



**FEROZSONS**  
LABORATORIES LIMITED

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE NINE MONTHS  
ENDED 31 MARCH 2020**

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**30** YEARS  
OF TRUST & DEVOTION





**PUTTING  
PATIENTS  
FIRST**

# 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

## External Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Factory

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

## Internal Auditors

EY Ford Rhodes  
Chartered Accountants

## Head Office

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

## 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 Lahore

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

## 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

## 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

## DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 31 MARCH 2020

We are pleased to present a brief review of your Company's un-audited Standalone and Consolidated condensed interim financial information for the nine months ended 31 March 2020. 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:

	Individual				Consolidated			
	9 Months	9 Months	3 Months	3 Months	9 Months	9 Months	3 Months	3 Months
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	(Rupees in thousand)							
Sales (net)	4,093,225	3,597,114	1,570,070	1,246,257	4,636,075	4,065,001	1,779,224	1,405,161
Gross profit	1,728,538	1,438,290	614,380	448,007	1,742,264	1,450,011	624,852	466,668
Profit before tax	409,400	235,357	167,360	34,899	373,194	191,672	157,351	39,125
Profit after tax	289,115	154,701	110,986	13,132	250,552	115,078	100,857	16,474
Earnings per share	9.58	5.12	3.68	0.43	8.54	4.08	3.41	0.52

Standalone net sales of your Company grew by 14% for the nine months and 26% for the 3rd quarter. At the group level, consolidated net sales increased by 14% and 27% respectively over the corresponding period last year.

Our in-market generic sales increased by 17% during the nine months, whereas sales to institutions of generic and imported products marginally increased by 3% over the corresponding period last year.

The gross profit margin stands at 42% for the nine months under review, compared to 40% in the same period of last year. In absolute terms, the gross profit grew by 20%. The improvement in gross profit margin is primarily due to change in the sales mix.

Selling and distribution expenses increased by 14% over the corresponding period last year. The increase primarily represents an increase in field force expenses along with inflationary impact during the current period under review.

Other expenses decreased by 27% primarily due to lesser exchange loss in the current period. Other income grew by 27% primarily due to a higher share of profit from associate and higher income from investments due to increased markup rates in the current period.

Net profit after tax for the Company stands at Rs. 289.12 million for the nine months and Rs. 110.99 million for the 3rd quarter under review. The increase in net profit after tax for the 3rd quarter over the corresponding period last year includes the proportionate accrual of annual sales conference expenses during the current period, compared to the booking of expenses at actual in 3<sup>rd</sup> quarter last year. The change in accounting policy has been made in light of better presentation of financial information and consistency of accounting practices with the industry.

Accordingly, earnings per share stood at Rs. 9.58 per share for the nine months, compared to Rs. 5.12 per share over the corresponding period last year.

### BF Biosciences Limited Operational Status

The Company's subsidiary BF Biosciences Limited closed its net sales at Rs. 397.46 million for the nine months and Rs. 168.28 million for the 3rd quarter under review, depicting an increase of 15% over the corresponding period last year. Net loss after tax stands at Rs. 22.19 million as compared to Rs. 25.30 million last period.

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As appraised in the last directors' report, production and sales of Omega (omeprazole) intravenous injections have commenced following DRAP approval for the product, which, coupled with additional new products including Eritrogen (erythropoietin) in pre-filled syringes, will Inshallah help the Company improve its revenue and bottom-line in the quarters to follow. Our other applications are still pending with the Drug Regulatory Authority of Pakistan for approval. Based on the current prevailing COVID-19 situation, further delays in registrations by the competent authority cannot be ruled out.

## Future Outlook

The COVID-19 outbreak has impacted the pharmaceutical industry in several ways, including disruptions in our global supply chain. On the demand side, closure of hospital outpatient departments and private clinics, coupled with reduced footfall at pharmacies resulting from the lockdown, are likely to cause a decline in industry sales in coming months.

The Government of Pakistan has taken various steps to support the economy by providing relief packages including a substantial reduction in the policy rate and reduced rate loan scheme for entities to pay salaries and wages of employees.

Another challenge being faced by your Company is in its receivables from public sector Government Health Institutions. This has been exacerbated by the fact that provincial Governments have had to divert healthcare budgets towards relief packages for the COVID-19 affected. This has impacted your Company's working capital. Further, the current volatility in exchange rates will also affect the bottom line of your Company going forward. In order to support the resultant distortions in the working capital, the government should initiate a relief package related to Companies who have supplied in good faith to government institutions and are awaiting overdue payments from the Government.

The management of your Company is fully committed to supporting the healthcare professionals bravely engaged in the treatment of COVID-19. Since the advent of the outbreak, your Company has partnered with non-profit organizations to donate over 10,000 Personal Protective Equipment (PPEs), respirator masks, and protective shields to doctors and staff at government hospitals across the country. We have also collaborated with medical societies in Pakistan to conduct regular online zoom conferences on Covid-19 with the leading centres worldwide involved in treating the epidemic in the UK and the United States.

## Acknowledgments

We would like to 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

زیر جائزہ نوامی اور سہ ماہی کے دوران کمپنی کی ذیلی کمپنی BF بائیو سائنسز لمیٹڈ کی خالص فروخت بالترتیب 397.46 ملین روپے اور 168.28 ملین روپے رہی، جس میں پچھلے سال کے اسی عرصہ کے مقابلے میں 15% اضافہ ہوا۔ بعد از ٹیکس خسارہ (NLAT) 22.19 ملین روپے رہا جو کہ پچھلے سال اس عرصہ میں 25.30 ملین روپے تھا۔

جیسا کہ پچھلی ڈائریکٹر رپورٹ میں بتایا گیا تھا، DRAP سے منظوری ملنے کے بعد رگ میں لگنے والے اومیگا (اومیپرازول) [Omega (Omeprazole)] ٹیکوں کی پیداوار اور فروخت شروع ہو چکی ہے؛ اومیگا (Omega) کے ساتھ دیگر نئی مصنوعات، جیسے کہ پہلے سے بھری ہوئی سرخج میں اریٹروجن (اریتھروپوئیٹین) (Eritrogen (Erythropoietin)) ٹیکہ، کی فروخت سے آنے والی سہ ماہیوں میں کمپنی کی فروخت اور منافع میں انشاء اللہ بہتری آئے گی۔ ہماری دیگر درخواستوں کی منظوری ابھی بھی ڈرگ ریگولیٹری اتھارٹی آف پاکستان کے پاس زیر التوا ہے۔ موجودہ COVID-19 صورتحال کی وجہ سے درخواستوں کی منظوری میں مزید تاخیر خارج از امکان نہیں ہے۔

### مستقبل کے امکانات کا جائزہ

COVID-19 وبا پھیلنے سے فارماسیوٹیکل انڈسٹری کئی طرح سے متاثر ہوئی ہے؛ جس میں مال کے عالمی سلسلہ فراہمی (Global Supply Chain) میں رکاوٹیں بھی شامل ہیں۔ اسکے علاوہ، لاک ڈاؤن کی وجہ سے ہسپتالوں کے شعبہ آؤٹ ڈور اور پرائیویٹ کلینک بند ہونے اور میڈیکل سٹورز میں گاہکوں کی تعداد کم ہونے کی وجہ سے آنے والے مہینوں میں انڈسٹری کی فروخت میں کمی کا اندیشہ ہے۔

پاکستانی گورنمنٹ نے معیشت کی بحالی کیلئے کئی اقدامات اٹھائے ہیں جن میں امدادی پیکیج کی فراہمی، شرح سود میں واضح کمی اور ملازمین کو تنخواہ اور اجرت دینے کیلئے اداروں کو کم شرح پر قرضہ دینے کی اسکیم شامل ہیں۔

صحت کے سرکاری اداروں کی جانب سے واجب الادا رقوم کی وصولی آپ کی کمپنی کیلئے ایک اور چیلنج ہے۔ یہ وصولی اب مزید مشکل ہو گئی ہے کیونکہ صوبائی حکومتوں کو صحت عامہ کے بجٹ کو COVID-19 سے متاثرہ لوگوں کو امدادی پیکیج فراہم کرنے کیلئے استعمال میں لانا پڑا ہے۔ اس سے آپ کی کمپنی کا گردش سرمایہ (Working Capital) بھی متاثر ہوا ہے۔ اسکے علاوہ، شرح مبادلہ میں حالیہ اتار چڑھاؤ بھی آپ کی کمپنی کے منافع کو آئندہ متاثر کرے گا۔ حکومت کو چاہئے کہ گردش سرمایہ میں کمی سے نمٹنے کیلئے ایسی کمپنیوں کیلئے امدادی پیکیج کا اعلان کرے جنہوں نے نیک نیتی سے حکومتی اداروں کو ادویات اور مصنوعات فراہم کی تھیں اور اب حکومت کی طرف سے واجب الادا رقوم کی وصولی کی منتظر ہیں۔

آپ کی کمپنی کی انتظامیہ COVID-19 کے علاج میں مصروف عمل بہادر پیشہ ور افراد کی مدد کیلئے پرعزم ہے۔ وبا کا پھیلاؤ شروع ہونے سے لے کر اب تک، آپ کی کمپنی نے غیر منافع بخش تنظیموں کی شراکت داری سے ملک بھر میں حکومتی ہسپتالوں کے ڈاکٹروں اور عملہ میں 10,000 سے زیادہ ذاتی حفاظت کی کٹس (PPEs)، سانس کے ماسک، اور حفاظتی شیلڈز تقسیم کی ہیں۔ ہم پاکستان کی طبی سوسائٹیز کے ساتھ مل کر وبا کے علاج میں مصروف عمل امریکا اور برطانیہ میں دنیا کے بڑے مراکز کے ساتھ COVID-19 پر آن لائن زوم کانفرنسز کا باقاعدگی سے اہتمام بھی کر رہے ہیں۔

### اعتراف

ہم اپنے خریداروں، وینڈرز، ڈسٹری بیوٹرز، کاروباری شراکت داروں اور بینکرز کا انکی مسلسل حمایت کیلئے شکریہ ادا کرتے ہیں۔ ہم ہر سطح کے ملازمین کی کاوشوں کا اعتراف کرتے ہیں اور انھیں خراج تحسین پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

مسز اختر خالد وحید

چیئر پرسن

مسٹر عثمان خالد وحید

چیف ایگزیکٹو آفیسر



## 31 مارچ 2020 پر ختم ہونے والی نو ماہی کے مختصر عبوری مالیاتی نتائج پر ڈائریکٹر کی جائزہ رپورٹ

ہم انتہائی مسرت سے 31 مارچ 2020 پر ختم ہونے والی نو ماہی کیلئے کمپنی کے غیر پڑتا ہوا شدہ انفرادی اور انضمام کردہ مختصر عبوری مالیاتی نتائج پیش کرتے ہیں۔ انضمام کردہ مختصر عبوری مالیاتی نتائج میں فارمیشیا ونیچر (98 فیصد ملکیت) اور ذیلی کمپنی BF بائیوسائنسز لمیٹڈ (80 فیصد ملکیت) کے مالیاتی نتائج ضم کئے گئے ہیں۔

### آپریٹنگ اور مالیاتی کارکردگی

زیر جائزہ مدت کے آپریٹنگ نتائج کا خلاصہ نیچے دیا گیا ہے:

انضمام کردہ				انفرادی			
3 مہینے	3 مہینے	9 مہینے	9 مہینے	3 مہینے	3 مہینے	9 مہینے	9 مہینے
2019 مارچ 31	2020 مارچ 31	2019 مارچ 31	2020 مارچ 31	2019 مارچ 31	2020 مارچ 31	2019 مارچ 31	2020 مارچ 31
(ہزار روپے)							
1,405,161	1,779,224	4,065,001	4,636,075	1,246,257	1,570,070	3,597,114	4,093,225
466,668	624,852	1,450,011	1,742,264	448,007	614,380	1,438,290	1,728,538
39,125	157,351	191,672	373,194	34,899	167,360	235,357	409,400
16,474	100,857	115,078	250,552	13,132	110,986	154,701	289,115
0.52	3.41	4.08	8.54	0.43	3.68	5.12	9.58
خالص فروخت				گراس منافع			
قبل از ٹیکس منافع				بعد از ٹیکس منافع			
فی حصص آمدن							

کمپنی کی انفرادی فروخت (خالص) میں اس نو ماہی کے دوران گزشتہ سال کی اسی نو ماہی کے مقابلے میں 14% اضافہ ہوا جبکہ تیسری سہ ماہی کے دوران گزشتہ سال کی تیسری سہ ماہی کے مقابلے میں 26% اضافہ ہوا۔ گروپ کی فروخت (خالص) میں اس نو ماہی کے دوران گزشتہ سال کی اسی نو ماہی کے مقابلے میں 14% اضافہ ہوا جبکہ تیسری سہ ماہی کے دوران گزشتہ سال کی تیسری سہ ماہی کے مقابلے میں 27% اضافہ دیکھنے میں آیا۔

پچھلے سال کی اسی نو ماہی کے مقابلے میں اس نو ماہی کے دوران مارکیٹ میں ہماری جنیئر مارکہ مصنوعات کی فروخت میں 17% اضافہ ہوا، جبکہ اداروں کو جنیئر مارکہ اور درآمد کردہ مصنوعات کی فروخت میں 3% معمولی اضافہ ہوا۔

زیر جائزہ نو ماہی کے دوران آپ کی کمپنی کے گراس منافع (GP) کی گنجائش 42% رہی جو کہ پچھلے سال کی اسی نو ماہی کے دوران 40% تھی۔ حقیقی لحاظ سے گراس منافع (GP) کی گنجائش میں 20% اضافہ ہوا۔ اس اضافہ کی بنیادی وجہ مصنوعات کے تناسب فروخت میں تبدیلی واقع ہونا ہے۔

فروخت اور ڈسٹری بیوٹن کے اخراجات میں زیر جائزہ عرصہ کے دوران پچھلے سال کی اسی عرصہ کے مقابلے میں 14% اضافہ ہوا ہے۔ مہنگائی میں اضافے اور افرادی قوت کے اخراجات میں اضافے کی وجہ سے زیر جائزہ عرصہ کے دوران ان اخراجات میں اضافہ ہوا۔

اس عرصہ کے دوران دیگر اخراجات میں 27% کمی ہوئی جس کی وجہ اس عرصہ کے دوران مبادلہ کے نقصان میں کمی واقع ہونا ہے۔ اس عرصہ میں ایسوسی ایٹس کے منافع کے حصہ میں اضافہ کے سبب اور شرح سود میں اضافے کی وجہ سے سرمایہ کاری سے زیادہ منافع حاصل ہونے کے سبب دیگر آمدن میں 27% اضافہ ہوا۔

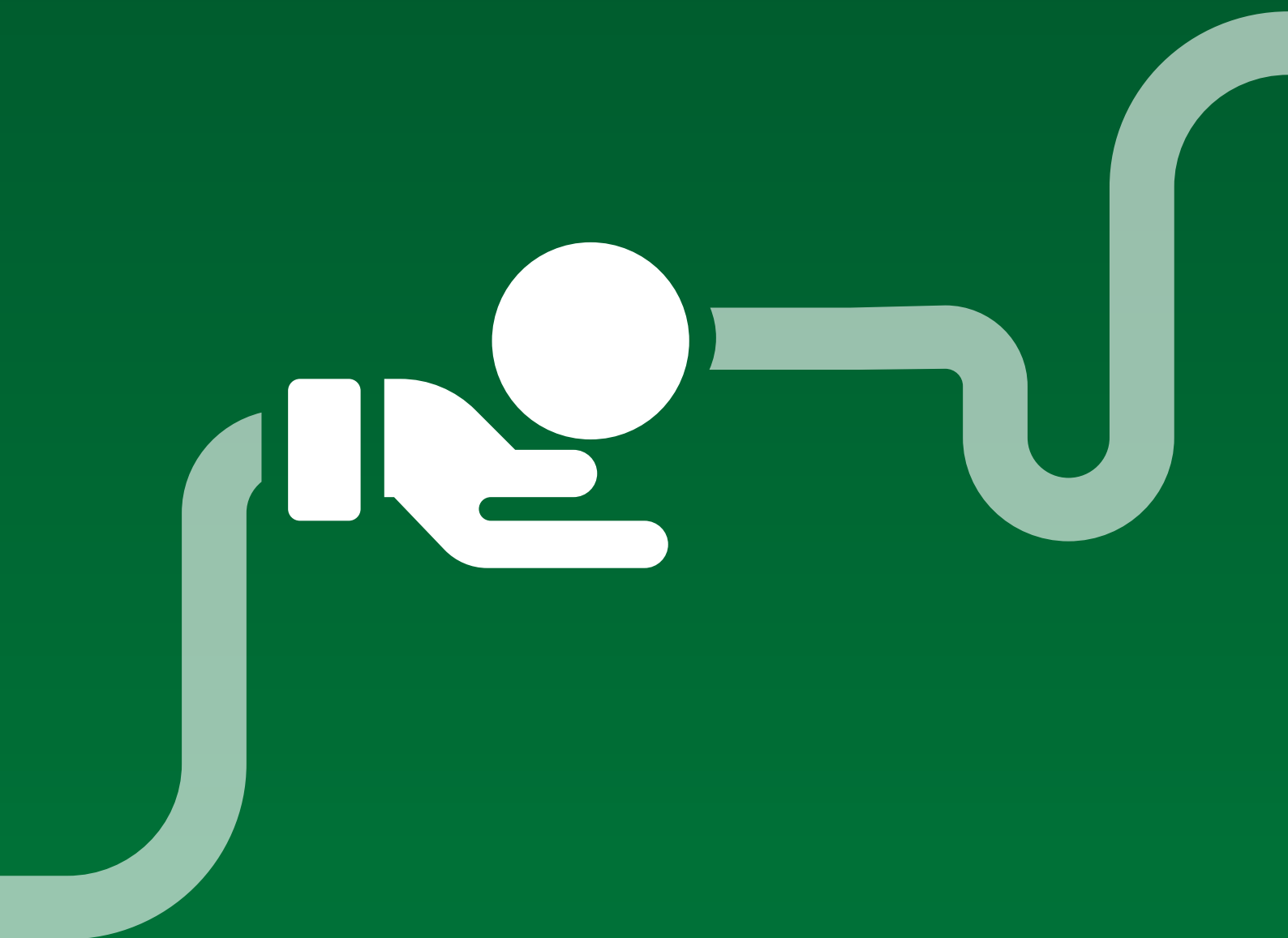
زیر جائزہ نو ماہی اور سہ ماہی کے دوران کمپنی کا بعد از ٹیکس منافع بالترتیب 289.12 ملین روپے اور 110.99 ملین روپے رہا۔ پچھلے سال کی تیسری سہ ماہی کے مقابلے میں اس سال کی تیسری سہ ماہی کے بعد از ٹیکس منافع میں اضافہ کی وجہ یہ بھی ہے کہ اس سہ ماہی کے دوران سالانہ سیلز کانفرنس کے اخراجات کا تناسب حصہ ریکارڈ کیا گیا ہے جبکہ پچھلے سال یہ اخراجات مکمل طور پر تیسری سہ ماہی کے دوران خرچ کرتے وقت ریکارڈ کئے گئے تھے۔ مالی معلومات کو بہتر طور پر پیش کرنے کیلئے اور اکاؤنٹنگ معیار کو انڈسٹری سے ہم آہنگ کرنے کیلئے اکاؤنٹنگ پالیسی میں یہ تبدیلی لائی گئی ہے۔

چنانچہ اس نو ماہی میں فی حصص آمدن (EPS) 9.58 روپے فی حصص رہی، جبکہ پچھلے سال کی اسی نو ماہی میں فی حصص آمدن (EPS) 5.12 روپے فی حصص تھی۔

# OUR FINANCIAL STATEMENTS



# UNCONSOLIDATED FINANCIAL STATEMENTS





# Ferozsons Laboratories Limited

## Condensed Interim Unconsolidated Statement of Financial Position

As at 31 March 2020

EQUITY AND LIABILITIES				Note	Un-audited 31 March 2020	Audited 30 June 2019
					Rupees	
<u>Share capital and reserves</u>						
Authorized share capital						
50,000,000 (30 June 2019: 50,000,000) ordinary shares of Rs. 10 each					500,000,000	500,000,000
Issued, subscribed and paid up capital					301,868,410	301,868,410
Capital reserve					321,843	321,843
Accumulated profit					4,068,415,384	3,879,504,557
Revaluation surplus on property, plant and equipment					735,294,004	755,732,295
					5,105,899,641	4,937,427,105
<u>Non current liabilities</u>						
Deferred taxation					177,923,480	178,928,506
<u>Current liabilities</u>						
Trade and other payables					1,257,351,438	1,006,902,101
Short term borrowings - secured				3	245,655,773	-
Unclaimed dividend					76,964,852	75,156,815
Accrued mark-up					10,756,104	4,432,350
					1,590,728,167	1,086,491,266
<u>Contingencies and commitments</u>				4		
					6,874,551,288	6,202,846,877

ASSETS				Note	Un-audited 31 March 2020	Audited 30 June 2019
					Rupees	
<u>Non-current assets</u>						
Property, plant and equipment				5	2,825,505,403	2,720,876,300
Intangibles					295,984	731,179
Long term investments - related parties				6	334,614,250	314,545,924
Long term deposits					9,787,325	7,086,325
					3,170,202,962	3,043,239,728
<u>Current assets</u>						
Stores, spare parts and loose tools					30,142,104	20,878,123
Stock in trade					1,541,244,217	1,170,925,851
Trade debts - considered good					1,121,844,808	887,452,305
Loans and advances - considered good					77,389,258	24,399,746
Deposits and prepayments					167,362,830	151,088,839
Other receivables					70,534,845	67,564,290
Income tax - net				7	261,866,579	202,002,562
Short term investments				8	353,417,950	451,847,651
Cash and bank balances					80,545,735	183,447,782
					3,704,348,326	3,159,607,149
					6,874,551,288	6,202,846,877

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

Chief Executive Officer

Chief Financial Officer

Director

# Ferozsons Laboratories Limited

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

For the nine months ended 31 March 2020

		Nine months ended		Quarter ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Note	Rupees		Rupees	
Sales - net	9	4,093,224,655	3,597,114,195	1,570,069,503	1,246,257,137
Cost of sales	10	(2,364,686,410)	(2,158,823,749)	(955,689,508)	(798,250,081)
<b>Gross profit</b>		<b>1,728,538,245</b>	<b>1,438,290,446</b>	<b>614,379,995</b>	<b>448,007,056</b>
Administrative expenses		(273,760,554)	(254,753,550)	(88,461,283)	(80,936,531)
Selling and distribution expenses		(1,055,784,026)	(929,855,533)	(332,779,022)	(336,412,599)
Other expenses		(48,003,434)	(65,619,640)	(27,920,651)	(6,249,728)
Other income		81,967,460	64,718,795	13,762,165	17,041,691
<b>Profit from operations</b>		<b>432,957,691</b>	<b>252,780,518</b>	<b>178,981,204</b>	<b>41,449,889</b>
Finance cost		(23,557,839)	(17,423,336)	(11,620,802)	(6,550,742)
<b>Profit before taxation</b>		<b>409,399,852</b>	<b>235,357,182</b>	<b>167,360,402</b>	<b>34,899,147</b>
Taxation		(120,285,222)	(80,656,268)	(56,373,963)	(21,767,594)
<b>Profit after taxation</b>		<b>289,114,630</b>	<b>154,700,914</b>	<b>110,986,439</b>	<b>13,131,553</b>
Earnings per share - basic and diluted		<b>9.58</b>	<b>5.12</b>	<b>3.68</b>	<b>0.43</b>

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

Chief Executive Officer

Chief Financial Officer

Director

# Ferozsons Laboratories Limited

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

For the nine months ended 31 March 2020

	Nine months ended		Quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- Rupees -----		----- Rupees -----	
<b>Profit after taxation</b>	<b>289,114,630</b>	154,700,914	<b>110,986,439</b>	13,131,553
<b><u>Items that will not be reclassified to profit or loss</u></b>				
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>289,114,630</b>	154,700,914	<b>110,986,439</b>	13,131,553

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

Chief Executive Officer

Chief Financial Officer

Director



**Ferozsons Laboratories Limited**  
**Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)**  
*For the nine months ended 31 March 2020*

	Capital reserve		Revenue reserve		Total
	Share capital	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	3,721,832,574	4,813,673,012
<b>Total comprehensive income for the period</b>	-	-	-	154,700,914	154,700,914
<b><u>Surplus transferred to accumulated profit</u></b>					
- On account of incremental depreciation charged during the period - net of tax	-	-	(20,536,179)	20,536,179	-
<b><u>Transactions with owners of the Company, recognized directly in Equity - Distributions</u></b>					
- Final dividend for the year ended 30 June 2018 at Rs. 2 per share	-	-	-	(60,373,682)	(60,373,682)
- Interim dividend for the year ended 30 June 2019 at Rs. 2 per share	-	-	-	(60,373,682)	(60,373,682)
	-	-	-	(120,747,364)	(120,747,364)
<b>Balance as at 31 March 2019 - unaudited</b>	301,868,410	321,843	769,114,006	3,776,322,303	4,847,626,562
<b>Balance as at 01 July 2019</b>	301,868,410	321,843	755,732,295	3,879,504,557	4,937,427,105
<b>Total comprehensive income for the period</b>	-	-	-	289,114,630	289,114,630
<b><u>Surplus transferred to accumulated profit</u></b>					
- On account of incremental depreciation charged during the period - net of tax	-	-	(20,543,561)	20,543,561	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	105,270	-	105,270
<b><u>Transactions with owners of the Company, recognized directly in Equity - Distributions</u></b>					
- Final dividend for the year ended 30 June 2019 at Rs. 4 per share	-	-	-	(120,747,364)	(120,747,364)
<b>Balance as at 31 March 2020 - unaudited</b>	301,868,410	321,843	735,294,004	4,068,415,384	5,105,899,641

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited  
Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)  
For the nine months ended 31 March 2020

**Cash flow from operating activities**

Profit before taxation

*Adjustments for non-cash and other items:*

Depreciation on property, plant and equipment

Amortisation of intangibles

Trade debts directly written off

Gain on disposal of property, plant and equipment

Finance cost

Dividend income

Profit on bank deposits

(Gain) / loss on re-measurement of short term investments to fair value

(Gain) / loss on sale of short term investments

Share in profit of Farmacia

Workers' Profit Participation Fund

Central Research Fund

Workers' Welfare Fund

**Cash generated from operations before working capital changes**

**Effect on cash flow due to working capital changes**

*(Increase) / decrease in current assets*

Stores, spare parts and loose tools

Stock in trade

Trade debts - considered good

Loans and advances - considered good

Deposits and prepayments

Other receivables

*Increase in current liabilities*

Trade and other payables

**Cash generated from / (used in) operations**

Taxes paid

Central Research Fund paid

Long term deposits - net

**Net cash used in operating activities**

**Cash flow from investing activities**

Acquisition of property, plant and equipment

Proceeds from sale of property, plant and equipment

Dividend income

Profit on bank deposits received

Short term investments - net

**Net cash used in investing activities**

**Cash flow from financing activities**

Finance cost paid

Dividend paid

**Net cash used in financing activities**

**Net decrease in cash and cash equivalents**

**Cash and cash equivalents at beginning of the period**

**Cash and cash equivalents at end of the period**

**Cash and cash equivalents comprise of the following:**

Cash and bank balances

Running finance

Nine months ended	
31 March 2020	31 March 2019
----- Rupees -----	
409,399,852	235,357,182
240,970,119	211,883,154
435,195	1,103,560
-	41,697,882
(22,144,947)	(24,642,129)
23,557,839	17,423,336
(10,209,134)	(24,260,139)
(2,232,559)	(878,449)
(24,484,384)	(1,713,229)
(949,705)	1,376,020
(20,068,326)	(11,986,772)
21,908,585	12,807,707
4,425,977	2,587,416
6,863,262	6,613,239
218,071,922	232,011,596
627,471,774	467,368,778
(9,263,981)	23,508,396
(370,318,366)	(23,494,041)
(234,392,503)	(211,180,062)
(52,989,512)	(40,115,473)
(16,273,991)	14,185,283
(2,970,556)	(20,331,932)
(686,208,909)	(257,427,829)
230,611,226	(41,716,336)
171,874,091	168,224,613
(189,921,273)	(151,732,226)
(4,487,427)	(2,283,549)
(2,701,000)	(20,000)
(25,235,609)	14,188,838
(356,710,181)	(342,365,387)
33,255,899	38,764,601
10,209,134	24,260,139
2,232,559	878,449
123,863,790	182,008,035
(187,148,799)	(96,454,163)
(17,234,085)	(12,783,734)
(118,939,327)	(125,879,484)
(136,173,412)	(138,663,218)
(348,557,820)	(220,928,543)
183,447,782	100,326,927
(165,110,038)	(120,601,616)
80,545,735	73,701,925
(245,655,773)	(194,303,541)
(165,110,038)	(120,601,616)

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

Chief Executive Officer

Chief Financial Officer

Director

# Ferozsons Laboratories Limited

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

For the nine months ended 31 March 2020

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

- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of accounting

**2.2.1** These condensed interim unconsolidated financial statements comprises the condensed interim unconsolidated statement of financial position of the Company as at 31 March 2020 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** These condensed interim unconsolidated financial statements 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. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

**2.2.3** Comparative unconsolidated statement of financial position's numbers are extracted from the annual audited unconsolidated financial statements of the Company for the year ended 30 June 2019, whereas comparative unconsolidated profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial statements of the Company for the three months and nine months period ended 31 March 2019.

**2.2.4** These condensed interim unconsolidated financial statements are 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 these interim unconsolidated financial statements, 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 these condensed interim unconsolidated financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2019 except for the adoption of new standards effective as of 01 July 2019 as stated below:

### 2.4.2 Change in accounting policy

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from the annual periods beginning on or after 01 January 2019. There are other new standards which are effective from 01 July 2019 but they do not have a material effect on the Company's condensed interim financial statements. The detail of new significant accounting policy adopted and the nature and effect of the change from previous accounting policy is set out below:

#### **IFRS 16 - Leases**

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company has elected to apply practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 01 July 2019.

#### **As a lessee**

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Company presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

The Company presents non-current and current portion of related lease liabilities in the statement of financial position considering their due dates for payment.

### **Significant accounting policies**

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has used its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement.

The Company has elected not to recognize right of use assets and lease liabilities for leases of its warehouses that are of low value or with less than 12 months of lease term. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

### **Transition**

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- did not recognize right of use assets and liabilities for leases of low value items.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

### **Impact on financial statements**

The Company has applied IFRS 16 using the modified retrospective approach. However none of the leases prior to 01 July 2019 have been considered as significant for purpose of application of IFRS 16 and accordingly the application of IFRS 16 has no impact on the opening retained earnings.

- 2.4.3** Other than those disclosed above in note 2.4.2, there were certain other new 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.

The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

### **Amendments and interpretations of approved accounting standards**

- |  |                 |
|--|-----------------|
| - IFRS 14 Regulatory Deferral Accounts                                   | 01 January 2020 |
| - Amendment to IFRS 3 - Business Combinations – Definition of a Business | 01 January 2020 |

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors 01 January 2020
- Revised Conceptual Framework for Financial Reporting. Tool for the IASB to develop standards and to assist the IFRS Interpretations. 01 January 2020
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 01 January 2020

### **3 Short term borrowings - secured**

There were no major changes in any of the facilities during the period. All terms and conditions applicable on short term borrowings availed are same as those disclosed in the annual financial statements of the Company for the year ended 30 June 2019.

### **4 Contingencies and commitments**

#### **4.1 Contingencies**

There is no significant change in contingencies already disclosed in preceding annual published financial statement of the Company for the year ended 30 June 2019.

#### **4.2 Commitments**

##### **4.2.1 Letter of credits**

##### **4.2.1.1 *With conventional financial institutions***

Out of the aggregate facility of Rs. 1,050 million (30 June 2019: Rs. 1,050 million) for opening letters of credit, the amount utilized as at 31 March 2020 for capital expenditure was Rs. 23.80 million (30 June 2019: Rs. 131.27 million) and for other than capital expenditure was Rs. 371.66 million (30 June 2019: Rs. 77.38 million). Out of these facilities, Rs. 750 million can interchangeably be utilized as running finance. These facilities are secured by joint pari passu charge over all present and future current assets of the Company and lien on Company's short term investments (money market/cash fund).

##### **4.2.1.2 *With shariah compliant financial institutions***

The Company has facility i.e. letters of credit of Rs. 275 million (30 June 2019: Rs. 275 million) including interchangeable limit of running musharakah of Rs. 200 million (30 June 2019: Rs. 200 million) available from Islamic bank. The amount utilized as at 31 March 2020 for capital expenditure was Rs. Nil million (30 June 2019: Rs. 2.82 million) and for other than capital expenditure was Rs. 134.81 million (30 June 2019: Rs. 100.52 million). Lien is also marked over import documents.

##### **4.2.2 Guarantees issued by banks on behalf of the Company**

##### **4.2.2.1 *Under Mark up arrangements***

Out of the aggregate facility of Rs. 500 million (30 June 2019: Rs. 500 million) for letter of guarantees ( which is the sub limit of running finance and letter of credits), the amount utilized as at 31 March 2020 was Rs. 61.07 million (30 June 2019: Rs. 51.40 million).



#### 4.2.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 25 million (30 June 2019: Rs. 25 million) available from Islamic bank, the amount utilized at 31 March 2020 was Rs. 6.45 million (30 June 2019: Rs. 6.45 million).

		Un-audited 31 March 2020	Audited 30 June 2019
		-----Rupees-----	
<b>5</b>	<b>Property, plant and equipment</b>		
	<i>Note</i>		
	Operating fixed assets	2,739,724,756	2,716,578,574
	Capital work-in-progress	85,780,647	4,297,726
		<b>2,825,505,403</b>	<b>2,720,876,300</b>
<b>5.1</b>	<b>Operating fixed assets</b>		
	<u><b>Cost</b></u>		
	Opening balance at beginning of the period / year	3,528,087,489	3,130,404,930
	Additions / transfers during the period / year	275,227,260	471,621,122
	Disposals during the period / year	(57,309,254)	(73,938,563)
	Closing balance at end of the period / year	<b>3,746,005,495</b>	<b>3,528,087,489</b>
	<u><b>Less: Accumulated depreciation</b></u>		
	Opening balance at beginning of the period / year	811,508,915	584,082,107
	Depreciation for the period / year	240,970,119	285,495,105
	On disposals	(46,198,295)	(58,068,297)
	Closing balance at end of the period / year	<b>1,006,280,739</b>	<b>811,508,915</b>
	<b>Operating fixed assets - net book value</b>	<b>2,739,724,756</b>	<b>2,716,578,574</b>
<b>6</b>	<b>Long term investments - related parties</b>		
	<u><b>Related parties - at cost</b></u>		
	<i>Farmacia (Partnership firm):</i>		
	Capital held: 98% (30 June 2019: 98%)	182,614,290	162,545,964
	Managing Partner - Osman Khalid Waheed		
	<i>BF Biosciences Limited (unlisted subsidiary):</i>		
	15,199,996 (30 June 2019: 15,199,996) fully paid		
	ordinary shares of Rs. 10 each	151,999,960	151,999,960
	Equity held: 80% (30 June 2019: 80%)		
	Chief Executive Officer - Mrs. Akhter Khalid Waheed		
		<b>334,614,250</b>	<b>314,545,924</b>
<b>6.1</b>	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 not withdrawn is reinvested in capital account of partnership.		
<b>6.2</b>	BF Biosciences Limited has been set up for establishing a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company owns holds 80% (30 June 2019: 80%) of equity of the subsidiary and the remaining 20% is held by Group Empresarial Bagó S.A., Spain.		

		Un-audited 31 March 2020	Audited 30 June 2019	
		Rupees		
7	Short term investments			
	<u>Investments at fair value through profit or loss</u>			
	Mutual fund	7.1	353,417,950	451,847,651
7.1	These investments are measured at 'fair value through Profit or Loss'			
	Fair value at 01 July		451,847,651	527,343,533
	Acquisition during the period / year		-	134,983,875
	Redemption during the period / year		(123,863,790)	(198,088,835)
	Realized gain / (loss) on sale of investments during the period / year		949,705	(1,376,020)
	Unrealized gain / (loss) on re-measurement of investment during the period / year		24,484,384	(11,014,902)
	Fair value of investments at 31 March / 30 June	7.1.1	353,417,950	451,847,651
7.1.1	Mutual fund wise detail is as follows:			

	Units		Fair value	
	Un-audited	Audited	Un-audited	Audited
	31 March	30 June	31 March	30 June
	2020	2019	2020	2019
	.....Number.....		.....Rupees.....	
HBL Money Market Fund	2,278,754	2,278,754	255,418,015	232,709,773
MCB Cash Management				
Optimizer Fund	10,939	10,939	1,103,628	1,099,828
HBL Cash Fund	950,387	2,163,177	96,896,307	218,038,050
			353,417,950	451,847,651

**7.2** Realized gain of Rs. 949,705 (30 June 2019: Realized loss of Rs. 1.38 million) on sale of mutual funds has been recorded in "Other Income" (30 June 2019: Other expenses) while a dividend of Rs. 10.21 million (30 June 2019: 45.22 million) is recorded in "Other income". These investments and related gain is from non shariah compliant arrangement. These are marked under lien against short term borrowings.

**8.1** These include current account of Rs. 0.002 million (30 June 2019: Rs. 0.003 million) maintained under Shariah compliant arrangements.

These also include deposit account of Rs. 0.00007 million (30 June 2019: Rs. 0.00007 million ) under Shariah compliant arrangements, which carries profit rate of 10.25% to 11.25% (30 June 2019: 2.40% to 6.26%) per annum.

**9 Sales - net**

Local  
Export

Sales returns  
Discounts and commission  
Service charges on sales  
Sales tax

### Discounts and commission

Service charges on sales

**9.1** Revenue from contracts with customers relates to local (Pakistan) market and foreign market and represents sale of both own manufactured and purchased products.

		<b>(Un-audited) Nine months ended</b>	
		<b>31 March</b>	<b>31 March</b>
		<b>2020</b>	<b>2019</b>
		<b>----- Rupees -----</b>	
<b>10</b>	<b>Cost of sales</b>		
	Raw and packing materials consumed	<b>871,285,016</b>	765,114,200
	Other manufacturing expenses	<b>552,845,995</b>	502,627,324
		<b>1,424,131,011</b>	1,267,741,524
	<i>Work in process:</i>		
	Opening	<b>58,928,282</b>	50,818,086
	Closing	<b>(60,110,227)</b>	(70,984,694)
		<b>(1,181,945)</b>	(20,166,608)
	<b><i>Cost of goods manufactured</i></b>	<b>1,422,949,066</b>	1,247,574,916
	<i>Finished stock:</i>		
	Opening	<b>587,932,285</b>	730,289,493
	Purchases made during the year	<b>1,228,041,773</b>	875,992,725
	Closing	<b>(874,236,714)</b>	(695,033,385)
		<b>941,737,344</b>	911,248,833
		<b>2,364,686,410</b>	2,158,823,749
<b>10.1</b>	<b>Raw and packing materials consumed</b>		
	Opening	<b>370,003,918</b>	338,718,490
	Purchases made during the year	<b>923,341,324</b>	792,466,905
		<b>1,293,345,242</b>	1,131,185,395
	Closing	<b>(422,060,226)</b>	(366,071,195)
		<b>871,285,016</b>	765,114,200



## 11 Transactions with related parties

The Company in the normal course of business carries out transactions with various related parties which 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 the respective notes in the condensed interim unconsolidated financial information. Transactions with related parties during the period are as follows:

	<b>(Un-audited) Nine months ended</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>----- Rupees -----</b>	
<b><u>Farmacia - 98% owned subsidiary partnership firm</u></b>		
Sale of medicines	<b>27,255,269</b>	24,596,684
Payment received against sale of finished goods	<b>27,255,269</b>	24,596,684
Share of profit reinvested	<b>20,068,326</b>	11,986,772
Rentals paid	<b>3,289,338</b>	2,990,304
<b><u>BF Biosciences Limited - 80% owned subsidiary company</u></b>		
Sale of finished goods	<b>29,991,396</b>	18,973,713
Payment received against sale of finished goods	<b>29,991,396</b>	18,973,713
Purchase of goods	<b>3,227,700</b>	-
Payment made against purchase of goods	<b>3,227,700</b>	-
Sales return of medicines	-	501,162
Receipts against return of medicine	-	501,162
Purchase of vehicles	-	14,349,314
Payment against purchase of vehicles	-	14,349,314
Expenses incurred	<b>3,725,612</b>	10,620,917
Payment made against expenses re-imbursement	<b>3,725,612</b>	10,620,917
<b><u>Other related parties</u></b>		
Contribution towards employees' provident fund	<b>29,330,392</b>	26,365,392
Remuneration including benefits and perquisites of key management personnel	<b>104,702,979</b>	103,918,968
Receipts from Workers' Profit Participation Fund	<b>12,402,668</b>	8,918,108
Dividend to KFW Factors (Private) Limited	<b>33,147,768</b>	33,147,768
Dividend to Directors	<b>13,561,688</b>	12,899,804
Fee paid to M/s Khan and Piracha against consultancy	<b>162,500</b>	-
Rent paid to Director against office	<b>2,970,000</b>	2,700,000
Donation paid to National Management Foundation	<b>3,000,000</b>	3,000,000

12 Reconciliation of movement of liabilities to cash flows arising from financing activities (Un-audited)

	31-Mar-20		31-Mar-19	
	Dividend Payable	Accrued mark-up	Dividend Payable	Accrued mark-up
	----- Rupees -----		----- Rupees -----	
Balance as at 01 July	75,156,815	4,432,350	82,143,724	533,713
		79,589,165		82,677,437
<u>Changes from financing cash flows</u>				
Dividend paid	(118,939,327)	-	(125,879,484)	-
Financial charges paid	-	(17,234,085)	-	(12,783,734)
Total changes from financing cash flows	(118,939,327)	(17,234,085)	(125,879,484)	(12,783,734)
		(136,173,412)		(138,663,218)
<u>Other changes</u>				
Dividend approved	120,747,364	-	120,747,364	-
Interest / markup expense	-	23,557,839	-	17,423,336
Total liability related other changes	120,747,364	23,557,839	120,747,364	17,423,336
		144,305,203		138,170,700
Balance as at 31 March	76,964,852	10,756,104	77,011,604	5,173,315
		87,720,956		82,184,919

**Financial risk management and fair value of financial instruments**

**13.1** 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.

**13.1** 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;

**13.2** 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-----							
31 March 2020 (Un-audited)							
Financial assets measured at fair value:	353,417,950	-	-	353,417,950	353,417,950	-	-
<u>Financial assets not measured at fair value</u>							
Long term deposits	-	9,787,325	-	9,787,325	-	-	-
Trade debts - considered good	-	1,121,844,808	-	1,121,844,808	-	-	-
Loans and advances - considered good	-	26,418,520	-	26,418,520	-	-	-
Short term deposits	-	154,909,306	-	154,909,306	-	-	-
Other receivables	-	63,327,642	-	63,327,642	-	-	-
Cash and bank balances	-	80,545,735	-	80,545,735	-	-	-
	-	1,456,833,336	-	1,456,833,336	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-
<u>Financial liabilities not measured at fair value</u>							
Trade and other payables	-	-	1,116,663,371	1,116,663,371	-	-	-
Unclaimed dividend	-	-	76,964,852	76,964,852	-	-	-
Short term borrowings - secured	-	-	245,655,773	245,655,773	-	-	-
Accrued mark-up	-	-	10,756,104	10,756,104	-	-	-
	-	-	1,450,040,100	1,450,040,100	-	-	-

**30 June 2019 (Audited)**

Financial assets measured at fair value:

**Financial assets not measured at fair value**

Long term deposits  
 Trade debts - considered good  
 Loans and advances - considered good  
 Short term deposits  
 Other receivables  
 Cash and bank balances

Financial liabilities measured at fair value:

**Financial liabilities not measured at fair value**

Trade and other payables  
 Unclaimed dividend  
 Short term borrowings - secured  
 Accrued mark-up

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	-	-
-	7,086,325	-	7,086,325	-	-	-
-	887,452,305	-	887,452,305	-	-	-
-	20,230,860	-	20,230,860	-	-	-
-	150,269,357	-	150,269,357	-	-	-
-	38,049,639	-	38,049,639	-	-	-
-	183,447,782	-	183,447,782	-	-	-
-	1,286,536,268	-	1,286,536,268	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	915,032,671	915,032,671	-	-	-
-	-	75,156,815	75,156,815	-	-	-
-	-	-	-	-	-	-
-	-	4,432,350	4,432,350	-	-	-
-	-	994,621,836	994,621,836	-	-	-



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

The Board of Directors of the Company in its meeting held on 29 April 2020 has authorized to issue these condensed interim unconsolidated financial statements and has approved an interim cash dividend of Rs. Nil per share (31 March 2019: Rs. Nil per share) amounting to Rs. Nil (31 March 2019: Rs. Nil) for the year ending 30 June 2020.

**15 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**

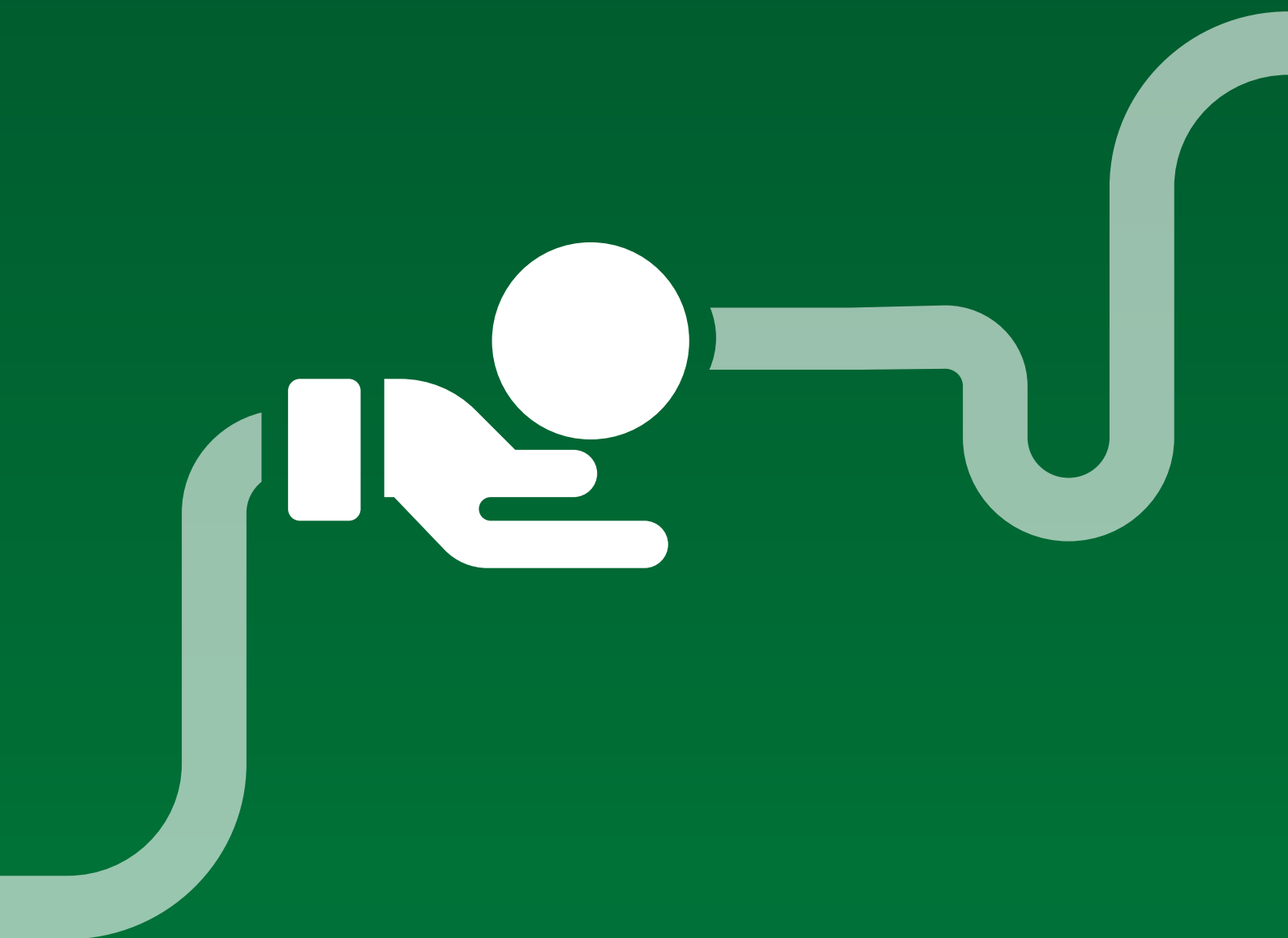
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**Chief Financial Officer**

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**Director**

# **CONSOLIDATED FINANCIAL STATEMENTS**



Ferozsons Laboratories Limited  
Condensed Interim Consolidated Statement of Financial Position  
As at 31 March 2020

	Un-audited 31 March 2020	Audited 30 June 2019	Note		Un-audited 31 March 2020	Audited 30 June 2019	Note
	Rupees				Rupees		
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<u>Share capital and reserves</u>				<u>Non-current assets</u>			
Authorized share capital				Property, plant and equipment	3,095,878,850	3,025,689,113	7
50,000,000 (30 June 2019: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000		Investment property	79,371,992	79,371,992	
Issued, subscribed and paid up capital	301,868,410	301,868,410	4	Intangibles	295,984	731,188	
Accumulated profit	4,474,553,330	4,304,712,411		Long term deposits and prepayments	14,334,325	11,633,325	
Capital reserve	321,843	321,843			3,189,881,151	3,117,425,618	
Revaluation surplus on property, plant and equipment	829,935,627	862,636,602		<u>Current assets</u>			
<b>Equity attributable to owners of the Company</b>	<b>5,606,679,210</b>	<b>5,469,539,266</b>		Stores, spare parts and loose tools	63,151,842	49,262,538	
<b>Non-controlling interests</b>	<b>162,270,042</b>	<b>169,499,718</b>		Stock in trade	1,703,192,799	1,328,150,326	
	<b>5,768,949,252</b>	<b>5,639,038,984</b>		Trade debts - considered good	1,214,424,448	950,788,444	
<u>Non current liabilities</u>				Loans and advances - considered good	85,843,079	27,608,454	
Deferred taxation	211,024,691	216,668,090		Deposits and prepayments	202,700,162	166,564,200	
<u>Current liabilities</u>				Other receivables	70,764,505	67,402,845	
Trade and other payables	1,408,030,964	1,148,858,565	5	Income tax - net	342,703,291	264,373,526	8
Short term borrowings - secured	246,130,459	20,190,922		Short term investments	713,881,808	864,945,037	9
Unclaimed dividend	76,964,852	75,156,815		Cash and bank balances	135,415,668	267,853,581	
Accrued mark-up	10,858,535	4,461,193			4,532,077,602	3,986,948,951	
	<b>1,741,984,810</b>	<b>1,248,667,495</b>					
<b>Contingencies and commitments</b>			6				
	<b>7,721,958,753</b>	<b>7,104,374,569</b>					

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

# Ferozsons Laboratories Limited

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

For the nine months ended 31 March 2020

		Nine months ended		Quarter ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Note	----- Rupees -----			
Revenue - net	10	4,636,074,549	4,065,000,785	1,779,223,784	1,405,160,963
Cost of sales	11	(2,893,810,406)	(2,614,989,317)	(1,154,372,138)	(938,492,950)
<b>Gross profit</b>		<b>1,742,264,143</b>	<b>1,450,011,468</b>	<b>624,851,646</b>	<b>466,668,013</b>
Administrative expenses		(305,570,830)	(286,262,502)	(97,599,199)	(90,931,346)
Selling and distribution expenses		(1,089,686,783)	(960,481,235)	(342,268,517)	(347,688,200)
Other expenses		(47,539,879)	(79,624,693)	(27,457,096)	(3,799,975)
Other income		98,329,414	86,550,619	11,812,160	21,817,175
<b>Profit from operations</b>		<b>397,796,065</b>	<b>210,193,657</b>	<b>169,338,994</b>	<b>46,065,667</b>
Finance costs		(24,602,018)	(18,522,116)	(11,987,531)	(6,940,392)
<b>Profit before taxation</b>		<b>373,194,047</b>	<b>191,671,541</b>	<b>157,351,463</b>	<b>39,125,275</b>
Taxation		(122,641,685)	(76,593,281)	(56,494,451)	(22,651,493)
<b>Profit after taxation</b>		<b>250,552,362</b>	<b>115,078,260</b>	<b>100,857,012</b>	<b>16,473,782</b>
<b>Attributable to:</b>					
Owners of the Company		257,782,038	123,233,750	102,906,553	15,839,060
Non-controlling interests		(7,229,676)	(8,155,490)	(2,049,541)	634,722
<b>Profit after taxation</b>		<b>250,552,362</b>	<b>115,078,260</b>	<b>100,857,012</b>	<b>16,473,782</b>
Earnings per share - basic and diluted		<b>8.54</b>	<b>4.08</b>	<b>3.41</b>	<b>0.52</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

# Ferozsons Laboratories Limited

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

For the nine months ended 31 March 2020

	Nine months ended		Quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- Rupees -----			
<b>Profit after taxation</b>	<b>250,552,362</b>	115,078,260	<b>100,857,012</b>	16,473,782
<i>Items that will not be reclassified to profit and loss account:</i>				
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>250,552,362</b>	115,078,260	<b>100,857,012</b>	16,473,782
<b>Attributable to:</b>				
Owners of the Company	257,782,038	123,233,750	102,906,553	15,839,060
Non-controlling interests	(7,229,676)	(8,155,490)	(2,049,541)	634,722
	<b>250,552,362</b>	115,078,260	<b>100,857,012</b>	16,473,782

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director



Ferozsons Laboratories Limited  
Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)  
For the nine months ended 31 March 2020

	Attributable to Owners of the Company					Non-controlling interests	Total
	Share capital	Capital reserve		Revenue reserve			
		Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profits			

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited  
Condensed Interim Consolidated Statement of Cash Flows (Un-audited)  
For the nine months ended 31 March 2020

	Nine months ended	
	31 March 2020	31 March 2019
	Rupees	
<b><u>Cash flow from operating activities</u></b>		
Profit before taxation	373,194,047	191,671,541
Adjustments for:		
Depreciation on property, plant and equipment	281,044,548	294,135,139
Amortisation of intangibles	435,195	1,444,685
Trade debts written off	-	15,309,358
Gain on disposal of property, plant and equipment	(22,493,948)	(25,231,612)
Finance costs	24,602,018	18,522,116
Dividend income	(13,792,582)	(45,179,523)
(Gain) / loss on re-measurement of short term investments to fair value	(32,245,323)	(658,965)
(Gain) / loss on sale of short term investments	(22,636,962)	11,429,395
Profit on bank deposits	(4,402,026)	(2,322,616)
Workers' Profit Participation Fund	21,908,585	12,807,707
Workers' Welfare Fund	6,863,262	6,613,239
Central Research Fund	4,425,977	2,587,416
	243,708,744	289,456,339
<b>Cash generated from operations before working capital changes</b>	<b>616,902,791</b>	<b>481,127,880</b>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(13,889,304)	21,113,929
Loans, advances, deposits and prepayments	(97,732,247)	(54,856,327)
Stock in trade	(375,042,473)	(65,992,706)
Trade debts - considered good	(263,636,004)	(217,500,288)
	(750,300,028)	(317,235,392)
Increase in current liabilities		
Trade and other payables	239,334,285	(53,542,462)
<b>Cash generated from operations</b>	<b>105,937,048</b>	<b>110,350,026</b>
Taxes paid	(206,509,567)	(168,837,940)
Workers' Welfare Fund paid	(8,872,286)	(7,090,508)
Central Research Fund paid	(4,487,427)	(2,283,549)
Long term deposits	(2,701,000)	(20,000)
<b>Net cash generated from operating activities</b>	<b>(116,633,232)</b>	<b>(67,881,971)</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	(362,345,243)	(343,566,824)
Proceeds from sale of property, plant and equipment	33,604,906	53,726,834
Dividend income	13,792,582	45,179,523
Profit on bank deposits	4,402,026	2,322,616
Redemption of short term investments - net	205,945,514	163,504,874
<b>Net cash used in investing activities</b>	<b>(104,600,215)</b>	<b>(78,832,977)</b>
Finance cost paid	(18,204,676)	(13,813,428)
Dividend paid	(118,939,327)	(125,879,484)
<b>Net cash used in financing activities</b>	<b>(137,144,003)</b>	<b>(139,692,912)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(358,377,450)</b>	<b>(286,407,860)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>247,662,659</b>	<b>190,341,586</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(110,714,791)</b>	<b>(96,066,274)</b>
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	135,415,668	105,584,101
Running finance	(246,130,459)	(201,650,375)
	<b>(110,714,791)</b>	<b>(96,066,274)</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

# Ferozsons Laboratories Limited

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

For the nine months ended 31 March 2020

### 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 %	
			Mar-20	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 31 March 2020 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 and nine months period ended 31 March 2019.

**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 these condensed interim consolidated financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2019 except for the adoption of new standards effective as of 01 July 2019 as stated below:

#### **3.4.2 Change in significant accounting policies**

The Group has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from the annual periods beginning on or after 01 January 2019. There are other new standards which are effective from 01 July 2019 but they do not have a material effect on the Company's condensed interim financial statements. The detail of new significant accounting policy adopted and the nature and effect of the change from previous accounting policy is set out below:

##### **3.4.2.1 IFRS 16 - Leases**

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

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Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group has elected to apply practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 01 July 2019.

#### **As a lessee**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Company presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

The Company presents non-current and current portion of related lease liabilities in the statement of financial position considering their due dates for payment.

#### **Significant accounting policies**

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Individual Company's incremental borrowing rate. The Group has used its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement.

The Group has elected not to recognize right of use assets and lease liabilities for leases of its warehouses that are of low value or with less than 12 months of lease term. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

#### **Transition**

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- did not recognize right of use assets and liabilities for leases of low value items.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.



### Impact on financial statements

The Group has applied IFRS 16 using the modified retrospective approach. However none of the leases prior to 01 July 2019 have been considered as significant for purpose of application of IFRS 16 and accordingly the application of IFRS 16 has no impact on the opening retained earnings.

Other than those disclosed above in note, there were certain other new 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.

The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

### Amendments and interpretations of approved accounting standards

-	IFRS 14 Regulatory Deferral Accounts	01 January 2020
-	Amendment to IFRS 3 - Business Combinations – Definition of a Business	01 January 2020
-	Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2020
-	Revised Conceptual Framework for Financial Reporting. Tool for the IASB to develop standards and to assist the IFRS Interpretations.	01 January 2020
-	Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7	01 January 2020

<b>Un-audited</b>	<b>Audited</b>
<b>31 March</b>	<b>30 June</b>
<b>2020</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
-------------------	------------

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
------------------	-----------

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
<b>301,868,410</b>	<b>301,868,410</b>

#### **5 Short term borrowings - secured**

There were no major changes in any of the facilities during the period. All terms and conditions applicable on short term borrowings availed are same as those disclosed in the annual published financial statement of the Holding Company for the year ended 30 June 2019.

#### **6 Contingencies and commitments**

##### **6.1 Contingencies:**

There is no significant change in contingencies already disclosed in preceding annual published financial statement of the Holding Company for the year ended 30 June 2019.

## 6.2 Commitments

### 6.2.1 Letter of credits

#### 6.2.1.1 With conventional financial institutions

Out of the aggregate facility of Rs. 1,125 million (30 June 2019: Rs. 1,125 million) for opening letters of credit, the amount utilized by the Group as at 31 March 2020 for capital expenditure was Rs. 23.80 million (30 June 2019: 131.27) and for other than capital expenditure was Rs. 478.66 million (30 June 2019: Rs. 77.38 million). These facilities are secured by joint pari passu charge over all present and future assets of the Holding Company and the remaining are secured by lien over import documents.

#### 6.2.1.2 With shariah compliant financial institutions

The Holding Company has facility i.e. letters of credit of Rs. 275 million (30 June 2019: Rs. 275 million) availed from Islamic bank. The amount utilized as at 31 March 2020 for capital expenditure was Rs. Nil (30 June 2019: Rs. 2.82 million) and for other than capital expenditure was Rs. 134.81 million (30 June 2019: Rs. 100.52 million). Lien is also marked over import documents.

### 6.2.2 Guarantees issued by banks on behalf of the Company

#### 6.2.2.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 590 million (30 June 2019: Rs. 590 million), the amount utilized by the Group as at 31 March 2020 was Rs. 69.37 million (30 June 2019: Rs. 60.07 million).

#### 6.2.2.2 Under Shariah compliant arrangements

The Holding has facility i.e. letter of guarantee of Rs. 25 million (30 June 2019: Rs. 25 million) available from Islamic bank, the amount utilized at 31 March 2020 was Rs. 6.45 million (30 June 2019: Rs. 6.45 million).

		Un-audited 31 March 2020	Audited 30 June 2019
		-----Rupees-----	
<b>7 Property, plant and equipment</b>	<i>Note</i>		
Operating fixed assets	7.1	3,009,473,852	3,021,391,386
Capital work-in-progress		86,404,998	4,297,727
		<b>3,095,878,850</b>	<b>3,025,689,113</b>
<b>7.1 Operating fixed assets</b>			
<b><u>Cost</u></b>			
Opening balance at beginning of the period / year		4,207,411,283	3,825,479,179
Additions / transfers during the period / year		280,237,972	462,349,565
Disposals during the period / year		(57,972,254)	(80,417,461)
Closing balance at end of the period / year		<b>4,429,677,001</b>	<b>4,207,411,283</b>
<b><u>Less: Accumulated depreciation</u></b>			
Opening balance at beginning of the period / year		1,186,019,897	855,451,002
Depreciation for the period / year		281,044,548	394,892,304
On disposals		(46,861,296)	(64,323,409)
Closing balance at end of the period / year		<b>1,420,203,149</b>	<b>1,186,019,897</b>
<b>Operating fixed assets - net book value</b>		<b>3,009,473,852</b>	<b>3,021,391,386</b>

		Un-audited 31 March 2020	Audited 30 June 2019
	Note	Rupees	
<b>8 Short term investments</b>			
<b><u>Investments at fair value through profit or loss - Mutual Funds</u></b>			
Held for trading	8.1	553,468,059	490,830,304
<b><u>Loans and receivables - Government Securities</u></b>			
Market treasury bills	8.2	160,413,749	374,114,733
		<b>713,881,808</b>	<b>864,945,037</b>
<b>8.1</b> These investments are 'held for trading'			
Carrying value at 01 July		490,830,304	941,746,224
Acquisition during the period/year		163,045,931	154,983,875
Redemption during the period/year		(123,863,790)	(583,012,355)
Realized gain/(loss) on sale of investment - during the period/year		949,705	(8,603,276)
Unrealized gain/(loss) on re-measurement of investment - during the period/year		22,505,909	(14,284,164)
Carrying and fair value of short term investments at 31 March / 30 June	8.1.1	<b>553,468,059</b>	<b>490,830,304</b>

Units		Fair value	
Un-audited 31 March 2020	Audited 30 June 2019	Un-audited 31 March 2020	Audited 30 June 2019
Number		Rupees	

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

HBL Money Market Fund	2,278,754	2,278,754	255,418,015	232,709,773
HBL Cash Fund	950,387	2,163,177	96,896,307	218,038,050
UBL Liquidity Plus Fund	909,104	-	91,650,544	-
ABL Cash Fund	7,127,009	101,802	72,485,960	1,035,004
MCB Cash Management Optimizer Fund	218,311	209,854	22,025,954	21,099,828
MCB Pakistan Stock Market Fund	206,559	206,559	13,276,825	16,381,951
Faysal Savings Growth Fund	8,207	8,207	913,695	839,748
Faysal MTS Fund	7,207	7,207	800,759	725,950
			<b>553,468,059</b>	<b>490,830,304</b>

**8.1.2** 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. 0.95 million (30 Jun 2019: Realized loss of Rs. 8.60 million) has been recorded in the current period in "other income" (30 Jun 2019: Other expenses). These investments comprise of mutual funds (money market / income fund).

**8.1.3** Realized gain on redemption of short term investments is earned under mark up arrangements.

**8.2 Government securities - Market Treasury Bills ("MTBs")**

Type	Tenure - Months	Face value				Balance as at 31 March 2020		
		As at 1 July 2019	Purchase during the period	Sales / matured during the period	As at 31 March 2020	Carrying value	Amortised value	Appreciation from carrying value
MTB	3 Months	378,000,000	585,047,453	963,047,453	-	-	-	-
MTB	6 Months	-	107,000,000	-	107,000,000	100,387,721	105,655,745	5,268,024
MTB	12 Months	-	113,000,000	54,625,000	58,375,000	50,286,614	54,758,004	4,471,390
		<b>378,000,000</b>	<b>805,047,453</b>	<b>1,017,672,453</b>	<b>165,375,000</b>	<b>150,674,335</b>	<b>160,413,749</b>	<b>9,739,414</b>

**9 Cash and bank balances**

**9.1** These include current account of Rs. 0.002 million (30 June 2019: Rs. 0.003 million) maintained under Shariah compliant arrangements.

**9.2** These include deposit accounts of Rs. 26.33 million (30 June 2019: Rs. 71.23 million) under mark up arrangements, which carry interest rate ranging from 10.25% to 11.38% (30 June 2019: 4.5% - 10.25%) per annum.

These also include deposit account of Rs. 0.00007 million (30 June 2019: Rs. 0.00007 million ) under Shariah compliant arrangements, which carries profit rate of 10.25% to 11.25% (30 June 2019: 2.40% to 6.26%) per annum.

## 10 Revenue - net

### Gross sales:

	(Un-audited) Nine months ended 31 March 2020	31 March 2019
Local	4,781,894,434	4,238,149,122
Export	209,078,781	145,876,259
	<b>4,990,973,215</b>	<b>4,384,025,381</b>

### Less:

Sales returns	(38,116,919)	(74,722,683)
Discounts and commission	(292,314,904)	(216,189,146)
Service charges on sales	(17,663,592)	(21,481,187)
Sales tax	(6,803,251)	(6,631,580)
	<b>(354,898,666)</b>	<b>(319,024,596)</b>
	<b>4,636,074,549</b>	<b>4,065,000,785</b>

**10.1** Revenue from contracts with customers relates to local (Pakistan) market and foreign market and represents sale of both own manufactured and purchased products.

		(Un-audited) Nine months ended 31 March 2020	31 March 2019
	Note		
<b>11 Cost of sales</b>			
Raw and packing materials consumed	11.1	1,004,876,018	892,248,838
Other manufacturing expenses		737,011,832	709,156,558
		<b>1,741,887,850</b>	<b>1,601,405,396</b>
Work in process:			
Opening		94,961,552	71,287,001
Closing		(77,461,187)	(119,288,983)
		<b>17,500,365</b>	<b>(48,001,982)</b>
<b>Cost of goods manufactured</b>		<b>1,759,388,215</b>	<b>1,553,403,414</b>
Finished stock:			
Opening		644,180,004	773,414,598
Purchases made during the period		1,413,370,457	1,034,885,856
Closing		(923,128,270)	(746,714,551)
		<b>1,134,422,191</b>	<b>1,061,585,903</b>
		<b>2,893,810,406</b>	<b>2,614,989,317</b>

### 11.1 Raw and packing materials consumed

Opening	426,791,896	392,398,201
Purchases made during the period	1,096,434,270	926,405,634
	<b>1,523,226,166</b>	<b>1,318,803,835</b>
Closing	(518,350,148)	(426,554,997)
	<b>1,004,876,018</b>	<b>892,248,838</b>

## 12 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:

	(Un-audited) Nine months ended	
	31 March 2020	31 March 2019
	----- Rupees -----	
<b>Other related parties</b>		
Contribution towards employees' provident fund	33,357,869	30,419,195
Remuneration including benefits and perquisites of key management personnel	147,013,642	130,191,883
Receipts from Workers' Profit Participation Fund	12,402,668	8,918,108
Dividend to KFW Factors (Private) Limited	33,147,768	33,147,768
Dividend to Directors	13,561,688	12,899,804
Fee paid to M/S Khan and Piracha	162,500	-
Rent paid to Director against office	2,970,000	2,700,000
Donation paid to National Management Foundation	3,000,000	3,000,000

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

	Unclaimed dividend	Accrued mark-up	Total
	----- Rupees -----		
<b><u>As at 01 July 2019</u></b>	75,156,815	4,461,193	79,618,008
<b><u>Changes from financing cash flows</u></b>			
Dividend paid	(118,939,327)	-	(118,939,327)
Financial charges paid	-	(18,204,676)	(18,204,676)
<b>Total changes from financing cash flows</b>	<b>(118,939,327)</b>	<b>(18,204,676)</b>	<b>(137,144,003)</b>
<b><u>Other changes</u></b>			
Dividend approved	120,747,364	-	120,747,364
Interest / markup expense	-	24,602,018	24,602,018
<b>Total liability related other changes</b>	<b>120,747,364</b>	<b>24,602,018</b>	<b>145,349,382</b>
<b><u>As at 31 March 2020</u></b>	<b>76,964,852</b>	<b>10,858,535</b>	<b>87,823,387</b>



	<b>Unclaimed dividend</b>	<b>Accrued mark-up</b>	<b>Total</b>
	----- Rupees -----		
<b><u>As at 01 July 2018</u></b>	82,143,724	539,624	82,683,348
<b><u>Changes from financing cash flows</u></b>			
Dividend paid	(125,879,484)	-	(125,879,484)
Financial charges paid	-	(13,813,428)	(13,813,428)
<b>Total changes from financing cash flows</b>	<b>(125,879,484)</b>	<b>(13,813,428)</b>	<b>(139,692,912)</b>
<b><u>Other changes</u></b>			
Dividend approved	120,747,364	-	120,747,364
Interest / markup expense	-	18,522,116	18,522,116
<b>Total liability related other changes</b>	<b>120,747,364</b>	<b>18,522,116</b>	<b>139,269,480</b>
<b><u>As at 31 March 2019</u></b>	<b>77,011,604</b>	<b>5,248,312</b>	<b>82,259,916</b>

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

- 14.1** 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. The exposure to credit risk relates to trade and other receivables which are majorly due from Government institutions and the Company does not expect these institutions to fail to meet their obligations. The increase in trade receivables is due to increase in sales to Government institutions as historically recovery from these are slow.

**14.2** 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>31 March 2020</b>					
<b>Financial assets measured at fair value:</b>					
Short term investments	553,468,059	-	-	553,468,059	-
<b>Financial assets not measured at fair value:</b>					
Long term deposits	-	14,334,325	-	14,334,325	-
Trade debts - considered good	-	1,214,424,448	-	1,214,424,448	-
Loans and advances - considered good	-	28,998,960	-	28,998,960	-
Short term deposits and prepayments	-	161,308,824	-	161,308,824	-
Other receivables	-	70,764,505	-	70,764,505	-
Short term investments	-	160,413,749	-	160,413,749	-
Cash and bank balances	-	135,415,668	-	135,415,668	-
	-	1,785,660,479	-	1,785,660,479	-
<b>Financial liabilities measured at fair value:</b>					
	-	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>					
Trade and other payables	-	-	-	-	-
Unclaimed dividend	-	-	-	-	-
Short term borrowing	-	-	-	-	-
Accrued mark-up	-	-	-	-	-
	-	-	-	-	-



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

The Board of Directors of the Holding Company in its meeting held on 29 April 2020 has authorized to issue these condensed interim consolidated financial statements and has approved interim cash dividend of Rs. Nil per share (31 March 2019: Rs. Nil per share) amounting to Rs. Nil (31 March 2019: Rs. Nil) for the year ending 30 June 2020 in the same meeting. There are no subsequent events after the reporting date.

## **16 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**










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