
Condensed Interim Financial Information for the Three Month Ended 30 September 2018

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CORPORATE INFORMATION

Board of Directors

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

Chairperson
Chief Executive

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

Audit Committee

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

Chairman
Member
Member
Member

Investment Committee

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

Chairman
Member
Member

HR & Remuneration Committee

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

Chairman
Member
Member
Member

Company Secretary / Chief Financial Officer

Syed Ghausuddin Saif

Share Registrar

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

Head of Internal Audit

Mr. Rizwan Hameed Butt

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Factory

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

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

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

Legal Advisors

Khan & Piracha

Sales Office Lahore

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

Registered Office

Ferozsos 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

(The quarterly accounts can be downloaded from Company's Website: www.ferozsons-labs.com)

DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2018

We are pleased to present a brief review of your Company's un-audited Standalone and Consolidated condensed interim financial information for the three months ended 30 September 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	
	3 Months	3 Months	3 Months	3 Months
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	(Rupees in thousand)			
Sales (net)	1,051,835	905,296	1,219,320	1,039,325
Gross Profit	453,074	363,433	469,658	381,475
Profit before tax	95,828	94,212	92,608	80,810
Taxation	(31,210)	(33,506)	(20,158)	(19,779)
Profit after tax	64,617	60,706	72,451	61,031

Standalone Net Sales of your Company increased by 16% during the 1st Quarter under review over same corresponding period last year. At the group level, Net Sales increased by 17% during the 1st Quarter under review over same period last year. Apart from our imported line of products, our promoted generic product portfolio in the private market grew by 24% over the same period last year, whereas our generic products sales to institutions have grown by 242% over the same period last year.

The Gross Profit (GP) margin of your Company stands at 43% for the quarter under review. In absolute terms, the GP grew by 25%. The primary reason being no further diminution in net realizable value of stock of Sovaldi® has been made as compared to last period in which Rs. 50 million was recorded. The management feels confident that the existing carrying value is adequate at the balance sheet date.

The selling and distribution expenses have been increased by 34% during the quarter under review over the same corresponding period last year. The increase mainly represents expenses related to increase in field force.

The 49% increase in other expenses over the same period last year represents the exchange loss due to devaluation of PKR.

Your Company reported Net Profit after Tax (NPAT) of Rs. 64.6 million for the for the three months period ended 30 September 2018, depicting a 6% growth as compared to same period last year.

Based on the Net Profit for the three months ended 30 September 2018, the Earnings per Share (EPS), both basic and diluted, stand at Rs. 2.14 as compared to EPS of Rs. 2.01 of same period last year.

BF Biosciences Limited Operational Status

The Company's subsidiary BF Biosciences Limited closed its Net Sales at Rs. 122.7 million for the quarter ended 30 September 2018, with an increase of 5% in comparison with the same period last year on account of Institutional order of Pegelated Interferon supplied during the quarter amounting to Rs. 52 million. Net Profit after Tax (NPAT) for the quarter under review stood at Rs. 12.7 million as compared to Net Loss after Tax (NLAT) of Rs. 0.4 million for the same period last year.

Future Outlook

As discussed in our Annual Report 2018, your Company has high expectations of growth potential from new range of products recently registered. The management is committed to enhance long term shareholders' wealth; however there are various challenges associated with regard to external environment. These include but are not limited to foreign exchange rates adverse movements, hike in monetary policy rates and delays faced in registrations by DRAP. The new Drug Pricing Policy 2018 is a great initiative; however the pricing formula lacks to take impact of devaluation of currency which will erode future margins of your Company if more adverse foreign exchange movements are witnessed. We hope that these issues will be resolved by mutual consensus of industry and DRAP.

Acknowledgments

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

For and on behalf of the Board of Directors

Mr. Osman Khalid Waheed
Chief Executive Officer

Mrs. Akhter Khalid Waheed
Chairperson

Ferozsons Laboratories Limited
Condensed Interim Unconsolidated Statement of Financial Position
As at 30 September 2018

		Un-audited 30 Sep 2018	Audited 30 Jun 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	3	301,868,410	301,868,410
Capital reserve		321,843	321,843
Accumulated profit		3,806,468,171	3,735,100,328
Revaluation surplus on property, plant and equipment		782,899,607	789,650,185
		4,891,558,031	4,826,940,766
<u>Non current liabilities</u>			
Deferred taxation		161,273,232	165,760,483
<u>Current liabilities</u>			
Trade and other payables		710,851,039	792,675,804
Short term borrowings - secured	4	272,098,363	96,852,363
Unclaimed dividend		82,143,383	82,143,724
Accrued mark-up		2,880,470	533,713
		1,067,973,255	972,205,604
Contingencies and commitments			
	5		
		6,120,804,518	5,964,906,853

		Un-audited 30 Sep 2018	Audited 30 Jun 2018
		----- Rupees -----	
ASSETS	Note		
<u>Non-current assets</u>			
Property, plant and equipment	6	2,815,028,357	2,649,216,106
Intangibles		1,514,118	2,016,272
Long term investments - related parties	7	302,759,342	297,798,460
Long term deposits and prepayments		7,086,325	7,066,325
		3,126,388,142	2,956,097,163
<u>Current assets</u>			
Stores, spare parts and loose tools		33,506,246	46,218,187
Stock in trade		1,184,743,846	1,219,853,920
Trade debts - considered good		597,124,712	536,412,764
Loans and advances - considered good		76,447,755	43,976,934
Deposits and prepayments		207,113,471	174,960,635
Other receivables		93,653,870	92,465,979
Income tax - net		182,473,948	170,398,448
Short term investments	8	529,676,991	527,343,533
Cash and bank balances	9	89,675,537	197,179,290
		2,994,416,376	3,008,809,690
		6,120,804,518	5,964,906,853

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

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

For the three months period ended 30 September 2018

		Quarter ended	
		30 Sep 2018	30 Sep 2017
	Note	----- Rupees -----	
Revenue - net	10	1,051,834,583	905,295,863
Cost of sales	11	(598,760,825)	(541,862,998)
Gross profit		453,073,758	363,432,865
Administrative expenses		(82,452,182)	(71,400,034)
Selling and distribution expenses		(271,912,282)	(202,595,992)
Other expenses		(15,155,360)	(10,179,953)
Other income		16,482,740	16,943,138
Profit from operations		100,036,674	96,200,024
Finance costs		(4,208,994)	(1,988,223)
Profit before taxation		95,827,680	94,211,801
Taxation	12	(31,210,415)	(33,505,795)
Profit after taxation		64,617,265	60,706,006
Earnings per share - basic and diluted		2.14	2.01

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

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

For the three months period ended 30 September 2018

	Quarter ended	
	30 Sep 2018	30 Sep 2017
	----- Rupees -----	
Profit after taxation	64,617,265	60,706,006
<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	64,617,265	60,706,006

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

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

For the three months period ended 30 September 2018

	Share capital	Capital reserve		Revenue reserve	Total
		Capital reserve	Revaluation surplus on Property, plant and equipment	Accumulated profit	
		-----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	-	-	-	60,706,006	60,706,006
<u>Surplus transferred to accumulated profit:</u>					
-on account of incremental depreciation charged during the period - net of tax	-	-	(5,278,227)	5,278,227	-
Balance as at 30 September 2017 - unaudited	<u>301,868,410</u>	<u>321,843</u>	<u>802,246,726</u>	<u>3,799,415,909</u>	<u>4,903,852,888</u>
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	-	-	-	64,617,265	64,617,265
<u>Surplus transferred to accumulated profit:</u>					
-on account of incremental depreciation charged during the period - net of tax	-	-	(6,750,578)	6,750,578	-
Balance as at 30 September 2018 - unaudited	<u>301,868,410</u>	<u>321,843</u>	<u>782,899,607</u>	<u>3,806,468,171</u>	<u>4,891,558,031</u>

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)
For the three months period ended 30 September 2018

	Quarter ended	
	30 Sep 2018	30 Sep 2017
	----- Rupees -----	
<u>Cash flow from operating activities</u>		
Profit before taxation	95,827,680	94,211,801
Adjustments for:		
Depreciation on property, plant and equipment	70,253,447	59,319,943
Amortisation	502,154	354,682
Provision for slow moving stock in trade	-	50,000,000
Gain on disposal of property, plant and equipment	(6,079,046)	(430,737)
Finance costs	4,208,994	1,988,223
Dividend income	(2,529,947)	-
Profit on bank deposits	(254,525)	(635,925)
Gain on re-measurement of short term investments to fair value	(2,333,458)	(5,245,797)
Gain on sale of short term investments	-	(778,932)
Share in profit of Farmacia	(4,960,882)	(4,824,237)
Workers' Profit Participation Fund	5,171,320	5,210,818
Central Research Fund	1,044,711	1,052,691
Workers' Welfare Fund	2,427,400	2,805,521
	67,450,168	108,816,250
Cash generated from operations before working capital changes	163,277,848	203,028,051
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	12,711,941	(3,337,046)
Advances, deposits, prepayments and other receivables	(65,811,548)	(20,581,259)
Stock in trade	35,110,074	(219,430,383)
Trade debts - considered good	(60,711,948)	(50,816,253)
	(78,701,481)	(294,164,941)
Increase / (decrease) in current liabilities		
Trade and other payables	(90,468,195)	134,617,852
Cash generated from operations	(5,891,828)	43,480,962
Taxes paid	(47,773,167)	(42,746,395)
Worker's Profit Participation Fund paid	-	-
Worker's Welfare Fund paid	-	-
Central Research Fund paid	-	-
Long term deposits	(20,000)	-
Net cash generated from operating activities	(53,684,995)	734,567
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(240,575,452)	(120,608,917)
Acquisition of intangibles	-	(787,330)
Proceeds from sale of property, plant and equipment	10,588,800	958,700
Dividend income	2,529,947	-
Profit on bank deposits	254,525	635,925
Redemption of short term investments - net	-	80,000,000
Net cash used in investing activities	(227,202,180)	(39,801,622)
<u>Cash flow from financing activities</u>		
Finance cost paid	(1,862,237)	(3,409,049)
Dividend paid	(341)	(2,005,106)
Net cash used in financing activities	(1,862,578)	(5,414,155)
Net decrease in cash and cash equivalents	(282,749,753)	(44,481,209)
Cash and cash equivalents at the beginning of the period	100,326,927	133,178,894
Cash and cash equivalents at the end of the period	(182,422,826)	88,697,685
Cash and cash equivalents comprise of the following:		
Cash and bank balances	89,675,537	103,402,398
Running finance	(272,098,363)	(14,704,713)
	(182,422,826)	88,697,685

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

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

For the three months period ended 30 September 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 information comprises the condensed interim unconsolidated statement of financial position of the Company, as at 30 September 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 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 2018.

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 2018, 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 31 September 2017.

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 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 information are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2018.

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
2018	2018
-----Rupees-----	

3 Issued, subscribed and paid up capital

1,441,952 (30 June 2018: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash

14,419,520	14,419,520
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119,600 (30 June 2018: 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
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28,625,289 (30 June 2018: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares

286,252,890	286,252,890
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301,868,410	301,868,410
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KFW Factors (Private) Limited, an associated company holds 8,286,942 (30 June 2018: 8,286,942) ordinary shares of Rs. 10 each of the Company.

4 Short term borrowings - secured

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 (2018: Rs. 750 million). These facilities carry mark-up at the rates ranging from three months KIBOR plus 0.3% to 0.9% (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 (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 (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 (2018: Rs. 333.33 million) in HBL funds is marked under lien. These facilities are renewable on annual basis latest by 31 December 2018.

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 (2018: Rs. 200 million). This facility carries profit rate of three months KIBOR plus 0.3% (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 2018.

5 Contingencies and commitments

5.1 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.

5.2 Commitments

5.2.1 Letter of credits

5.2.1.1 With conventional financial institutions

Out of the aggregate facility of Rs. 600 million (2018: Rs. 600 million) for opening letters of credit, the amount utilized as at 30 Sep 2018 for capital expenditure was Rs. 104.19 million (2018: Rs. 192.52 million) and for other than capital expenditure was Rs. 170.92 million (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 & building) of the Company and lien over import documents.

5.2.1.2 With shariah compliant financial institutions

The Company has facility i.e. letters of credit of Rs. 75 million (2018: Rs. 75 million) available from Islamic bank. The amount utilized as at 30 Sep 2018 for capital expenditure was Rs. Nil (2018: Rs. 1.64 million) and for other than capital expenditure was Rs. 60.20 million (2018: Rs. 54.87 million). Lien is also marked over import documents.

		Un-audited 30 Sep 2018	Audited 30 Jun 2018
		-----Rupees-----	
6	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	35,966,630	451,786,079
	Disposals during the period / year	(16,173,505)	(41,382,192)
	Closing balance at end of the period / year	3,150,198,055	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	70,253,435	246,338,313
	On disposals	(11,663,751)	(33,197,428)
	Closing balance at end of the period / year	642,671,791	584,082,107
	Operating fixed assets - net book value	2,507,526,264	2,546,322,823
	Add: Capital work in progress - at cost	307,502,093	102,893,283
		2,815,028,357	2,649,216,106
7	Long term investments		
	<i>Related parties - at cost:</i>		
	Farmacia (partnership firm)	7.1 150,759,382	145,798,500
	BF Biosciences Limited (unlisted subsidiary)	7.2 151,999,960	151,999,960
		302,759,342	297,798,460
7.1	This represents the Company's 98% share in "Farmacia", a subsidiary partnership duly registered under the Partnership Act, 1932 and engaged in operating retail pharmacy. Share of profit, if any, for the period / year not withdrawn is reinvested in capital account of partnership.		
7.2	This represents investment made in 15,199,996 (30 June 2018: 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 2018: 80%) of equity of the subsidiary and the remaining 20% (30 June 2018: 20%) is held by Gurpo Empresarial Bagó S.A, Argentina (previously known as Laboratories Bagó S.A., Argentina).		

	Un-audited 30 Sep 2018	Audited 30 Jun 2018
Note	----- Rupees -----	

8 Short term investments

Investments at fair value through profit or loss - listed securities

Held for trading	8.1	529,676,991	527,343,533
		529,676,991	527,343,533

8.1 These investments are 'held for trading'

Carrying value at 01 July		527,343,533	487,884,889
Acquisition during the period/year		-	175,000,000
Redemption during the period/year		-	(156,626,731)
Realized gain on sale of investments during the period / year		-	1,947,077
Unrealized gain on re-measurement of investment - during the period/year		2,333,458	19,138,298
Carrying and fair value of short term investments at 30 Sep / 30 Jun	8.1.1	529,676,991	527,343,533

Units		Fair value	
Un-audited 30 Sep 2018	Audited 30 Jun 2018	Un-audited 30 Sep 2018	Audited 30 Jun 2018
.....Number.....	Rupees.....	

8.1.1 Mutual fund wise detail is as follows:

HBL Money Market Fund	2,128,931	2,041,354	220,800,368	218,732,153
MCB Cash Management Optimizer Fund	1,740,539	1,664,517	175,138,814	176,329,065
HBL Cash Fund	1,305,178	1,248,377	133,737,809	132,282,315
			529,676,991	527,343,533

8.2 Changes in fair values of financial assets at fair value through profit or loss are recorded in profit and loss account. Realized gain of Rs. Nil (30 Sep 2017: Rs.0.78 million) has been recorded in the current period in "other income". These investments comprise of mutual funds (money market / income fund).

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

9 Cash and bank balances

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

9.2 These include deposit accounts of Rs. 16.82 million (30 June 2018: Rs. 14.63 million) under mark up arrangements, which carry interest rate of 4.5% (30 June 2018: 3.5% - 4.25%) per annum.

These also include deposit account of Rs. 3.70 million (30 June 2018: Rs. 0.001 million) under Shariah compliant arrangements, which carries profit rate of 2.40% (30 June 2016: 2.40%) per annum.

10 Revenue - net

Gross sales:

Local	1,083,968,788	967,561,243
Export	32,726,617	24,812,159
	1,116,695,405	992,373,402

Less:

Sales returns	(10,846,233)	(18,664,606)
Discounts and commission	(54,129,601)	(64,906,000)
Sales tax	115,012	(3,506,933)
	(64,860,822)	(87,077,539)
	1,051,834,583	905,295,863

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

11 Cost of sales

Raw and packing materials consumed	11.1	202,235,904	153,803,119
Other manufacturing expenses		160,295,480	117,109,523
		362,531,384	270,912,642

Work in process:

Opening		50,818,086	33,156,171
Closing		(40,827,978)	(43,550,630)
		9,990,108	(10,394,459)

Cost of goods manufactured

372,521,492	260,518,183
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Finished stock:

Opening		730,289,493	1,079,226,890
Purchases made during the period		207,106,764	313,232,770
Closing	11.2	(711,156,924)	(1,111,114,845)
		226,239,333	281,344,815
		598,760,825	541,862,998

(Un-audited) Quarter ended

30 Sep 30 Sep
2018 2017

----- Rupees -----

(Un-audited) Quarter ended

30 Sep 30 Sep
2018 2017

----- Rupees -----

Note

11.1 Raw and packing materials consumed

Opening	338,718,490	378,989,330
Purchases made during the period	200,513,089	174,694,141
	539,231,579	553,683,471
Closing	(336,995,675)	(399,880,352)
	202,235,904	153,803,119

11.2 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounts to Rs. Nil (Sep 2017: Rs. 50 million).

(Un-audited) Quarter ended	
30 Sep	30 Sep
2018	2017
-----Rupees-----	

12 Taxation

<i>Current</i>		
- For the year	35,697,667	46,335,335
<i>Deferred</i>		
- For the year	(4,487,252)	(12,829,540)
	31,210,415	33,505,795

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ended 30 June 2019 to comply with the section 5A of the Income Tax Ordinance 2001. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed unconsolidated interim financial information.

13 Transactions with related parties

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

	(Un-audited) Quarter ended	
	30 Sep 2018	30 Sep 2017
	----- Rupees -----	
<u>Farmacia - 98% owned subsidiary partnership firm</u>		
Sale of medicines	8,142,842	8,756,053
Payment received against sale of finished goods	8,142,842	4,423,890
Share of profit reinvested	4,960,882	4,824,237
Rentals	964,615	876,924
<u>BF Biosciences Limited - 80% owned subsidiary company</u>		
Sale of finished goods	4,950,771	28,338,494
Payment received against sale of finished goods	4,950,771	28,338,494
Sales return of medicines	946,457	-
Receipts against return of medicine	946,457	-
Marketing fee	-	1,104,238
Expenses incurred	19,019,446	2,977,805
Payment made against marketing fee and expenses re-imbursement	19,019,446	4,082,043
<u>Other related parties</u>		
Contribution towards employees' provident fund	8,428,529	7,239,607
Remuneration including benefits and perquisites of key management personnel	32,008,122	26,098,981

14 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	(341)	-	(341)
Financial charges paid	-	(1,862,237)	(1,862,237)
Total changes from financing cash flows	(341)	(1,862,237)	(1,862,578)
<u>Other changes</u>			
Dividend approved	-	-	-
Interest / markup expense	-	4,208,994	4,208,994
Total liability related other changes	-	4,208,994	4,208,994
<u>As at 30 September 2018</u>	<u>82,143,383</u>	<u>2,880,470</u>	<u>85,023,853</u>

15 Financial risk management and financial instruments - fair value

15.1 The Company's financial risk management objective and policies are consistent with that disclosed in the annual unconsolidated financial statements of the Company for the year ended 30 June 2018.

- 15.2 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying Amount					Fair Value		
	Cash and cash equivalents	Fair Value through Income Statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- Rupees -----							
30 September 2018								
Financial assets measured at fair value:	-	529,676,991	-	-	529,676,991	529,676,991	-	-
<u>Financial assets not measured at fair value:</u>								
Long term deposits	-	-	7,086,325	-	7,086,325	-	-	-
Trade debts - considered good	-	-	597,124,712	-	597,124,712	-	-	-
Loans and advances - considered good	-	-	1,649,839	-	1,649,839	-	-	-
Short term deposits	-	-	199,673,040	-	199,673,040	-	-	-
Other receivables	-	-	89,511,846	-	89,511,846	-	-	-
Bank balances	81,784,390	-	-	-	81,784,390	-	-	-
	81,784,390	-	895,045,762	-	976,830,152	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-	-
<u>Financial liabilities not measured at fair value:</u>								
Trade and other payables	-	-	-	587,964,421	587,964,421	-	-	-
Unclaimed dividend	-	-	-	82,175,452	82,175,452	-	-	-
Short term borrowings - secured	-	-	-	272,098,363	272,098,363	-	-	-
Accrued mark-up	-	-	-	2,880,470	2,880,470	-	-	-
	-	-	-	945,118,706	945,118,706	-	-	-
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	-	-	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	-	-	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	-	-	-	96,852,363	96,852,363	-	-	-
Short term borrowings - secured	-	-	-	2,138,283	2,138,283	-	-	-
Accrued mark-up	-	-	-	1,646,851	1,646,851	-	-	-
	-	-	-	756,099,567	756,099,567	-	-	-

16 Subsequent event and date of authorization for issue

The Board of Directors of the Company in its meeting held on 27 October 2018 has authorized to issue these condensed interim unconsolidated financial statements and has approved interim cash dividend of Rs. Nil per share (30 September 2017: Rs. Nil per share) amounting to Rs. Nil (30 September 2017: Rs. Nil) for the year ending 30 June 2019 in the same meeting.

17 Corresponding figures

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

Chief Executive Officer

Chief Financial Officer

Director

**Condensed Interim Consolidated
Financial Information
for the Three Month Ended
30 September 2018**

Ferozsons Laboratories Limited
Condensed Interim Consolidated Statement of Financial Position
As at 30 September 2018

		Un-audited 30 Sep 2018	Audited 30 Jun 2018
Note		Rupees -----	
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
Authorized share capital			
		500,000,000	500,000,000
50,000,000 (30 June 2018: 50,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid up capital	4	301,868,410	301,868,410
Accumulated profit		4,276,620,168	4,194,798,630
Capital reserve		321,843	321,843
Revaluation surplus on property, plant and equipment		910,341,703	921,179,842
Equity attributable to owners of the Company		5,489,152,124	5,418,168,725
Non-controlling interests		185,827,811	184,360,696
		5,674,979,935	5,602,529,421
<u>Non current liabilities</u>			
Deferred taxation		202,735,309	222,502,168
<u>Current liabilities</u>			
Trade and other payables		804,198,731	960,178,380
Short term borrowings - secured	5	289,254,450	100,525,853
Unclaimed dividend		82,143,383	82,143,724
Accrued mark-up		3,000,387	539,624
		1,178,596,951	1,143,387,581
Contingencies and commitments	6		
		7,056,312,195	6,968,419,170

		Un-audited 30 Sep 2018	Audited 30 Jun 2018
	Note	----- Rupees -----	-----
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	7	3,198,571,545	3,075,164,414
Investment property		79,371,992	78,545,641
Intangibles		1,684,978	2,357,632
Long term deposits and prepayments		11,633,325	11,613,325
		3,291,261,840	3,167,681,012
<u>Current assets</u>			
Stores, spare parts and loose tools		59,875,625	71,802,216
Stock in trade		1,357,899,514	1,346,996,263
Trade debts - considered good		655,509,038	604,467,682
Loans and advances - considered good		80,392,352	48,225,856
Deposits and prepayments		247,504,367	191,428,941
Other receivables		93,533,207	92,304,228
Income tax - net		230,341,224	212,899,309
Short term investments	8	912,507,126	941,746,224
Cash and bank balances	9	127,487,902	290,867,439
		3,765,050,355	3,800,738,158
		7,056,312,195	6,968,419,170

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

Ferozsons Laboratories Limited

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

For the three months period ended 30 September 2018

		Quarter ended	
		30 Sep 2018	30 Sep 2017
		Rupees	
	Note		
Revenue - net	10	1,219,319,760	1,039,324,599
Cost of sales	11	(749,661,716)	(657,849,899)
Gross profit		469,658,044	381,474,700
Administrative expenses		(93,313,684)	(81,443,944)
Selling and distribution expenses		(281,138,563)	(222,105,855)
Other expenses		(31,316,692)	(10,532,555)
Other income		33,221,244	15,709,130
Profit from operations		97,110,349	83,101,476
Finance costs		(4,501,944)	(2,291,281)
Profit before taxation		92,608,405	80,810,195
Taxation	12	(20,157,891)	(19,778,854)
Profit after taxation		72,450,514	61,031,341
<i>Attributable to:</i>			
Owners of the Company		70,983,399	62,459,163
Non-controlling interests		1,467,115	(1,427,822)
Profit after taxation		72,450,514	61,031,341
Earnings per share - basic and diluted		2.35	2.07

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

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

For the three months period ended 30 September 2018

	Quarter ended	
	30 Sep 2018	30 Sep 2017
	----- Rupees -----	
Profit after taxation	72,450,514	61,031,341
<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	72,450,514	61,031,341
Attributable to:		
Owners of the Company	70,983,399	62,459,163
Non-controlling interests	1,467,115	(1,427,822)
	72,450,514	61,031,341

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

Ferozsons Laboratories Limited

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

For the three months period ended 30 September 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	-	-	-	62,459,163	62,459,163	(1,427,822)	61,031,341
<u>Surplus transferred to accumulated profit:</u>							
-on account of incremental depreciation charged during the period - net of tax	-	-	(8,703,763)	8,703,763	-	-	-
Balance as at 30 September 2017 - un-audited	<u>301,868,410</u>	<u>321,843</u>	<u>936,133,141</u>	<u>4,336,502,715</u>	<u>5,574,826,109</u>	<u>204,436,126</u>	<u>5,779,262,235</u>
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	-	-	-	70,983,399	70,983,399	1,467,115	72,450,514
<u>Surplus transferred to accumulated profit:</u>							
-on account of incremental depreciation charged during the period - net of tax	-	-	(10,838,139)	10,838,139	-	-	-
Balance as at 30 September 2018 - un-audited	<u>301,868,410</u>	<u>321,843</u>	<u>910,341,703</u>	<u>4,276,620,168</u>	<u>5,489,152,124</u>	<u>185,827,811</u>	<u>5,674,979,935</u>

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

Ferozsons Laboratories Limited
Condensed Interim Consolidated Statement of Cash Flows (Un-audited)
For the three months period ended 30 September 2018

Cash flow from operating activities

	Quarter ended	
	30 Sep 2018	30 Sep 2017
	----- Rupees -----	
Profit before taxation	92,608,405	80,810,195
<i>Adjustments for:</i>		
Depreciation	97,820,994	86,732,576
Amortisation	672,654	525,233
Gain on disposal of property, plant and equipment	(6,207,186)	(787,388)
Finance costs	4,501,944	2,291,280
Dividend income	(25,934,871)	-
Un-realised loss/(gain) on re-measurement of short term investments to fair value	12,074,358	(7,733,563)
Loss/(gain) on sale of short term investments	3,038,993	(805,806)
Profit on bank deposits	(754,305)	(72,548)
Workers' Profit Participation Fund	5,371,939	5,210,818
Workers' Welfare Fund	2,536,300	2,858,314
Central Research Fund	1,085,240	1,052,691
	94,206,060	89,271,607
Cash generated from operations before working capital changes	186,814,465	170,081,802
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	11,926,591	(3,136,834)
Loans, advances, deposits and prepayments	(89,441,103)	(27,421,240)
Stock in trade	(10,903,251)	(180,586,946)
Trade debts - considered good	(51,041,356)	(54,165,643)
	(139,459,119)	(265,310,663)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(165,002,925)	157,040,964
Cash generated from operations	(117,647,579)	61,812,103
Taxes paid	(57,366,609)	(48,780,121)
Workers' Profit Participation Fund paid	-	(1,364,220)
Workers' Welfare Fund paid	-	(1,572,982)
Central Research Fund paid	-	-
Long term deposits	(20,000)	-
Net cash generated from operating activities	(175,034,188)	10,094,780
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(240,862,406)	(125,937,917)
Acquisition of intangibles	-	(787,330)
Proceeds from sale of property, plant and equipment	25,015,059	1,604,067
Dividend income	25,934,871	-
Profit on bank deposits	754,305	72,548
Redemption of short term investments - net	14,125,747	95,000,000
Net cash used in investing activities	(175,032,424)	(30,048,632)
Finance cost paid	(2,041,181)	(3,687,288)
Dividend paid	(341)	(2,005,106)
Net cash used in financing activities	(2,041,522)	(5,692,394)
Net decrease in cash and cash equivalents	(352,108,134)	(25,646,246)
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	(161,766,548)	193,831,654
Cash and cash equivalents comprise of the following:		
Cash and bank balances	127,487,902	217,900,639
Running finance	(289,254,450)	(24,068,985)
	(161,766,548)	193,831,654

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

Ferozsons Laboratories Limited

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

For the three months period ended 30 September 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 %	
			Sep-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 30 September 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 period ended on 30 September 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 information are same as those applied in the preparation of the consolidated financial statements for the year ended 30 June 2018.

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

	Un-audited 30 Sep 2018	Audited 30 Jun 2018
	-----Rupees-----	
4 Issued, subscribed and paid up capital		
1,441,952 (30 June 2018: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (30 June 2018: 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 2018: 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

5 Short term borrowings - secured

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. 1,000 million (2018: Rs. 1,000 million). These facilities carry mark-up at the rates ranging from three months KIBOR plus 0.3% to 1.0% (2018: 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. 1,621 million 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 December 2018.

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 three months KIBOR plus 0.3% (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 2018.

6 Contingencies and commitments

6.1 Contingencies:

There is no significant change in contingencies already disclosed in preceding annual published financial statement of the Holding Company for the year ended 30 June 2018.

6.2 Commitments

6.2.1 Letter of credits

6.2.1.1 With conventional financial institutions

Out of the aggregate facility of Rs. 850 million (2018: Rs. 850 million) for opening letters of credit, the amount utilized by the Group as at 30 September 2018 for capital expenditure was Rs. 104.19 million (2018: 192.52) and for other than capital expenditure was Rs. 190.74 (2018: Rs. 151.99 million). These facilities are secured by first pari passu charge of Rs. 1,621 million over all present and future assets (excluding land and building) of the respective Companies in the Group and lien over import documents.

6.2.1.2 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 30 June 2018 for capital expenditure was Rs. Nil (2018: Rs. 1.64 million) and for other than capital expenditure was Rs. 60.20 million (2018: Rs. 54.87 million). Lien is also marked over import documents.

Un-audited
30 Sep
2018
-----Rupees-----

Audited
30 Jun
2018

7 Property, plant and equipment

Cost

Opening balance	3,825,479,179	3,407,528,666
Additions during the period / year	36,830,225	477,306,255
Disposals during the period / year	(42,352,434)	(59,355,742)
Closing balance	3,819,956,970	3,825,479,179

Accumulated depreciation

Opening balance	855,451,002	544,758,302
Depreciation for the period / year	97,821,039	360,840,669
Relating to disposals	(23,544,561)	(50,147,969)
Closing balance	929,727,480	855,451,002

Operating assets-net book value

2,890,229,490	2,970,028,177
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Capital work in progress

308,342,055	105,136,237
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Net book value

3,198,571,545	3,075,164,414
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	Un-audited 30 Sep 2018	Audited 30 Jun 2018
Note	----- Rupees -----	

8 Short term investments

Investments at fair value through profit or loss - Mutual Funds

Held for trading	8.1	912,507,126	941,746,224
		<u>912,507,126</u>	<u>941,746,224</u>
8.1 These investments are 'held for trading'			
Carrying value at 01 July		941,746,224	855,943,421
Acquisition during the period/year		59,306,530	317,010,000
Redemption during the period/year		(73,432,277)	(268,427,399)
Realized (loss)/gain on sale of investment - during the period/year		(3,038,993)	6,158,532
Unrealized (loss)/gain on re-measurement of investment - during the period/year		(12,074,358)	31,061,670
Carrying and fair value of short term investments at 30 Sep / 30 Jun	8.1.1	<u>912,507,126</u>	<u>941,746,224</u>

Units		Fair value	
Un-audited 30 Sep 2018	Audited 30 Jun 2018	Un-audited 30 Sep 2018	Audited 30 Jun 2018
.....Number.....	Rupees.....	

8.1.1 Mutual fund wise detail is as follows:

HBL Money Market Fund	2,130,258	2,042,626	220,938,008	218,868,503
MCB Cash Management Optimizer Fund	3,540,827	3,693,953	356,289,718	391,315,609
HBL Cash Fund	1,623,054	1,550,552	166,309,698	164,301,807
NAFA Money Market Fund	11,227,638	10,641,065	112,454,904	110,720,285
ABL Government Securities Fund	-	3,371,142	-	35,481,940
ABL Cash Fund	34,960,589	-	35,705,759	-
MCB Pakistan Stock Market Fund	206,559	206,559	19,325,851	19,584,236
Faysal Savings Growth Fund	7,718	7,425	797,601	794,481
Faysal MTS Fund	6,705	6,414	685,587	679,363
			<u>912,507,126</u>	<u>941,746,224</u>

8.2 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. 3.04 million (30 Sep 2017: Realized gain of Rs. 0.82 million) has been recorded in the current period in "other expenses". These investments comprise of mutual funds (money market / income fund).

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

9 Cash and bank balances

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

9.2 These include deposit accounts of Rs. 34.76 million (30 June 2018: Rs. 7.94 million) under mark up arrangements, which carry interest rate ranging from 4.5% to 5.55% (30 June 2018: 3.5% - 4.57%) per annum.

These also include deposit account of Rs. 3.70 million (30 June 2018: Rs. 0.001 million) under Shariah compliant arrangements, which carries profit rate of 2.40% (30 June 2016: 2.40%) per annum.

		(Un-audited) Quarter ended	
		30 Sep	30 Sep
		2018	2017
		----- Rupees -----	
10 Revenue - net			
<i>Gross sales:</i>			
Local		1,267,633,774	1,130,797,260
Export		33,181,496	24,812,159
		1,300,815,270	1,155,609,419
<i>Less:</i>			
Sales returns		(17,619,924)	(22,746,882)
Discounts and commission		(62,905,344)	(89,040,388)
Sales tax		(970,242)	(4,497,550)
		(81,495,510)	(116,284,820)
		1,219,319,760	1,039,324,599

Note

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

		(Un-audited) Quarter ended	
		30 Sep	30 Sep
		2018	2017
		----- Rupees -----	
11 Cost of sales			
Raw and packing materials consumed	<i>11.1</i>	263,356,225	168,049,554
Other manufacturing expenses		225,616,954	174,735,018
		488,973,179	342,784,572
<i>Work in process:</i>			
Opening		71,287,001	76,419,116
Closing		(80,355,570)	(96,843,251)
		(9,068,569)	(20,424,135)
<i>Cost of goods manufactured</i>		479,904,610	322,360,437
<i>Finished stock:</i>			
Opening		773,414,598	1,169,457,116
Purchases made during the period		256,406,738	359,341,527
Closing		(760,064,230)	(1,193,309,181)
		269,757,106	335,489,462
		749,661,716	657,849,899

11.1 Raw and packing materials consumed

Opening	392,398,201	472,681,955
Purchases made during the period	274,953,687	191,863,934
	667,351,888	664,545,889
Closing	(403,995,663)	(496,496,334)
	263,356,225	168,049,555

11.2 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounts to Rs. Nil (Sep 2017: Rs. 55.17 million).

(Un-audited) Quarter ended	
30 Sep	30 Sep
2018	2017
-----Rupees-----	

12 Taxation

Current

- For the year	39,924,750	47,633,993
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Deferred

- For the year	-	(27,855,139)
	39,924,750	19,778,854

The Board of Directors of the Holding Company intends to distribute sufficient cash dividend for the year ended 30 June 2019 to comply with the section 5A of the Income Tax Ordinance 2001. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed consolidated interim financial information.

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) Quarter ended	
30 Sep	30 Sep
2018	2017
----- Rupees -----	

Other related parties

Contribution towards employees' provident fund	9,771,850	8,552,715
Remuneration including benefits and perquisites of key management personnel	39,655,876	33,073,057

14 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	(341)	-	(341)
Financial charges paid	-	(2,041,181)	(2,041,181)
Total changes from financing cash flows	(341)	(2,041,181)	(2,041,522)
<u>Other changes</u>			
Dividend approved	-	-	-
Interest / markup expense	-	4,501,944	4,501,944
Total liability related other changes	-	4,501,944	4,501,944
<u>As at 30 September 2018</u>	82,143,383	3,000,387	85,143,770

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 2018.

15.2 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying Amount					Fair Value		
	Cash and cash equivalents	Fair Value through Income Statement	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- Rupees -----							
30 September 2018								
Financial assets measured at fair value:								
Short term investments	-	912,507,126	-	-	912,507,126	912,507,126	-	-
Financial assets not measured at fair value:								
Long term deposits	-	-	11,633,325	-	11,633,325	-	-	-
Trade debts - considered good	-	-	655,509,038	-	655,509,038	-	-	-
Loans and advances - considered good	-	-	1,649,839	-	1,649,839	-	-	-
Short term deposits	-	-	216,098,017	-	216,098,017	-	-	-
Other receivables	-	-	89,511,846	-	89,511,846	-	-	-
Bank balances	114,808,070	-	-	-	114,808,070	-	-	-
	114,808,070	-	974,402,065	-	1,089,210,135	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value:								
Trade and other payables	-	-	-	648,717,388	648,717,388	-	-	-
Unclaimed dividend	-	-	-	82,143,383	82,143,383	-	-	-
Short term borrowing	-	-	-	289,254,450	289,254,450	-	-	-
Accrued mark-up	-	-	-	3,000,387	3,000,387	-	-	-
	-	-	-	1,023,115,608	1,023,115,608	-	-	-
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	-	-	-

16 Subsequent event and date of authorization for issue

The Board of Directors of the Company in its meeting held on 27 October 2018 has authorized to issue these condensed interim consolidated financial statements and has approved interim cash dividend of Rs. Nil per share (30 September 2017: Rs. Nil per share) amounting to Rs. Nil (30 September 2017: Rs. Nil) for the year ending 30 June 2018 in the same meeting.

17 Corresponding figures

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

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

Chief Executive Officer

Chief Financial Officer

Director