



**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR HALF YEAR ENDED  
31 DECEMBER 2020**



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mrs. Akhter Khalid Waheed  
Mr. Osman Khalid Waheed  
Mrs. Amna Piracha Khan  
Mrs. Munize Azhar Peracha  
Mr. Shahid Anwar  
Mr. Arshad Saeed Husain  
Mr. Suleman Ghani

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

Chairperson  
Chief Executive

## AUDIT COMMITTEE

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

Chairman  
Member  
Member  
Member

## INVESTMENT COMMITTEE

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

Chairman  
Member  
Member

## HR & REMUNERATION COMMITTEE

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

Chairman  
Member  
Member  
Member

## COMPANY SECRETARY

Syed Ghausuddin Saif

## LEGAL ADVISORS

Khan & Piracha

## REGISTERED OFFICE

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

## CHIEF FINANCIAL OFFICIAL

Mr. Muhammad Farhan Rafiq

## SHARE REGISTRAR

CorpTec Associates (Pvt.) Limited  
503-E, Johar Town, Lahore, Pakistan  
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## HEAD OF INTERNAL AUDIT

Mr. Rizwan Hameed Butt

## FACTORY

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Amangarh, Nowshera (KPK), Pakistan  
Telephone: +92-923-614295, 610159  
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Maqbool Cooperative Housing  
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## EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.  
Chartered Accountants

## INTERNAL AUDITORS

EY Ford Rhodes  
Chartered Accountants

## HEAD OFFICE

5.K.M - Sunder Raiwind Road  
Lahore, Pakistan  
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## BANKERS

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

## SALES OFFICE, LAHORE

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## DIRECTORS' REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

We are pleased to present a brief review of the Company's un-audited Standalone and Consolidated condensed interim financial information for the six months ended 31 December 2020. The consolidated condensed interim financial information incorporates the Company's 98% owned venture Farmacia and 80% owned subsidiary BF Biosciences Limited.

### Operational and Financial Performance

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

	Individual				Consolidated			
	6 Months 31-Dec-20	6 Months 31-Dec-19	3 Months 31-Dec-20	3 Months 31-Dec-19	6 Months 31-Dec-20	6 Months 31-Dec-19	3 Months 31-Dec-20	3 Months 31-Dec-19
<b>(Rupees in thousand)</b>								
Revenue - net	2,840,457	2,523,155	1,551,749	1,334,327	3,681,310	2,856,851	2,179,742	1,519,974
Gross profit	1,240,553	1,114,158	667,806	601,829	1,565,772	1,117,413	961,042	591,451
Profit before tax	399,493	242,040	239,672	116,155	634,386	215,843	462,538	91,786
Profit after tax	289,079	178,128	178,755	95,126	522,427	149,695	403,856	73,374
Earnings per share	7.98	4.92	4.93	2.63	13.12	4.28	9.90	2.14
		<i>Restated</i>		<i>Restated</i>		<i>Restated</i>		<i>Restated</i>

The company's standalone net sales grew by 13% for the six months period and 16% for the second quarter over the corresponding period last year. At the group level, consolidated net sales grew by 29% for the six months period and 43% for the second quarter over the corresponding period last year. The surge in sales at the group level is mainly driven by sales of Remidia (Remdesivir) through our subsidiary company, BF Biosciences Limited.

Our in-market generic sales increased by 11% during the six months period, whereas sales of these generic products to government institutions declined by 27%, mainly due to reduced buying by the provincial governments. Further, export sales have also shown a positive growth of 46% over the corresponding period last year.

The gross profit margin mainly remained unchanged at 44% compared to the corresponding period last year. In absolute terms, the gross profit grew by 11%.

Selling and distribution expenses decreased by 9% over the corresponding period last year. The decrease primarily represents reduction in traveling and field activities due to COVID-19 pandemic.

Other expenses increased by 86%, mainly due to statutory levies (WPPF/WWF/CRF), whereas other income has declined by 18%, as a result of lower income from investments due to a decrease in the policy rate.

Net profit after tax for the Company stands at Rs. 289.08 million for the six months period and Rs. 178.76 million for the second quarter under review. Accordingly, earnings per share stood at Rs. 7.98 per share for the six months period, compared to Rs. 4.92 per share over the corresponding period last year.

The last year's earnings per share have been restated to account for the impact of bonus shares issue as required by international accounting standards.

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## BF Biosciences Limited Operational Status

The Company's 80% owned subsidiary BF Biosciences Limited (BFBL), closed its net sales at Rs. 786.28 million for the six months period and Rs. 597.30 million for the second quarter under review, depicting an increase of 243% and 362% respectively over the corresponding period last year. As discussed above, the surge in sales mainly represents sales of Remidia (i.e. Remdesivir) during the period under review.

Apart from Remidia sales, the other pharma portfolio sales declined by 10%. The decline is mainly attributable to the production constraints faced by BFBL as the available manufacturing capacity was mainly utilized to meet the demand of Remidia in local and export markets.

To address the capacity constraints faced by the BFBL, management of subsidiary company is planning to install a second production line.

During the period under review, DRAP has approved application of Hecolin® (Hepatitis E Vaccine). It is expected that sales shall be commenced in coming quarters.

## Future Outlook

During the period under review, the growth in pharmaceutical industry remained at 10% over the corresponding period last year. After the lockdown period, the pharmaceutical sales have started picking up.

Globally, economies are passing through crucial COVID-19's second wave. New variants of COVID-19 virus reported in the developed countries coupled with inadequate availability of vaccines at large scale poses significant threats that may ultimately slow down the anticipated economic recovery.

The management plans to launch further new products in its core therapeutic areas in the upcoming quarters, which will further support the Company's top and bottom line.

## Acknowledgements

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

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

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

**Mrs. Akhter Khalid Waheed**  
Chairperson

کاری میں کمی کی وجہ سے دیگر آمدنی میں 18 فی صد تک کمی رہی۔

کمپنی کی چھ ماہ کے لئے بعد از ٹیکس خالص آمدنی 289.08 ملین روپے پر کھڑی ہے۔ اور دوسری سہ ماہی کے لئے 178.76 ملین روپے۔ اس کے مطابق پچھلے سال کے متعلقہ دورانیے میں 4.92 روپے فی حصص کے مقابلے میں چھ ماہ کے لئے فی حصص آمدنی 7.98 روپے پر قائم رہی۔

بین الاقوامی کھاتہ داری کے معیارات کے مطابق پچھلے سال کی فی حصص آمدنی کو بونس کے شیئر کے رد عمل کے لئے اکاؤنٹ میں دوبارہ بیان کیا گیا ہے۔

## BF بائوسائینسز لمیٹڈ کی عملیاتی صورتحال:

زیر جائزہ چھ ماہ کے دورانیے کے لئے کمپنی 80 فیصد حصص کی مالک BF بائوسائینسز لمیٹڈ (BFBL) کی مکمل فروخت 786.28 ملین روپے پر اختتام پذیر رہی۔ اور زیر جائزہ دوسری سہ ماہی کے لئے 597.30 روپے پر جس سے گذشتہ سال کے متعلقہ دورانیے کی نسبت بالترتیب 243 فیصد اور 362 فی صد اضافہ ظاہر ہوتا ہے۔

ریمیڈیا کی فروخت کے علاوہ دیگر ادویاتی حصص کی سرمایہ کاری میں 10 فی صد کمی واقع ہوئی۔ اس کمی کی نمایاں وجہ BFBL کو درپیش پیداواری مشکلات ہیں کیونکہ دستیاب مصنوعات سازی کی صلاحیت مقامی اور برآمدی منڈیوں میں ریمیڈیا کی طلب کو پورا کرنے میں صرف ہوئی۔

BFBL کو درپیش گنجائش کی مشکلات کو حل کرنے کے لئے ماتحت کمپنی ایک دوسری پیداواری لائن نصب کرنے کا منصوبہ بنا رہی ہے۔ زیر جائزہ دورانیے میں ڈریپ (DRAP) نے ہپا ٹائٹس-ای کی ویکسین ہیکولن (Hecolin) کی درخواست منظور کر لی ہے۔ توقع ہے کہ اس کی فروخت آنے والی سرمایوں میں شروع ہو جائے گی۔

## مستقبل کے امکانات:

زیر جائزہ دورانیے میں پچھلے سال کے متعلقہ دورانیے کی نسبت دو سازی کی صنعت میں اضافہ 10 فی صد تک رہا۔ لاک ڈاؤن کے وقفے کے بعد ادویاتی فروخت میں تیزی شروع ہوئی ہے۔

عالمگیری سطح پر معیشتیں کووڈ-19 کی دوسری بحرانی لہر سے گزر رہی ہیں۔ ترقی پذیر ممالک میں کووڈ-19 وائرس کی نئی اقسام کی رپورٹ ملی۔ اس کے ساتھ ساتھ مجموعی طور پر ویکسینوں کی ناکافی دستیابی اہم خطرات کی حامل ہے۔ جس سے بالآخر معیشت کی متوقع بحالی میں کمی ہو سکتی ہے۔ آئیوالی سہ ماہیوں میں انتظامیہ کا منصوبہ ہے کہ متاثرہ علاقوں میں مزید نئی مصنوعات متعارف کرائی جائیں جس سے کمپنی کے اہداف کو پورا کرنے میں مزید مدد ملے گی۔

## اظہار تشکر:

ہم اس دوران مستقل حمایت کے لئے اپنے صارفین، فروخت کاروں، تقسیم کاروں، کاروباری شراکت داروں اور بینکرز کے شکر گزار ہیں ہم ہر سطح پر اپنے ملازمین کی خدمات کی باقاعدہ تحسین کرتے ہیں۔

بورڈ آف ڈائریکٹرز کے لئے نمائندہ کے طور پر

مسز اختر خالد وحید

چیئر پرسن

مسٹر عثمان خالد وحید

چیف ایگزیکٹو آفیسر



## درمیانی مدت کی مالیاتی معلومات کے خلاصے پر ڈائریکٹرز کا جائزہ

(31 دسمبر 2020 کو چھ ماہ کے اختتام پر)

ہم 31 دسمبر 2020 کو چھ ماہ ختم ہونے پر درمیانی مدت کی نمبر آڈٹ شدہ اور اجتماعی معلومات کے خلاصے پر ایک مختصر جائزہ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ اختتامی درمیانی مدتی مالیاتی معلومات کا خلاصہ کمپنی کے 98 فی صد ذاتی ادویاتی کاروبار اور 80 فی صد ماتحت ذیل کمپنی BF بایوسائنسز لمیٹڈ کا احاطہ کرتا ہے۔

### عملیاتی اور مالیاتی کارکردگی:

اس مدت کے عملیاتی نتائج کا خلاصہ مندرجہ ذیل ہے۔

انضمام کردہ				انفرادی			
3 ماہ	3 ماہ	6 ماہ	6 ماہ	3 ماہ	3 ماہ	6 ماہ	6 ماہ
31 دسمبر 19	31 دسمبر 20	31 دسمبر 19	31 دسمبر 20	31 دسمبر 19	31 دسمبر 20	31 دسمبر 19	31 دسمبر 20

(ہزار روپے)

1,519,974	2,179,742	2,856,851	3,681,310	1,334,327	1,551,749	2,523,155	2,840,457	خالص آمدنی
591,451	961,042	1,117,413	1,565,772	601,829	667,806	1,114,158	1,240,553	مجموعی منافع
91,786	462,538	215,843	634,386	116,155	239,672	242,040	399,493	منافع قبل از ٹیکس
73,374	403,856	149,695	522,427	95,126	178,755	178,128	289,079	منافع بعد از ٹیکس
2.14	9.90	4.28	13.12	2.63	4.93	4.92	7.98	فی حصص آمدنی
دوبارہ بیان کیا		دوبارہ بیان کیا		دوبارہ بیان کیا		دوبارہ بیان کیا		

پچھلے سال کمپنی کی آزادانہ کل فروخت میں 13 فی صد اضافہ ہوا اور دوسری سہ ماہی میں 16 فی صد اضافہ ہوا۔ گروپ کی سطح پر اجتماعی خالص فروخت میں پچھلے سال کے متعلقہ دورانیے میں 29 فی صد اضافہ ہوا اور دوسری سہ ماہی میں 43 فی صد اضافہ ہوا۔ گروپ کی سطح پر فروخت میں تیزی کا بڑا سبب ہماری ماتحت ذیلی کمپنی BF بایوسائنسز لمیٹڈ کے ذریعے ریمیڈیا (Remdisivir) کی فروخت ہے۔

چھ ماہ کے عرصے میں مارکیٹ میں ہماری جنیرک ادویات کی فروخت میں 11 فی صد اضافہ ہوا۔ جبکہ حکومتی اداروں کو ان جنیرک مصنوعات کی فروخت میں 27 فی صد کمی ہوئی جس کی نمایاں وجہ صوبائی حکومتوں کی جانب سے ہونے والی کم خریداری ہے۔ اس کے علاوہ پچھلے سال متعلقہ دورانیے میں برآمدی فروخت میں بھی 46 فی صد اضافے کے ساتھ مثبت پیشرفت رہی۔

پچھلے سال کے متعلقہ دورانیے کے مقابلے میں مجموعی منافع کی کم سے کم سطح 44 فی صد تک غیر متغیر رہی۔ مطلق معنوں میں مجموعی منافع میں 11 فی صد اضافہ رہا۔

پچھلے سال کے متعلقہ دورانیے میں فروخت اور تقسیم کے اخراجات میں 9 فی صد کمی ہوئی۔ کمی کی بنیادی وجہ کووڈ-19 کی وباء کی وجہ سے فیلڈ کی سرگرمیوں اور سفر میں کمی ہے۔

قانونی ٹیکسوں (WPPF/WWF/CRF) کی وجہ سے دیگر اخراجات میں 86 فی صد تک اضافہ ہوا جبکہ پالیسی ریٹ میں کمی کی وجہ سے سرمایہ

# OUR FINANCIAL STATEMENTS





KPMG Taseer Hadi & Co.  
Chartered Accountants  
351 Shadman-1, Jail Road,  
Lahore 54000 Pakistan  
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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 2020 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the unconsolidated financial statements for the six-months period then ended (here-in-after referred to as the "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of these condensed 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 condensed 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 2020 and 31 December 2019, 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 review report is Ahsin Tariq.

Lahore

Date: 09 February 2021

*KPMG Taseer Hadi & Co.*  
KPMG Taseer Hadi & Co.  
Chartered Accountants

RR0121

## Ferozsons Laboratories Limited

### Condensed Interim Unconsolidated Statement of Financial Position

As at 31 December 2020

	Un-audited 31 December 2020	Audited 30 June 2020		Un-audited 31 December 2020	Audited 30 June 2020
	Rupees		Note	Rupees	
<b>EQUITY AND LIABILITIES</b>					
<b><u>Share capital and reserves</u></b>					
Authorized share capital					
50,000,000 (30 June 2020: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000	3	500,000,000	500,000,000
Issued, subscribed and paid up capital	362,242,100	301,868,410	3	362,242,100	301,868,410
Capital reserve	321,843	321,843		321,843	321,843
Accumulated profit	4,310,953,461	4,181,754,531		4,310,953,461	4,181,754,531
Revaluation surplus on property, plant and equipment	1,115,474,535	1,135,897,569		1,115,474,535	1,135,897,569
	5,788,991,939	5,619,842,353		5,788,991,939	5,619,842,353
<b><u>Non current liabilities</u></b>					
Long term loan - secured	165,612,761	90,090,384	4	165,612,761	90,090,384
Deferred grant	5,387,239	4,409,616		5,387,239	4,409,616
Deferred taxation	269,966,554	282,742,428		269,966,554	282,742,428
	440,966,554	377,242,428		440,966,554	377,242,428
<b><u>Current liabilities</u></b>					
Trade and other payables	1,251,122,854	1,320,854,227		1,251,122,854	1,320,854,227
Contract liabilities	37,496,615	44,671,521		37,496,615	44,671,521
Short term borrowings - secured	-	51,017,136	5	-	51,017,136
Current portion of long term liabilities	171,000,000	31,500,000		171,000,000	31,500,000
Unclaimed dividend	80,388,082	76,964,852		80,388,082	76,964,852
Accrued mark-up	3,215,162	2,509,734		3,215,162	2,509,734
	1,543,222,713	1,527,517,470	6	1,543,222,713	1,527,517,470
<b>Contingencies and commitments</b>					
	7,773,181,206	7,524,602,251		7,773,181,206	7,524,602,251
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment	3,232,744,816	3,308,834,762	7	3,232,744,816	3,308,834,762
Intangibles	790,858	423,498		790,858	423,498
Long term investments - related parties	343,705,197	334,863,185	8	343,705,197	334,863,185
Long term deposits	9,717,325	9,787,325		9,717,325	9,787,325
	3,586,958,196	3,653,908,770		3,586,958,196	3,653,908,770
<b><u>Current assets</u></b>					
Stores, spare parts and loose tools	50,356,108	30,392,651		50,356,108	30,392,651
Stock in trade	1,835,581,124	1,833,184,796		1,835,581,124	1,833,184,796
Trade debts - considered good	919,197,460	1,026,879,355		919,197,460	1,026,879,355
Loans and advances - considered good	29,955,765	42,851,733		29,955,765	42,851,733
Deposits and prepayments	192,640,029	155,899,633		192,640,029	155,899,633
Other receivables	22,470,056	38,117,556		22,470,056	38,117,556
Advance income tax - net	288,135,712	286,479,315	9	288,135,712	286,479,315
Short term investments	651,052,433	357,590,624	10	651,052,433	357,590,624
Cash and bank balances	196,834,323	99,297,818		196,834,323	99,297,818
	4,186,223,010	3,870,693,481		4,186,223,010	3,870,693,481

The annexed notes from 1 to 18 form an integral part of these 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 and quarter ended 31 December 2020

	Note	Half year ended		Quarter ended	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		Rupees		Rupees	
Revenue - net	11	2,840,456,991	2,523,155,152	1,551,748,648	1,334,327,324
Cost of sales	12	(1,599,903,719)	(1,408,996,902)	(883,942,426)	(732,498,652)
<b>Gross profit</b>		<b>1,240,553,272</b>	<b>1,114,158,250</b>	<b>667,806,222</b>	<b>601,828,672</b>
Administrative expenses		(192,626,962)	(185,299,271)	(92,636,795)	(92,484,589)
Selling and distribution expenses		(654,647,182)	(723,005,004)	(346,136,449)	(409,792,268)
Other expenses		(37,284,444)	(20,082,783)	(23,440,323)	(9,537,842)
Other income		56,252,904	68,205,295	38,413,672	33,730,212
<b>Profit from operations</b>		<b>412,247,588</b>	<b>253,976,487</b>	<b>244,006,327</b>	<b>123,744,185</b>
Finance cost		(12,754,830)	(11,937,037)	(4,334,664)	(7,589,048)
<b>Profit before taxation</b>		<b>399,492,758</b>	<b>242,039,450</b>	<b>239,671,663</b>	<b>116,155,137</b>
Taxation		(110,414,151)	(63,911,259)	(60,916,912)	(21,029,211)
<b>Profit after taxation</b>		<b>289,078,607</b>	<b>178,128,191</b>	<b>178,754,751</b>	<b>95,125,926</b>
Earnings per share - <i>basic and diluted</i>		<b>7.98</b>	<i>Re-stated</i> 4.92	<b>4.93</b>	<i>Re-stated</i> 2.63

The annexed notes from 1 to 18 form an integral part of these 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 and quarter ended 31 December 2020

	<b>Half year ended</b>		<b>Quarter ended</b>	
	<b>31 December 2020</b>	31 December 2019	<b>31 December 2020</b>	31 December 2019
	<b>----- Rupees -----</b>		<b>----- Rupees -----</b>	
<b>Profit after taxation</b>	<b>289,078,607</b>	178,128,191	<b>178,754,751</b>	95,125,926
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>289,078,607</b>	178,128,191	<b>178,754,751</b>	95,125,926

The annexed notes from 1 to 18 form an integral part of these 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 2020*

	Capital reserve		Revenue reserve		Total
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profit	
----- Rupees -----					
<b>Balance as at 01 July 2019</b>	301,868,410	321,843	755,732,295	3,879,504,557	4,937,427,105
<b>Total comprehensive income for the period</b>	-	-	-	178,128,191	178,128,191
<b><u>Surplus transferred to accumulated profit</u></b>	-	-	(13,693,647)	13,693,647	-
On account of incremental depreciation charged during the period - <i>net of tax</i>					
Effect of change in tax rate on account of surplus on property, plant and equipment			80,836	-	80,836
<b><u>Transactions with owners of the Company, recognized directly in Equity - Distributions</u></b>					
Final dividend for the year ended 30 June 2019 at Rs. 4 per share				(120,747,364)	(120,747,364)
<b>Balance as at 31 December 2019 - unaudited</b>	<u>301,868,410</u>	<u>321,843</u>	<u>742,119,484</u>	<u>3,950,579,031</u>	<u>4,994,888,768</u>
<b>Balance as at 01 July 2020</b>	301,868,410	321,843	1,135,897,569	4,181,754,531	5,619,842,353
<b>Total comprehensive income for the period</b>	-	-	-	289,078,607	289,078,607
<b><u>Surplus transferred to accumulated profit</u></b>	-	-	-	21,241,377	-
On account of incremental depreciation charged during the period - <i>net of tax</i>					
Effect of change in tax rate on account of surplus on property, plant and equipment			818,343	-	818,343
<b><u>Transactions with owners of the Company, recognized directly in Equity - Distributions</u></b>					
Final dividend for the year ended 30 June 2020 at Rs. 4 per share				(120,747,364)	(120,747,364)
Issue of bonus shares at the rate of 20% (i.e 2 shares for every 10 shares held)				(60,373,690)	-
<b>Balance as at 31 December 2020 - unaudited</b>	<u>362,242,100</u>	<u>321,843</u>	<u>1,115,474,535</u>	<u>4,310,953,461</u>	<u>5,788,991,939</u>

The annexed notes from 1 to 18 form an integral part of these 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 2020

	Half year ended	
	31 December 2020	31 December 2019
	----- Rupees -----	
<b><u>Cash flow from operating activities</u></b>		
Profit before taxation	399,492,758	242,039,450
<i>Adjustments for non-cash and other items:</i>		
Depreciation on property, plant and equipment	158,256,556	156,736,947
Amortisation of intangibles	268,184	290,130
Gain on disposal of property, plant and equipment	(4,264,733)	(16,240,766)
Finance cost	12,754,830	11,937,037
Dividend income	(4,022,197)	(7,564,355)
Profit on bank deposits	(1,346,962)	(1,849,150)
Gain on re-measurement of short term investments to fair value	(10,073,642)	(16,112,049)
Gain on sale of short term investments	-	(668,434)
Share in profit of Farmacia	(8,842,012)	(12,988,892)
Workers' Profit Participation Fund	21,620,472	12,975,051
Central Research Fund	4,367,772	2,621,222
Workers' Welfare Fund	8,310,940	4,486,510
	<b>177,029,208</b>	<b>133,623,251</b>
<b>Cash generated from operations before working capital changes</b>	<b>576,521,966</b>	<b>375,662,701</b>
<b><u>Effect on cash flow due to working capital changes</u></b>		
<i>Decrease/ (increase) in current assets</i>		
Stores, spare parts and loose tools	(19,963,457)	(5,759,775)
Stock in trade	(2,396,328)	(318,536,069)
Trade debts - <i>considered good</i>	107,681,895	(156,090,964)
Loans and advances - <i>considered good</i>	12,895,968	(14,072,157)
Deposits and prepayments	(36,740,396)	(12,817,349)
Other receivables	15,647,499	29,388
	77,125,181	(507,246,926)
<i>(Decrease)/ increase in current liabilities</i>		
Trade and other payables	(104,703,692)	152,821,427
	<b>548,943,455</b>	<b>21,237,202</b>
<b>Cash generated from operations</b>	<b>548,943,455</b>	<b>21,237,202</b>
Taxes paid	(124,028,067)	(118,291,144)
Workers' Profit Participation Fund paid	(367,021)	-
Central Research Fund paid	(6,134,752)	(3,555,017)
Long term deposits - <i>net</i>	70,000	(2,701,000)
<b>Net cash generated/ (used in) from operating activities</b>	<b>418,483,615</b>	<b>(103,309,959)</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	(83,420,573)	(302,560,751)
Proceeds from sale of property, plant and equipment	5,518,687	23,663,070
Dividend income	4,022,197	7,564,355
Profit on bank deposits received	1,346,962	1,849,150
Short term investments - <i>net</i>	(283,388,167)	96,064,741
<b>Net cash used in investing activities</b>	<b>(356,556,438)</b>	<b>(173,419,435)</b>
<b><u>Cash flow from financing activities</u></b>		
Dividend paid	(117,324,134)	(116,092,460)
Finance cost paid	(12,049,402)	(10,587,034)
Proceeds of long term loan	216,000,000	-
<b>Net cash generated from/ (used in) financing activities</b>	<b>86,626,464</b>	<b>(126,679,494)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>148,553,641</b>	<b>(403,408,888)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>48,280,682</b>	<b>183,447,782</b>
<b>Cash and cash equivalents at end of the period</b>	<b>196,834,323</b>	<b>(219,961,106)</b>
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	196,834,323	81,117,161
Running finance	-	(301,078,267)
	<b>196,834,323</b>	<b>(219,961,106)</b>

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

Chief Executive Officer

Chief Financial Officer

Director



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# Ferozsons Laboratories Limited

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

For the half year ended 31 December 2020

### 1 Reporting entity

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

### 2 Basis of preparation

#### 2.1 Statement of compliance

These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise

- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards ("IFAS") issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of accounting

**2.2.1** These condensed interim unconsolidated financial statements comprises the condensed interim unconsolidated statement of financial position of the Company as at 31 December 2020 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows together with the notes forming part thereof.

**2.2.2** These condensed interim unconsolidated financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the annual unconsolidated financial statements for the year ended 30 June 2020. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

**2.2.3** Comparative condensed interim 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 2020, whereas comparative condensed interim unconsolidated statement of profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity are extracted from unaudited condensed interim unconsolidated financial statements of the Company for the six months and three months period ended 31 December 2019.

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

### **2.3 Judgments and estimates**

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

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the unconsolidated financial statements as at and for the year ended 30 June 2020.

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

**2.4.1** The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2020.

**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:

- COVID-19-Related Rent Concessions (Amendment to	01 January 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16 - Financial Instrument	01 January 2021
- Amendments to IAS 37 - Onerous Contracts	01 January 2021

Annual Improvements to IFRS Standards 2018–2020 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

### 3 Issued, subscribed and paid-up capital

	Un-audited 31 December 2020 (Number of shares)	Audited 30 June 2020	Un-audited 31 December 2020 (Rupees)	Audited 30 June 2020
<b><u>Authorized share capital</u></b>				
Ordinary shares of Rs. 10 each	<b>50,000,000</b>	50,000,000	<b>500,000,000</b>	500,000,000
<b><u>Issued, subscribed and paid-up share capital</u></b>				
Voting ordinary shares of Rs. 10 each fully paid up in cash	<b>1,441,952</b>	1,441,952	<b>14,419,520</b>	14,419,520
Voting ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	<b>119,600</b>	119,600	<b>1,196,000</b>	1,196,000
Voting ordinary shares of Rs. 10 each issued as bonus shares	<b>34,662,658</b>	28,625,289	<b>346,626,580</b>	286,252,890
	<b>36,224,210</b>	30,186,841	<b>362,242,100</b>	301,868,410

	Un-audited 31 December 2020	Audited 30 June 2020
<b>3.1 Movement in number of shares</b>		
Opening number of shares	<b>30,186,841</b>	30,186,841
Issue of bonus shares at the rate of 20% (i.e. 2 shares for every 10 shares held)	<b>6,037,369</b>	-
Closing number of shares	<b>36,224,210</b>	30,186,841

### 4 Long term loan - secured

*Under markup / interest arrangement:*

Long term loan - *Habib Bank Limited*

Opening		<b>116,942,193</b>	-
Add: loan obtained during the period	4.1	<b>216,000,000</b>	126,000,000
Less: deferred grant		<b>(9,702,707)</b>	(9,057,807)
		<b>323,239,486</b>	116,942,193
Less: current portion of long term loan presented under current liabilities		<b>(157,626,725)</b>	(26,851,809)
		<b>165,612,761</b>	90,090,384

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

The Company obtained term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. During the current period, the Company obtained further loan of Rs. 216 million for paying salaries under this scheme. The facility carry mark-up at the rate specified by State Bank of Pakistan plus relevant bank's spread of 3%. The tenor of this facility is up to 01 October 2022 and the repayment of the facility will start from 01 January 2021. The loan has been measured at its fair value in accordance with the guidelines of IFRS 9 (Financial Instruments) using effective interest rate. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The facility is secured by first exclusive equitable mortgage charge of 502 million on land and building of head office of the Company.

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

All terms and conditions applicable on short term borrowings availed are same as those disclosed in the unconsolidated annual financial statements of the Company for the year ended 30 June 2020.

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

##### **6.1 Contingencies**

There are no contingencies as of the reporting date.

##### **6.2 Commitments**

###### **6.2.1 Letter of credits**

###### **6.2.1.1 With conventional financial institutions**

Out of the aggregate facility of Rs. 700 million (2020: Rs. 700 million) for opening letters of credit, the amount utilized as at 31 December 2020 for capital expenditure was Rs. Nil (2020: Rs. 5.05 million) and for other than capital expenditure was Rs. 180.23 million (2020: Rs. 62.95 million). Out of these facilities, Rs. 300 million can interchangeably be utilized as running finance. These facilities are secured by joint pari passu charge (2020: joint pari passu charge) over all present and future current assets of the Company.

###### **6.2.1.2 With shariah compliant financial institutions**

The Company has facility i.e. letters of credit of Rs. 200 million (2020: Rs. 200 million) available from Islamic bank. The amount utilized as at 31 December 2020 for capital expenditure was Rs. Nil (2020: Rs. 13.95 million) and for other than capital expenditure was Rs. 51.25 million (2020: Rs. 78.52 million). Lien is also marked over import documents.

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

###### **6.2.2.1 Under Mark up arrangements**

Out of the aggregate facility of Rs. 375 million (2020: Rs. 375 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 31 December 2020 was Rs. 125.87 million (2020: Rs. 87.49 million).

### 6.2.2.2 Under Shariah compliant arrangements

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

		Un-audited 31 December 2020	Audited 30 June 2020
		-----Rupees-----	
<b>7</b>	<b>Property, plant and equipment</b>		
	Operating fixed assets	3,224,966,637	3,227,904,469
	Capital work-in-progress	7,778,179	80,930,293
		<b>3,232,744,816</b>	<b>3,308,834,762</b>
<b>7.1</b>	<b>Operating fixed assets</b>		
	<u>Cost</u>		
	Opening balance at beginning of the period / year	3,610,253,397	3,528,087,489
	Additions / transfers during the period / year	156,572,684	328,145,650
	Disposals during the period / year	(9,198,490)	(59,480,525)
	Revaluation surplus	-	(186,499,217)
	Closing balance at end of the period / year	<b>3,757,627,591</b>	<b>3,610,253,397</b>
	<u>Less: Accumulated depreciation</u>		
	Opening balance at beginning of the period / year	<b>382,348,928</b>	811,508,915
	Depreciation for the period / year	<b>158,256,556</b>	325,560,923
	Depreciation on disposal for the period / year	<b>(7,944,530)</b>	(47,729,665)
	Elimination of accumulated depreciation on revaluation	-	(706,991,245)
	Closing balance at end of the period / year	<b>532,660,954</b>	382,348,928
	<b>Operating fixed assets - net book value</b>	<b>3,224,966,637</b>	<b>3,227,904,469</b>
<b>8</b>	<b>Long term investments - related parties</b>		
	<u>Related parties - at cost</u>		
	<i>Farmacia (Partnership firm):</i>		
	Capital held: 98% (30 June 2020: 98%)	8.1	191,705,237
	Managing Partner - Osman Khalid Waheed		182,863,225
	<i>BF Biosciences Limited (unlisted subsidiary):</i>		
	15,199,996 (30 June 2020: 15,199,996) fully paid ordinary shares of Rs. 10 each	8.2	151,999,960
	Equity held: 80% (30 June 2020: 80%)		151,999,960
	Chief Executive Officer - Mrs. Akhter Khalid Waheed		
			<b>343,705,197</b>
			<b>334,863,185</b>
<b>8.1</b>	This represents the Company's 98% share in "Farmacia", a subsidiary partnership duly registered under the Partnership Act, 1932 and engaged in operating retail pharmacy. Share of profit, if any, for the period not withdrawn is reinvested in capital account of partnership.		
<b>8.2</b>	BF Biosciences Limited has been set up for establishing a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company owns holds 80% (30 June 2020: 80%) of equity of the subsidiary and the remaining 20% is held by Group Empresarial Bagó S.A., Spain.		

		Un-audited 31 December 2020	Audited 30 June 2020
		----- Rupees -----	
<b>9 Short term investments</b>	<i>Note</i>		
<b><u>Investments at fair value through profit or loss</u></b>			
Mutual fund	<i>9.1</i>	<b>651,052,433</b>	357,590,624
<b>9.1</b>	These investments are measured at 'fair value through Profit or Loss'		
	Fair value at 01 July	<b>357,590,624</b>	451,847,651
	Acquisition during the period / year	<b>283,388,167</b>	35,634,121
	Redemption during the period / year	-	(132,414,859)
	Realized loss on sale of investments during the period / year	-	954,676
	Unrealized gain on re-measurement of investment during the period / year	<b>10,073,642</b>	1,569,035
	Fair value of investments at 31 Dec / 30 June	<b>651,052,433</b>	357,590,624

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

	Units		Fair value	
	Un-audited 31 December 2020	Audited 30 June 2020	Un-audited 31 December 2020	Audited 30 June 2020
	.....Number.....		.....Rupees.....	
HBL Money Market Fund	<b>2,516,176</b>	2,516,176	<b>266,152,993</b>	257,539,370
MCB Cash Management Optimizer Fund	<b>10,939</b>	10,939	<b>1,103,444</b>	1,102,945
HBL Cash Fund	<b>3,776,683</b>	978,434	<b>383,795,996</b>	98,948,309
			<b>651,052,433</b>	357,590,624

**9.2** The investments amounting to Rs. 333.33 million are marked under lien against short term borrowing facilities availed by the Company. Further, the gain earned from these investments is under non shariah compliant arrangement.

## 10 Cash and bank balances

**10.1** These include current account of Rs. 0.002 million (30 June 2020: Rs. 0.002 million) maintained under Shariah compliant arrangements.

**10.2** These include deposit accounts of Rs. 65.46 million (30 June 2020: Rs. 37.07 million) under mark up arrangements, which carries interest rate of 5.50% to 5.51% (30 June 2020: 6.5% to 11.28%) per annum.

These also include deposit account of Rs. 0.00009 million (30 June 2020: Rs. 0.00007 million ) under Shariah compliant arrangements, which carries profit rate of 2.75% to 2.83% (30 June 2020: 3.25% to 7.06) per annum.

	(Un-audited) Half year ended	
	31 December 2020	31 December 2019
----- Rupees -----		
<b>11 Sales - net</b>		
<b>Gross sales:</b>		
Local	<b>2,871,197,079</b>	2,597,477,996
Export	<b>180,086,417</b>	123,409,352
	<b>3,051,283,496</b>	2,720,887,348
<b>Less:</b>		
Sales returns	<b>(28,492,893)</b>	(10,857,206)
Discounts	<b>(173,944,043)</b>	(181,310,580)
Service charges on sales	<b>(4,847,033)</b>	(3,660,503)
Sales tax	<b>(3,542,536)</b>	(1,903,907)
	<b>(210,826,505)</b>	(197,732,196)
	<b>2,840,456,991</b>	2,523,155,152

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

		<b>(Un-audited) Half year ended</b>	
		<b>31 December 2020</b>	<b>31 December 2019</b>
		----- Rupees -----	
<b>12</b>	<b>Cost of sales</b>		
		<i>Note</i>	
	Raw and packing materials consumed	12.1	748,898,814
	Salaries, wages and other benefits		538,749,240
	Fuel and power		138,622,981
	Repair and maintenance		22,657,823
	Freight and forwarding		22,734,054
	Stores, spare parts and loose tools consumed		7,590,441
	Packing charges		6,901,278
	Rent, rates and taxes		27,497,250
	Printing and stationery		18,815,037
	Postage and telephone		47,271,815
	Insurance		6,195,299
	Travelling and conveyance		6,003,940
	Canteen expenses		3,187,900
	Depreciation on property, plant and equipment		2,449,590
	Laboratory and other expenses		1,406,335
			1,455,407
			3,979,786
			7,745,205
			4,865,506
			7,291,181
			108,921,857
			2,620,379
			<b>1,160,341,528</b>
			<b>900,911,392</b>
	<i>Work in process:</i>		
	Opening		93,642,720
	Closing		58,928,282
			<b>(94,039,384)</b>
			<b>(396,664)</b>
	<b>Cost of goods manufactured</b>		<b>14,296,416</b>
			<b>1,159,944,864</b>
			<b>915,207,808</b>
	<i>Finished stock:</i>		
	Opening		1,007,744,405
	Purchases made during the year		587,932,285
	Closing		291,083,784
			759,418,885
			<b>(858,869,334)</b>
			<b>439,958,855</b>
			<b>493,789,094</b>
			<b>1,599,903,719</b>
			<b>1,408,996,902</b>
<b>12.1</b>	<b>Raw and packing materials consumed</b>		
	Opening		539,746,654
	Purchases made during the year		370,003,918
			<b>707,679,479</b>
			<b>1,247,426,133</b>
			564,902,949
			934,906,867
			<b>(498,527,319)</b>
			<b>748,898,814</b>
			<b>538,749,240</b>

### 13 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 statements. Transactions with related parties during the period are as follows:

	<b>(Un-audited) Half year ended</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
----- Rupees -----		
<b><u>Farmacia - 98% owned subsidiary partnership firm</u></b>		
Sale of medicines	<b>14,668,633</b>	18,454,566
Payment received against sale of finished goods	<b>14,668,633</b>	18,454,566
Share of profit reinvested	<b>8,842,012</b>	12,988,892
Rentals paid	<b>2,334,366</b>	2,122,152
<b><u>BF Biosciences Limited - 80% owned subsidiary company</u></b>		
Sale of finished goods	<b>22,226,546</b>	17,161,713
Payment received against sale of finished goods	<b>22,226,546</b>	17,161,713
Purchase of goods	<b>6,161,303</b>	2,103,970
Payment made against purchase of goods	<b>6,161,303</b>	2,103,970
Expenses incurred	<b>3,946,046</b>	1,646,698
Payment made against expenses reimbursement	<b>3,946,046</b>	1,646,698
<b><u>Other related parties</u></b>		
Contribution towards employees' provident fund	<b>22,863,114</b>	19,629,813
Remuneration including benefits and perquisites of key management personnel	<b>92,206,445</b>	74,173,961
Receipts from Workers' Profit Participation Fund	-	12,402,668
Cash dividend paid to KFW Factors (Private) Limited	<b>33,147,768</b>	33,147,768
Cash dividend paid to Directors	<b>11,744,908</b>	13,561,688
Fee paid to M/s Khan and Piracha against consultancy	<b>21,000</b>	162,500
Rent paid to Director against office	<b>2,178,000</b>	1,980,000



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

	31 December 2020 (Un-audited)			31 December 2019 (Un-audited)		
	Dividend payable	Accrued mark-up	Term loan	Dividend payable	Accrued mark-up	Term loan
<b>Balance as at 01 July</b>	76,904,852	2,509,734	126,000,000	75,156,815	4,432,350	-
	----- Rupees -----					
	79,474,586		79,474,586			79,589,165
<b><u>Changes from financing cash flows</u></b>						
Dividend paid	(117,324,134)	-	-	(116,092,460)	-	-
Financial charges paid	-	(12,049,402)	-	-	(10,587,034)	-
<b>Total changes from financing cash flows</b>	<b>(117,324,134)</b>	<b>(12,049,402)</b>	<b>-</b>	<b>(116,092,460)</b>	<b>(10,587,034)</b>	<b>-</b>
	----- Rupees -----					
	(129,373,536)		(129,373,536)			(126,679,494)
<b><u>Other changes</u></b>						
Dividend approved	120,747,364	-	-	120,747,364	-	-
Interest / markup expense	-	12,754,830	-	-	11,937,037	-
Proceeds of loan during the period	-	-	216,000,000	-	-	-
<b>Total liability related other changes</b>	<b>120,747,364</b>	<b>12,754,830</b>	<b>216,000,000</b>	<b>120,747,364</b>	<b>11,937,037</b>	<b>-</b>
	----- Rupees -----					
	349,502,194		349,502,194			132,684,401
<b>Balance as at 31 December</b>	<b>80,388,082</b>	<b>3,215,162</b>	<b>342,000,000</b>	<b>79,811,719</b>	<b>5,783,353</b>	<b>-</b>
	=====					
	85,594,072		85,594,072			85,594,072

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

**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 2020.

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

	Carrying Amount			Fair Value			
	Fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----							
<b>31 December 2020 (Un-audited)</b>							
<b>Financial assets measured at fair value:</b>	<b>651,052,433</b>	-	-	<b>651,052,433</b>	<b>651,052,433</b>	-	-
<b><i>Financial assets not measured at fair value</i></b>							
Long term deposits	-	9,717,325	-	9,717,325	-	-	-
Trade debits - <i>considered good</i>	-	919,197,460	-	919,197,460	-	-	-
Loans and advances - <i>considered good</i>	-	15,486,918	-	15,486,918	-	-	-
Short term deposits	-	176,432,958	-	176,432,958	-	-	-
Other receivables	-	15,469,813	-	15,469,813	-	-	-
Cash and bank balances	-	196,834,323	-	196,834,323	-	-	-
	-	1,333,138,797	-	1,333,138,797	-	-	-
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-	-	-
<b><i>Financial liabilities not measured at fair value</i></b>							
Trade and other payables	-	-	1,123,195,389	1,123,195,389	-	-	-
Unclaimed dividend	-	-	80,388,082	80,388,082	-	-	-
Short term borrowings - <i>secured</i>	-	-	-	-	-	-	-
Accrued mark-up	-	-	3,215,162	3,215,162	-	-	-
	-	-	1,206,798,633	1,206,798,633	-	-	-

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

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## 16 Subsequent event

16.1 The Board of Directors in their meeting held on 19 January 2021 has recommended the approval of following from the members in the upcoming Extra Ordinary General Meeting which is scheduled to be held on 12 February 2021:

- Cross corporate guarantee by the Company in favour of the financial institutions / lenders of BF Biosciences Limited, a subsidiary Company up to Rs. 3,500 million for a tenor of 10 years starting from the date of issue by the Company.
- Providing security in favour of financial institutions / lenders of BF Biosciences Limited, a subsidiary Company for obtaining loan up to Rs. 2,500 million against import of plant and machinery for a maximum tenor of 5 years.

16.2 The Board of Directors of the Company in its meeting held on 29 January 2021 has approved an interim cash dividend of Rs. Nil per share (31 December 2019: Rs. Nil per share) amounting to Rs. Nil (31 December 2019: Rs. Nil) for the year ending 30 June 2021.

## 17 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 June 2020.

## 18 Authorization

These un-audited condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company on 29 January 2021 .

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Chief Executive Officer

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Chief Financial Officer

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Director

The image features a dark blue silhouette of a person's head and shoulders in profile, facing left. The person's hand is raised to their chin in a classic 'thinking' pose. The background is a gradient of light blue and white, with soft, glowing light effects and faint, thin white lines that suggest a network or data flow. The overall aesthetic is clean, modern, and professional.

**CONSOLIDATED  
FINANCIAL  
STATEMENTS**

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

	<i>Note</i>	Un-audited 31 Dec 2020	Audited 30 Jun 2020	Rupees
<b>EQUITY AND LIABILITIES</b>				
<u>Share capital and reserves</u>				
<b>Authorized share capital</b> 50,000,000 (30 June 2020: 50,000,000) ordinary shares of Rs. 10 each	4	500,000,000	500,000,000	
Issued, subscribed and paid up capital	4	362,242,100	301,868,410	
Accumulated profit		5,002,118,924	4,644,626,609	
Capital reserve		321,843	321,843	
Revaluation surplus on property, plant and equipment		1,401,120,720	1,473,713,362	
<b>Equity attributable to owners of the Company</b>		<b>6,765,803,587</b>	<b>6,420,530,224</b>	
<b>Non-controlling interests</b>		<b>275,175,550</b>	<b>227,894,083</b>	
		<b>7,040,979,137</b>	<b>6,648,424,307</b>	
<u>Non current liabilities</u>				
Long term loan - secured	5	182,543,501	95,070,451	
Deferred grant		5,956,499	4,679,549	
Deferred taxation		417,658,593	426,227,602	
		<b>606,158,593</b>	<b>525,977,602</b>	
<u>Current liabilities</u>				
Trade and other payables		1,499,786,729	1,527,941,719	
Contract liabilities		72,575,240	101,349,654	
Short term borrowings - secured		-	51,017,136	
Current portion of long term liabilities	6	188,500,000	33,250,000	
Unclaimed dividend		80,388,082	76,964,852	
Accrued mark-up		5,694,652	2,546,447	
		<b>1,846,944,703</b>	<b>1,793,069,808</b>	
<b>Contingencies and commitments</b>	7			
		<b>9,494,082,433</b>	<b>8,967,471,717</b>	
		<b>9,494,082,433</b>	<b>8,967,471,717</b>	

The annexed notes from 1 to 18 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 half year and quarter ended 31 December 2020

	Note	Half year ended		Quarter ended	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
----- Rupees -----					
Revenue - net	10	<b>3,681,309,883</b>	2,856,850,765	<b>2,179,742,333</b>	1,519,974,235
Cost of sales	11	<b>(2,115,538,136)</b>	(1,739,438,268)	<b>(1,218,699,841)</b>	(928,523,198)
<b>Gross profit</b>		<b>1,565,771,747</b>	1,117,412,497	<b>961,042,492</b>	591,451,037
Administrative expenses		<b>(220,761,468)</b>	(207,971,631)	<b>(108,744,906)</b>	(105,156,023)
Selling and distribution expenses		<b>(697,361,442)</b>	(747,418,266)	<b>(377,682,918)</b>	(420,970,483)
Other expenses		<b>(60,148,356)</b>	(20,082,783)	<b>(44,084,102)</b>	(9,011,753)
Other income		<b>67,866,041</b>	86,517,254	<b>41,570,461</b>	43,336,569
<b>Profit from operations</b>		<b>655,366,522</b>	228,457,071	<b>472,101,027</b>	99,649,347
Finance costs		<b>(20,980,464)</b>	(12,614,487)	<b>(9,562,562)</b>	(7,863,301)
<b>Profit before taxation</b>		<b>634,386,058</b>	215,842,584	<b>462,538,465</b>	91,786,046
Taxation		<b>(111,958,643)</b>	(66,147,234)	<b>(58,682,626)</b>	(18,411,917)
<b>Profit after taxation</b>		<b>522,427,415</b>	149,695,350	<b>403,855,839</b>	73,374,129
<b>Attributable to:</b>					
Owners of the Company		<b>475,145,948</b>	154,875,485	<b>358,380,186</b>	77,370,094
Non-controlling interests		<b>47,281,467</b>	(5,180,135)	<b>45,475,653</b>	(3,995,965)
<b>Profit after taxation</b>		<b>522,427,415</b>	149,695,350	<b>403,855,839</b>	73,374,129
Earnings per share - basic and diluted		<b>13.12</b>	<i>Re-stated</i> 4.28	<b>9.90</b>	<i>Re-stated</i> 2.14

The annexed notes from 1 to 18 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 and quarter ended 31 December 2020

	Half year ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	----- Rupees -----			
<b>Profit after taxation</b>	<b>522,427,415</b>	149,695,350	<b>403,855,839</b>	73,374,129
<i>Items that will not be reclassified to profit and loss account:</i>				
Other comprehensive income for the period	-	-		
<b>Total comprehensive income for the period</b>	<b>522,427,415</b>	149,695,350	<b>403,855,839</b>	73,374,129
<b>Attributable to:</b>				
Owners of the Company	<b>475,145,948</b>	154,875,485	<b>358,380,186</b>	77,370,094
Non-controlling interests	<b>47,281,467</b>	(5,180,135)	<b>45,475,653</b>	(3,995,965)
	<b>522,427,415</b>	149,695,350	<b>403,855,839</b>	73,374,129

The annexed notes from 1 to 18 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 2020

	Attributable to Owners of the Company					Total	Non-controlling interests	Total
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profits	Revenue reserve			
<b>Balance as at 01 July 2019</b>	301,868,410	321,843	862,636,602	4,304,712,411	5,469,539,266	169,499,718	5,639,038,984	
<b>Total comprehensive income for the period</b>	-	-	-	154,875,485	154,875,485	(5,180,135)	149,695,350	
<b>Surplus transferred to accumulated profit:</b>								
-on account of incremental depreciation charged during the period - net of tax	-	-	(21,868,770)	21,868,770	-	-	-	
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	80,836	-	80,836	-	80,836	
<b>Transactions with owners of the Company; recognized directly in equity</b>								
-Final dividend for the year ended 30 June 2019 at Rs. 4 per share	-	-	-	(120,747,364)	(120,747,364)	-	(120,747,364)	
<b>Balance as at 31 December 2019 - un-audited</b>	301,868,410	321,843	840,848,668	4,360,709,302	5,503,748,223	164,319,583	5,668,067,806	
<b>Balance as at 01 July 2020</b>	301,868,410	321,843	1,473,713,362	4,644,626,609	6,420,530,224	227,894,083	6,648,424,307	
<b>Total comprehensive income for the period</b>	-	-	-	475,145,948	475,145,948	47,281,467	522,427,415	
<b>Surplus transferred to accumulated profit:</b>								
-on account of incremental depreciation charged during the period - net of tax	-	-	(63,467,421)	63,467,421	-	-	-	
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	(9,125,221)	-	(9,125,221)	-	(9,125,221)	
<b>Transactions with owners of the Company; recognized directly in equity</b>								
Final dividend for the year ended 30 June 2020 at Rs. 4 per share	-	-	-	(120,747,364)	(120,747,364)	-	(120,747,364)	
Issue of bonus shares at the rate of 20% (i.e 2 shares for every 10 shares held)	60,373,690	-	-	(60,373,690)	-	-	-	
	60,373,690	-	-	(181,121,054)	(120,747,364)	-	(120,747,364)	
<b>Balance as at 31 December 2020 - un-audited</b>	362,242,100	321,843	1,401,120,720	5,002,118,924	6,765,803,587	275,175,550	7,040,979,137	

The annexed notes from 1 to 18 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 half year ended 31 December 2020

	Half year ended	
	31 December 2020	31 December 2019
----- Rupees -----		
<b><u>Cash flow from operating activities</u></b>		
Profit before taxation	634,386,058	215,842,584
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	198,096,780	183,426,900
Amortisation of intangibles	268,184	290,130
Gain on disposal of property, plant and equipment	(4,891,851)	(16,240,766)
Finance costs	20,980,464	12,614,487
Dividend income	(15,034,240)	(8,491,061)
Gain on re-measurement of short term investments to fair value	(13,461,752)	(25,562,177)
Gain on sale of short term investments	-	(17,658,837)
Profit on bank deposits	(1,836,672)	(3,139,425)
Workers' Profit Participation Fund	36,072,823	12,975,051
Workers' Welfare Fund	13,802,834	4,486,510
Central Research Fund	7,287,439	2,621,222
	<b>241,284,009</b>	<b>145,322,034</b>
<b>Cash generated from operations before working capital changes</b>	<b>875,670,067</b>	<b>361,164,618</b>
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(26,188,858)	(8,672,344)
Loans, advances, deposits and prepayments	84,763,213	(104,861,156)
Stock in trade	(245,889,022)	(374,745,227)
Trade debts - considered good	95,420,342	(156,679,203)
	<b>(91,894,325)</b>	<b>(644,957,930)</b>
<i>Increase in current liabilities</i>		
Trade and other payables	(102,510,438)	204,846,655
	<b>681,265,304</b>	<b>(78,946,657)</b>
<b>Cash generated from operations</b>	<b>681,265,304</b>	<b>(78,946,657)</b>
Taxes paid	(152,138,149)	(128,686,162)
Workers' Profit Participation Fund paid	(3,573,801)	(8,872,286)
Workers' Welfare Fund paid	(1,223,266)	(3,555,017)
Central Research Fund paid	(6,785,079)	-
Long term deposits	70,000	(2,701,000)
<b>Net cash generated from operating activities</b>	<b>517,615,009</b>	<b>(222,761,122)</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	(111,249,744)	(304,937,233)
Acquisition of intangibles	(635,544)	-
Proceeds from sale of property, plant and equipment	6,483,893	23,663,080
Dividend income	15,034,240	8,491,061
Profit on bank deposits	1,836,672	3,139,425
(Acquisition) / redemption of short term investments - net	(330,621,133)	174,836,595
<b>Net cash used in investing activities</b>	<b>(419,151,616)</b>	<b>(94,807,072)</b>
<b><u>Cash flow from financing activities</u></b>		
Finance cost paid	(17,832,259)	(11,206,496)
Proceeds of long term loan	244,000,000	-
Dividend paid	(117,324,134)	(116,092,460)
<b>Net cash used in financing activities</b>	<b>108,843,607</b>	<b>(127,298,956)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>207,307,000</b>	<b>(444,867,150)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>100,375,708</b>	<b>247,662,659</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>307,682,708</b>	<b>(197,204,491)</b>
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	307,682,708	122,655,144
Running finance	-	(319,859,635)
	<b>307,682,708</b>	<b>(197,204,491)</b>

The annexed notes from 1 to 18 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 half year ended 31 December 2020

### 1 The Group and its operation

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

"The Group" consists of the following subsidiaries:

Company / Entity	County of incorporation	Nature of business	Effective holding %	
			Dec-20	Jun-20
BF Biosciences Limited	Pakistan	Import, manufacturing and sale of pharmaceutical products	80	80
Farmacia	Pakistan	Sale and distribution of medicines and other related products	98	98

The Holding Company has 98% holding in Farmacia. Farmacia is a partnership duly registered under Partnership Act, 1932. Farmacia is engaged in the retail trading of pharmaceutical products.

### 2 Basis of consolidation

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

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

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

### 3 Basis of preparation

#### 3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 3.2 Basis of accounting

**3.2.1** This condensed interim consolidated financial information comprises the condensed interim consolidated statement of financial position of the Holding Company, as at 31 December 2020 and the related condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows together with the notes forming part thereof.

**3.2.2** This condensed interim consolidated financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Holding Company as at and for the year ended 30 June 2020.

3.2.3 Comparative figures of the statement of financial position are extracted from the annual financial statements for the year ended 30 June 2020, whereas comparatives of statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim consolidated financial information for the six months period ended 31 December 2019.

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

### 3.3 Judgements and estimates

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

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

### 3.4 Statement of consistency in accounting policies

3.4.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are same as those applied in the preparation of the annual audited consolidated financial statements for the year ended 30 June 2020.

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

## 4 Issued, subscribed and paid-up capital

	Un-audited 31 December 2020 (Number of shares)	Audited 30 June 2020	Un-audited 2020 (Rupees)	Audited 30 June 2020
<b><u>Authorized share capital</u></b>				
Ordinary shares of Rs. 10 each	<b>50,000,000</b>	50,000,000	<b>500,000,000</b>	500,000,000
<b><u>Issued, subscribed and paid-up share capital</u></b>				
Voting ordinary shares of Rs. 10 each fully paid up in cash	1,441,952	1,441,952	14,419,520	14,419,520
Voting ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	119,600	119,600	1,196,000	1,196,000
Voting ordinary shares of Rs. 10 each issued as bonus shares	34,662,658	28,625,289	346,626,580	286,252,890
	<b>36,224,210</b>	<b>30,186,841</b>	<b>362,242,100</b>	<b>301,868,410</b>
			<b>Un-audited 31 December 2020</b>	<b>Audited 30 June 2020</b>

### 4.1 Movement in number of shares

Opening number of shares	30,186,841	30,186,841
Issue of bonus shares at the rate of 20% (i.e. 2 shares for every 10 shares held)	6,037,369	-
Closing number of shares	<b>36,224,210</b>	<b>30,186,841</b>

## 5 Long term loan - secured

### 5.1 Under mark-up arrangements

The Group obtained term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. During the period under review, the Group obtained Rs. 244 million for paying salaries under this scheme. The facility carry mark-up at the rate specified by State Bank of Pakistan plus relevant bank's spread of 2% - 3%. The tenor of this facility is up to 01 October 2022. The loan has been measured at its fair value in accordance with the guidelines of IFRS 9 (Financial Instruments) using effective interest rate. The difference between fair value of loan and loan proceeds has been recognised as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The facility is secured by first exclusive equitable mortgage charge of 504 million on land and building of head office of the Holding Company and lien on the Group's investments in mutual funds placed in HBL Asset Management Company amounting to Rs. 31.4 million.

## 6 Short term borrowings - secured

There were no major changes in any of the facilities during the period. All terms and conditions applicable on short term borrowings availed are same as those disclosed in the annual consolidated financial statements for the year ended 30 June 2020.

## 7 Contingencies and commitments

### 7.1 Contingencies:

There are no contingencies as of the reporting date.

### 7.2 Commitments

#### 7.2.1 Letter of credits

##### 7.2.1.1 With conventional financial institutions

###### Holding Company

Out of the aggregate facility of Rs. 700 million (2020: Rs. 700 million) for opening letters of credit, the amount utilized as at 31 December 2020 for capital expenditure was Rs. Nil (2020: Rs. 5.05 million) and for other than capital expenditure was Rs. 180.23 million (2020: Rs. 62.95 million). Out of these facilities, Rs. 300 million can interchangeably be utilized as running finance. These facilities are secured by joint pari passu charge (2020: joint pari passu charge) over all present and future current assets of the Company.

###### Subsidiary Company

Out of aggregate facility of Rs. 640 million (2020: Rs. 565 million) for letter of credits, amount utilized at 31 December 2020 was Rs. 107.3 million (2019: Rs. 247.7 million).

##### 7.2.1.2 With shariah compliant financial institutions

###### Holding Company

The Company has facility i.e. letters of credit of Rs. 200 million (2020: Rs. 200 million) available from Islamic bank. The amount utilized as at 31 December 2020 for capital expenditure was Rs. Nil (2020: Rs. 13.95 million) and for other than capital expenditure was Rs. 51.25 million (2020: Rs. 78.52 million). Lien is also marked over import documents.

		Un-audited 31 Dec 2020	Audited 30 Jun 2020
		-----Rupees-----	
<b>8 Property, plant and equipment</b>	<i>Note</i>		
Operating fixed assets	<i>8.1</i>	<b>3,896,009,030</b>	3,898,409,478
Capital work-in-progress		<b>11,422,978</b>	97,461,608
		<b><u>3,907,432,008</u></b>	<b><u>3,995,871,086</u></b>
<b>8.1 Operating fixed assets</b>			
<b><u>Cost</u></b>			
Opening balance at beginning of the period / year		<b>4,333,431,023</b>	4,207,411,283
Additions / transfers during the period / year		<b>197,288,374</b>	333,820,337
Disposals during the period / year		<b>(10,612,785)</b>	(60,814,683)
Revaluation surplus during the period / year		-	(146,985,914)
Closing balance at end of the period / year		<b>4,520,106,612</b>	4,333,431,023
<b><u>Less: Accumulated depreciation</u></b>			
Opening balance at beginning of the period / year		<b>435,021,545</b>	1,186,019,897
Depreciation for the period / year		<b>198,096,780</b>	378,938,054
On disposals		<b>(9,020,743)</b>	(49,063,823)
Elimination of accumulated depreciation on revaluation		-	(1,080,872,583)
Closing balance at end of the period / year		<b>624,097,582</b>	435,021,545
<b>Operating fixed assets - net book value</b>		<b><u>3,896,009,030</u></b>	<b><u>3,898,409,478</u></b>

		Un-audited 31 Dec 2020	Audited 30 Jun 2020
	Note	----- Rupees -----	
<b>9 Short term investments</b>			
<b><u>Investments at fair value through profit or loss - Mutual Funds</u></b>			
Held for trading	8.1	1,104,790,666	760,707,781
		<b>1,104,790,666</b>	<b>760,707,781</b>
<b>9.1</b> These investments are 'held for trading'			
Carrying value at 01 July		760,707,781	490,830,304
Acquisition during the period/year		330,621,132	548,246,302
Redemption during the period/year		-	(282,199,271)
Realized gain on sale of investment - during the period/year		-	699,063
Unrealized gain on re-measurement of investment - during the period/year		13,461,752	3,131,383
Carrying and fair value of short term investments at 31 December / 30 June	8.1.1	<b>1,104,790,666</b>	<b>760,707,781</b>

Units		Fair value	
Un-audited 31 Dec 2020	Audited 30 Jun 2020	Un-audited 31 Dec 2020	Audited 30 Jun 2020
.....Number.....		.....Rupees.....	

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

HBL Money Market Fund	2,813,008	2,589,813	297,550,987	265,076,470
HBL Cash Fund	6,475,212	3,611,640	658,027,272	365,242,589
ABL Cash Fund	10,873,767	10,603,390	111,020,082	107,930,849
MCB Cash Management Optimizer Fund	380,638	222,730	38,192,325	22,457,873
			<b>1,104,790,666</b>	<b>760,707,781</b>

**10 Cash and bank balances**

**10.1** These include current account of Rs. 0.002 (30 June 2020: Rs. 0.002 million) maintained under Shariah compliant arrangements.

**10.2** These include deposit accounts of Rs. 5.60 million (2020: Rs. 48.78 million) under mark up arrangements, which carry interest rates ranging from 5.50 % to 5.51% (2020: 6.50% - 11.28%) per annum.

These also include deposit account of Rs. 0.00009 million (2020: Rs. 0.000079 million) under Shariah compliant arrangements, which carries profit rate of 2.75% to 2.83% (2020: 3.25% - 7.06%) per annum.

	(Un-audited) Half year ended	
	31 Dec 2020	31 Dec 2019
	----- Rupees -----	

**11 Revenue - net**

**Gross sales:**

Local	3,276,594,985	2,970,030,058
Export	678,208,393	130,424,436
	<b>3,954,803,378</b>	<b>3,100,454,494</b>

**Less:**

Sales returns	(37,320,103)	(21,829,630)
Discounts	(219,055,753)	(208,436,078)
Service charges on sales	(12,415,726)	(8,847,927)
Sales tax	(4,701,913)	(4,490,094)
	<b>(273,493,495)</b>	<b>(243,603,729)</b>
	<b>3,681,309,883</b>	<b>2,856,850,765</b>

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

<b>(Un-audited) Half year ended</b>	
<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
----- Rupees -----	

## 12 Cost of sales

Raw and packing materials consumed	<i>12.1</i>	<b>1,007,102,261</b>	613,668,574
Salaries, wages and other benefits		<b>221,441,130</b>	180,817,245
Fuel and power		<b>66,283,240</b>	56,167,135
Repair and maintenance		<b>11,563,599</b>	11,061,211
Freight and forwarding		<b>30,512,338</b>	20,036,387
Stores, spare parts and loose tools consumed		<b>56,168,803</b>	37,149,370
Packing charges		<b>6,205,248</b>	6,012,233
Rent, rates and taxes		<b>3,187,900</b>	2,449,590
Printing and stationery		<b>1,406,335</b>	1,455,407
Postage and telephone		<b>4,493,877</b>	2,353,731
Insurance		<b>10,197,971</b>	10,853,043
Travelling and conveyance		<b>6,755,620</b>	8,940,945
Canteen expenses		<b>9,768,360</b>	9,171,740
Depreciation on property, plant and equipment		<b>144,011,937</b>	132,301,585
Laboratory and other expenses		<b>35,471,102</b>	9,239,107
		<b>1,614,569,721</b>	1,101,677,303
<i>Work in process:</i>			
Opening		<b>154,578,524</b>	94,961,552
Closing		<b>(213,307,072)</b>	(66,071,433)
		<b>(58,728,548)</b>	28,890,119
<b><i>Cost of goods manufactured</i></b>		<b>1,555,841,173</b>	1,130,567,422
<i>Finished stock:</i>			
Opening		<b>1,061,511,581</b>	644,180,004
Purchases made during the period		<b>445,415,844</b>	891,837,987
Closing		<b>(947,230,462)</b>	(927,147,145)
		<b>559,696,963</b>	608,870,846
		<b>2,115,538,136</b>	1,739,438,268
<b>12.1 Raw and packing materials consumed</b>			
Opening		<b>631,995,512</b>	428,049,043
Purchases made during the period		<b>1,113,405,648</b>	628,052,646
		<b>1,745,401,160</b>	1,056,101,689
Closing		<b>(738,298,899)</b>	(442,433,115)
		<b>1,007,102,261</b>	613,668,574

### 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) Half year ended	
	31 Dec 2020	31 Dec 2019
	----- Rupees -----	
<b>Other related parties</b>		
Contribution towards employees' provident fund	26,527,008	22,757,915
Remuneration including benefits and perquisites of key management personnel	124,844,281	104,100,244
Cash dividend paid to KFW Factors (Private) Limited	33,147,768	33,147,768
Cash dividend paid to Directors	11,744,908	13,561,688
Fee paid to M/S Khan and Piracha	1,057,000	162,500
Rent paid to Director against office	2,178,000	1,980,000

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

	Unclaimed dividend	Unclaimed dividend	Long term loan	Total
	----- Rupees -----			
<b>As at 01 July 2020</b>	76,964,852	2,546,447	133,000,000	135,546,447
<b><u>Changes from financing cash flows</u></b>				
Inflows from financing arrangement	-	-	244,000,000	244,000,000
Dividend paid	(117,324,134)	-	-	(117,324,134)
Financial charges paid	-	(17,832,259)	-	(17,832,259)
<b>Total changes from financing cash flows</b>	<b>(117,324,134)</b>	<b>(17,832,259)</b>	<b>244,000,000</b>	<b>(135,156,393)</b>
<b><u>Other changes</u></b>				
Dividend approved	120,747,364	-	-	120,747,364
Interest / markup expense	-	20,980,464	-	20,980,464
<b>Total liability related other changes</b>	<b>120,747,364</b>	<b>20,980,464</b>	<b>-</b>	<b>141,727,828</b>
<b>As at 31 December 2020</b>	<b>80,388,082</b>	<b>5,694,652</b>	<b>377,000,000</b>	<b>142,117,882</b>

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

15.1 The Group's financial risk management objective and policies are consistent with that disclosed in the annual consolidated financial statements of the Holding Company for the year ended 30 June 2020. The exposure to credit risk relates to trade and other receivables which are majorly due from Government institutions and the Company does not expect these institutions to fail to meet their obligations. The increase in trade receivables is due to increase in sales to Government institutions as historically recovery from these are slow.



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

	Carrying Amount		Fair Value				
	Fair Value through profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----							
<b>31-Dec-20</b>							
<b>Financial assets measured at fair value:</b>							
Short term investments	1,104,790,666	-	-	1,104,790,666	1,104,790,666	-	-
<b>Financial assets not measured at fair value:</b>							
Long term deposits	-	14,264,325	-	14,264,325	-	-	-
Trade debits - considered good	-	997,359,579	-	997,359,579	-	-	-
Loans and advances - considered good	-	24,715,284	-	24,715,284	-	-	-
Short term deposits	-	208,194,634	-	208,194,634	-	-	-
Other receivables	-	15,469,813	-	15,469,813	-	-	-
Cash and bank balances	-	307,682,708	-	307,682,708	-	-	-
	-	<b>1,567,686,343</b>	-	<b>1,567,686,343</b>	-	-	-
<b>Financial liabilities measured at fair value:</b>							
	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>							
Trade and other payables	-	-	1,416,181,450	1,416,181,450	-	-	-
Unclaimed dividend	-	-	80,388,082	80,388,082	-	-	-
Short term borrowing	-	-	-	-	-	-	-
Accrued mark-up	-	-	80,388,082	80,388,082	-	-	-
	-	-	<b>1,576,957,614</b>	<b>1,576,957,614</b>	-	-	-

	Carrying Amount		Fair Value		
	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2 Level 3
<b>30 June 2020</b>					
<b>Financial assets measured at fair value:</b>					
Short term investments	-	-	760,707,781	760,707,781	-
<b>Financial assets not measured at fair value:</b>					
Long term deposits	14,334,325	-	14,334,325	-	-
Trade debts - considered good	1,092,779,921	-	1,092,779,921	-	-
Loans and advances - considered good	26,370,626	-	26,370,626	-	-
Short term deposits	275,702,195	-	275,702,195	-	-
Other receivables	30,193,425	-	30,193,425	-	-
Cash and bank balances	151,392,844	-	151,392,844	-	-
	<b>1,590,773,336</b>	-	<b>1,590,773,336</b>	-	-
<b>Financial liabilities measured at fair value:</b>					
	-	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>					
Trade and other payables	-	1,430,004,490	1,430,004,490	-	-
Unclaimed dividend	-	76,964,852	76,964,852	-	-
Short term borrowing	-	51,017,136	51,017,136	-	-
Accrued mark-up	-	2,546,447	2,546,447	-	-
	-	<b>1,560,532,925</b>	<b>1,560,532,925</b>	-	-

----- Rupees -----

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## 16 Subsequent event

**16.1** The Board of Directors of the Holding Company in their meeting held on 19 January 2021 has recommended the approval of following from the members in the upcoming Extra Ordinary General Meeting which is scheduled to be held on 12 February 2021:

- Cross corporate guarantee by the Company in favour of the financial institutions / lenders of BF Biosciences Limited, a subsidiary Company up to Rs. 3,500 million for a tenor of 10 years starting from the date of issue by the Company.
- Providing security in favour of financial institutions / lenders of BF Biosciences Limited, a subsidiary Company for obtaining loan up to Rs. 2,500 million against import of plant and machinery for a maximum tenor of 5 years.

**16.2** The Board of Directors of the Holding Company in its meeting held on 29 January 2021 has approved an interim cash dividend of Rs. Nil per share (31 December 2019: Rs. Nil per share) amounting to Rs. Nil (31 December 2019: Rs. Nil) for the year ending 30 June 2021.

## 17 Financial risk management

The Group's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 30 June 2020.

## 18 Authorization

These un-audited condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on 29 January 2021 .

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**



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