



***Condensed Interim
Unconsolidated
Financial Information
for the Half Year Ended
31 December 2018***



FEROZSONS
LABORATORIES LIMITED



CONTENTS

Corporate Information	3
Directors' Review Report	4
Auditor's Report to the Members on Review of Interim Financial Information	8
Condensed Interim Statement of Financial Position	9
Condensed Interim Profit and Loss Account	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Statement of Changes in Equity	12
Condensed Interim Cash Flow Statement	13
Notes to the Condensed Interim Financial Information	14
 Consolidated Accounts	
Condensed Interim Consolidated Statement of Financial Position	26
Condensed Interim Consolidated Profit and Loss Account	27
Condensed Interim Consolidated Statement of Comprehensive Income	28
Condensed Interim Consolidated Statement of Changes in Equity	29
Condensed Interim Consolidated Cash Flow Statement	30
Notes to the Condensed Interim Consolidated Financial Information	31

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. Shahid Anwar
Mr. Nihal Cassim

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 F Cassim
Mr. Shahid Anwar

Chairman
Member
Member
Member

Company Secretary / Chief Financial Officer

Syed Ghausuddin Saif

Share Registrar

CorpTec Associates (Pvt.) Limited
503-E, Johar Town
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Head of Internal Audit

Mr. Rizwan Hameed Butt

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Factory

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Amangarh
Nowshehra (KPK), Pakistan
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Internal Auditors

EY Ford Rhodes
Chartered Accountants

Bankers

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

Head Office

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Legal Advisors

Khan & Piracha

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DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

We are pleased to present a brief review of your Company's un-audited Standalone and Consolidated condensed interim financial information for the six months ended 31 December 2018. 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			
	6 Months 31-Dec-18	6 Months 31-Dec-17	3 Months 31-Dec-18	3 Months 31-Dec-17	6 Months 31-Dec-18	6 Months 31-Dec-17	3 Months 31-Dec-18	3 Months 31-Dec-17
	(Rupees in thousand)							
Sales (net)	2,341,392	2,215,746	1,297,406	1,313,387	2,651,073	2,491,465	1,440,089	1,455,529
Gross Profit	999,390	772,266	554,165	411,770	994,390	766,845	533,068	388,758
Profit before tax	200,458	161,386	104,630	67,174	152,546	83,003	59,938	2,193
Taxation	(58,889)	(82,147)	(27,678)	(48,641)	(53,942)	(65,056)	(33,784)	(45,277)
Profit/(loss) after tax	141,569	79,239	76,952	18,533	98,604	17,948	26,154	(43,084)

Standalone Net Sales of your Company declined by 1.2% for the 2nd Quarter and registered an increase of 6% during the six months over the same period last year. At the group level, Net Sales declined by 1.1% for the 2nd Quarter and recorded an increase of 6% during the six months period over the same period last year.

Apart from our imported line of products, our branded generic product portfolio sales in the private market grew by 18% over the same period last year, whereas sales to institutions have declined by 53% over the same period last year. During same period last year, institutional orders relating to Hepatitis C product were the main contributor. Post the 2018 elections, government tenders have largely been delayed as the new government is still in the process of reassessing its priorities.

The Gross Profit (GP) margin of your Company stands at 43% for the six months period under review as compared to GP margin of 35% over the same period last year. In absolute terms, the GP grew by 29%. The primary reason is being no further diminution in net realizable value of stock of Sovaldi® has been made as compared to last period in which Rs. 100 million was recorded. Further, institutional sales which carry lower GP margins have also declined during the six months period under review over the same period last year.

The selling and distribution expenses have increased by 29% during the period under review over the same corresponding period last year. The increase mainly represents expenses related to increase in field force along with inflationary impact.

Other expenses have increased by Rs. 31 million over the same period last year mainly due to devaluation of the Pakistan Rupee.

The effective tax rate for the period ended 31 December 2018 closed at 29% against 51% over the same period last year. The change in effective tax rate is primary due to recording of certain provisions last period which did not have any tax impact.

Your Company reported Net Profit after Tax (NPAT) of Rs. 76.95 million for the 2nd Quarter and Rs. 141.57 million for the six months period ended 31 December 2018 under review.

Based on the Net Profit for the six months ended 31 December 2018, the Earnings per Share (EPS), both basic and diluted, stand at Rs. 4.69 compared to EPS of Rs. 2.62 over the same period last year.

BF Biosciences Limited Operational Status

The Company's subsidiary BF Biosciences Limited closed its Net Sales at Rs. 97.1 million for the 2nd Quarter and Rs. 219.8 million for the six months period ended 31 December 2018, with a decline of 6% over the same period last year. Net Loss after Tax (NLAT) for the six months period under review stood at Rs. 33.5 million.

Future Outlook

The anticipation of further depreciation of Pak Rupee and increase in interest rates carries continued risks for the pharmaceutical industry, as the majority of raw materials and finished goods are exposed to these challenges.

Subsequent to the half year ended 31 December 2018, DRAP issued notification via SRO 34(I)/2019 dated 10th January, 2019 granting a much-needed increase in prices of pharmaceutical products to counter the over 30% devaluation in the Pak Rupee. However, the above notification has been challenged in Peshawar High Court (PHC) and stay has been granted by the Honorable Court. It is pertinent to mention here that a similar petition against the hike in medicine prices is pending in the Lahore High Court (LHC) as well. The pharmaceutical industry is hopeful of resolution of these matters in near future. In the absence of a just adjustment mechanism in response to a galloping increase in costs, we fear that several essential products may become loss-making and eventually lead to market shortages to the detriment of the patient.

The management is committed to preserving and enhancing long term shareholders' wealth. However, there are various obvious challenges associated with the external and regulatory environment. The pharmaceutical industry is a relatively inelastic segment of the economy, and we expect that once inflationary shocks to the economy have settled, the sector will continue to grow and will give opportunities for further expansion. Your Company will continue to strive to achieve organic growth along with new product launches and penetration in existing and new export markets.

Acknowledgments

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

For and on behalf of the Board of Directors

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Akhter Khalid Waheed
Chairperson

31 دسمبر 2018 پر ختم ہونے والی ششماہی کے مختصر عبوری مالیاتی نتائج پر ڈائریکٹر زکی جائزہ رپورٹ

ہم انتہائی مسرت سے 31 دسمبر 2018 پر ختم ہونے والی ششماہی کیلئے کمپنی کے غیر آڈٹ شدہ انفرادی اور انضمام کردہ مختصر عبوری مالیاتی نتائج پیش کرتے ہیں۔ انضمام کردہ مختصر عبوری مالیاتی نتائج میں کمپنی کے وینچر فارمیشیا (98 فیصد ملکیت) اور ذیلی کمپنی BF بائیو سائنسز 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	6 مہینے	6 مہینے	3 مہینے	3 مہینے	6 مہینے	6 مہینے	
31 دسمبر	31 دسمبر	31 دسمبر	31 دسمبر	31 دسمبر	31 دسمبر	31 دسمبر	31 دسمبر	
2017	2018	2017	2018	2017	2018	2017	2018	
(ہزار روپے)								
1,455,529	1,440,099	2,491,465	2,651,033	1,313,3	1,297,406	2,215,746	2,341,392	فروخت (خالص)
388,758	533,068	766,845	994,390	411,0	554,165	772,266	999,390	خام منافع
2,193	59,938	83,003	152,546	6174	10630	161,386	200,458	قبل از ٹیکس منافع
(45,277)	(33,784)	(65,056)	(53,942)	(48,641)	(2,678)	(82,147)	(58,889)	ٹیکس
(43,04)	26,15	17,94	98,60	18,533	6,952	79,23	141,569	بعد از ٹیکس منافع/(خسارہ)

31 دسمبر 2018 پر ختم ہونے والے عرصہ کے دوران مؤثر شرح ٹیکس 29% رہی جو کہ پچھلے سال کے اسی عرصہ میں 51% تھی۔ مؤثر شرح ٹیکس میں تبدیلی کی بنیادی وجہ یہ ہے کہ پچھلے سال کے عرصہ میں بعض تخمینہ کردہ لاگت (Provisions) ریکارڈ کی گئی تھیں جو ٹیکس پر اثر انداز نہیں ہوتی۔

31 دسمبر 2018 پر ختم ہونے والی دوسری سہ ماہی اور ششماہی کا بعد از ٹیکس منافع (NPAT) بالترتیب 76.95 ملین روپے اور 141.57 ملین روپے رہا۔

31 دسمبر 2018 پر ختم ہونے والی ششماہی کے خالص منافع کی بنیاد پر، بنیادی اور تحلیل کردہ فی حصص آمدن (EPS) 4.69 روپے رہی جبکہ پچھلے سال کی اسی ششماہی میں بنیادی اور تحلیل کردہ فی حصص آمدن 2.62 روپے تھی۔

BF بائیو سائنسز لمیٹڈ کی آپریشنل صورتحال

31 دسمبر 2018 پر ختم ہونے والی دوسری سہ ماہی کے دوران کمپنی کی ذیلی کمپنی BF بائیو سائنسز لمیٹڈ کی خالص فروخت بالترتیب 97.1 ملین روپے اور 219.8 ملین روپے رہی، جس میں پچھلے سال کے اسی عرصہ کے مقابلے میں 6% کمی واقع ہوئی۔ زیر جائزہ ششماہی کے دوران بعد از ٹیکس خسارہ (NLAT) 33.5 ملین روپے رہا۔

مستقبل کے امکانات کا جائزہ

پاکستانی روپے کی قدر میں متوقع مزید کمی اور شرح سود میں متوقع اضافہ فارماسیوٹیکل انڈسٹری کیلئے مسلسل خطرے کا باعث ہیں کیونکہ زیادہ تر خام مال اور تیار مصنوعات کو ان خطرات کا سامنا ہے۔

31 دسمبر 2018 پر ختم ہونے والی ششماہی کے بعد، DRAP نے SRO 34(I)/2019 بتاریخ 10 جنوری 2019 کے تحت نوٹیفیکیشن جاری کرتے ہوئے پاکستانی روپے کی قدر میں 30% سے زیادہ کمی سے بچنے کیلئے فارماسیوٹیکل مصنوعات کی قیمتوں میں اضافے کی اجازت دے دی جس کی سخت ضرورت تھی۔ تاہم، مندرجہ بالا نوٹیفیکیشن کے خلاف پشاور ہائیکورٹ (PHC) میں درخواست دائر کر دی گئی اور معزز عدالت نے سٹے (Stay) دے دیا۔ یہاں یہ بتانا بھی ضروری ہے کہ لاہور ہائیکورٹ (LHC) میں بھی ادویات کی قیمتوں میں اضافے کے خلاف ایسی ہی درخواست دائر ہے جس کا فیصلہ آنا ابھی باقی ہے۔ فارماسیوٹیکل انڈسٹری پُر امید ہے کہ یہ معاملات جلد ہی حل ہو جائیں گے۔ ہمیں ڈر ہے کہ لاگت میں بے تحاشا اضافے کو مد نظر رکھتے ہوئے قیمتوں میں تبدیلی کے جائز طریقہ کار کی عدم موجودگی میں کئی ضروری مصنوعات منافع بخش نہیں رہیں گی جس کے نتیجے میں مارکیٹ میں ایسی مصنوعات کی قلت پیدا ہو جائے گی، جو مریضوں کیلئے نقصان دہ ثابت ہوگی۔

انتظامیہ حصص داروں کی دولت کی حفاظت اور اس میں اضافہ کیلئے پُر عزم ہے۔ تاہم، کئی واضح بیرونی اور قانونی چیلنجز کا سامنا ہے۔ فارماسیوٹیکل انڈسٹری معیشت کے نسبتاً بے چلک حصے سے تعلق رکھتی ہے اور ہمیں امید ہے کہ مہنگائی کی لہر ختم جانے کے بعد یہ سیکٹر ترقی کرتا رہے گا اور مزید توسیع کے مواقع فراہم کرے گا۔ آپ کی کمپنی نامیاتی ترقی (Organic Growth) کیلئے، نئی مصنوعات متعارف کروانے کیلئے اور برآمد کی موجودہ اور نئی مارکیٹوں میں سرایت کرنے کیلئے انتھک کوششیں کرتی رہے گی۔

اعتراف

ہم اپنے خریداروں، ویبنڈرز، 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

مسٹر عثمان خالد وحید



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Chartered Accountants
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Independent Auditor's Review Report
To the members of Ferozsons Laboratories Limited
Report on Review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Ferozsons Laboratories Limited ("the Company")** as at 31 December 2018 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, and notes to the unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unconsolidated financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.


Other matter

The figures of the condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income for the quarter ended 31 December 2018 and 31 December 2017, have not been reviewed by us and we do not express a conclusion on them.

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

Lahore

Date: 23 February 2019


KPMG Taseer Hadi & Co.
Chartered Accountants

Ferozsons Laboratories Limited
Condensed Interim Unconsolidated Statement of Financial Position
As at 31 December 2018

		Un-audited 31 December 2018	Audited 30 June 2018			Un-audited 31 December 2018	Audited 30 June 2018
EQUITY AND LIABILITIES	<i>Note</i>	----- Rupees -----		ASSETS	<i>Note</i>	----- Rupees -----	
<u>Share capital and reserves</u>				<u>Non-current assets</u>			
Authorized share capital 50,000,000 (30 June 2018: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000	Property, plant and equipment	5	2,802,424,295	2,649,216,106
				Intangibles		1,112,501	2,016,272
				Long term investments - related parties	6	306,119,961	297,798,460
				Long term deposits and prepayments		7,086,325	7,066,325
						3,116,743,082	2,956,097,163
Issued, subscribed and paid up capital		301,868,410	301,868,410				
Capital reserve		321,843	321,843				
Accumulated profit		3,829,986,524	3,735,100,328				
Revaluation surplus on property, plant and equipment		775,971,145	789,650,185	<u>Current assets</u>			
		4,908,147,922	4,826,940,766	Stores, spare parts and loose tools		28,539,514	46,218,187
				Stock in trade		1,330,335,868	1,219,853,920
				Trade debts - considered good		757,937,594	536,412,764
				Loans and advances - considered good		41,786,483	43,976,934
				Deposits and prepayments		217,252,774	174,960,635
				Other receivables		149,290,399	92,465,979
				Income tax - net		219,217,095	170,398,448
				Short term investments	7	361,290,904	527,343,533
				Cash and bank balances	8	100,475,180	197,179,290
						3,206,125,811	3,008,809,690
<u>Non current liabilities</u>							
Deferred taxation		152,468,884	165,760,483				
<u>Current liabilities</u>							
Trade and other payables		832,430,982	792,675,804				
Short term borrowings - secured	3	338,011,013	96,852,363				
Unclaimed dividend		86,293,839	82,143,724				
Accrued mark-up		5,516,253	533,713				
		1,262,252,087	972,205,604				
Contingencies and commitments	4						
		6,322,868,893	5,964,906,853			6,322,868,893	5,964,906,853

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 half year ended 31 December 2018

		Half year ended		Quarter ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
	Note	----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Sales - net	9	2,341,392,174	2,215,745,624	1,297,405,759	1,313,387,053
Cost of sales	10	(1,342,001,993)	(1,443,479,655)	(743,241,168)	(901,616,657)
Gross profit		999,390,181	772,265,969	554,164,591	411,770,396
Administrative expenses		(173,817,019)	(151,868,393)	(91,364,837)	(80,468,359)
Selling and distribution expenses		(602,549,725)	(465,949,650)	(338,485,611)	(266,290,950)
Other expenses		(59,369,912)	(28,194,640)	(44,214,552)	(18,014,687)
Other income		47,677,104	41,535,521	31,194,364	24,592,383
Profit from operations		211,330,629	167,788,807	111,293,955	71,588,783
Finance costs		(10,872,594)	(6,402,928)	(6,663,600)	(4,414,705)
Profit before taxation		200,458,035	161,385,879	104,630,355	67,174,078
Taxation		(58,888,674)	(82,146,927)	(27,678,259)	(48,641,132)
Profit after taxation		141,569,361	79,238,952	76,952,096	18,532,946
Earnings per share - basic and diluted		4.69	2.62	2.55	0.61

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 half year ended 31 December 2018

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- Rupees -----		----- Rupees -----	
Profit after taxation	141,569,361	79,238,952	76,952,096	18,532,946
<u>Items that will not be reclassified to profit and loss account</u>				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	141,569,361	79,238,952	76,952,096	18,532,946

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 half year ended 31 December 2018

	Capital reserve			Revenue reserve	
Share capital	Capital reserve	Revaluation surplus on Property, plant and equipment	Accumulated profit	Total	
----- Rupees -----					
Balance as at 01 July 2017	301,868,410	321,843	807,524,953	3,733,431,676	4,843,146,882
Total comprehensive income for the period	-	-	-	79,238,952	79,238,952
<u>Surplus transferred to accumulated profit</u>					
On account of incremental depreciation charged during the period - net of tax	-	-	(13,311,000)	13,311,000	-
On account of disposal of fixed assets during the period - net of tax	-	-	1,002	(1,002)	-
<u>Transactions with owners of the Company</u>					
Final dividend for the year ended 30 June 2017 at Rs. 4 per share	-	-	-	(120,747,364)	(120,747,364)
Balance as at 31 December 2017 - unaudited	301,868,410	321,843	794,214,955	3,705,233,262	4,801,638,470
Balance as at 01 July 2018	301,868,410	321,843	789,650,185	3,735,100,328	4,826,940,766
Total comprehensive income for the period	-	-	-	141,569,361	141,569,361
<u>Surplus transferred to accumulated profit</u>					
On account of incremental depreciation charged during the period - net of tax	-	-	(13,690,517)	13,690,517	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	11,477	-	11,477
<u>Transactions with owners of the Company</u>					
Final dividend for the year ended 30 June 2018 at Rs. 2 per share	-	-	-	(60,373,682)	(60,373,682)
Balance as at 31 December 2018 - unaudited	301,868,410	321,843	775,971,145	3,829,986,524	4,908,147,922

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 half year ended 31 December 2018

	Half year ended	
	31 December 2018	31 December 2017
	----- Rupees -----	
<u>Cash flow from operating activities</u>		
Profit before taxation	200,458,035	161,385,879
Adjustments for:		
Depreciation on property, plant and equipment	140,815,737	120,211,475
Amortisation of intangibles	903,771	977,785
Provision for trade debtors	15,309,358	-
Gain on disposal of property, plant and equipment	(16,344,184)	(4,447,964)
Finance costs	10,872,594	6,402,928
Dividend income	(21,626,604)	-
Profit on bank deposits	(534,831)	-
Loss / (gain) on re-measurement of short term investments to fair value	3,565,859	(8,571,086)
Loss / (gain) on sale of short term investments	1,240,230	(1,907,227)
Share in profit of Farmacia	(8,321,501)	(11,752,405)
Workers' Profit Participation Fund	11,060,959	8,794,456
Central Research Fund	2,234,537	1,776,658
Workers' Welfare Fund	4,894,103	5,708,794
	144,070,028	117,193,414
Cash generated from operations before working capital changes	344,528,063	278,579,293
<u>Effect on cash flow due to working capital changes</u>		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	17,678,673	(943,846)
Stock in trade	(110,481,948)	189,317,283
Trade debts - considered good	(236,834,188)	(429,345,996)
Loans and advances - considered good	2,190,451	24,693,378
Deposits and prepayments	(42,292,139)	(6,218,531)
Other receivables	(56,824,420)	(12,532,901)
	(426,563,571)	(235,030,613)
Increase in current liabilities		
Trade and other payables	30,939,631	68,716,994
	(51,095,877)	112,265,674
Cash (used in) / generated from operations	(51,095,877)	112,265,674
Taxes paid	(128,077,947)	(109,603,215)
Central Research Fund paid	(2,283,549)	(6,048,836)
Long term deposits	(20,000)	-
Net cash used in operating activities	(181,477,373)	(3,386,377)
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(303,517,916)	(199,329,020)
Acquisition of intangibles	-	(1,196,779)
Proceeds from sale of property, plant and equipment	25,838,175	6,213,777
Dividend income	21,626,604	-
Profit on bank deposits received	534,831	-
Redemption of short term investments - net	161,246,540	156,626,729
Net cash used in investing activities	(94,271,766)	(37,685,293)
<u>Cash flow from financing activities</u>		
Finance cost paid	(5,890,054)	(5,436,319)
Dividend paid	(56,223,567)	(118,817,616)
Net cash used in financing activities	(62,113,621)	(124,253,935)
Net decrease in cash and cash equivalents	(337,862,760)	(165,325,605)
Cash and cash equivalents at beginning of the period	100,326,927	133,178,894
Cash and cash equivalents at end of the period	(237,535,833)	(32,146,711)
Cash and cash equivalents comprise of the following:		
Cash and bank balances	100,475,180	111,773,632
Running finance	(338,011,013)	(143,920,343)
	(237,535,833)	(32,146,711)

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

Ferozsons Laboratories Limited

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

For the half year ended 31 December 2018

1 Reporting entity

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

2 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 statements comprises the condensed interim unconsolidated statement of financial position of the Company as at 31 December 2018 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 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 2018.

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 2018, 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 six months period ended 31 December 2017.

- 2.2.4** This 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 this 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 2018.

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 statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2018 except for the adoption of new standards effective as off 01 July 2018 as stated below:

2.4.2 Change in accounting policy

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018 which is effective from the annual periods beginning on or after 01 July 2018. There are other new standards which are effective from 01 July 2018 but they do not have a material effect on the Company's condensed interim financial statements. The details of new significant accounting policy adopted and the nature and effect of the changes from previous accounting policy are set out below:

IFRS 15 'Revenue from Contracts with Customers'

The Company is engaged in the sale of pharmaceutical products and medical devices. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer, which is when the goods are delivered to the customer. However, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 July 2018, did not have a material impact on the amounts of revenue recognized in these condensed interim financial statements except for reclassification of freight and forwarding cost from selling and distribution to sales. The corresponding figures have been represented to reflect this change on adoption of IFRS 15. Accordingly, selling and distribution expense of Rs. 18.57 million (31 December 2017: Rs. 7.64 million) has been reclassified to sales. This reclassification has no impact on the reported Earning per Share (EPS) of the corresponding period.

2.4.3 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting and was effective for annual periods beginning on or after 01 July 2018. The Securities and Exchange Commission of Pakistan (SECP), vide its S.R.O. 229(I)/2019 dated 14 February 2019 has deferred the applicability of IFRS 9 for reporting period ended on 31 December 2018. IFRS 9 will now be applicable for reporting periods / year ending on or after 30 June 2019.

2.4.5 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:

- IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
- Amendment to IFRS 9 - Financial Instrument	01 January 2019
- IFRS 16 - Leases	01 January 2019
- Amendment to IAS 28 - Investments in associates and joint ventures - Long Term Interests in Associates and Joint Ventures	01 January 2019
- Amendment to IAS 19 - Employee benefits - Plan Amendment, Curtailment or Settlement	01 January 2019
- Amendment to IFRS 3 - Business Combinations – Definition of a Business	01 January 2019
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2019
- Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019

3 Short term borrowings - secured

3.1 With conventional financial institutions

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 (30 June 2018: Rs. 750 million). These facilities carry mark-up at the rates ranging from three months KIBOR plus 0.1% to 0.5% (30 June 2018: three months KIBOR plus 0.3% to 0.9%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 450 million can interchangeably be utilized as non-funded facilities. Out of the aggregate facilities, Rs. 450 million (30 June 2018: Rs. 450 million) are secured by first pari passu charge of Rs. 1,000 million over all present and future assets (current and fixed assets) of the Company (excluding land and building) and remaining Rs. 300 million (30 June 2018: Rs. 300 million) facility is secured by lien on Company's short term investments (money market/income fund) which should be 110% of the maximum limit allowed for utilization. Under this arrangement, short term investment of Rs. 333.33 million (30 June 2018: Rs. 333.33 million) in HBL funds is marked under lien. These facilities are renewable on annual basis latest by 31 January 2019.

3.2 With shariah compliant financial institutions

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 (30 June 2018: Rs. 200 million). This facility carries profit rate of one month KIBOR plus 0.25% (30 June 2018: three months KIBOR plus 0.3%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded. This facility is secured by first pari passu charge over current assets of the Company. This facility is renewable on annual basis latest by 31 October 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 2018.

4.2 Commitments

4.2.1 Letter of credits

4.2.1.1 With conventional financial institutions

Out of the aggregate facility of Rs. 600 million (30 June 2018: Rs. 600 million) for opening letters of credit, the amount utilized as at 31 December 2018 for capital expenditure was Rs. 114.34 million (30 June 2018: Rs. 192.52 million) and for other than capital expenditure was Rs. 366.92 million (30 June 2018: Rs. 151.99 million). Out of these facilities, Rs. 300 million can interchangeably be utilized as running finance. These facilities are secured by first pari passu charge of Rs. 1,000 million over all present and future assets (excluding land and building) of the Company and lien over import documents.

4.2.1.2 With shariah compliant financial institutions

The Company has facility i.e. letters of credit of Rs. 75 million (30 June 2018: Rs. 75 million) available from Islamic bank. The amount utilized as at 31 December 2018 for capital expenditure was Rs. Nil (30 June 2018: Rs. 1.64 million) and for other than capital expenditure was Rs. 10.19 million (30 June 2018: Rs. 54.87 million). Lien is also marked over import documents.

		Un-audited 31 December 2018	Audited 30 June 2018	
		-----Rupees-----		
5	Property, plant and equipment			
	<u>Cost</u>			
	Opening balance at beginning of the period / year	3,130,404,930	2,720,001,043	
	Additions / transfers during the period / year	89,901,552	451,786,079	
	Disposals during the period / year	(38,919,915)	(41,382,192)	
	Closing balance at end of the period / year	3,181,386,567	3,130,404,930	
	<u>Less: Accumulated depreciation</u>			
	Opening balance at beginning of the period / year	584,082,107	370,941,222	
	Depreciation for the period / year	140,815,688	246,338,313	
	On disposals	(29,425,892)	(33,197,428)	
	Closing balance at end of the period / year	695,471,903	584,082,107	
	Operating fixed assets - net book value	2,485,914,664	2,546,322,823	
	Add: Capital work in progress - at cost	316,509,631	102,893,283	
		2,802,424,295	2,649,216,106	
6	Long term investments - related parties	Note		
	<u>Related parties - at cost</u>			
	Farmacia (Partnership firm):			
	Capital held: 98% (30 June 2018: 98%)	6.1	154,120,001	145,798,500
	Managing Partner - Osman Khalid Waheed			
	BF Biosciences Limited (unlisted subsidiary):			
	15,199,996 (30 June 2018: 15,199,996) fully paid			
	ordinary shares of Rs. 10 each	6.2	151,999,960	151,999,960
	Equity held: 80% (30 June 2018: 80%)			
	Chief Executive Officer - Osman Khalid Waheed			
		306,119,961	297,798,460	
6.1	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 not withdrawn is reinvested in capital account of partnership.			
6.2	BF Biosciences Limited has been set up for establishing a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company owns holds 80% (30 June 2018: 80%) of equity of the subsidiary and the remaining 20% is held by Grupo Empresarial Bagó S.A., Spain.			

	Un-audited 31 December 2018	Audited 30 June 2018
Note	----- Rupees -----	

7 Short term investments

Investments at fair value through profit or loss - Mutual funds

Held for trading	7.1	361,290,904	527,343,533
7.1	The movement in investments is as follows		
	Carrying value at 01 July	527,343,533	487,884,889
	Acquisition during the period/year	13,842,295	175,000,000
	Redemption during the period/year	(175,088,835)	(156,626,731)
	Realized (loss) / gain on sale of investments during the period / year	(1,240,230)	1,947,077
	Unrealized (loss) / gain on re-measurement of investment - during the period/year	(3,565,859)	19,138,298
	Carrying and fair value of short term investments at 31 December / 30 June	361,290,904	527,343,533
	7.1.1		

Units		Fair value	
Un-audited 31 December 2018	Audited 30 June 2018	Un-audited 31 December 2018	Audited 30 June 2018
.....Number.....	Rupees.....	

7.1.1 Mutual fund wise detail is as follows:

HBL Money Market Fund	2,128,931	2,041,354	224,974,350	218,732,153
MCB Cash Management Optimizer Fund	-	1,664,517	-	176,329,065
HBL Cash Fund	1,350,078	1,248,377	136,316,554	132,282,315
			361,290,904	527,343,533

7.2 Changes in fair values of financial assets at fair value through profit or loss are recorded in profit or loss statement. Realized loss of Rs. 1.24 million (31 December 2017: realized gain of Rs. 1.95 million) has been recorded in "Other expenses" (31 December 2017: Other income). These investments and the related loss is from non - shariah compliant arrangements. The investments in HBL funds are marked under lien as mentioned in note 3.

8 Cash and bank balances

8.1 These include current account of Rs. 0.67 million (30 June 2018: Rs. 0.67 million) maintained under Shariah compliant arrangements.

8.2 These include deposit accounts of Rs. 6.50 million (30 June 2018: Rs. 4.05 million) under mark up arrangements, which carry interest rate of 4.5% - 8.03% (30 June 2018: 3.5% - 4.25%) per annum.

These also include deposit account of Rs. 0.001 million (30 June 2018: Rs. 0.001 million) under Shariah compliant arrangements, which carries profit rate of 2.40% to 4.00% (30 June 2018: 2.40%) per annum.

9 Sales - net

Gross sales:

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- Rupees -----		----- Rupees -----	
Local	2,433,604,441	2,323,847,720	1,349,635,653	1,356,286,477
Export	85,628,771	66,956,682	52,902,154	42,144,523
	2,519,233,212	2,390,804,402	1,402,537,807	1,398,431,000

Less:

Sales returns	(43,419,589)	(29,299,705)	(32,573,356)	(10,635,099)
Discounts and commission	(112,829,326)	(124,059,342)	(58,699,725)	(59,153,342)
Freight	(18,571,675)	(7,638,120)	(10,723,507)	(4,700,828)
Sales tax	(3,020,448)	(14,061,611)	(3,135,460)	(10,554,678)
	(177,841,038)	(175,058,778)	(105,132,048)	(85,043,947)
	2,341,392,174	2,215,745,624	1,297,405,759	1,313,387,053

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

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- Rupees -----		----- Rupees -----	

Note

10 Cost of sales

Raw and packing materials consumed	10.1	502,054,942	509,829,532	299,819,038	356,026,413
Other manufacturing expenses		323,361,691	239,758,454	163,066,211	122,648,931
		825,416,633	749,587,986	462,885,249	478,675,344

Work in process:

Opening	50,818,086	33,156,171	40,827,978	43,550,630
Closing	(66,919,295)	(45,390,246)	(66,919,295)	(45,390,246)
	(16,101,209)	(12,234,075)	(26,091,317)	(1,839,616)

Cost of goods manufactured

	809,315,424	737,353,911	436,793,932	476,835,728
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Finished stock:

Opening	730,289,493	1,079,226,890	711,156,924	1,111,114,845
Purchases made during the period	625,564,783	518,807,974	418,458,019	205,575,204
Closing	(823,167,707)	(891,909,120)	(823,167,707)	(891,909,120)
	532,686,569	706,125,744	306,447,236	424,780,929
	1,342,001,993	1,443,479,655	743,241,168	901,616,657

10.2

10.1 Raw and packing materials consumed

Opening	338,718,490	378,989,330	336,995,675	399,880,352
Purchases made during the period	521,902,881	437,370,910	321,389,792	262,676,769
	860,621,371	816,360,240	658,385,467	662,557,121
Closing	(358,566,429)	(306,530,708)	(358,566,429)	(306,530,708)
	502,054,942	509,829,532	299,819,038	356,026,413

10.2 The amount charged to profit or loss statement on account of write down of finished goods to net realizable value amounts to Rs. 2.79 million (31 December 2017: Rs. 100 million).

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:

	(Un-audited) Half year ended	
	31 December 2018	31 December 2017
	----- Rupees -----	
<u>Farmacia - 98% owned subsidiary partnership firm</u>		
Sale of medicines	16,013,013	19,465,966
Payment received against sale of finished goods	16,013,013	19,465,966
Share of profit reinvested	8,321,501	11,752,405
Rentals paid	1,929,228	1,753,845
<u>BF Biosciences Limited - 80% owned subsidiary company</u>		
Sale of finished goods	9,756,769	55,929,310
Payment received against sale of finished goods	9,756,769	55,929,310
Purchase of goods	-	1,405,269
Payment made against purchase of goods	-	1,405,269
Sales return of medicines	970,786	-
Receipts against return of medicine	970,786	-
Purchase of vehicles	14,349,314	-
Payment against purchase of vehicles	14,349,314	-
Marketing fee	-	2,029,844
Expenses incurred	9,230,330	5,353,672
Payment made against expenses re-imbursement and marketing fee	9,230,330	7,383,516
<u>Other related parties</u>		
Contribution towards employees' provident fund	17,583,480	15,404,072
Remuneration including benefits and perquisites of key management personnel	62,521,427	69,824,433
Receipts from Workers' Profit Participation Fund	8,918,108	1,529,028
Dividend to KFW Factors (Private) Limited	16,573,884	33,147,768
Dividend to directors	6,124,960	11,141,136

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

	Dividend Payable	Accrued mark-up	Total
	----- Rupees -----		
<u>As at 30 June 2018</u>	82,143,724	533,713	82,677,437
<u>Changes from financing cash flows</u>			
Dividend paid	(56,223,567)	-	(56,223,567)
Financial charges paid	-	(5,890,054)	(5,890,054)
Total changes from financing cash flows	(56,223,567)	(5,890,054)	(62,113,621)
<u>Other changes</u>			
Dividend approved	60,373,682	-	60,373,682
Interest / markup expense	-	10,872,594	10,872,594
Total liability related other changes	60,373,682	10,872,594	71,246,276
<u>As at 31 December 2018</u>	86,293,839	5,516,253	91,810,092

13 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 2018.

- 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		
	Cash and cash equivalents	Fair Value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- Rupees -----							
31 December 2018								
Financial assets measured at fair value:	-	361,290,904	-	-	361,290,904	361,290,904	-	-
<u>Financial assets not measured at fair value</u>								
Long term deposits and prepayments	-	-	7,086,325	-	7,086,325	-	-	-
Trade debts - considered good	-	-	757,937,594	-	757,937,594	-	-	-
Loans and advances - considered good	-	-	584,022	-	584,022	-	-	-
Short term deposits and prepayments	-	-	205,399,483	-	205,399,483	-	-	-
Other receivables	-	-	138,095,944	-	138,095,944	-	-	-
Bank balances	91,958,218	-	-	-	91,958,218	-	-	-
	91,958,218	-	1,109,103,368	-	1,201,061,586	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-	-
<u>Financial liabilities not measured at fair value</u>								
Trade and other payables	-	-	-	739,422,419	739,422,419	-	-	-
Unclaimed dividend	-	-	-	86,293,839	86,293,839	-	-	-
Short term borrowings - secured	-	-	-	338,011,013	338,011,013	-	-	-
Accrued mark-up	-	-	-	5,516,253	5,516,253	-	-	-
	-	-	-	1,169,243,524	1,169,243,524	-	-	-
30 June 2018								
Financial assets measured at fair value:	-	527,343,533	-	-	527,343,533	527,343,533	-	-
<u>Financial assets not measured at fair value</u>								
Long term deposits and prepayments	-	-	7,066,325	-	7,066,325	-	-	-
Trade debts - considered good	-	-	536,412,764	-	536,412,764	-	-	-
Loans and advances - considered good	-	-	20,022,589	-	20,022,589	-	-	-
Short term deposits and prepayments	-	-	174,275,932	-	174,275,932	-	-	-
Other receivables	-	-	69,534,001	-	69,534,001	-	-	-
Bank balances	193,298,342	-	-	-	193,298,342	-	-	-
	193,298,342	-	807,311,611	-	1,000,609,953	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-	-
<u>Financial liabilities not measured at fair value</u>								
Trade and other payables	-	-	-	655,462,070	655,462,070	-	-	-
Unclaimed dividend	-	-	-	82,143,724	82,143,724	-	-	-
Short term borrowings - secured	-	-	-	96,852,363	96,852,363	-	-	-
Accrued mark-up	-	-	-	533,713	533,713	-	-	-
	-	-	-	834,991,870	834,991,870	-	-	-

14 Subsequent event and date of authorization for issue

The Board of Directors of the Company in its meeting held on 23 February 2019 has authorized to issue these condensed interim unconsolidated financial statements and has approved an interim cash dividend of Rs. 2 per share (31 December 2017: Rs. Nil per share) amounting to Rs. 60,373,682 (31 December 2017: Rs. Nil) for the year ending 30 June 2019.

15 Corresponding figures

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





***Condensed Interim
Consolidated
Financial Information
for the Half Year Ended
31 December 2018***



FEROZSONS
LABORATORIES LIMITED

Ferozsons Laboratories Limited
Condensed Interim Consolidated Statement of Financial Position
As at 31 December 2018

	Un-audited 31 December 2018	Audited 30 June 2018
Note	----- Rupees -----	
EQUITY AND LIABILITIES		
<u>Share capital and reserves</u>		
Authorized share capital		
50,000,000 (30 June 2018: 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
Accumulated profit	4,263,685,141	4,194,798,630
Capital reserve	321,843	321,843
Revaluation surplus on property, plant and equipment	899,324,545	921,179,842
Equity attributable to owners of the Company	5,465,199,939	5,418,168,725
Non-controlling interests	175,570,484	184,360,696
	5,640,770,423	5,602,529,421
<u>Non current liabilities</u>		
Deferred taxation	196,036,790	222,502,168
<u>Current liabilities</u>		
Trade and other payables	988,935,327	960,178,380
Short term borrowings - secured	338,011,013	100,525,853
Unclaimed dividend	86,293,839	82,143,724
Accrued mark-up	5,728,249	539,624
	1,418,968,428	1,143,387,581
Contingencies and commitments		
	7,255,775,641	6,968,419,170

		Un-audited 31 December 2018	Audited 30 June 2018
	Note	----- Rupees -----	-----
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	6	3,158,705,567	3,075,164,414
Investment property		79,371,992	78,545,641
Intangibles		1,197,986	2,357,632
Long term deposits and prepayments		11,633,325	11,613,325
		3,250,908,870	3,167,681,012
<u>Current assets</u>			
Stores, spare parts and loose tools		57,775,979	71,802,216
Stock in trade		1,503,537,524	1,346,996,263
Trade debts - considered good		820,997,812	604,467,682
Loans and advances - considered good		45,994,110	48,225,856
Deposits and prepayments		244,685,323	191,428,941
Other receivables		149,167,417	92,304,228
Income tax - net		271,988,537	212,899,309
Short term investments	7	764,067,108	941,746,224
Cash and bank balances	8	146,652,961	290,867,439
		4,004,866,771	3,800,738,158
		7,255,775,641	6,968,419,170

The annexed notes from 1 to 15 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 half year ended 31 December 2018

		Half year ended		Quarter ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
	<i>Note</i>	----- Rupees -----			
Revenue - net	9	2,651,072,537	2,491,464,753	1,440,088,963	1,455,528,717
Cost of sales	10	(1,656,682,332)	(1,724,620,136)	(907,020,616)	(1,066,770,237)
Gross profit		994,390,205	766,844,617	533,068,347	388,758,480
Administrative expenses		(195,331,156)	(173,880,230)	(102,017,472)	(92,436,286)
Selling and distribution expenses		(623,839,785)	(512,537,495)	(351,037,408)	(293,820,203)
Other expenses		(75,824,718)	(29,522,099)	(44,508,026)	(18,989,544)
Other income		64,733,444	39,052,266	31,512,200	23,343,136
Profit from operations		164,127,990	89,957,059	67,017,641	6,855,583
Finance costs		(11,581,724)	(6,953,593)	(7,079,780)	(4,662,312)
Profit before taxation		152,546,266	83,003,466	59,937,861	2,193,271
Taxation		(53,941,788)	(65,055,786)	(33,783,897)	(45,276,932)
Profit after taxation		98,604,478	17,947,680	26,153,964	(43,083,661)
Attributable to:					
Owners of the Company		107,394,690	31,916,715	36,411,291	(30,542,448)
Non-controlling interests		(8,790,212)	(13,969,035)	(10,257,327)	(12,541,213)
Profit after taxation		98,604,478	17,947,680	26,153,964	(43,083,661)
Earnings per share - basic and diluted		3.56	1.06	1.21	(1.01)

The annexed notes from 1 to 15 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 half year ended 31 December 2018

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- Rupees -----			
Profit after taxation	98,604,478	17,947,680	26,153,964	(43,083,661)
<i>Items that will not be reclassified to profit and loss account:</i>				
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	98,604,478	17,947,680	26,153,964	(43,083,661)
Attributable to:				
Owners of the Company	107,394,690	31,916,715	36,411,291	(30,542,448)
Non-controlling interests	(8,790,212)	(13,969,035)	(10,257,327)	(12,541,213)
	98,604,478	17,947,680	26,153,964	(43,083,661)

The annexed notes from 1 to 15 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 half year ended 31 December 2018

	Attributable to Owners of the Company				Total	Non-controlling interests	Total
	Share capital	Capital reserve		Revenue reserve			
		Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profits			
	----- Rupees -----						
Balance as at 01 July 2017	301,868,410	321,843	944,836,904	4,265,339,789	5,512,366,946	205,863,948	5,718,230,894
Total comprehensive income for the period	-	-	-	31,916,715	31,916,715	(13,969,035)	17,947,680
<u>Surplus transferred to accumulated profit:</u>							
-on account of incremental depreciation charged during the period - net of tax	-	-	(20,162,072)	20,162,072	-	1,712,768	1,712,768
-on account of disposal of fixed assets during the year - net of tax	-	-	1,002	(1,002)	-	-	-
<u>Transactions with owners of the Company:</u> <u>recognized directly in equity</u>							
-Final dividend for the year ended 30 June 2017 at Rs. 4 per share	-	-	-	(120,747,364)	(120,747,364)	-	(120,747,364)
Balance as at 31 December 2017 - un-audited	301,868,410	321,843	924,675,834	4,196,670,210	5,423,536,297	193,607,681	5,617,143,978
Balance as at 01 July 2018	301,868,410	321,843	921,179,842	4,194,798,630	5,418,168,725	184,360,696	5,602,529,421
Total comprehensive income for the period	-	-	-	107,394,690	107,394,690	(8,790,212)	98,604,478
<u>Surplus transferred to accumulated profit:</u>							
-on account of incremental depreciation charged during the period - net of tax	-	-	(21,865,503)	21,865,503	-	-	-
-Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	10,206	-	10,206	-	10,206
<u>Transactions with owners of the Company:</u> <u>recognized directly in equity</u>							
-Final dividend for the year ended 30 June 2018 at Rs. 2 per share	-	-	-	(60,373,682)	(60,373,682)	-	(60,373,682)
Balance as at 31 December 2018 - un-audited	301,868,410	321,843	899,324,545	4,263,685,141	5,465,199,939	175,570,484	5,640,770,423

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

Ferozsons Laboratories Limited
Condensed Interim Consolidated Statement of Cash Flows (Un-audited)
For the half year ended 31 December 2018

Cash flow from operating activities

	Half year ended	
	31 December 2018	31 December 2017
	----- Rupees -----	
Profit before taxation	152,546,266	83,003,466
<i>Adjustments for:</i>		
Depreciation	195,854,713	174,997,194
Amortisation	1,159,646	1,233,535
Provision for doubtful trade debts	15,309,358	-
Gain on disposal of property, plant and equipment	(16,933,667)	(5,844,947)
Finance costs	11,581,724	6,953,593
Dividend income	(42,104,421)	-
Un-realised loss/(gain) on re-measurement of short term investments to fair value	5,662,932	(14,881,144)
Loss/(gain) on sale of short term investments	11,293,605	(1,934,101)
Profit on bank deposits	(1,575,317)	-
Workers' Profit Participation Fund	11,060,959	8,794,456
Workers' Welfare Fund	4,894,103	5,708,794
Central Research Fund	2,234,537	1,776,658
	198,438,172	176,804,038
Cash generated from operations before working capital changes	350,984,438	259,807,504
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	14,026,237	(705,033)
Loans, advances, deposits and prepayments	(107,887,825)	(16,832,963)
Stock in trade	(156,541,261)	215,963,584
Trade debts - considered good	(231,839,488)	(420,607,784)
	(482,242,337)	(222,182,196)
<i>Increase in current liabilities</i>		
Trade and other payables	19,940,086	110,456,365
	19,940,086	110,456,365
Cash generated from operations	(111,317,813)	148,081,673
Taxes paid	(139,479,867)	(119,128,515)
Workers' Profit Participation Fund paid	-	-
Workers' Welfare Fund paid	(7,090,508)	(1,572,982)
Central Research Fund paid	(2,283,549)	(6,290,865)
Long term deposits	(20,000)	-
Net cash generated from operating activities	(260,191,737)	21,089,311
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(304,088,990)	(220,365,007)
Acquisition of intangibles	-	(1,196,719)
Proceeds from sale of property, plant and equipment	40,800,440	8,030,648
Dividend income	42,104,421	-
Profit on bank deposits	1,575,317	-
Redemption of short term investments - net	160,717,577	171,626,727
Net cash used in investing activities	(58,891,235)	(41,904,351)
Finance cost paid	(6,393,099)	(5,985,485)
Dividend paid	(56,223,567)	(118,817,616)
Net cash used in financing activities	(62,616,666)	(124,803,101)
Net decrease in cash and cash equivalents	(381,699,638)	(145,618,141)
Cash and cash equivalents at the beginning of the period	190,341,586	219,477,900
Cash and cash equivalents at the end of the period	(191,358,052)	73,859,759
Cash and cash equivalents comprise of the following:		
Cash and bank balances	146,652,961	218,152,600
Running finance	(338,011,013)	(144,292,841)
	(191,358,052)	73,859,759

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

Ferozsons Laboratories Limited

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

For the half year ended 31 December 2018

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 %	
			Dec-18	Jun-18
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 December 2018 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 2018.
- 3.2.3** Comparative figures of the statement of financial position are extracted from the annual financial statements for the year ended 30 June 2018, 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 six months period ended 31 December 2017.
- 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 2018.

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 statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2018 except for the adoption of new standards effective as off 01 July 2018 as stated below:

3.4.2 Change in accounting policy

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' from 01 July 2018 which is effective from the annual periods beginning on or after 01 July 2018. There are other new standards which are effective from 01 July 2018 but they do not have a material effect on the Group's condensed interim financial statements. The details of new significant accounting policy adopted and the nature and effect of the changes from previous accounting policy are set out below:

3.4.2.1 IFRS 15 'Revenue from Contracts with Customers'

The Group is engaged in the sale of pharmaceutical products and medical devices. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer, which is when the goods are delivered to the customer. However, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 July 2018, did not have a material impact on the amounts of revenue recognized in these condensed interim consolidated financial statements except for reclassification of freight and forwarding cost from selling and distribution to sales. The corresponding figures have been represented to reflect this change on adoption of IFRS 15. Accordingly, selling and distribution expense of Rs. 19.81 million (31 December 2017: Rs. 8.77 million) has been reclassified to sales. This reclassification has no impact on the reported Earning per Share (EPS) of the corresponding period.

3.4.2.2 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting and was effective for annual periods beginning on or after 01 July 2018. The Securities and Exchange Commission of Pakistan (SECP), vide its S.R.O. 229(I)/2019 dated 14 February 2019 has deferred the applicability of IFRS 9 for reporting period ended on 31 December 2018. IFRS 9 will now be applicable for reporting periods / year ending on or after 30 June 2019.

Other than those disclosed above in note 3.4.2.1 and 3.4.2.2, 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 Group'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:

- IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
- Amendment to IFRS 9 - Financial Instrument	01 January 2019
- IFRS 16 - Leases	01 January 2019
- Amendment to IAS 28 - Investments in associates and joint ventures - Long Term Interests in Associates and Joint Ventures	01 January 2019
- Amendment to IAS 19 - Employee benefits - Plan Amendment, Curtailment or Settlement	01 January 2019
- Amendment to IFRS 3 - Business Combinations – Definition of a Business	01 January 2019
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes	01 January 2019
- Annual Improvements to IFRS Standards 2015–2017 Cycle	01 January 2019

4 Short term borrowings - secured

4.1 With conventional financial institutions

The Group has short term running finance facilities available from various commercial banks under mark up arrangements having aggregate sanctioned limit of Rs. 900 million (2018: Rs. 1,000 million). These facilities carry mark-up at the rates ranging from one to three months KIBOR plus 0.1% to 1.0% (2018: one to three months KIBOR plus 0.3% to 1.0%) per annum on the outstanding balances. Running finance facilities amounting to Rs. 450 million can interchangeably be utilized as non-funded facilities. Out of the aggregate facilities, Rs. 700 million (2018: Rs. 700 million) are secured by first pari passu charge of Rs. 1,421 million (2018: Rs. 1,621) over all present and future assets (current and fixed assets) of the respective Companies in the Group (excluding land and building) and remaining Rs. 300 million (2018: Rs. 300 million) facility is secured by lien on Holding Company's short term investments (money market/income fund) which should be 110% of the maximum limit allowed for utilization. Under this arrangement, short term investment of Rs. 333.33 million (2018: Rs. 333.33 million) in HBL funds is marked under lien. These facilities are renewable on annual basis latest by 31 January 2019 and 30 November 2019 respectively.

4.2 With shariah compliant financial institutions

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 (2018: Rs. 200 million). This facility carries profit rate of one month KIBOR plus 0.25% (2018: three months KIBOR plus 0.3%) per annum on the outstanding balance. This facility can interchangeably be utilized as non-funded. This facility is secured by first pari passu charge over current assets of the Holding Company. This facility is renewable on annual basis latest by 31 October 2019.

5 Contingencies and commitments

5.1 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 2018.

5.2 Commitments

5.2.1 Letter of credits

5.2.1.1 With conventional financial institutions

Out of the aggregate facility of Rs. 750 million (2018: Rs. 850 million) for opening letters of credit, the amount utilized by the Group as at 31 December 2018 for capital expenditure was Rs. 114.34 million (2018: 192.52) and for other than capital expenditure was Rs. 382.85 (2018: Rs. 169.99 million). These facilities are secured by first pari passu charge of Rs. 1,421 million over all present and future assets (excluding land and building) of the respective Companies in the Group and lien over import documents.

5.2.1.2 With shariah compliant financial institutions

The Holding Company has facility i.e. letters of credit of Rs. 75 million (2018: Rs. 75 million) availed from Islamic bank. The amount utilized as at 31 December 2018 for capital expenditure was Rs. Nil (2018: Rs. 1.64 million) and for other than capital expenditure was Rs. 10.19 million (2018: Rs. 54.87 million). Lien is also marked over import documents.

	Un-audited 31 December 2018	Audited 30 June 2018
	-----Rupees-----	
6 Property, plant and equipment		
Cost		
Opening balance	3,825,479,179	3,407,528,666
Additions during the period / year	91,889,195	477,306,255
Disposals during the period / year	(65,833,729)	(59,355,742)
Closing balance	3,851,534,645	3,825,479,179
Accumulated depreciation		
Opening balance	855,451,002	544,758,302
Depreciation for the period / year	195,854,664	360,840,669
Relating to disposals	(41,966,956)	(50,147,969)
Closing balance	1,009,338,710	855,451,002
Operating assets-net book value	2,842,195,935	2,970,028,177
Capital work in progress	316,509,632	105,136,237
Net book value	3,158,705,567	3,075,164,414

		Un-audited 31 December 2018	Audited 30 June 2018
	Note	Rupees	
7 Short term investments			
<u>Investments at fair value through profit or loss - Mutual Funds</u>			
Held for trading	8.1	396,139,171	941,746,224
<u>Investments at amortized cost - Government Securities</u>			
Market treasury bills	8.2	367,927,937	-
		764,067,108	941,746,224
7.1 These investments are 'held for trading'			
Carrying value at 01 July		941,746,224	855,943,421
Acquisition during the period/year		82,796,333	317,010,000
Redemption during the period/year		(611,441,847)	(268,427,399)
Realized (loss)/gain on sale of investment - during the period/year		(11,293,605)	6,158,532
Unrealized (loss)/gain on re-measurement of investment - during the period/year		(5,667,934)	31,061,670
Carrying and fair value of short term investments at 31 December / 30 June	7.1.1	396,139,171	941,746,224

Units		Fair value	
Un-audited 31 December 2018	Audited 30 June 2018	Un-audited 31 December 2018	Audited 30 June 2018
.....Number.....	Rupees.....	

7.1.1 Mutual fund wise detail is as follows:

HBL Money Market Fund	2,128,931	2,042,626	224,974,350	218,868,503
HBL Cash Fund	1,350,078	1,550,552	136,316,554	164,301,807
MCB Pakistan Stock Market Fund	206,559	206,559	17,457,089	19,584,236
MCB Cash Management Optimizer Fund	149,187	3,693,953	15,050,025	391,315,609
ABL Cash Fund	81,732	-	835,356	-
Faysal Savings Growth Fund	7,718	7,425	811,263	794,481
Faysal MTS Fund	6,706	6,414	699,536	679,363
NAFA Money Market Fund	-	10,641,065	-	110,720,285
ABL Government Securities Fund	-	3,371,142	-	35,481,940
			396,144,173	941,746,224

7.1.2 Changes in fair values of financial assets at fair value through profit or loss are recorded in profit and loss account. Realized loss of Rs. 11.3 million (31 Dec 2017: Realized gain of Rs. 1.9 million) has been recorded in the current period in "other expenses" (31 December 2017: Other income). These investments comprise of mutual funds (money market / income fund).

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

7.2 Government securities - Market Treasury Bills ("MTBs") and Pakistan Investment Bonds ("PIBs")

Particulars	Tenure - Months	Face value				Balance as at 31 December 2018		
		As at 1 July 2018	Purchase during the period	Sales / matured during the period	As at 31 December 2018	Carrying value	Amortised value	Appreciation from carrying value
MTBs	3 Months	-	374,000,000	-	374,000,000	365,521,268	367,927,937	2,406,669
PIBs	5 Years	-	202,000,000	(202,000,000)	-	-	-	-

8 Cash and bank balances

8.1 These include bank accounts of Rs. 0.67 million (2018: Rs. 0.67 million) maintained under Shariah compliant arrangements.

8.2 These include deposit accounts of Rs. 21.99 million (30 June 2018: Rs. 7.94 million) under mark up arrangements, which carry interest rate ranging from 4.5% to 8.15% (30 June 2018: 3.5% - 4.57%) per annum.

These also include deposit account of Rs. 0.001 million (30 June 2018: Rs. 0.001 million) under Shariah compliant arrangements, which carries profit rate of 2.40% to 4.00% (30 June 2018: 2.40%) per annum.

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- Rupees -----		----- Rupees -----	
9 Revenue - net				
<i>Gross sales:</i>				
Local	2,768,415,453	2,658,390,960	1,500,781,679	1,527,593,700
Export	90,910,733	66,956,682	57,729,237	42,144,523
	2,859,326,186	2,725,347,642	1,558,510,916	1,569,738,223
<i>Less:</i>				
Sales returns	(52,917,558)	(38,088,804)	(35,297,634)	(15,341,922)
Discounts and commission	(130,352,115)	(170,954,945)	(67,446,771)	(81,914,557)
Freight	(19,814,035)	(8,770,160)	(11,477,849)	(5,381,597)
Sales tax	(5,169,941)	(16,068,980)	(4,199,699)	(11,571,430)
	(208,253,649)	(233,882,889)	(118,421,953)	(114,209,506)
	2,651,072,537	2,491,464,753	1,440,088,963	1,455,528,717

Note

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

	(Un-audited) Half year ended		(Un-audited) Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- Rupees -----		----- Rupees -----	
10 Cost of sales				
Raw and packing materials consumed	597,088,694	542,815,927	333,732,469	374,766,372
Other manufacturing expenses	457,699,717	354,157,076	232,082,763	179,422,058
	1,054,788,411	896,973,003	565,815,232	554,188,430
<i>Work in process:</i>				
Opening	71,287,001	76,419,116	80,355,570	96,843,251
Closing	(107,419,538)	(79,491,262)	(107,419,538)	(79,491,262)
	(36,132,537)	(3,072,146)	(27,063,968)	17,351,989
<i>Cost of goods manufactured</i>	1,018,655,874	893,900,857	538,751,264	571,540,419
<i>Finished stock:</i>				
Opening	773,414,598	1,160,681,400	760,064,230	1,184,533,466
Purchases made during the period	733,367,890	602,595,101	476,961,152	243,253,574
Closing	(868,756,030)	(932,557,222)	(868,756,030)	(932,557,222)
	638,026,458	830,719,279	368,269,352	495,229,818
	1,656,682,332	1,724,620,136	907,020,616	1,066,770,237
10.1 Raw and packing materials consumed				
Opening	392,398,201	472,681,955	403,995,663	496,496,334
Purchases made during the period	646,800,528	469,113,842	371,846,841	277,249,908
	1,039,198,729	941,795,797	775,842,504	773,746,242
Closing	(442,110,035)	(398,979,870)	(442,110,035)	(398,979,870)
	597,088,694	542,815,927	333,732,469	374,766,372

10.2 The amount charged to profit or loss statement on account of write down of finished goods to net realizable value amounts to Rs. 8.69 million (31 December 2017: Rs. 130.8 million).

11 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) Half year ended	
	31 December 2018	31 December 2017
	----- Rupees -----	
Other related parties		
Contribution towards employees' provident fund	20,690,416	18,358,796
Remuneration including benefits and perquisites of key management personnel	77,639,616	84,516,489

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

	Unclaimed dividend	Accrued mark-up	Total
	----- Rupees -----		
<u>As at 30 June 2018</u>	82,143,724	539,624	82,683,348
<u>Changes from financing cash flows</u>			
Dividend paid	(56,223,567)	-	(56,223,567)
Financial charges paid	-	(6,393,099)	(6,393,099)
Total changes from financing cash flows	(56,223,567)	(6,393,099)	(62,616,666)
<u>Other changes</u>			
Dividend approved	60,373,682	-	60,373,682
Interest / markup expense	-	11,581,724	11,581,724
Total liability related other changes	60,373,682	11,581,724	71,955,406
<u>As at 31 December 2018</u>	86,293,839	5,728,249	92,022,088

13 Financial risk management and financial instruments - fair value

13.1 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 2018. 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.

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			
	Cash and cash equivalents	Fair Value through Income Statement	Loans and receivables	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- Rupees -----								
31 December 2018									
Financial assets measured at fair value:									
Short term investments	-	396,139,171	-	367,927,937	-	764,067,108	764,067,108	-	-
Financial assets not measured at fair value:									
Long term deposits	-	-	11,633,325	-	-	11,633,325	-	-	-
Trade debts - considered good	-	-	820,997,812	-	-	820,997,812	-	-	-
Loans and advances - considered good	-	-	596,526	-	-	596,526	-	-	-
Short term deposits	-	-	231,286,173	-	-	231,286,173	-	-	-
Other receivables	-	-	138,095,944	-	-	138,095,944	-	-	-
Bank balances	133,464,864	-	-	-	-	133,464,864	-	-	-
	133,464,864	-	1,202,609,780	-	-	1,336,074,644	-	-	-
Financial liabilities measured at fair value:									
	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value:									
Trade and other payables	-	-	-	-	853,550,351	853,550,351	-	-	-
Unclaimed dividend	-	-	-	-	86,293,839	86,293,839	-	-	-
Short term borrowing	-	-	-	-	338,011,013	338,011,013	-	-	-
Accrued mark-up	-	-	-	-	5,728,249	5,728,249	-	-	-
	-	-	-	-	1,283,583,452	1,283,583,452	-	-	-
30 June 2018									
Financial assets measured at fair value:									
Short term investments	-	941,746,224	-	-	-	941,746,224	941,746,224	-	-
Financial assets not measured at fair value:									
Long term deposits	-	-	11,613,325	-	-	11,613,325	-	-	-
Trade debts - considered good	-	-	604,467,682	-	-	604,467,682	-	-	-
Loans and advances - considered good	-	-	21,906,685	-	-	21,906,685	-	-	-
Short term deposits	-	-	190,727,754	-	-	190,727,754	-	-	-
Other receivables	-	-	69,534,001	-	-	69,534,001	-	-	-
Bank balances	280,188,463	-	-	-	-	280,188,463	-	-	-
	280,188,463	-	898,249,447	-	-	1,178,437,910	-	-	-
Financial liabilities measured at fair value:									
	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value:									
Trade and other payables	-	-	-	-	717,349,450	717,349,450	-	-	-
Unclaimed dividend	-	-	-	-	82,143,724	82,143,724	-	-	-
Short term borrowing	-	-	-	-	100,525,853	100,525,853	-	-	-
Accrued mark-up	-	-	-	-	539,624	539,624	-	-	-
	-	-	-	-	900,558,651	900,558,651	-	-	-

14 Subsequent event and date of authorization for issue

The Board of Directors of the Company in its meeting held on 23 February 2019 has authorized to issue these condensed interim consolidated financial statements and has approved an interim cash dividend of Rs. 2 per share (31 December 2017: Rs. Nil per share) amounting to Rs. 60,373,682 (31 December 2017: Rs. Nil) for the year ending 30 June 2019.

15 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

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US

**MORE THAN SIX DECADES
OF DEDICATED SERVICE
TO HUMANITY IN PAKISTAN
AND AROUND THE WORLD
IN PHARMACEUTICALS**



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