Investments at fair value through profit or loss

Mutual Funds	8.1	<b>361,752,961</b>	451,847,651
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#### 8.1 These investments are measured at 'fair value through profit or loss'

Fair value at 01 July		<b>451,847,651</b>	527,343,533
Acquisition during the period/year		-	134,983,875
Redemption during the period/year		<b>(99,277,943)</b>	(198,088,835)
Realized (loss)/gain on sale of investments during the period / year		<b>668,434</b>	(1,376,020)
Unrealized (loss)/gain on re-measurement of investment - during the period/year		<b>8,514,819</b>	(11,014,902)
Fair value of investments at 30 Sep / 30 Jun	8.1.1	<b>361,752,961</b>	451,847,651

Units		Fair value	
Un-audited	Audited	Un-audited	Audited
30 Sep	30 Jun	30 Sep	30 Jun
2019	2019	2019	2019
.....Number.....		.....Rupees.....	

#### 8.1.1 Mutual fund wise detail is as follows:

HBL Money Market Fund	<b>2,278,754</b>	2,278,754	<b>240,000,192</b>	232,709,773
MCB Cash Management Optimizer Fund	<b>10,939</b>	10,939	<b>1,103,656</b>	1,099,828
HBL Cash Fund	<b>1,184,856</b>	2,163,177	<b>120,649,113</b>	218,038,050
			<b>361,752,961</b>	451,847,651

#### 8.2 Changes in fair values of financial assets at fair value through profit or loss are recorded in profit and loss account. Realized gain of Rs. 0.67 million (30 Sep 2018: Rs. Nil) has been recorded in the current period in "other income". These investments comprise of mutual funds (money market / income fund).

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

## 9 Cash and bank balances

#### 9.1 These include current account of Rs. Nil (30 June 2019: Rs. 0.003 million) maintained under Shariah compliant arrangements.

#### 9.2 These include deposit accounts of Rs. 9.7 million (30 June 2019: Rs. 52.62 million) under mark up arrangements, which carry interest rate of 10.28% to 11.28% (30 June 2019: 4.5% to 10.25%) per annum.

These also include deposit account of Rs. Nil (30 June 2019: Rs. 0.000073 million ) under Shariah compliant arrangements, which carries profit rate of 6.30% to 7.03% (30 June 2019: 2.40% to 6.26%) per annum.

## 10 Sales - net

### Gross sales:

	(Un-audited) Quarter ended 30 Sep 2019	30 Sep 2018
Local	1,239,839,501	1,083,968,788
Export	65,430,477	32,726,617
	<b>1,305,269,978</b>	1,116,695,405

### Less:

Sales returns	(6,339,373)	(10,846,233)
Discounts and commission	(108,306,411)	(54,129,601)
Service charges on sales	(759,001)	(5,693,810)
Sales tax	(1,037,365)	115,012
	<b>(116,442,150)</b>	(70,554,632)
	<b>1,188,827,828</b>	1,046,140,773

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

Note

## 11 Cost of sales

	(Un-audited) Quarter ended 30 Sep 2019	30 Sep 2018
Raw and packing materials consumed	258,873,012	202,235,904
Other manufacturing expenses	180,591,237	168,143,648
	<b>439,464,249</b>	370,379,552

### Work in process:

Opening	58,928,282	50,818,086
Closing	(58,114,674)	(40,827,978)
	<b>813,608</b>	9,990,108

### Cost of goods manufactured

	<b>440,277,857</b>	380,369,660
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### Finished stock:

Opening	587,932,285	730,289,493
Purchases made during the period	370,038,769	207,106,764
Closing	(721,750,661)	(711,156,924)
	<b>236,220,393</b>	226,239,333
	<b>676,498,250</b>	606,608,993



**11.1 Raw and packing materials consumed**

Opening	<b>370,003,918</b>	338,718,490
Purchases made during the period	<b>265,636,875</b>	200,513,089
	<b>635,640,793</b>	539,231,579
Closing	<b>(376,767,781)</b>	(336,995,675)
	<b>258,873,012</b>	202,235,904

<b>(Un-audited) Quarter ended</b>	
<b>30 Sep</b>	<b>30 Sep</b>
<b>2019</b>	<b>2018</b>
<b>-----Rupees-----</b>	

**12 Taxation**

*Current*

- For the period/year

**49,844,088** 35,697,667

*Deferred*

- For the period/year

<b>(6,962,040)</b>	(4,487,252)
<b>42,882,048</b>	31,210,415

### 13 Transactions with related parties

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

	(Un-audited) Quarter ended	
	30 Sep 2019	30 Sep 2018
	----- Rupees -----	
<u><b>Farmacia - 98% owned subsidiary partnership firm</b></u>		
Sale of medicines	11,830,074	8,142,842
Payment received against sale of finished goods	11,830,074	8,142,842
Share of profit reinvested	5,999,495	4,960,882
Rentals	1,061,076	964,615
<u><b>BF Biosciences Limited - 80% owned subsidiary company</b></u>		
Sale of finished goods	8,683,684	4,950,771
Payment received against sale of finished goods	8,683,684	4,950,771
Purchase of finished goods	165,540	-
Payment made against purchase of finished goods	165,540	-
Sales return of medicines	-	946,457
Receipts against return of medicine	-	946,457
Purchase of vehicles	-	14,349,314
Payment against purchase of vehicles	-	14,349,314
Expenses incurred	472,335	4,670,132
Payment made against marketing fee and expenses re-imbursement	472,335	4,670,132
Fee paid to M/S Khan and Piracha	162,500	-
Rent paid to Director against office	990,000	900,000
<u><b>Other related parties</b></u>		
Contribution towards employees' provident fund	9,866,668	8,428,529
Remuneration including benefits and perquisites of key management personnel	32,374,178	32,008,122

### 14 Reconciliation of movement of liabilities to cash flows arising from financing activities

	<b>Dividend Payable</b>	<b>Accrued mark-up</b>	<b>Total</b>
	<b>----- Rupees -----</b>		
<b><u>As at 30 June 2019</u></b>	75,156,815	4,432,350	79,589,165
<b><u>Changes from financing cash flows</u></b>			
Dividend paid	(991,315)	-	(991,315)
Finance cost	-	(6,549,863)	(6,549,863)
<b>Total changes from financing cash flows</b>	<b>(991,315)</b>	<b>(6,549,863)</b>	<b>(7,541,178)</b>
<b><u>Non-cash changes</u></b>			
Dividend approved	-	-	-
Interest / markup expense	-	4,347,989	4,347,989
<b>Total non-cash changes</b>	<b>-</b>	<b>4,347,989</b>	<b>4,347,989</b>
<b><u>As at 30 September 2019</u></b>	<b><u>74,165,500</u></b>	<b><u>2,230,476</u></b>	<b><u>76,395,976</u></b>

### 15 Financial risk management and financial instruments - fair value

**15.1** The Company's financial risk management objective and policies are consistent with that disclosed in the annual unconsolidated financial statements of the Company for the year ended 30 June 2019.

## 15.2

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			
	Fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- Rupees -----						
<b>30 September 2019</b>							
<b>Financial assets measured at fair value:</b>	<b>361,752,961</b>	<b>-</b>	<b>-</b>	<b>361,752,961</b>	<b>361,752,961</b>	<b>-</b>	<b>-</b>
<b><i>Financial assets not measured at fair value</i></b>							
Long term deposits and prepayments	-	9,687,325	-	9,687,325	-	-	-
Trade debts - considered good	-	1,050,507,428	-	1,050,507,428	-	-	-
Loans and advances - considered good	-	24,712,542	-	24,712,542	-	-	-
Short term deposits and prepayments	-	151,405,785	-	151,405,785	-	-	-
Other receivables	-	34,423,751	-	34,423,751	-	-	-
Cash and bank balances	-	41,970,308	-	41,970,308	-	-	-
	-	1,312,707,139	-	1,312,707,139	-	-	-
<b>Financial liabilities measured at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><i>Financial liabilities not measured at fair value</i></b>							
Trade and other payables	-	-	1,004,051,382	1,004,051,382	-	-	-
Unclaimed dividend	-	-	74,165,500	74,165,500	-	-	-
Short term borrowings - secured	-	-	39,630,517	39,630,517	-	-	-
Accrued mark-up	-	-	2,230,476	2,230,476	-	-	-
	-	-	1,120,077,875	1,120,077,875	-	-	-

**30 June 2019**

Financial assets measured at fair value:

Carrying Amount				Fair Value		
Fair Value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----						
451,847,651	-	-	451,847,651	451,847,651	-	-

**Financial assets not measured at fair value**

Long term deposits and prepayments	-	7,086,325	-	7,086,325	-	-	-
Trade debts - considered good	-	887,452,305	-	887,452,305	-	-	-
Loans and advances - considered good	-	20,230,860	-	20,230,860	-	-	-
Short term deposits and prepayments	-	150,269,357	-	150,269,357	-	-	-
Other receivables	-	38,049,639	-	38,049,639	-	-	-
Cash and bank balances	-	183,447,782	-	183,447,782	-	-	-
	-	1,286,536,268	-	1,286,536,268	-	-	-

Financial liabilities measured at fair value:

Financial liabilities measured at fair value:	-	-	-	-	-	-	-
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**Financial liabilities not measured at fair value**

Trade and other payables	-	-	915,032,671	915,032,671	-	-	-
Unclaimed dividend	-	-	75,156,815	75,156,815	-	-	-
Short term borrowings - secured	-	-	-	-	-	-	-
Accrued mark-up	-	-	4,432,350	4,432,350	-	-	-
	-	-	994,621,836	994,621,836	-	-	-

## **16 Subsequent event and date of authorization for issue**

The Board of Directors of the Company in its meeting held on 25 October 2019 has authorized to issue these condensed interim unconsolidated financial statements and has approved interim cash dividend of Rs. Nil per share (30 September 2018: Rs. Nil per share) amounting to Rs. Nil (30 September 2018: Rs. Nil) for the year ending 30 June 2020 in the same meeting.

## **17 Corresponding figures**

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

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**

Ferozsons Laboratories Limited  
Condensed Interim Consolidated Statement of Financial Position  
As at 30 September 2019

		Un-audited 30 Sep 2019	Audited 30 Jun 2019
Note		Rupees	
<b>EQUITY AND LIABILITIES</b>			
<u><b>Share capital and reserves</b></u>			
<b>Authorized share capital</b>			
50,000,000 (30 June 2018: 50,000,000) ordinary shares of Rs. 10 each		<u><b>500,000,000</b></u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	4	<b>301,868,410</b>	301,868,410
Accumulated profit		<b>4,389,061,218</b>	4,304,712,411
Capital reserve		<b>321,843</b>	321,843
Revaluation surplus on property, plant and equipment		<u><b>855,793,186</b></u>	<u>862,636,602</u>
<b>Equity attributable to owners of the Company</b>		<u><b>5,547,044,657</b></u>	<u>5,469,539,266</u>
<b>Non-controlling interests</b>		<u><b>168,315,548</b></u>	<u>169,499,718</u>
		<b>5,715,360,205</b>	5,639,038,984
<u><b>Non current liabilities</b></u>			
Deferred taxation		<b>210,585,476</b>	216,668,090
<u><b>Current liabilities</b></u>			
Trade and other payables		<u><b>1,247,829,509</b></u>	<u>1,148,858,565</u>
Short term borrowings - secured	5	<b>39,630,517</b>	20,190,922
Unclaimed dividend		<b>74,165,500</b>	75,156,815
Accrued mark-up		<u><b>2,410,431</b></u>	<u>4,461,193</u>
		<b>1,364,035,957</b>	1,248,667,495
<b>Contingencies and commitments</b>	6		
		<u><b>7,289,981,638</b></u>	<u>7,104,374,569</u>

		Un-audited 30 Sep 2019	Audited 30 Jun 2019
	Note	----- Rupees -----	
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	7	3,125,914,779	3,025,689,113
Investment property		79,036,900	79,371,992
Intangibles		586,123	731,188
Long term deposits		14,234,325	11,633,325
		3,219,772,127	3,117,425,618
<u>Current assets</u>			
Stores, spare parts and loose tools		51,355,013	49,262,538
Stock in trade		1,491,616,818	1,328,150,326
Trade debts - considered good		1,104,578,645	950,788,444
Loans and advances - considered good		55,616,966	27,608,454
Deposits and prepayments		186,211,670	166,564,200
Other receivables		51,326,565	67,402,845
Income tax - net		274,828,358	264,373,526
Short term investments	8	725,329,942	864,945,037
Cash and bank balances	9	129,345,534	267,853,581
		4,070,209,511	3,986,948,951
		7,289,981,638	7,104,374,569

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

# Ferozsons Laboratories Limited

## Condensed Interim Consolidated Statement of Profit or Loss (Un-audited)

For the three months period ended 30 September 2019

		Quarter ended	
		30 Sep 2019	30 Sep 2018
		Rupees	
	Note		
Sales - net	10	1,336,876,530	1,213,304,688
Cost of sales	11	(810,915,070)	(749,661,716)
<b>Gross profit</b>		<b>525,961,460</b>	<b>463,642,972</b>
Administrative expenses		(102,815,608)	(93,313,684)
Selling and distribution expenses		(326,447,783)	(275,123,491)
Other expenses		(11,071,030)	(31,316,692)
Other income		43,180,685	33,221,244
<b>Profit from operations</b>		<b>128,807,724</b>	<b>97,110,349</b>
Finance cost		(4,751,187)	(4,501,944)
<b>Profit before taxation</b>		<b>124,056,538</b>	<b>92,608,405</b>
Taxation	12	(47,735,317)	(20,157,891)
<b>Profit after taxation</b>		<b>76,321,221</b>	<b>72,450,514</b>
<b>Attributable to:</b>			
Owners of the Company		77,505,391	70,983,399
Non-controlling interests		(1,184,170)	1,467,115
<b>Profit after taxation</b>		<b>76,321,221</b>	<b>72,450,514</b>
Earnings per share - basic and diluted		<b>2.57</b>	<b>2.35</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

# Ferozsons Laboratories Limited

## Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the three months period ended 30 September 2019

	Quarter ended	
	30 Sep 2019	30 Sep 2018
	----- Rupees -----	
<b>Profit after taxation</b>	<b>76,321,221</b>	72,450,514
<i>Items that will not be reclassified to profit or loss :</i>		
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>76,321,221</b>	72,450,514
<b>Attributable to:</b>		
Owners of the Company	<b>77,505,391</b>	70,983,399
Non-controlling interests	<b>(1,184,170)</b>	1,467,115
	<b>76,321,221</b>	72,450,514

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.



*For the three months period ended 30 September 2019*

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

Director

**Ferozsons Laboratories Limited**  
**Condensed Interim Consolidated Statement of Cash Flows (Un-audited)**  
*For the three months period ended 30 September 2019*

**Cash flow from operating activities**

	<b>Quarter ended</b>	
	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>
	<b>----- Rupees -----</b>	
Profit before taxation	<b>124,056,538</b>	92,608,405
<i>Adjustments for non-cash and other items</i>		
Depreciation on property, plant and equipment	<b>84,539,146</b>	97,820,994
Amortisation of intangibles	<b>145,065</b>	672,654
Gain on disposal of property, plant and equipment	<b>(6,236,722)</b>	(6,207,186)
Finance cost	<b>4,751,187</b>	4,501,944
Dividend income	<b>(25,707)</b>	(25,934,871)
Un-realised loss/(gain) on re-measurement of short term investments to fair value	<b>(7,988,730)</b>	12,074,358
Loss/(gain) on sale of short term investments	<b>(668,434)</b>	3,038,993
Profit on bank deposits	<b>(449,879)</b>	(754,305)
Workers' Profit Participation Fund	<b>6,753,248</b>	5,371,939
Workers' Welfare Fund	<b>1,364,293</b>	2,536,300
Central Research Fund	<b>2,427,400</b>	1,085,240
	<b>84,610,867</b>	94,206,060
<b>Cash generated from operations before working capital changes</b>	<b>208,667,405</b>	186,814,465
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	<b>(11,518,728)</b>	11,926,591
Loans, advances, deposits and prepayments	<b>(31,579,702)</b>	(89,441,103)
Stock in trade	<b>(154,040,239)</b>	(10,903,251)
Trade debts - considered good	<b>(153,790,201)</b>	(51,041,356)
	<b>(350,928,870)</b>	(139,459,119)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	<b>88,426,006</b>	(165,002,925)
<b>Cash generated from operations</b>	<b>(53,835,460)</b>	(117,647,579)
Taxes paid	<b>(64,272,770)</b>	(57,366,609)
Long term deposits - net	<b>(2,601,000)</b>	(20,000)
<b>Net cash generated from operating activities</b>	<b>(120,709,229)</b>	(175,034,188)
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	<b>(188,863,362)</b>	(240,862,406)
Proceeds from sale of property, plant and equipment	<b>10,670,368</b>	25,015,059
Dividend income received - net	<b>25,707</b>	25,934,871
Profit on bank deposits received	<b>449,879</b>	754,305
Redemption of short term investments - net	<b>148,272,259</b>	14,125,747
<b>Net cash used in investing activities</b>	<b>(29,445,149)</b>	(175,032,424)
Finance cost paid	<b>(6,801,949)</b>	(2,041,181)
Dividend paid	<b>(991,315)</b>	(341)
<b>Net cash used in financing activities</b>	<b>(7,793,264)</b>	(2,041,522)
<b>Net decrease in cash and cash equivalents</b>	<b>(157,947,642)</b>	(352,108,134)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>247,662,659</b>	190,341,586
<b>Cash and cash equivalents at the end of the period</b>	<b>89,715,017</b>	(161,766,548)
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	<b>129,345,534</b>	127,487,902
Running finance	<b>(39,630,517)</b>	(289,254,450)
	<b>89,715,017</b>	(161,766,548)

The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

# Ferozsons Laboratories Limited

## Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the three months period ended 30 September 2019

### 1 The Group and its operation

Ferozsons Laboratories Limited ("the Holding Company") was incorporated as a private limited company on 28 January 1954 and was converted into a public limited company on 08 September 1960. The 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	County of incorporation	Nature of business	Effective holding %	
			Sep-19	Jun-19
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 Holding Company has 98% holding in Farmacia. Farmacia is a partnership duly registered under Partnership Act, 1932. Farmacia is engaged in the retail trading of pharmaceutical products.

### 2 Basis of consolidation

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

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

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

### 3 Basis of preparation

#### 3.1 Statement of compliance

These condensed interim 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.

#### 3.2 Basis of accounting

**3.2.1** This condensed interim consolidated financial information comprises the condensed interim consolidated statement of financial position of the Holding Company, as at 30 September 2019 and the related condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows together with the notes forming part thereof.

**3.2.2** This condensed interim consolidated financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Holding Company as at and for the year ended 30 June 2019.

**3.2.3** Comparative figures of the statement of financial position are extracted from the annual financial statements for the year ended 30 June 2019, whereas comparatives of statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from unaudited condensed interim consolidated financial information for the three months period ended on 30 September 2018.

**3.2.4** This condensed interim consolidated financial information is unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

### **3.3 Judgements and estimates**

In preparing this interim consolidated financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2019.

### **3.4 Statement of consistency in accounting policies**

**3.4.1** The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are same as those applied in the preparation of the consolidated financial statements for the year ended 30 June 2019.

**3.4.2** There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed.

<b>Un-audited</b>	<b>Audited</b>
<b>30 Sep</b>	<b>30 Jun</b>
<b>2019</b>	<b>2019</b>
<b>-----Rupees-----</b>	

## **4 Issued, subscribed and paid up capital**

1,441,952 (30 June 2019: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash

<b>14,419,520</b>	14,419,520
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119,600 (30 June 2019: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged

<b>1,196,000</b>	1,196,000
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28,625,289 (30 June 2019: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares

<b>286,252,890</b>	286,252,890
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<b>301,868,410</b>	301,868,410
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## **5 Short term borrowings - secured**

### **5.1 Under Mark up arrangements**

The Group has short term running finance and import finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 900 million (2019: Rs. 900 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1.0% (2019: one to three months KIBOR plus 0.1% to 1.0%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 540 million can interchangeably be utilized as non-funded facilities. Out of the aggregate facilities, Rs. 450 million (2019: Rs. 450 million) are secured by joint pari passu charge of Rs. 625 million over current assets, Rs.125 million are secured by first pari passu charge over all present and future (current and fixed assets) of the respective Companies in the Group (excluding land and building), import finance of Rs.25 million (2019: 25 million) is secured against lien on dollar account and remaining Rs. 300 million (2019: 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 (2019: Rs. 333.33 million) in HBL funds is marked under lien. These facilities are renewable on annual basis latest by 30 November 2019, 31 December 2019 and 31 January 2020.

## 5.2 Under Shariah compliant arrangements

The Holding Company has short term borrowing facility i.e. Running Musharakah available from Islamic bank under profit arrangements having sanctioned limit of Rs. 200 million (2019: Rs. 200 million). This facility carries markup at the rates ranging from one to three months KIBOR plus 0.25% to 0.3% (2019: one to three months KIBOR plus 0.25% to 0.3%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded. This facility is secured by joint pari passu charge over current assets of the Holding Company. This facility is renewable on annual basis latest by 31 October 2019.

## 6 Contingencies and commitments

### 6.1 Contingencies:

There are no contingencies as of the reporting date.

### 6.2 Commitments

#### 6.2.1 Letter of credits

##### 6.2.1.1 Mark up based arrangements

Out of the aggregate facility of Rs. 775 million (2019: Rs. 775 million) for opening letters of credit, the amount utilized by the Group as at 30 September 2019 for capital expenditure was Rs. 18.7 million (2019: 131.27) and for other than capital expenditure was Rs. 60.36 (2019: Rs. 77.38 million). Out of these facilities, Rs.300 million can interchangeably be utilized as running finance. The facilities of Rs.600 million (2019: Rs.700 million) are secured by joint pari passu charge, Rs. 150 million by first pari passu charged over all present and future assets (excluding land and building) of the respective Companies in the Group and lien over import documents.

##### 6.2.1.2 Under Shariah compliant arrangements

The Holding Company has facility i.e. letters of credit of Rs. 275 million (2019: Rs. 275 million) including interchangeable limit of running musharkah of Rs 200 million (2019: 200 million) available from Islamic bank. The amount utilized as at 30 September 2019 for capital expenditure was Rs. 11 million (2019: Rs. 2.82 million) and for other than capital expenditure was Rs. 57.7 million (2019: Rs. 100.52 million). Lien is also marked over import documents.

Un-audited	Audited
30 Sep	30 Jun
2019	2019
-----Rupees-----	

## 7 Property, plant and equipment

### Cost

Opening balance at the beginning of the period/year	4,207,411,283	3,825,479,179
Additions during the period / year	16,628,042	462,349,565
Disposals during the period / year	(18,425,500)	(80,417,461)
Closing balance at the end of the period/year	4,205,613,825	4,207,411,283

### Accumulated depreciation

Opening balance at the beginning of the period/year	1,186,019,897	855,451,002
Depreciation for the period / year	83,977,704	394,892,304
Relating to disposals	(13,765,105)	(64,323,409)
Closing balance at the end of the period/year	1,256,232,496	1,186,019,897

### Operating assets-net book value

	2,949,381,329	3,021,391,386
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### Capital work in progress

	176,533,450	4,297,727
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### Net book value

	3,125,914,779	3,025,689,113
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	Un-audited	Audited
	30 Sep	30 Jun
	2019	2019
Note	----- Rupees -----	

## 8 Short term investments

### Investments at fair value through profit or loss

Mutual funds	400,238,846	490,830,304
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### Investments at amortized cost

Government securities - market treasury bills	325,091,096	374,114,733
	<b>725,329,942</b>	<b>864,945,037</b>

### Investments at fair value through profit or loss

#### 8.1 These investments are measured at 'fair value through profit or loss'

Carrying value at 01 July	490,830,304	941,746,224
Acquisition during the period/year	29,321	154,983,875
Redemption during the period/year	(99,277,943)	(583,012,355)
Realized gain/(loss) on sale of investment during the period/year	668,434	(8,603,276)
Unrealized gain/(loss) on re-measurement of investment during the period/year	7,988,730	(14,284,164)
Carrying and fair value of short term investments at 30 Sep / 30 Jun	<b>400,238,846</b>	<b>490,830,304</b>

8.1.1

Units		Fair value	
Un-audited	Audited	Un-audited	Audited
30 Sep	30 Jun	30 Sep	30 Jun
2019	2019	2019	2019
.....Number.....		.....Rupees.....	

#### 8.1.1 Mutual fund wise detail is as follows:

HBL Money Market Fund	2,278,754	2,278,754	240,000,192	232,709,773
MCB Cash Management Optimizer Fund	209,855	209,854	21,103,656	21,099,828
HBL Cash Fund	1,184,856	2,163,177	120,649,113	218,038,050
ABL Cash Fund	103,952	101,802	1,064,318	1,035,004
MCB Pakistan Stock Market Fund	206,559	206,559	15,807,257	16,381,951
Faysal Savings Growth Fund	8,207	8,207	864,204	839,748
Faysal MTS Fund	7,207	7,207	750,106	725,950
			<b>400,238,846</b>	<b>490,830,304</b>

#### 8.2 Changes in fair values of financial assets at fair value through profit or loss are recorded in profit and loss account. Realized gain of Rs. 0.67 million (30 Sep 2018: Realized loss of Rs.3 million) has been recorded in the current period in "other expenses". These investments comprise of mutual funds (money market / income fund).

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

## 9 Cash and bank balances

#### 9.1 These include bank account of Rs. Nil (30 June 2019: Rs. 0.003 million) maintained under Shariah compliant arrangements.

#### 9.2 These include deposit accounts of Rs. 11 million (30 June 2019: Rs. 71.23 million) under mark up arrangements, which carry interest rate ranging from 10.25% -11.28 (2019: 4.57% - 10.25%) per annum.

These also include deposit account of Rs. Nil (2019: Rs. 0.000073 million ) under Shariah compliant arrangements, which carries profit rate of 6.30% - 7.06% ( 2019: 2.40%- 6.26%) per annum.

		<b>(Un-audited) Quarter ended</b>	
		<b>30 Sep</b>	<b>30 Sep</b>
		<b>2019</b>	<b>2018</b>
		<b>----- Rupees -----</b>	
<b>10 Sales - net</b>			
<i>Gross sales:</i>			
Local	<b>1,412,607,899</b>	1,267,633,774	
Export	<b>69,375,880</b>	33,181,496	
	<b>1,481,983,779</b>	1,300,815,270	
<i>Less:</i>			
Sales returns	<b>(11,770,928)</b>	(17,619,924)	
Discounts and commission	<b>(127,687,923)</b>	(62,905,344)	
Service charges on sales	<b>(3,373,828)</b>	(6,015,072)	
Sales tax	<b>(2,274,570)</b>	(970,242)	
	<b>(145,107,249)</b>	(87,510,582)	
	<b>1,336,876,530</b>	1,213,304,688	

Note

**10.1** This includes sale of both own manufactured and purchased products.

		<b>(Un-audited) Quarter ended</b>	
		<b>30 Sep</b>	<b>30 Sep</b>
		<b>2019</b>	<b>2018</b>
		<b>----- Rupees -----</b>	
<b>11 Cost of sales</b>			
Raw and packing materials consumed	<b>11.1</b>	<b>284,231,625</b>	263,356,225
Other manufacturing expenses		<b>228,411,457</b>	225,616,954
		<b>512,643,082</b>	488,973,179
<i>Work in process:</i>			
Opening		<b>94,961,552</b>	71,287,001
Closing		<b>(99,246,456)</b>	(80,355,570)
		<b>(4,284,904)</b>	(9,068,569)
<i>Cost of goods manufactured</i>		<b>508,358,178</b>	479,904,610
<i>Finished stock:</i>			
Opening		<b>648,456,844</b>	773,414,598
Purchases made during the period		<b>436,141,242</b>	256,406,738
Closing		<b>(782,041,194)</b>	(760,064,230)
		<b>302,556,892</b>	269,757,106
		<b>810,915,070</b>	749,661,716
<b>11.1 Raw and packing materials consumed</b>			
Opening		<b>426,791,896</b>	392,398,201
Purchases made during the period		<b>322,209,338</b>	274,953,687
		<b>749,001,234</b>	667,351,888
Closing		<b>(464,769,609)</b>	(403,995,663)
		<b>284,231,625</b>	263,356,225

## 12 Taxation

### *Current*

- For the period

### *Deferred*

- For the period

<b>(Un-audited) Quarter ended</b>	
<b>30 Sep</b>	<b>30 Sep</b>
<b>2019</b>	<b>2018</b>
<b>-----Rupees-----</b>	

**53,817,931** 39,924,750

**(6,082,614)** (19,766,859)

**47,735,317** 20,157,891

## 13 Transactions with related parties

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

<b>(Un-audited) Quarter ended</b>	
<b>30 Sep</b>	<b>30 Sep</b>
<b>2019</b>	<b>2018</b>
<b>----- Rupees -----</b>	

### **Other related parties**

Contribution towards employees' provident fund

**10,997,362** 9,771,850

Remuneration including benefits and

perquisites of key management personnel

**40,278,633** 39,655,876

Fee paid to M/S Khan and Piracha

**162,500** -

Rent paid to Director against office

**990,000** 900,000



**14 Reconciliation of movement of liabilities to cash flows arising from financing activities**

	<b>Unclaimed dividend</b>	<b>Accrued mark-up</b>	<b>Total</b>
	<b>----- Rupees -----</b>		
<b><u>As at 30 June 2019</u></b>	75,156,815	4,461,193	79,618,008
<b><u>Changes from financing cash flows</u></b>			
Dividend paid	(991,315)	-	(991,315)
Finance cost	-	(6,801,949)	(6,801,949)
<b>Total changes from financing cash flows</b>	<b>(991,315)</b>	<b>(6,801,949)</b>	<b>(7,793,264)</b>
<b><u>Non-cash changes</u></b>			
Dividend approved	-	-	-
Interest / markup expense	-	4,751,187	4,751,187
<b>Total non-cash changes</b>	<b>-</b>	<b>4,751,187</b>	<b>4,751,187</b>
<b><u>As at 30 September 2019</u></b>	<b><u>74,165,500</u></b>	<b><u>2,410,431</u></b>	<b><u>76,575,931</u></b>

**15 Financial risk management and financial instruments - fair value**

**15.1** The Group's financial risk management objective and policies are consistent with that disclosed in the annual consolidated financial statements of the Holding Company for the year ended 30 June 2019.

15.2 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			
	Fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- Rupees -----						
<b>30 September 2019</b>							
<b>Financial assets measured at fair value:</b>							
Short term investments	400,238,846	-	-	400,238,846	400,238,846	-	-
<b>Financial assets not measured at fair value:</b>							
Long term deposits and prepayments	-	14,234,325	-	14,234,325	-	-	-
Trade debts - considered good	-	1,104,578,645	-	1,104,578,645	-	-	-
Loans and advances - considered good	-	28,166,022	-	28,166,022	-	-	-
Short term deposits and prepayments	-	167,129,547	-	167,129,547	-	-	-
Other receivables	-	41,300,270	-	41,300,270	-	-	-
Short term investments	-	325,091,096	-	325,091,096	-	-	-
Cash and bank balances	-	129,345,534	-	129,345,534	-	-	-
	-	1,809,845,439	-	1,809,845,439	-	-	-
<b>Financial liabilities measured at fair value:</b>							
	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>							
Trade and other payables	-	-	1,111,720,859	1,111,720,859	-	-	-
Unclaimed dividend	-	-	74,165,500	74,165,500	-	-	-
Short term borrowing	-	-	39,630,517	39,630,517	-	-	-
Accrued mark-up	-	-	2,410,431	2,410,431	-	-	-
	-	-	1,227,927,307	1,227,927,307	-	-	-
<b>30 June 2019</b>							
<b>Financial assets measured at fair value:</b>							
Short term investments	490,830,304	-	-	490,830,304	490,830,304	-	-
<b>Financial assets not measured at fair value:</b>							
Long term deposits and prepayments	-	11,633,325	-	11,633,325	-	-	-
Trade debts - considered good	-	950,788,444	-	950,788,444	-	-	-
Loans and advances - considered good	-	21,322,827	-	21,322,827	-	-	-
Short term deposits and prepayments	-	165,744,718	-	165,744,718	-	-	-
Other receivables	-	38,049,639	-	38,049,639	-	-	-
Short term investments	-	374,114,733	-	374,114,733	-	-	-
Cash and bank balances	-	267,853,581	-	267,853,581	-	-	-
	-	1,829,507,267	-	1,829,507,267	-	-	-
<b>Financial liabilities measured at fair value:</b>							
	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>							
Trade and other payables	-	-	1,011,235,511	1,011,235,511	-	-	-
Unclaimed dividend	-	-	75,156,815	75,156,815	-	-	-
Short term borrowing	-	-	20,190,922	20,190,922	-	-	-
Accrued mark-up	-	-	4,461,193	4,461,193	-	-	-
	-	-	1,111,044,441	1,111,044,441	-	-	-

**16 Subsequent event and date of authorization for issue**

The Board of Directors of the Company in its meeting held on 25 October 2019 has authorized to issue these condensed interim consolidated financial statements and has approved interim cash dividend of Rs. Nil per share (30 September 2018: Rs. Nil per share) amounting to Rs. Nil (30 September 2018: Rs. Nil) for the year ending 30 June 2020 in the same meeting.

**17 Corresponding figures**

This condensed interim financial information is presented in Pakistan Rupee which is the Group's functional currency and the figures have rounded off to the nearest rupee.

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

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**