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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Arshad Saeed Husain Mrs. Amna Piracha Khan Mr. Shahid Anwar Mr. Suleman Ghani Chairman Member Member Member

INVESTMENT COMMITTEE

Mr. Suleman Ghani Mr. Osman Khalid Waheed Mr. Shahid Anwar Chairman Member Member

HR & REMUNERATION COMMITTEE

Mr. Shahid Anwar Mr. Osman Khalid Waheed Mrs. Munize Azhar Peracha Mr. Arshad Saeed Husain Chairman Member Member Member

COMPANY SECRETARY

Syed Ghausuddin Saif

CHIEF FINANCIAL OFFICIAL

Mr. Muhammad Farhan Rafiq

HEAD OF INTERNAL AUDIT

Mr. Rizwan Hameed Butt

EXTERNAL AUDITORS

KPMG Taseer Hadi & Co. Chartered Accountants

INTERNAL AUDITORS

EY Ford Rhodes Chartered Accountant

BANKERS

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

LEGAL ADVISORS

Khan & Piracha

SHARE REGISTRAR

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

FACTORY

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

HEAD OFFICE

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

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 THREE MONTHS ENDED 30 SEPTEMBER 2020

We are pleased to present a brief review of your Company's un-audited Standalone and Consolidated condensed interim financial information for the Quarter ended 30 September 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:

	Indiv	idual	Consol	lidated
	3 Months	3 Months	3 Months	3 Months
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
		(Rupees in	thousand)	
Revenue (net)	1,288,708	1,188,828	1,501,568	1,336,877
Gross profit	572,747	512,330	604,729	525,961
Profit before tax	159,821	125,884	171,848	124,056
Taxation	(49,497)	(42,882)	(53,276)	(47,735)
Profit after tax	110,324	83,002	118,572	76,321

During the three months under review, the standalone Net Sales of your Company grew by 8% over the same period last year. At the group level, Net Sales grew by 12% over the same period last year. Our in-market generic sales increased by 13%, whereas our sales to institutions decreased by 51% over the same period last year, owing to reduced government buying by the provincial governments.

The gross profit (GP) margin of your Company stands at 44% against 43% in the same period last year. The slight improvement in the GP margin is mainly the result of a favorable change in the sales mix.

Selling and distribution expenses decreased by 2% during the Quarter, primarily due to reduced traveling and field activities by the field force team.

Other expenses increased by Rs. 3.3 million, primarily representing government levies. Other income decreased by Rs. 16.6 million, reflecting a reduced income from investments and share of profit from associate.

Your Company reported net profit after tax of Rs. 110.3 million for the three months ended 30 September 2020, depicting a growth of 33% compared to the same period last year.

Based on the net profit for the Quarter ended 30 September 2020, the earnings per share (EPS) both basic and diluted, stands at Rs. 3.65 compared to EPS of Rs. 2.75 in same period last year.

BF Biosciences Limited Operational Status

The net sales of the Company's subsidiary BF Biosciences Limited grew by 89% over the same period last year, closing at Rs. 189 million for the Quarter under review. The surge in sales mainly represents sales of Remidia injections (i.e. Remdesivir 100mg) during the three months period under review. Net profit after tax for the three months period ended closed at Rs. 18.4 million as compared to a net loss after tax of Rs. 5.7 million same period last year.

Future Outlook

During the quarter under review, the ease in lockdowns by the government led to a revival in economic activity. However, with the winter approaching, the next quarter is expected to be critical due to the risk of a second COVID-19 surge.

As mentioned in our latest Annual Report 2020, the Company has launched new products relating to Gastroenterology and Diabetes during and subsequent to the quarter under review. Based on the market conditions, the management plans to launch further new products in its core therapeutic areas in the upcoming quarters, which should further support the Company's revenues and bottom line.

Acknowledgments

We thank our customers, vendors, distributors, business partners and bankers for their continued support during the period. 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

30 ستمبر 2020 پر ختم ہونے والی سہ ماہی کے دوران آپ کی کمپنی کا بعد از ٹیکس منافع 110.3 ملین روپے رہا، جس میں پچھلے سال کی اسی سہ ماہی کے مقابلے میں بڑ33 اضافیہ دکھنے کو ملا۔

30 ستمبر 2020 پر ختم ہونے والی سہ ماہی کے خالص منافع کی بنیاد پر ، بنیادی اور تحلیل کر دہ فی حصص آمدن 55. دروپے رہی جبکہ بچھلے سال کی اسی سہ ماہی میں بنیادی اور تحلیل کر دہ فی حصص آمدن 2.75 روپے تھی۔

BF بائيوسا ئنسز لمينڈ كى آپريشنل صور تحال

اس سہ ماہی کے دوران کمپنی کی ذیلی کمپنی BF بائیوسا ئنسز لمیٹٹر کی خالص فروخت 189 ملین روپے رہی جس میں پچھلے سال کی اس سہ ماہی کے مقابلے میں ہر 189 اضافہ ہوا۔ فروخت میں اضافہ کی بڑی وجہ زیرِ جائزہ سہ ماہی کے دوران ریمیٹر یا انجکشن (ریمیٹر یبویر 100 ملی گرام) کی فروخت ہے۔اس سہ ماہی کا بعد از ٹیکس منافع 18.4 ملین روپے تھا۔ جبکہ پچھلے سال کی اس سہ ماہی کے دوران بعد از ٹیکس خسارہ 5.7 ملین روپے تھا۔

مستقبل کے امکانات کا جائزہ

زیرِ جائزہ سہ ماہی کے دوران حکومت نے لاک ڈاؤن میں نرمی کی جس سے معاشی سر گر میاں بحال ہوناشر وع ہوئیں۔ تاہم، موسم سرماکی آمد کے ساتھ کووڈ – 19 کی دوسری لہر آنے کا خطرہ ہے جس سے اگلی سہ ماہی میں مشکلات پیش آسکتی ہیں۔

جیسا کہ ہم نے اپنی سالانہ رپورت برائے 2020 میں بیان کیا تھا، زیر جائزہ سہ ماہی کے دوران اور اس کے بعد کے عرصہ کے دوران کمپنی نے معدہ وآنت کے امر اض اور ذیا بطس سے متعلقہ نئی مصنوعات متعارف کروائی ہیں۔مارکیٹ کے حالات کے مطابق،انظامیہ آئندہ سہ ماہیوں کے دوران علاج کے اپنے بنیادی شعبوں سے متعلقہ مزید نئ مصنوعات متعارف کروانے کاارادہ رکھتی ہے، جس سے کمپنی کی فروخت اور منافع میں مزید بہتری آئے گی۔

اعتراف

ہم اپنے گا ہوں، وینڈرز، ڈسٹری بیوٹرز، کاروباری شر اکت داروں اور بینکرز کا اٹلی مسلسل حمایت کیلئے شکریہ ادا کرتے ہیں۔ ہم ہر سطح کے ملاز مین کی کاوشوں کااعتراف کرتے ہیں۔ اور انھیں خراج تحسین پیش کرتے ہیں۔

بورڈ آف ڈائر یکٹرز کی جانبسے

مسرر عثان خالدوحيد چيف ايگزيكو آفيسر

30 ستمبر 2020 پر ختم ہونے والی سہ ماہی کے مخضر عبوری مالیاتی نتائج پر ڈائر یکٹرز کی جائزہ رپورٹ

ہم انتہائی مسرت سے 30 ستمبر 2020 پر ختم ہونے والی سہ ماہی کیلئے کمپنی کے غیر آڈٹ شدہ انفرادی اور انضام کر دہ مالیاتی گوشواروں کا جائزہ پیش کرتے ہیں۔انضام کر دہ مختصر عبوری مالیاتی گوشواروں میں فار میثیا وینچیر (98 فیصد ملکیت) اور ذیلی کمپنی BF ہائیو سا ئنسز لمیٹڈ (80 فیصد ملکیت) کے مالیاتی نتائج ضم کئے گئے ہیں۔

آيريشنل اور مالياتي كار كردگي

زير جائزه مدت كي آيريشل نتائك كاخلاصه ينج ديا كياب:

	ا ^ن ا	رادي	انضما	م کرده
	سدمابی	سه ما ہی	سەمابى	سه ما چې
	30 متبر 2020	30 تتمبر 2019	30 ستمبر 2020	30 ستمبر 2019
		(برا	روپے)	
خالص فروخت	1,288,708	1,188,828	1,501,568	1,336,877
گراس منافع	572,747	512,330	604,729	525,961
قبل از نیکس منافع	159,821	125,884	171,848	124,056
کیس	(49,497)	(42,882)	(53,276)	(47,735)
بعد از نیکس منافع	110,324	83,002	118,572	76,321

زیرِ جائزہ سہ ماہی کے دوران کمپنی کی انفرادی فروخت (خالص) میں گزشتہ سال کی اسی سہ ماہی کے مقابلے میں بڑ8 اضافہ دیکھنے کو ملا۔ گروپ کے نتائج کے مطابق، زیرِ جائزہ پہلی سہ ماہی کے دوران فروخت میں ہماری جنیر ک مار کہ مصنوعات کی فروخت میں سہ ماہی کے مقابلے میں بڑ2 اضافہ ہوا۔ پر ائیویٹ مارکیبٹ میں ہماری جنیر ک مارکہ مصنوعات کی فروخت میں ہے کہ وخت میں ہے ہے کہ صوبائی حکومتوں کی فروخت میں بڑ5 کی واقع ہوئی، جسکی وجہ سے کہ صوبائی حکومتوں کی جانب سے حکومتی سطح پر ادویات کی خریداری میں کی واقع ہوئی۔

زیرِ جائزہ سہ ماہی کے دوران گراس منافع کی شرح ہم44رہی جو کہ پچھلے سال کی اس سہ ماہی میں ہ44 تھی۔ گر اس منافع کی شرح میں معمولی بہتری کی وجہ مصنوعات کے تناسبِ فروخت میں تبدیلی واقع ہوناہے۔

افرادی قوت کے سفر اور دیگر سر گرمیوں میں کمی کے سبب فروخت اور ڈسٹر ی بیوشن کے اخراجات میں اس سہ ماہی کے دوران بر2 کمی واقع ہوئی۔

دیگر اخراجات میں 3.3 ملین روپے کا اضافہ ہوا، جس کی بنیادی وجہ سر کاری محصول ہیں۔ سرمایہ کاری سے آمدن میں کمی اور ایسوسی ایٹس کے منافع کے حصہ میں کمی کے سبب دیگر آمدن میں 16.6 ملین روپے کی کمی واقع ہوئی۔



Condensed Interim Unconsolidated Statement of Financial Position

As at 30 September 2020

Current portion of long term loan 118,125,000 31,500,000 76,243,378 76,964,852 Unclaimed dividend 6,682,131 2,509,734 Accrued mark-up 1,275,139,174 1,527,517,470

The annexed notes from 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

Chief Financial Officer

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

For the period ended 30 September 2020

	-	Quarter l	Ended
	-	30 Sep 2020	30 Sep 2019
	Note -	Rupe	ees
Revenue - net	11	1,288,708,343	1,188,827,828
Cost of sales	12	(715,961,293)	(676,498,250)
Gross profit	_	572,747,050	512,329,578
Administrative expenses		(99,990,167)	(92,814,682)
Selling and distribution expenses		(308,510,733)	(313,212,736)
Other expenses		(13,844,121)	(10,544,941)
Other income		17,839,232	34,475,083
Profit from operations	_	168,241,261	130,232,302
Finance cost		(8,420,166)	(4,347,989)
Profit before taxation	_	159,821,095	125,884,313
Taxation		(49,497,239)	(42,882,048)
Profit after taxation	-	110,323,856	83,002,265
Earnings per share - basic and diluted	=	3.65	2.75

The annexed notes from 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

ief Executive Officer	Chief Financial Officer	 Director

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

For the period ended 30 September 2020

	Quarter Ended	
	30 Sep	30 Sep
	2020	2019
	Rupees	
Profit after taxation	110,323,856	83,002,265
Items that will not be reclassified to profit or loss:		
Other comprehensive income for the period	-	-
Total comprehensive income for the period	110,323,856	83,002,265

The annexed notes from 1 to	o 18 form an integral part of th	nis condensed interim unconsolic	dated financial information.

hief Executive Officer	Chief Financial Officer	Director

Ferozsons Laboratories Limited Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited) For the period ended 30 September 2020

				f	
		Capital	Capital reserve	Kevenue reserve	
	Share capital	Capital reserve	Revaluation surplus on Property, plant and equipment	Accumulated profit	Total
	i		Rupees		
Balance as at 01 July 2019	301,868,410	321,843	755,732,295	3,879,504,557	4,937,427,105
Total comprehensive income for the period	1	ı	ı	83,002,265	83,002,265
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	1	ı	(6,843,416)	6,843,416	ı
Balance as at 30 September 2019 - unaudited	301,868,410	321,843	748,888,879	3,969,350,238	5,020,429,370
Balance as at 01 July 2020	301,868,410	321,843	1,135,897,569	4,181,754,531	5,619,842,353
Total comprehensive income for the period	1	1	ı	110,323,856	110,323,856
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	•	ı	(10,595,478)	10,595,478	ı
Balance as at 30 September 2020 - unaudited	301,868,410	321,843	1,125,302,091	4,302,673,865	5,730,166,209

Condensed Interim Report For The Period Ended 30 September 2020

The annexed notes from 1 to 18 form an integral part of this condensed interim unconsolidated financial information.

Director

Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)

For the period ended 30 September 2020

	Quarter E	nded
	30 Sep 2020 Rupee	30 Sep 2019
Cash flow from operating activities	Кирес	s
Profit before taxation	159,821,095	125,884,313
Adjustments for non-cash and other items		
Depreciation on property, plant and equipment	78,650,441	78,377,521
Amortisation of intangibles	142,416	145,065
Gain on disposal of property, plant and equipment	(1,745,992)	(6,236,722)
Finance cost	8,420,166	4,347,989
Dividend income	(1,217,402)	-
Profit on bank deposits	(366,996)	(635,925)
Gain on re-measurement of short term investments to fair value	(4,632,535)	(8,514,819)
Gain on sale of short term investments	-	(668,434)
Share in profit of Farmacia	(2,981,631)	(5,999,495)
Workers' Profit Participation Fund	8,596,428	6,753,248
Central Research Fund	1,736,652	1,364,293
Workers' Welfare Fund	3,511,041	2,427,400
	90,112,588	71,360,121
Cash generated from operations before working capital changes Effect on cash flow due to working capital changes	249,933,683	197,244,434
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(1,965,495)	(334,016)
Advances, deposits, prepayments and other receivables	(34,689,511)	(23,222,438)
Stock in trade	53,098,613	(133,229,736)
Trade debts - considered good	(6,154,400)	(163,055,123)
· ·	10,289,207	(319,841,313)
(Decrease) / increase in current liabilities		
Trade and other payables	(383,458,485)	86,584,016
Cash generated from operations	(123,235,595)	(36,012,863)
Taxes paid	(56,628,959)	(57,573,515)
Long term deposits - net	<u> </u>	(2,601,000)
Net cash generated from operating activities	(179,864,554)	(96,187,378)
Cash flow from investing activities		
Acquisition of property, plant and equipment	(56,902,490)	(187,963,671)
Acquisition of intangibles	(635,544)	-
Proceeds from sale of property, plant and equipment	1,982,100	10,670,368
Dividend income received	1,217,402	-
Profit on bank deposits received	366,996	635,925
(Acquisition) / redemption of short term investments - net Net cash used in investing activities	(1,021,485) (54,993,021)	99,277,943 (77,379,435)
, and the second	(34,773,021)	(11,317,433)
Cash flow from financing activities	(4 3 15 5 5 5)	(6.540.052)
Finance cost paid	(4,247,769)	(6,549,863)
Proceeds of long term loan	189,000,000	(001 215)
Dividend paid	(721,474)	(991,315)
Net cash used in financing activities	184,030,757	(7,541,178)
Net decrease in cash and cash equivalents	(50,826,818)	(181,107,991)
Cash and cash equivalents at the beginning of the period	48,280,682	183,447,782
Cash and cash equivalents at the end of the period	(2,546,136)	2,339,791
Cash and cash equivalents comprise of the following:		
Cash and bank balances	75,631,155	41,970,308
Running finance	(78,177,291)	(39,630,517)
-	(2,546,136)	2,339,791

Chief Executive Officer Chief Financial Officer Director

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

For the period ended 30 September 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 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 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 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 2020.
- 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 2020, 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 2019.
- 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 2020.

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 2020.
- 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	
2020	2020	
Pungs		

3 Issued, subscribed and paid up capital

1,441,952 (30 June 2020: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (30 June 2020: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	1,196,000	1,196,000
28,625,289 (30 June 2020: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	286,252,890	286,252,890
	301,868,410	301,868,410

KFW Factors (Private) Limted, an associated company holds 8,286,942 (30 June 2020: 8,286,942) ordinary shares of Rs. 10 each of the Company.

4 Long term loan - secured

4.1 Under mark-up arrangements

The Company obtained term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. During the period under review, the Company obtained Rs. 189 million for paying salaries under this scheme. The facility carry mark-up at the rate specified by State Bank of Pakistan plus relevant bank's spread of 3%. The tenor of this facility is up to 01 October 2022. The loan has been measured at its fair value in accordance with the guidelines of IFRS 9 (Financial Instruments) using effective interest rate. The difference between fair value of loan and loan proceeds has been recognised as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The facility is secured by first exclusive equitable mortgage charge of 502 million with 25% margin on land and building of head office of the Company.

5 Short term borrowings - secured

5.1 Under mark-up arrangements

The Company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 750 million (2020: Rs. 750 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1% (2020: one to 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 (2020: Rs. 450 million) are secured by joint pari passu charge over present and future current assets of the Company and remaining Rs. 300 million (2020: 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 (2020: Rs. 333.33 million) is marked under lien. These facilities are renewable on annual basis latest by 31 December 2020.

5.2 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 (2020: Rs. 200 million). This facility carries profit rate of one month KIBOR plus 0.25% (2020: one month month KIBOR plus 0.25%) per annum on the outstanding balance. This facility can interchangeably be utilized as nonfunded. This facility is secured by joint pari passu charge over current assets of the Company. This facility is renewable on annual basis latest by 30 November 2020.

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 Under mark-up arrangements

Out of the aggregate facility of Rs. 700 million (2020: Rs. 700 million) for opening letters of credit, the amount utilized as at 30 September 2020 for capital expenditure was Rs. Nil (2020: Rs. 5.05 million) and for other than capital expenditure was Rs. 120.89 million (2020: Rs. 62.95 million). Out of these facilities, Rs. 300 million can interchangeably be utilized as running finance. These facilities are secured by joint pari passu charge (2020: joint pari passu charge) over all present and future current assets of the Company.

6.2.1.2 Under shariah compliant arrangements

The Company has facility i.e. letters of credit of Rs. 200 million (2020: Rs. 200 million) available from Islamic bank. The amount utilized as at 30 September 2020 for capital expenditure was Rs. 4.14 million (2020: Rs. 13.95 million) and for other than capital expenditure was Rs. 26.66 million (2020: Rs. 78.52 million). Lien is also marked over import documents.

			Un-audited	Audited
			30 Sep	30 Jun
			2020	2020
			Rupe	es
7	Property, plant and equipment	Note	•	
	Operating fixed assets	7.1	3,243,051,695	3,227,904,469
	Capital work-in-progress		43,799,008	80,930,293
			3,286,850,703	3,308,834,762
	7.1 Operating fixed assets			
	<u>Cost</u>			
	Opening balance at beginning of the period / year		3,610,253,397	3,528,087,489
	Additions / transfers during the period / year		94,033,775	328,145,650
	Disposals during the period / year		(4,274,835)	(59,480,525)
	Revaluation surplus during the period / year			(186,499,217)
	Closing balance at end of the period / year		3,700,012,337	3,610,253,397
	Less: Accumulated depreciation			
	Opening balance at beginning of the period / year		382,348,928	811,508,915
	Depreciation for the period / year		78,650,441	325,560,923
	On disposals		(4,038,727)	(47,729,665)
	Elimination of accumulated depreciation on revaluation		_	(706,991,245)
	Closing balance at end of the period / year		456,960,642	382,348,928
	Operating fixed assets - net book value		3,243,051,695	3,227,904,469
8	Long term investments	Note		
	Related parties - at cost:			
	Farmacia (partnership firm)	8.1	185,844,856	182,863,225
	BF Biosciences Limited (unlisted subsidiary)	8.2	151,999,960	151,999,960
			337,844,816	334,863,185

- 8.1 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.
- 8.2 This represents investment made in 15,199,996 (30 June 2020: 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 2020: 80%) of equity of the subsidiary and the remaining 20% (30 June 2020: 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
				2020	2020
			Note	Rup	ees
Short	t term investments				
Inves	tments at fair value through profit or loss				
Mutu	al funds		9.1	363,244,644	357,590,624
9.1	These investments are measured at 'fair value through pro	ofit or loss'			
	Fair value at 01 July			357,590,624	451,847,651
	Acquisition during the period/year			1,021,485	35,634,121
	Redemption during the period/year			-	(132,414,859)
	Realized gain on sale of investments during the period / y	/ear		-	954,676
	Unrealized gain on re-measurement of investment - during	g the period / year		4,632,535	1,569,035
	Fair value of investments at 30 Sep / 30 Jun		9.1.1	363,244,644	357,590,624
		Units		Fair v	value
		Un-audited	Audited	Un-audited	Audited
		30 Sep	30 Jun	30 Sep	30 Jun
		2020	2020	2020	2020
		Number	·	Rup	ees
9.1.1	Mutual fund wise detail is as follows:				
	HBL Money Market Fund	2,516,176	2,516,176	261,715,289	257,539,370
	MCB Cash Management Optimizer Fund	10,939	10,939	1,105,020	1,102,945
	HBL Cash Fund	988,531	978,434	100,424,335	98,948,309
				363,244,644	357,590,624

- 9.2 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. Nil (30 Sep 2019: Rs. 0.67) has been recorded in the current period in "other income". These investments comprise of mutual funds (money market / income fund).
- 9.3 Realized gain on redemption of short term investments is earned under mark up arrangements.

10 Cash and bank balances

- 10.1 These include current account of Rs. 0.002 (30 June 2019: Rs. 0.002 million) maintained under Shariah compliant arrangements.
- 10.2 These include deposit accounts of Rs. 5.50 million (30 June 2020: Rs. 37.07 million) under mark up arrangements, which carries interest rate of 5.50% to 5.51% (30 June 2020: 6.5% to 11.28%) per annum.
 - These also include deposit account of Rs. Rs. 0.000079 million (30 June 2020: Rs. 0.000079 million) under Shariah compliant arrangements, which carries profit rate of 2.75% to 2.83% (30 June 2020: 3.25% to 7.06) per annum.

				(Un-audited) Q	uerter Fnded
				30 Sep	30 Sep
				2020	2019
11	Sales	- net		Rupe	es
	Gross	sales:			
	Loc	cal		1,217,759,146	1,239,839,501
	Exp	port		95,576,593	65,430,477
				1,313,335,739	1,305,269,978
	Less:				1
		les returns		(17,880,704)	(6,339,373)
		scounts		(2,260,451)	(108,306,411)
		rvice charges on sales		(2,018,618)	(759,001)
	Sa	les tax		(2,467,623)	(1,037,365)
				(24,627,396)	(116,442,150)
				1,288,708,343	1,188,827,828
	11.1	This includes sale of both own manufactu	ared and purchased products.		
				(Un-audited) Q	
				30 Sep	30 Sep
			Note	2020	2019 ees
			wote	Кир	ces
12	Cost	of sales			
	Dow	and packing materials consumed	12.1	21.4.262.676	258,873,012
		manufacturing expenses	12.1	314,363,676	180,591,237
	Other	manufacturing expenses		205,690,275 520.053.951	439,464,249
	Work	in process:		520.055.951	439,404,249
	Ope	ening		93,642,720	58,928,282
	Clo	sing		(46,372,471)	(58,114,674)
				47,270,249	813,608
	Cost	of goods manufactured		567,324,200	440,277,857
	Finish	ned stock:			
	Ope	ening		1,007,744,405	587,932,285
	Pur	chases made during the period		80,253,377	370,038,769
	Clo	sing		(939,360,689)	(721,750,661)
				148,637,093	236,220,393
				715,961,293	676,498,250
	12.1	Raw and packing materials consumed			
		Opening		539,746,654	370,003,918
		Purchases made during the period		423,596,141	265,636,875
		r drendses made during the period		963,342,795	635,640,793
		Closing		(648,979,119)	(376,767,781)
				314,363,676	258,873,012
				(Un-audited) Q	
				30 Sep 2020	30 Sep 2019
				Rupe	
13	Taxat				
	Curre			55 174 500	10 911 000
	- Fo	or the period/year red		55,174,599	49,844,088
		For the period/year		(5,677,360)	(6,962,040)
				49,497,239	42,882,048

14 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:

period are as follows.		
	(Un-audited) Qu	uarter Ended
	30 Sep	30 Sep
	2020	2019
	Rupe	es
Farmacia - 98% owned subsidiary partnership firm		
Sale of medicines	7,815,494	11,830,074
Payment received against sale of finished goods	7,815,494	11,830,074
Share of profit reinvested	2,981,631	5,999,495
Rentals	1,167,183	1,061,076
BF Biosciences Limited - 80% owned subsidiary company		
Sale of finished goods	9,488,577	8,683,684
Payment received against sale of finished goods	9,488,577	8,683,684
Purchase of finished goods	5,052,000	165,540
Payment made against purchase of finished goods	5,052,000	165,540
Expenses incurred	2,647,604	472,335
Payment made against marketing fee and expenses re-imbursement	2,647,604	472,335
Other related parties		
Fee paid to M/S Khan and Piracha	-	162,500
Rent paid to Director against office	1,089,000	990,000
Contribution towards employees' provident fund	10,536,410	9,866,668
Remuneration including benefits and		
perquisites of key management personnel	35,173,292	32,374,178

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

	Unclaimed dividend	Accrued mark-up	Long term loan	Total
-		Ru	pees	-
<u>As at 30 June 2020</u>	76,964,852	2,509,734	126,000,000	205,474,586
Changes from financing cash flows				
Inflows from financing arrangement				
Finance cost	=	(4,247,769)	189,000,000	(4,247,769)
Dividend paid	(721,474)	-	· · · · · · · -	(721,474)
Total changes from financing cash flows	(721,474)	(4,247,769)	189,000,000	(4,969,243)
Non-cash changes				
Dividend approved	-	-	-	-
Interest / markup expense	-	8,420,166	-	8,420,166
Total non-cash changes	-	8,420,166	-	8,420,166
As at 30 September 2020	76,243,378	6,682,131	315,000,000	82,925,509

16 Financial risk management and financial instruments - fair value

16.1 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 2020.

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 if the carrying amount is a reasonable approximation of fair value. 16.2

		Carrying Amount	Amount			Fair Value	
	Fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
30 September 202 <u>0</u>				Rupees			
Financial assets measured at fair value:	363,244,644	'	1	363,244,644	363,244,644	,	'
Financial assets not measured at fair value							
Long term deposits and prepayments	•	9,787,325	1	9,787,325			ı
Trade debts - considered good	1	1,033,033,755	•	1,033,033,755	•	1	•
Loans and advances - considered good		19,918,738	•	19,918,738	•	•	•
Short term deposits	1	163,274,427	•	163,274,427	•	,	•
Other receivables		42,870,311	•	42,870,311	•	•	•
Cash and bank balances	•	75,631,155	•	75,631,155	•	•	•
	•	1,344,515,711	-	1,344,515,711	•	•	•
Financial liabilities measured at fair value	•	•		•	•	1	1
Financial liabilities not measured at fair value							
Trade and other payables	•	1	856,128,383	856,128,383	1	1	ı
Unclaimed dividend	•	•	76,243,378	76,243,378	1	ı	1
Long term loans - secured			315,000,000	315,000,000	1	ı	1
Short term borrowings - secured	•		78,177,291	78,177,291	ı	ı	ı
Accrued mark-up	•	•	6,682,131	6,682,131	1	1	1
			1,332,231,183	1,332,231,183			•

		Carrying Amount	Amount			Fair Value	
	Fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
30 June 2020				Rupees			
Financial assets measured at fair value:	357,590,624	1	,	357,590,624	357,590,624		
Financial assets not measured at fair value							
Long term deposits and prepayments	•	9,787,325	ı	9,787,325	1	1	
Trade debts - considered good	1	1,026,879,355	ı	1,026,879,355	1	1	
Loans and advances - considered good	•	22,348,497	•	22,348,497	•		
Short term deposits	•	154,982,384	•	154,982,384	•		
Other receivables	•	30,193,425	•	30,193,425	•	•	
Cash and bank balances	•	99,297,818	ı	99,297,818	•	ı	
		1,343,488,804	1	1,343,488,804		1	
Financial liabilities measured at fair value:	1	•					
Financial liabilities not measured at fair value							
Trade and other payables	1		1,233,006,121	1,233,006,121	1	1	
Unclaimed dividend	1	1	76,964,852	76,964,852			
Long term loans - secured	1	1	126,000,000	126,000,000			
Short term borrowings - secured		ı	51,017,136	51,017,136	ı	1	
Accrued mark-up	•	•	2,509,734	2,509,734	•	•	
			1,489,497,843	1.489.497.843			

17	Subsequent event and date of authorization for issue

The Board of Directors of the Company in its meeting held on 26 October 2020 has authorized to issue these condensed interim unconsolidated financial statements. There are no subsequent events after the reporting date.

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

Chief Executive Officer	Chief Financial Officer	Director

CONSOLIDATED FINANCIAL STATEMENTS

Ferozsons Laboratories Limited Condensed Interim Consolidated Statement of Financial Position As at 30 Septmeber 2020

		Un-audited 30 Sep 2020	Audited 30 Jun 2020		1	Un-audited 30 Sep 2020	Audited 30 Jun 2020
EQUITY AND LIABILITIES	Note	Kupees	es	ASSETS	Note	Kupees	Se
Share capital and reserves				Non-current assets			
Authorized share capital 50,000,000 (30 June 2020: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000	Property, plant and equipment Investment property Intangibles	∞	3,971,985,074 79,371,993 916,626	3,995,871,086 79,371,992 423,507
Issued, subscribed and paid up capital Accumulated profit Capital reserve Revaluation surplus on property, plant and equipment	4	301,868,410 4,780,275,443 321,843 1,454,830,290	301,868,410 4,644,626,609 321,843 1,473,713,362	Long term deposits Current assets		4,066,608,018	4,090,000,910
Equity attributable to owners of the Company Non-controlling interests		6,537,295,986 229,699,897 6,766,995,883	6,420,530,224 227,894,083 6,648,424,307	Stores, spare parts and loose tools Stock in trade Trade debts - considered good		71,620,458 2,303,076,997 1,157,038,208	65,536,483 2,049,992,236 1,092,779,921
Non current liabilities				Loans and advances - considered good Deposits and prepayments Other received les		65,179,457 220,380,824 40,247,688	66,263,891 276,619,444 38,070,462
Long term loan - secured Deferred grant Deferred taxation	'n	206,047,788 8,327,212 418,055,419 632,430,419	95,070,451 4,679,549 426,227,602 525,977,602	Cash and bank balances	9	384,913,519 795,519,157 132,545,416 5.179,521,724	376,107,745 760,707,781 151,392,844 4.877,470,807
Current liabilities							
Trade and other payables Contract liabilities Short term borrowings - secured Current portion of long term liabilities Unclaimed dividend Accrued mark-up	9	1,144,155,627 77,156,693 411,523,703 128,625,000 76,243,378 8,999,039 1,846,703,440	1,527,941,719 101,349,654 51,017,136 33,250,000 76,964,852 2,546,447 1,793,069,808				
Contingencies and commitments	^	9,246,129,742	8,967,471,717			9,246,129,742	8,967,471,717

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 period ended 30 September 2020

		Quarter 1	Ended
		30 Sep	30 Sep
		2020	2019
	Note	Rupe	ees
Revenue - net	11	1,501,567,550	1,336,876,530
Cost of sales	12	(896,838,295)	(810,915,070)
Gross profit		604,729,255	525,961,460
Administrative expenses		(112,016,562)	(102,815,608)
Selling and distribution expenses		(319,678,524)	(326,447,783)
Other expenses		(16,064,254)	(11,071,030)
Other income		26,295,580	43,180,685
Profit from operations		183,265,495	128,807,724
Finance cost		(11,417,902)	(4,751,187)
Profit before taxation		171,847,593	124,056,538
Taxation		(53,276,017)	(47,735,317)
Profit after taxation		118,571,576	76,321,221
Attributable to:			
Owners of the Company		116,765,762	77,505,391
Non-controlling interests		1,805,814	(1,184,170)
Profit after taxation		118,571,576	76,321,221
Earnings per share - basic and diluted		3.87	2.57

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

Chief Executive Officer	Chief Financial Officer	Director

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

For the period ended 30 September 2020

	Quarter l	Ended
	30 Sep	30 Sep
	2020	2019
	Rupe	ees
Profit after taxation	118,571,576	76,321,221
Items that will not be reclassified to profit and loss account:		
Other comprehensive income for the period	-	-
Total comprehensive income for the period	118,571,576	76,321,221
Attributable to:		
Owners of the Company	116,765,762	77,505,391
Non-controlling interests	1,805,814	(1,184,170)
	118,571,576	76,321,221

The annexed notes from 1 to 1	/ form an integral	I part of these cond	lensed interim conso	lidated financial	statements.

Chief Executive Officer	Chief Financial Officer	Director
	Condensed Interim Report For The F	Period Ended 30 September 2020

Ferozsons Laboratories Limited

Condensed Interim Consolidated Statement of Changes in Equity (Un-audited) For the period ended 30 September 2020

	Att	ributable to Ow	Attributable to Owners of the Company	Λ			
		Capital	Capital reserve	Revenue reserve			
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profits	Total	Non-controlling interests	Total
				Rupees			
Balance as at 01 July 2019	301,868,410	321,843	862,636,602	4,304,712,411	5,469,539,266	169,499,718	5,639,038,984
Total comprehensive income for the period	ı	ı	ı	77,505,391	77,505,391	(1,184,170)	76,321,221
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	ı	ı	(6,843,416)	6,843,416		•	
Balance as at 30 September 2019 - un-audited	301,868,410	321,843	855,793,186	4,389,061,218	5,547,044,657	168,315,548	5,715,360,205
Balance as at 01 July 2020	301,868,410	321,843	1,473,713,362	4,644,626,609	6,420,530,224	227,894,083	6,648,424,307
Total comprehensive income for the period		•	•	116,765,762	116,765,762	1,805,814	118,571,576
Surplus transferred to accumulated profit: -on account of incremental depreciation charged during the period - net of tax	ı		(18,883,072)	18,883,072	,	ı	,
Balance as at 30 September 2020 - un-audited	301,868,410	321,843	1,454,830,290	4,780,275,443	6,537,295,986	229,699,897	6,766,995,883

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

Chief Financial Officer
Chief Executive Officer

Director

Condensed Interim Consolidated Statement of Cash Flows (Un-audited)

For the period ended 30 September 2020

	Quarter I	Ended
	30 Sep	30 Sep
	2020	2019
Cash flow from operating activities	Rupe	es
Profit before taxation	171,847,593	124,056,538
Adjustments for:	171,047,375	124,030,330
Depreciation on property, plant and equipment	97,919,004	84,539,146
Amortisation of intangibles	142,416	145,065
Gain on disposal of property, plant and equipment	(2,107,910)	(6,236,722)
Finance costs	11,417,902	4,751,187
Dividend income Gain on re-measurement of short term investments to fair value	(6,037,194)	(25,707)
Gain on sale of short term investments to fair value	(6,986,510)	(7,988,730) (668,434)
Profit on bank deposits	(583,116)	(449,879)
Workers' Profit Participation Fund	9,999,781	6,753,248
Workers' Welfare Fund	4,044,315	1,364,293
Central Research Fund	2,020,158	2,427,400
	109,828,846	84,610,867
Cash generated from operations before working capital changes	281,676,439	208,667,405
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(6,083,975)	(11,518,728)
Loans, advances, deposits and prepayments	46,145,828	(31,579,702)
Stock in trade	(253,084,761)	(154,040,239)
Trade debts - considered good	(64,258,287) (277,281,195)	(153,790,201) (350,928,870)
Increase in current liabilities	(277,201,193)	(330,928,870)
Trade and other payables	(424,043,307)	88,426,006
Cash generated from operations	(419,648,063)	(53,835,460)
Taxes paid	(70,253,957)	(64,272,770)
Long term deposits		(2,601,000)
Net cash generated from operating activities	(489,902,020)	(120,709,229)
Cash flow from investing activities		
Acquisition of property, plant and equipment	(74,607,183)	(188,863,362)
Acquisition of intangibles	(635,553)	-
Proceeds from sale of property, plant and equipment	2,682,101	10,670,368
Dividend income	6,037,194	25,707
Profit on bank deposits (Application) / reduce tion of chart town investments and	583,116	449,879
(Acquisition) / redemption of short term investments - net	(27,824,866)	148,272,259
Net cash used in investing activities	(93,765,191)	(29,445,149)
Cash flow from financing activities		
Finance cost paid	(4,965,310)	(6,801,949)
Proceeds of long term loan	210,000,000	-
Dividend paid	(721,474)	(991,315)
Net cash used in financing activities	204,313,216	(7,793,264)
Net decrease in cash and cash equivalents	(379,353,995)	(157,947,642)
Cash and cash equivalents at the beginning of the period	100,375,708	247,662,659
Cash and cash equivalents at the end of the period	(278,978,287)	89,715,017
Cash and cash equivalents comprise of the following:		
Cash and bank balances	132,545,416	129,345,534
Running finance	(411,523,703)	(39,630,517)
	(278,978,287)	89,715,017
The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial	statements.	

Chief Executive Officer Chief Financial Officer Director

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

For the period ended 30 September 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 incomparation	Nature of business —	Effective holding %	
Company / Entity	County of incorporation	Nature of business —	Sep-20	Jun-20
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 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 2020.
- 3.2.3 Comparative figures of the statement of financial position are extracted from the annual financial statements for the year ended 30 June 2020, 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 30 September 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 2020.

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 annual audited consolidated financial statements for the year ended 30 June 2020.

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.

		Un-audited 30 Sep 2020	Audited 30 Jun 2020
		Rupe	ees
4	Issued, subscribed and paid up capital		
	1,441,952 (30 June 2020: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
	119,600 (30 June 2020: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	1,196,000	1,196,000
	28,625,289 (30 June 2020: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	286,252,890	286,252,890
	· 1	301,868,410	301,868,410

5 Long term loan - secured

5.1 Under mark-up arrangements

The Group obtained term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. During the period under review, the Group obtained Rs. 210 million for paying salaries under this scheme. The facility carry mark-up at the rate specified by State Bank of Pakistan plus relevant bank's spread of 2% - 3%. The tenor of this facility is up to 01 October 2022. The loan has been measured at its fair value in accordance with the guidelines of IFRS 9 (Financial Instruments) using effective interest rate. The difference between fair value of loan and loan proceeds has been recognised as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The facility is secured by first exclusive equitable mortgage charge of 252 million with 25% margin on land and building of head office of the Holding Company and lien on the Group's investments in mutual funds placed in HBL Asset Management Company amounting to Rs. 29.5 million.

6 Short term borrowings - secured

6.1 Under mark-up arrangements

Holding Company

The Holding company has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 750 million (2020: Rs. 750 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1% (2020: one to 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 (2020: Rs. 450 million) are secured by joint pari passu charge over present and future current assets of the Holding Company and remaining Rs. 300 million (2020: Rs. 300 million) facility is secured by lien on Holding 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 (2020: Rs. 333.33 million) is marked under lien. These facilities are renewable on annual basis latest by 31 December 2020.

Subsidiary Company

The subsidiary company has short term borrowing facilities available from various commercial banks under mark-up arrangements having aggregate sanctioned limit of Rs. 550 million (2020: Rs. 125 million). These facilities carry mark-up at the rates ranging from one months KIBOR plus 0.1% to 1% per annum (2020: one months KIBOR plus 0.1% to 1% per annum). Running finance facilities include interchangeable limits of non-funded facilities amounting to Rs. 200 million. The aggregate short term borrowings are secured by first pari passu charge of Rs. 234 million over current and future assets and lien on subsidiary company's investment in mutual funds placed with Asset Management Companies with margin of 5%. These facilities are renewable latest by 30 November 2020.

6.2 Under shariah compliant arrangements

Holding Company

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 (2020: Rs. 200 million). This facility carries profit rate of one month KIBOR plus 0.25% (2020: one month KIBOR plus 0.25%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded. This facility is secured by joint pari passu charge (2020: joint pari passu charge) over current assets of the Holding company. This facility is renewable on annual basis latest by 30 November 2020.

7 Contingencies and commitments

7.1 Contingencies:

There are no contingencies as of the reporting date.

7.2 Commitments

7.2.1 Letter of credits

7.2.1.1 With conventional financial institutions

Holding Company

Out of the aggregate facility of Rs. 700 million (2020: Rs. 700 million) for opening letters of credit, the amount utilized as at 30 September 2020 for capital expenditure was Rs. Nil (2020: Rs. 5.05 million) and for other than capital expenditure was Rs. 120.89 million (2020: Rs. 62.95 million). Out of these facilities, Rs. 300 million can interchangeably be utilized as running finance. These facilities are secured by joint pari passu charge (2020: joint pari passu charge) over all present and future current assets of the Holding Company.

Subsidiary Company

Out of aggregate facility of Rs. 640 million (2020: Rs. 565 million) for letter of credits, amount utilized at 30 September 2020 was Rs. Nil (2019: Rs. 247.7 million).

7.2.1.2 With shariah compliant financial institutions

Holding Company

The Holding Company has facility i.e. letters of credit of Rs. 200 million (2020: Rs. 200 million) available from Islamic bank. The amount utilized as at 30 September 2020 for capital expenditure was Rs. 4.14 million (2020: Rs. 13.95 million) and for other than capital expenditure was Rs. 26.66 million (2020: Rs. 78.52 million). Lien is also marked over import documents.

			Un-audited 30 Sep 2020	Audited 30 Jun 2020
			Rup	ees
8	Property, plant and equipment	Note		
	Operating fixed assets	8.1	3,912,859,523	3,898,409,478
	Capital work-in-progress		59,125,551	97,461,608
		•	3,971,985,074	3,995,871,086
	8.1 Operating fixed assets			
	<u>Cost</u>			
	Opening balance at beginning of the period / year		4,333,431,023	4,207,411,283
	Additions / transfers during the period / year		112,943,240	333,820,337
	Disposals during the period / year		(5,026,130)	(60,814,683)
	Revaluation surplus during the period / year		-	(146,985,914)
	Closing balance at end of the period / year		4,441,348,133	4,333,431,023
	Less: Accumulated depreciation			
	Opening balance at beginning of the period / year		435,021,545	1,186,019,897
	Depreciation for the period / year		97,919,004	378,938,054
	On disposals		(4,451,939)	(49,063,823)
	Elimination of accumulated depreciation on revaluation		-	(1,080,872,583)
	Closing balance at end of the period / year	•	528,488,610	435,021,545
	Operating fixed assets - net book value	'	3,912,859,523	3,898,409,478

			Note	Un-audited 30 Sep 2020 Rup	Audited 30 Jun 2020
				•	
Short	term investments				
Invest	tments at fair value through profit or loss - Mutual Funds				
Held	for trading		9.1	795,519,157	760,707,781
				795,519,157	760,707,781
9.1	These investments are 'held for trading'				
<i>7.</i> 1	Carrying value at 01 July			760,707,781	490,830,304
	Acquisition during the period/year			27,824,866	548,246,302
	Redemption during the period/year			, , , <u>-</u>	(282,199,271)
	Realized gain on sale of investment - during the period/year			-	699,063
	Unrealized gain on re-measurement of investment - during the period/year			6,986,510	3,131,383
	Carrying and fair value of short term investments at 30 September / 30 June		9.1.1	795,519,157	760,707,781
		Unit	s	Fair v	alue
		Un-audited	Audited	Un-audited	Audited
		30 Sep	30 Jun	30 Sep	30 Jun
		2020	2020	2020	2020
		Numb	er	Rup	ees
9.1.1	Mutual fund wise detail is as follows:				
	HBL Money Market Fund	2,813,008	2,589,813	292,589,759	265,076,470
	HBL Cash Fund	3,648,912	3,611,640	370,691,154	365,242,589
	ABL Cash Fund	10,706,968	10,603,390	109,478,747	107,930,849
	MCB Cash Management Optimizer Fund	209,855	222,730	22,759,497	22,457,873
				795,519,157	760,707,781

- 9.1.2 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. Nil (30 Sep 2019: Realized loss of Rs. 3.04 million) has been recorded in the current period in "other income" (30 Sep 2019: "other expenses"). These investments comprise of mutual funds (money market / income fund).
- 9.1.3 Realized gain on redemption of short term investments is earned under mark up arrangements.

10 Cash and bank balances

- 10.1 These include current account of Rs. 0.002 (30 June 2019: Rs. 0.002 million) maintained under Shariah compliant arrangements.
- 10.2 These include deposit accounts of Rs. 5.60 million (2020: Rs. 48.78 million) under mark up arrangements, which carry interest rates ranging from 5.50 % to 5.51% (2020: 6.50% 11.28%) per annum.

These also include deposit account of Rs. 0.000079 million (2020: Rs. 0.000079 million) under Shariah compliant arrangements, which carries profit rate of 2.75% to 2.83% (2020: 3.25% - 7.06%) per annum.

			(Un-audited) Q	uarter Ended
			30 Sep	30 Sep
			2020	2019
		Note	Rupe	ees
11	Rever	nue - net		
	Gross	sales:		
	Loc	al	1,395,894,609	1,412,607,899
	Exp	port	160,938,266	69,375,880
			1,556,832,875	1,481,983,779
	Less:			
	Sa	les returns	(19,444,511)	(11,770,928)
	Di	scounts and commission	(23,191,244)	(127,687,923)
	Se	rvice charges on sales	(7,547,065)	(3,373,828)
	Sa	les tax	(5,082,505)	(2,274,570)
			(55,265,325)	(145,107,249)
			1,501,567,550	1,336,876,530
	11.1	This includes sale of both own manufactured and purch		uautau Endad
			(Un-audited) Q	
			30 Sep 2020	30 Sep 2019
			Rupe	
			-	
12		of sales		
	Raw a	and packing materials consumed 12.1	451,980,101	284,231,625
	Other	manufacturing expenses	306,027,835	228,411,457
			758,007,936	512,643,082
		in process:		
		ening	154,578,524	94,961,552
	Clo	sing	(177,533,517)	(99,246,456)
			(22,954,993)	(4,284,904)
	Cost	of goods manufactured	735,052,943	508,358,178
		ned stock:	1,061,511,581	648,456,844
	-	chases made during the period	171,801,723	436,141,242
		sing	(1,071,527,952)	(782,041,194)
	Cio	sing .	161,785,352	302,556,892
			896,838,295	810,915,070
				010,713,070
	12.1	Raw and packing materials consumed		
		Opening	633,498,787	426,791,896
		Purchases made during the period	701,799,872	322,209,338
			1,335,298,659	749,001,234
		Closing	(883,318,558)	(464,769,609)
			451,980,101	284,231,625
			731,700,101	207,231,023

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:

	(Un-audited) Qu	arter Ended
	30 Sep	30 Sep
	2020	2019
	Rupe	es
Other related parties		
Contribution towards employees' provident fund	12,082,003	10,997,362
Remuneration including benefits and		
perquisites of key management personnel	45,318,155	40,278,633
Fee paid to M/S Khan and Piracha	-	162,500
Rent paid to Director against office	1,089,000	990,000

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

- -	Unclaimed dividend	Unclaimed dividend	Long term loan	Total
-		Ruj	pees	
<u>As at 01 July 2020</u>	76,964,852	2,546,447	133,000,000	212,511,299
Changes from financing cash flows				
Inflows from financing arrangement	-	-	210,000,000	210,000,000
Dividend paid	(721,474)	-	-	-
Financial charges paid	-	(4,965,310)	-	(4,965,310)
Total changes from financing cash flows	(721,474)	(4,965,310)	210,000,000	(4,965,310)
Other changes				
Dividend approved	-	-	-	-
Interest / markup expense	-	11,417,902	-	11,417,902
Total liability related other changes	-	11,417,902		11,417,902
As at 30 September 2020	76,243,378	8,999,039	343,000,000	141,999,039

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 2020. 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.

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. 15.2

		Carrying	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
30 September 2020				- Rupees			
Financial assets measured at fair value:							
Short term investments	795,519,157		•	795,519,157	795,519,157		•
Financial assets not measured at fair value:							
Long term deposits	•	14,334,325	•	14,334,325	ı	1	1
Trade debts - considered good	•	1,157,038,208	•	1,157,038,208		•	•
Loans and advances - considered good	•	23,874,353	•	23,874,353		•	•
Short term deposits	1	205,079,167	•	205,079,167		•	•
Other receivables	•	49,022,664	•	49,022,664		•	•
Cash and bank balances		132,545,416		132,545,416		•	•
	1	1,581,894,133	•	1,581,894,133		-	1
Financial liabilities measured at fair value:	1	1	1		1		
Financial liabilities not measured at fair value:							
Trade and other payables	ı	ı	1,111,749,891	1,111,749,891		ı	ı
Unclaimed dividend			76,243,378	76,243,378		•	•
Short term borrowing			411,523,703	411,523,703		•	•
Accrued mark-up	•	•	76,243,378	76,243,378	•	-	-
	•	1	1,675,760,350	1,675,760,350	1	•	•

		Carrying	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			
<u>30 June 2020</u>							
Financial assets measured at fair value:							
Short term investments	760,707,781	1	1	760,707,781	760,707,781	1	1
Financial assets not measured at fair value:							
Long term deposits	•	14,334,325	ı	14,334,325	1	1	1
Trade debts - considered good	•	1,092,779,921		1,092,779,921	•		•
Loans and advances - considered good	•	26,370,626		26,370,626		•	•
Short term deposits	•	275,702,195		275,702,195	•	•	•
Other receivables		30,193,425	•	30,193,425			
Cash and bank balances	•	151,392,844	-	151,392,844	-	-	-
	•	1,590,773,336	1	1,590,773,336			
Financial liabilities measured at fair value:	•	ı	1		1	1	•
Financial liabilities not measured at fair value:							
Trade and other payables		ı	1,430,004,490	1,430,004,490	1		1
Unclaimed dividend		•	76,964,852	76,964,852		•	•
Short term borrowing	•	•	51,017,136	51,017,136			
Accrued mark-up	•	-	2,546,447	2,546,447	-	-	-
	•		1,560,532,925	1,560,532,925			

16 Subsequent event and date of authorization for issue

The Board of Directors of the Holding Company in its meeting held on 26 October 2020 has authorized to issue these condensed interim consolidated financial statements. There are no subsequent events after the reporting date.

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.

Chief Executive Officer	Chief Financial Officer	 Director
	Condensed Interim Report For The F	Period Ended 30 September 2020



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