



**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2021**



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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 Officer

## 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

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Telephone: +92-51-4252155-57  
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## CHIEF FINANCIAL OFFICER

Mr. Muhammad Farhan Rafiq

## SHARE REGISTRAR

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

## HEAD OF INTERNAL AUDIT

Mr. Rizwan Hameed Butt

## FACTORY

P.O. Ferozsons, Amangarh  
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Telephone: +92-923-614295, 610159  
Fax: +92-923-611302

## 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  
Telephone: +92-42-36026700  
Fax: +92-42-36026701

## BANKERS

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

## SALES OFFICE, LAHORE

43-Al Noor Building, Bank Square  
The Mall, Lahore, Pakistan  
Telephone: +92-42-37358194  
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## SALES OFFICE, KARACHI

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# DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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 2021. The consolidated condensed interim financial information incorporates the Company's 80% owned subsidiary BF Biosciences Limited and 98% owned venture Farmacia.

## Highlights of the Company's Individual and Consolidated Financial Results

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

Individual				Consolidated			
6 Months 31-Dec-21	6 Months 31-Dec-20	3 Months 31-Dec-21	3 Months 31-Dec-20	6 Months 31-Dec-21	6 Months 31-Dec-20	3 Months 31-Dec-21	3 Months 31-Dec-20

(Rupees in thousands)

Revenue - net	3,502,616	2,845,304	1,809,430	1,556,596	4,396,877	3,693,726	2,173,594	2,184,611
Gross profit	1,714,622	1,245,400	888,189	672,653	2,119,247	1,578,187	1,094,763	965,911
Profit before tax	490,438	399,493	271,220	239,672	822,260	634,386	441,595	462,538
Profit after tax	346,619	289,079	186,219	178,755	623,047	522,427	322,057	403,856
Earnings per share	9.57	7.98	5.14	4.93	15.64	13.12	8.09	9.90

## Financial and Operational Review of Ferozsons Laboratories Limited:

The Company's standalone net sales grew by 23% for the six months and 16% for the second quarter over the same period last year. In-market generic sales have increased by 21%, whereas institutional sales of generics and medical devices increased by 40%.

At the group level, net sales grew by 19% for the six months, whereas quarter on quarter basis, there is an decline of 0.5% over the same period last year.

The Company's gross profit (GP) margin stands at 49% compared to 44% in the same period last year. In absolute terms, GP grew by 38%. The improvement in GP margin primarily represents a favorable change in sales mix related to institutional business.

Selling and distribution expenses increased by 38% over the same period last year, primarily owing to an increase in salaries, increased travelling and field activities expenses as activities resumed following the easing of COVID-related restrictions.

Other expenses increased by 287%, primarily due to an exchange loss resulting from the depreciation of Pakistani currency. Other income increased by 48% primarily due to an increase in investments income.

Profit after taxation (PAT) closed at Rs. 347 million for the six months and Rs. 186 million for the second quarter under review, depicting a growth of 20% and 4% respectively.

Based on the PAT, the earnings per share (EPS) stands at Rs. 9.57 compared to Rs. 7.98 in the same period last year.

# DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

## Financial and Operational Review of BF Biosciences Limited (Subsidiary Company)

The net sales of the subsidiary closed at Rs. 831 million for the six months and Rs. 328 million for the second quarter under review, depicting an increase of 5% for the six months and a decline of 45% for the second quarter over the same period last year.

The sales decline in the second quarter is primarily due to lower sales of Remidia Injections (i.e. Remdesivir) during the quarter.

## Future Outlook

Subsequent to half year-end, the Government of Pakistan through Finance (Supplementary) Act, 2022, levied sales tax on pharmaceutical inputs and changed industry's final products status from Exempt to Zero-rated. As a result, Sales Tax on all raw materials will impact cash flows for the industry, and unless there is an effective fast-track refund mechanism in place, the adverse impact on the sector will be significant.

The continued depreciation of Pak. Rupee, coupled with necessary increases in policy rate will also erode the industry's margin going forward.

## Acknowledgments

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

For and on behalf of the Board of Directors

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

**Mrs. Munize Azhar Peracha**  
Director

پابندیوں میں نرمی کی وجہ سے سفر اور فیلڈ کی سرگرمیوں کی بحالی کی وجہ سے ہونے والے اخراجات ہیں۔

دیگر اخراجات میں 287 فی صد اضافہ ہوا جس کی بنیادی وجہ پاکستانی کرنسی میں تخفیف کی وجہ سے ہونے والا زربادہ کا خسارہ ہے۔ دیگر آمدنی میں سرمایہ کاری میں اضافے کی وجہ سے 48 فی صد اضافہ ہوا۔ بعد از ٹیکس منافع چھ ماہ میں 347 ملین روپے پر بند ہوا۔ اور زربادہ دوسری سہ ماہی میں 186 ملین روپے پر بند ہوا۔ جس سے بالترتیب 20 فی صد اور 4 فی صد بڑھوتری ظاہر ہوتی ہے۔

بعد از ٹیکس منافع کی بنیاد پر پچھلے سال اسی دورائے کی نسبت 7.98 روپے کے مقابلے میں 9.57 روپے رہی۔

### BF بایوسائنسز لمیٹڈ (ماتحت ذیلی کمپنی) کا مالیاتی اور عملیاتی جائزہ

زیر جائزہ دوسری سہ ماہی کے لئے ذیلی کمپنی کی کل فروخت چھ ماہ میں 831 ملین روپے اور 328 ملین روپے پر ختم ہوئی۔ جس سے ظاہر ہوتا ہے کہ پچھلے سال اسی دورائے میں چھ ماہ میں 5 فی صد اضافہ اور دوسری سہ ماہی میں 45 فی صد کی واقع ہوئی۔ دوسری سہ ماہی میں فروخت میں کمی کی بنیادی وجہ سہ ماہی کے دوران ریمیڈیا (Remidia) انجکشنوں (Remdisivir) کی کم فروخت ہے۔

### مستقبل کے احکامات

نصف سال کے آخر میں، حکومت پاکستان نے فنانس (سپلیمنٹری) ایکٹ، 2022 کے ذریعے، دو سازی کی پیداوار پر سیلز ٹیکس عائد کر دیا اور صنعت کی مصنوعاتی صورتحال کی اسٹشٹی سے صفر شرح میں تبدیل کر دیا۔ اس کے نتیجے میں تمام خام مال پر سیلز ٹیکس صنعت میں سرمائے کے بہاؤ پر اثر انداز ہوگا۔ اور جب تک رقم کی واپس ادائیگی کا بروقت طریقہ کار اختیار نہیں کیا جاتا تو اس شعبے پر نقصان دہ اثر نمایاں ہوگا۔ پاکستانی روپے کی کرنسی میں مسلسل کمی بشمول پالیسی کی شرح میں ضروری اضافوں سے بھی صنعت کے منافع میں بڑھوتری کی مخدوش ہو جائے گی۔

### اظہار تشکر

ہم اس دوران مسلسل 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/ کے نمائندہ کے طور پر

مسز منیزہ اظہر پراچہ  
ڈائریکٹر

مسٹر عثمان خالد وحید  
چیف ایگزیکٹو آفیسر



## ڈائریکٹرز کا جائزہ

### درمیانی مدت کی مالیاتی معلومات کے خلاصے پر

### 31 دسمبر 2021، کو چھ ماہ کے اختتام پر

ہم 31 دسمبر 2021، کو چھ ماہ ختم ہونے پر درمیانی مدت کی غیر آڈٹ شدہ، آزادانہ حیثیت میں اور اجتماعی مالیاتی معلومات کے خلاصے پر ایک مختصر جائزہ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ اجتماعی درمیان مدت کی مالیاتی معلومات کا خلاصہ کمپنی کی 80 فی صد مالک ماتحت ذیلی کمپنی BF بایوسائنسز لمیٹڈ اور کمپنی کے ذاتی ملکیتی 98 فی صد فارمیسیا ادویاتی کاروبار کا احاطہ کرتا ہے۔

**کمپنی کے ذاتی اور اجتماعی مالیاتی نتائج کی نمایاں تفصیل**  
اس دورانیے کے عملیاتی نتائج کا خلاصہ درج ذیل ہے۔

آزادانہ				اجتماعی			
6 ماہ	3 ماہ	6 ماہ	3 ماہ	6 ماہ	3 ماہ	3 ماہ	3 ماہ
31 دسمبر 21	31 دسمبر 20	31 دسمبر 21	31 دسمبر 20	31 دسمبر 21	31 دسمبر 20	31 دسمبر 21	31 دسمبر 20

(روپے ہزاروں میں)

2,184,611	2,173,594	3,693,726	4,396,877	1,556,596	1,809,430	2,845,304	3,502,616	خالص آمدنی
965,911	1,094,763	1,578,187	2,119,247	672,653	888,189	1,245,400	1,714,622	مجموعی منافع
462,538	441,595	634,386	822,260	239,672	271,220	399,493	490,438	منافع قبل از ٹیکس
403,856	322,057	522,427	623,047	178,755	186,219	289,079	346,619	منافع بعد از ٹیکس
9.90	8.09	13.12	15.64	4.93	5.14	7.98	9.57	فی حصص آمدنی

### فیروز سنز لیبارٹریز لمیٹڈ کا مالیاتی اور عملیاتی جائزہ

پچھلے سال کمپنی کی آزادانہ کل فروخت میں چھ ماہ میں 23 فی صد اضافہ ہوا اور دوسری سہ ماہی میں اسی سال 16 فی صد اضافہ ہوا۔ مارکیٹ میں جنیرک ادویات کی فروخت میں 21 فی صد اضافہ ہوا۔ جبکہ جنیرک ادویات اور میڈیکل آلات کی ادار جاتی فروخت میں 40 فی صد اضافہ ہوا۔ گروپ کی سطح پر چھ ماہ میں اجتماعی خالص فروخت میں 19 فی صد اضافہ ہوا۔ جبکہ پچھلے سال اسی دورانیے میں سہ ماہی بنیادوں پر 0.5 فی صد کمی واقع ہوئی۔ پچھلے سال اسی دورانیے میں 44 فی صد کے مقابلے میں کمپنی کے مجموعی منافع کی کم سے کم حد 49 فی صد پر کھڑی رہی۔

مطلق مضمون میں مجموعی منافع (GP) میں 38 فی صد اضافہ ہوا۔ مجموعی منافع کی کم سے کم حد میں بہتری ادار جاتی کاروبار سے متعلقہ فروخت میں سازگار تبدیلی کو ظاہر کرتی ہے۔ پچھلے سال اسی دورانیے میں فروخت اور تقسیم کے اخراجات میں 38 فی صد اضافہ ہوا جسکی بنیادی وجہ تنخواہوں میں اضافہ، کووڈ سے متعلقہ





# OUR FINANCIAL STATEMENTS



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ferozsons Laboratories Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

### Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Ferozsons Laboratories Limited** ("the Company") as at 31 December 2021 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 condensed interim unconsolidated financial statements for the six-month 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 for the quarters ended 31 December 2021 and 31 December 2020 in the condensed interim unconsolidated statement of profit or loss and the condensed interim unconsolidated statement of comprehensive income 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: 07 February 2022

UDIN: RR202110119JKOBqISoD

  
KPMG Taseer Hadi & Co.  
Chartered Accountants

RR0222

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Ferozsons Laboratories Limited

EQUITY AND LIABILITIES		<div>Un-audited 31 December 2021</div>	<div>Audited 30 June 2021</div>	Note
		----- Rupees -----		
<i>Share capital and reserves</i>				
Authorized share capital				
50,000,000 (30 June 2021: 50,000,000) ordinary shares of Rs. 10 each	3	500,000,000	500,000,000	
		362,242,100	362,242,100	
Issued, subscribed and paid up capital	3	321,843	321,843	
Capital reserve		4,774,021,587	4,768,388,867	
Accumulated profit				
Revaluation surplus on property, plant and equipment		1,072,121,629	1,093,377,437	
		6,208,707,159	6,224,330,247	
<i>Non current liabilities</i>				
Long term loan - secured	4	-	84,040,204	
Deferred grant		-	1,459,796	
Deferred taxation		246,556,602	257,929,124	
		246,556,602	343,429,124	
<i>Current liabilities</i>				
Current portion of:				
- Long term loans - secured	4	168,076,990	165,210,738	
- Current portion of deferred grant		2,923,010	5,789,262	
Trade and other payables		2,026,077,461	1,758,616,108	
Contract liabilities		64,319,624	31,914,992	
Short term borrowings - secured	5	299,055,951	-	
Unclaimed dividend		92,855,250	80,049,018	
Accrued mark-up		2,926,704	2,439,282	
		2,656,234,990	2,044,019,400	
<i>Contingencies and commitments</i>	6			
		9,111,498,751	8,611,778,771	

  

ASSETS		<div>Un-audited 31 December 2021</div>	<div>Audited 30 June 2021</div>	Note
		----- Rupees -----		
<i>Non-current assets</i>				
Property, plant and equipment	7	3,324,005,084	3,246,719,076	
Intangibles		485,523	638,163	
Long term investments - related parties	8	362,986,941	347,738,437	
Long term deposits		9,717,325	9,717,325	
		3,697,194,873	3,604,813,001	
<i>Current assets</i>				
Stores, spare parts and loose tools		50,634,075	44,861,806	
Stock in trade		2,554,482,255	1,689,956,889	
Trade debts - considered good		892,282,786	1,313,592,150	
Loans and advances - considered good		66,294,479	47,516,130	
Deposits and prepayments		346,486,811	131,561,017	
Other receivables		41,763,306	14,110,312	
Advance income tax - net	9	249,328,713	285,216,936	
Short term investments	10	882,236,283	1,080,776,249	
Cash and bank balances		330,795,170	399,374,281	
		5,414,303,878	5,006,965,770	

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

**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 2021

	Note	Half year ended		Quarter ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		Rupees		Rupees	
Revenue - <i>net</i>	11	<b>3,502,615,970</b>	2,845,304,024	<b>1,809,429,755</b>	1,556,595,681
Cost of sales	12	<b>(1,787,993,561)</b>	(1,599,903,719)	<b>(921,240,352)</b>	(883,942,426)
<b>Gross profit</b>		<b>1,714,622,409</b>	1,245,400,305	<b>888,189,403</b>	672,653,255
Administrative expenses		<b>(240,630,828)</b>	(192,626,962)	<b>(118,786,195)</b>	(92,636,795)
Selling and distribution expenses		<b>(913,002,282)</b>	(659,494,215)	<b>(483,034,483)</b>	(350,983,482)
Other expenses		<b>(144,155,460)</b>	(37,284,444)	<b>(46,540,755)</b>	(23,440,323)
Other income		<b>83,226,728</b>	56,252,904	<b>37,173,799</b>	38,413,672
<b>Profit from operations</b>		<b>500,060,567</b>	412,247,588	<b>277,001,769</b>	244,006,327
Finance cost		<b>(9,622,532)</b>	(12,754,830)	<b>(5,781,318)</b>	(4,334,664)
<b>Profit before taxation</b>		<b>490,438,035</b>	399,492,758	<b>271,220,451</b>	239,671,663
Taxation		<b>(143,819,023)</b>	(110,414,151)	<b>(85,001,392)</b>	(60,916,912)
<b>Profit after taxation</b>		<b>346,619,012</b>	289,078,607	<b>186,219,059</b>	178,754,751
Earnings per share - <i>basic and diluted</i>		<b>9.57</b>	7.98	<b>5.14</b>	4.93

The annexed notes from 1 to 20 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 2021

	Half year ended		Quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	----- Rupees -----		----- Rupees -----	
<b>Profit after taxation</b>	<b>346,619,012</b>	289,078,607	<b>186,219,059</b>	178,754,751
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>346,619,012</b>	<b>289,078,607</b>	<b>186,219,059</b>	<b>178,754,751</b>

The annexed notes from 1 to 20 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 2021

<b>Balance as at 01 July 2020</b>	
<b>Total comprehensive income for the period</b>	
<b><u>Surplus transferred to accumulated profit</u></b>	
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	
<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	
Issue of bonus shares at the rate of 20% (i.e. 2 shares for every 10 shares held)	
<b>Balance as at 31 December 2020 - unaudited</b>	
<b>Balance as at 30 June 2021 - audited</b>	
<b>Total comprehensive income for the period</b>	
<b><u>Surplus transferred to accumulated profit</u></b>	
On account of incremental depreciation charged during the period - <i>net of tax</i>	
<b><u>Transactions with owners of the Company, recognized directly in Equity - Distributions</u></b>	
Final dividend for the year ended 30 June 2021 at Rs. 10 per share	
<b>Balance as at 31 December 2021 - unaudited</b>	

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Share capital	Capital reserve		Revenue reserve		Total
	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profit		
----- Rupees -----					
301,868,410	321,843	1,135,897,569	4,181,754,531	5,619,842,353	
-	-	-	289,078,607	289,078,607	
-	-	(21,241,377)	21,241,377	-	818,343
-	-	818,343	-	-	818,343
-	-	(20,423,034)	21,241,377	-	-
-	-	-	(120,747,364)	(120,747,364)	(120,747,364)
60,373,690	-	-	(60,373,690)	-	-
60,373,690	-	-	(181,121,054)	(120,747,364)	(120,747,364)
362,242,100	321,843	1,115,474,535	4,310,953,461	5,788,991,939	
362,242,100	321,843	1,093,377,437	4,768,388,867	6,224,330,247	
-	-	-	346,619,012	346,619,012	
-	-	(21,255,808)	21,255,808	-	-
-	-	-	(362,242,100)	(362,242,100)	(362,242,100)
362,242,100	321,843	1,072,121,629	4,774,021,587	6,208,707,159	



Ferozsons Laboratories Limited  
Condensed Interim Unconsolidated Statement of Cash Flows (Un-audited)  
For the half year ended 31 December 2021

	Half year ended	
	31 December 2021	31 December 2020
	----- Rupees -----	
<b><u>Cash flow from operating activities</u></b>		
Profit before taxation	490,438,035	399,492,758
<i>Adjustments for non-cash and other items:</i>		
Depreciation on property, plant and equipment	163,081,038	158,256,556
Amortisation of intangibles	152,640	268,184
Gain on disposal of property, plant and equipment	(15,649,667)	(4,264,733)
Finance cost	9,622,532	12,754,830
Dividend income	(27,022,655)	(4,022,197)
Profit on bank deposits	(2,249,638)	(1,346,962)
Gain on re-measurement of short term investments to fair value	(13,242,280)	(10,073,642)
Gain on sale of short term investments	(4,285,402)	-
Share in profit of Farmacia	(15,248,504)	(8,842,012)
Workers' Profit Participation Fund	26,843,164	21,620,472
Central Research Fund	5,422,861	4,367,772
Workers' Welfare Fund	9,882,157	8,310,940
	137,306,246	177,029,208
<b>Cash generated from operations before working capital changes</b>	627,744,281	576,521,966
<b><u>Effect on cash flow due to working capital changes</u></b>		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(5,772,269)	(19,963,457)
Stock in trade	(864,525,366)	(2,396,328)
Trade debts - <i>considered good</i>	421,309,364	107,681,895
Loans and advances - <i>considered good</i>	(18,778,349)	12,895,968
Deposits and prepayments	(214,925,794)	(36,740,396)
Other receivables	(27,652,995)	15,647,499
	(710,345,409)	77,125,181
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	271,398,435	(104,703,692)
<b>Cash generated from operations</b>	188,797,307	548,943,455
Taxes paid	(119,303,320)	(124,028,067)
Workers' Profit Participation Fund paid	(2,982,981)	(367,021)
Central Research Fund paid	(10,697,660)	(6,134,752)
Long term deposits - <i>net</i>	-	70,000
<b>Net cash generated from operating activities</b>	55,813,346	418,483,615
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	(246,097,803)	(83,420,573)
Acquisition of intangibles	-	(635,544)
Proceeds from sale of property, plant and equipment	21,380,432	5,518,687
Dividend income	27,022,655	4,022,197
Profit on bank deposits received	2,249,638	1,346,962
Short term investments - <i>net</i>	216,067,648	(283,388,167)
<b>Net cash generated from/ (used in) investing activities</b>	20,622,570	(356,556,438)
<b><u>Cash flow from financing activities</u></b>		
Dividend paid	(349,435,868)	(117,324,134)
Finance cost paid	(9,135,110)	(12,049,402)
Proceeds of long term loan	-	216,000,000
Repayment of long term loan	(85,500,000)	-
<b>Net cash (used in)/ generated from financing activities</b>	(444,070,978)	86,626,464
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(367,635,062)	148,553,641
<b>Cash and cash equivalents at beginning of the period</b>	399,374,281	48,280,682
<b>Cash and cash equivalents at end of the period</b>	31,739,219	196,834,323
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	330,795,170	196,834,323
Running finance	(299,055,951)	-
	31,739,219	196,834,323

The annexed notes from 1 to 20 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

# Ferozsons Laboratories Limited

## Notes to the Condensed Interim Unconsolidated Financial Statements (Un-audited) For the half year ended 31 December 2021

### 1 Reporting entity

Ferozsons Laboratories Limited ("the Company") was incorporated as a Private Limited Company in January 1954 and was converted into a Public Limited Company on 08 September 1960 and 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, Islamabad and the manufacturing facility is located at Amangarh, Nowshera, Khyber Pakhtunkhwa.

### 2 Basis of preparation

#### 2.1 Separate financial statements

These condensed interim unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets. Consolidated condensed interim financial statements of the Company are prepared separately.

The Company has following major investments:

<u>Name of the company / firm</u>	<u>Shareholding</u>
- BF Biosciences Limited (Subsidiary)	80%
- Farmacia (Partnership)	98%

#### 2.2 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 include:

- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ("IFAS") issued by the Institute of Cost 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, are inconsistent with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, have been followed.

## **2.3 Basis of accounting**

**2.3.1** These condensed interim unconsolidated financial statements comprises the condensed interim unconsolidated statement of financial position of the Company as at 31 December 2021 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.

**2.3.2** 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 2021. 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.

**2.3.3** 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 2021, 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 period ended 31 December 2020.

**2.3.4** These condensed interim financial statements are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and are unaudited but subject to limited scope review by external auditors as required by the Act and Code of Corporate Governance Regulations, 2019.

### **2.3.5 Functional and presentation currency**

These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency.

## **2.4 Judgements and estimates**

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

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the unconsolidated financial statements as at and for the year ended 30 June 2021.

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

**2.5.1** 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 2021 except for the measurement of loss allowance on trade debts due from 'Government Institutions' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs due to the S.R.O. 1177 (I)/2021 dated 13 September, 2021 issued by the Securities and Exchange Commission of Pakistan (SECP). Previously, it was measured under IAS-39 due to the exemption given by the (SECP) vide S.R.O 985 (I)/2019 dated 02 September 2019.

## 2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS) Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods on or after 01 January 2022:

- Onerous Contracts - Cost of fulfilling a contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023.

The following annual Improvements to IFRS Standards 2018–2020 Cycle are effective for annual reporting periods beginning on or after 1 January 2022:

- 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.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management.
- Reference to the Conceptual Framework (Amendments to IFRS 3). An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets.

The above amendments are likely to have no impact on the Company's financial statements.

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

	Un-audited 31 December 2021	Audited 30 June 2021	Un-audited 31 December 2021	Audited 30 June 2021
<u>Authorised share capital</u>	(Number of shares)		(Rupees)	
Ordinary shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
<u>Issued, subscribed and paid-up share capital</u>				
Ordinary shares of Rs. 10 each fully paid up in cash	1,441,952	1,441,952	14,419,520	14,419,520
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
Ordinary shares of Rs. 10 each issued as bonus shares	34,662,658	34,662,658	346,626,580	346,626,580
	<u>36,224,210</u>	<u>36,224,210</u>	<u>362,242,100</u>	<u>362,242,100</u>

KFW Factors (Private) Limited, an associated company holds 9,944,329 (June 2021: 9,944,329) ordinary shares of Rs. 10 each of the Company, representing 27.45% (June 2021: 27.45%) of the equity held.

	Un-audited 31 December 2021	Audited 30 June 2021
	-----Rupees-----	
<b>4 Long term loan - secured</b>		
Long term loan - <i>Habib Bank Limited</i>		
Balance as at 01 July	249,250,942	116,942,193
Add: loan obtained during the period/ year	-	216,000,000
Less: Repayments during the period/ year	(85,500,000)	(85,500,000)
Less: deferred grant	-	(10,266,612)
Add: unwinding of loan	4,326,048	12,075,361
	<u>168,076,990</u>	<u>249,250,942</u>
Less: current portion of long term loan presented under current liabilities	<u>(168,076,990)</u>	<u>(165,210,738)</u>
	<u>-</u>	<u>84,040,204</u>

## **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 2021.

## **6 Contingencies and commitments**

### **6.1 Contingencies**

There is no significant change in the status of the contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June 2021.

### **6.2 Commitments**

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

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

Out of the aggregate facility of Rs. 1,150 million (2021: Rs. 1,150 million) for opening letters of credit, the amount utilized as at 31 December 2021 for capital expenditure was Rs. 115.54 (2021: Rs. 12.32 million) and for other than capital expenditure was Rs. 116.87 million (2021: Rs. 160.13 million). These facilities are secured by joint pari passu charge (2021: 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 (2021: Rs. 200 million) available from Islamic bank. The amount utilized as at 31 December 2021 for capital expenditure was Rs. Nil (2021: Rs. Nil) and for other than capital expenditure was Rs. 40.19 million (2021: Rs. 17.51 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. 425 million (2021: Rs. 425 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 31 December 2021 was Rs. 165.91 million (2021: Rs. 224.6 million).

##### **6.2.2.2 Under Shariah compliant arrangements**

The Company has facility i.e. letter of guarantee of Rs. 25 million (2021: Rs. 25 million) available from Islamic bank, the amount utilized at 31 December 2021 was Rs. 4.49 million (2021: Rs. 6.45 million).

#### **6.2.3 Guarantees issued by the Company on behalf of the Subsidiary**

The Company has approved cross corporate guarantees in favor of lenders / financial institutions of the subsidiary company up to Rs. 3,500 million for a tenor of 10 years. Out of this approved limit, corporate guarantees amounting to Rs. 2,925 million for a tenor of 10 years have been provided to banks / financial institutions till date.

		Un-audited 31 December 2021	Audited 30 June 2021
	Note	-----Rupees-----	
<b>7</b>	<b>Property, plant and equipment</b>		
Operating fixed assets	7.1	3,075,499,197	3,145,198,003
Capital work-in-progress		248,505,887	101,521,073
		<b>3,324,005,084</b>	<b>3,246,719,076</b>
<b>7.1</b>	<b>Operating fixed assets</b>		
	<b><u>Cost</u></b>		
Opening balance at beginning of the period / year		3,771,507,839	3,610,253,397
Additions / transfers during the period / year		99,112,989	244,717,715
Disposals during the period / year		(37,213,822)	(83,463,273)
Closing balance at end of the period / year		3,833,407,006	3,771,507,839
	<b><u>Less: Accumulated depreciation</u></b>		
Opening balance at beginning of the period / year		626,309,836	382,348,928
Depreciation for the period / year		163,081,038	316,278,265
Depreciation on disposal for the period / year		(31,483,065)	(72,317,357)
Closing balance at end of the period / year		757,907,809	626,309,836
	<b>Operating fixed assets - net book value</b>	<b>3,075,499,197</b>	<b>3,145,198,003</b>
<b>8</b>	<b>Long term investments - related parties</b>		
	<b><u>Related parties - at cost</u></b>		
	<b><i>Farmacia (Partnership firm):</i></b>		
Capital held: 98% (30 June 2021: 98%)	8.1	210,986,981	195,738,477
Managing Partner - Osman Khalid Waheed			
	<b><i>BF Biosciences Limited (unlisted subsidiary):</i></b>		
15,199,996 (30 June 2021: 15,199,996) fully paid ordinary shares of Rs. 10 each	8.2	151,999,960	151,999,960
Equity held: 80% (30 June 2021: 80%)			
Chief Executive Officer - Mrs. Akhter Khalid Waheed		362,986,941	347,738,437
<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.		
<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 2021: 80%) of equity of the subsidiary and the remaining 20% is held by Group Empresarial Bagó S.A., Spain.		

		Un-audited 31 December 2021	Audited 30 June 2021		
	Note	----- Rupees -----			
9	Short term investments				
<u>Investments at fair value through profit or loss</u>					
	Mutual fund	9.1	882,236,283	1,080,776,249	
9.1	These investments are measured at 'fair value through Profit or Loss'				
	Fair value at 01 July		1,080,776,249	357,590,624	
	(Redemption) / acquisition during the period / year - net		(216,067,648)	722,284,892	
	Realized gain on sale of investments during the period / year		4,285,402	-	
	Unrealized gain on re-measurement of investment during the period / year		13,242,280	900,733	
	Fair value of investments at 31 Dec / 30 June	9.1.1	882,236,283	1,080,776,249	
9.1.1	Mutual fund wise detail is as follows:				
		Units		Fair value	
		Un-audited 31 December 2021	Audited 30 June 2021	Un-audited 31 December 2021	Audited 30 June 2021
		.....Number.....		.....Rupees.....	
	HBL Money Market Fund	2,657,148	2,657,148	284,655,720	272,620,435
	MCB Cash Management Optimizer Fund	10,939	10,939	1,105,305	1,104,355
	MCB - Pakistan Cash Management	6,676,542	-	336,950,376	-
	HBL Cash Fund	2,544,561	7,974,699	259,524,882	807,051,459
				882,236,283	1,080,776,249
9.2	The investments amounting to Rs. 669.89 million are marked under lein 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. 3.97 million (30 June 2021: Rs. 3.88 million) maintained under Shariah compliant arrangements.				
10.2	These include deposit accounts of Rs. 93.88 million (30 June 2021: Rs. 187.67 million) under mark up arrangements, which carries interest rate of 5.50% to 8.26% (30 June 2021: 5.50% to 5.51%) per annum.				
	These also include deposit account of Rs. 0.20 million (30 June 2021: Rs. 0.000092 million ) under Shariah compliant arrangements, which carries profit rate of 2.75% to 4.00% (30 June 2021: 2.75% to 2.90) per annum.				
				(Un-audited) Half year ended	
				31 December 2021	31 December 2020
				----- Rupees -----	
11	Revenue - net				
	Gross sales:			3,551,229,196	2,871,197,079
	Local			187,765,194	180,086,417
	Export			3,738,994,390	3,051,283,496
	Less:			(35,232,513)	(28,492,893)
	Sales returns			(191,627,536)	(173,944,043)
	Discounts			(9,518,371)	(3,542,536)
	Sales tax			(236,378,420)	(205,979,472)
				3,502,615,970	2,845,304,024
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.				



## 12 Cost of sales

	<i>Note</i>	<b>(Un-audited) Half year ended</b>	
		<b>31 December 2021</b>	<b>31 December 2020</b>
		<b>----- Rupees -----</b>	
Raw and packing materials consumed	12.1	987,312,693	748,898,814
Salaries, wages and other benefits		181,153,091	160,211,937
Fuel and power		34,064,240	22,657,823
Repair and maintenance		12,038,005	7,590,441
Freight and forwarding		25,577,899	27,497,250
Stores, spare parts and loose tools consumed		73,400,968	47,271,815
Packing charges		6,803,895	6,195,299
Rent, rates and taxes		2,917,878	3,187,900
Printing and stationery		1,924,899	1,406,335
Postage and telephone		2,480,366	3,979,786
Insurance		8,162,931	7,745,205
Travelling and conveyance		6,288,418	4,865,506
Canteen expenses		8,367,674	7,291,181
Depreciation on property, plant and equipment		113,901,796	108,921,857
Laboratory and other expenses		4,099,341	2,620,379
		<b>1,468,494,094</b>	<b>1,160,341,528</b>

### *Work in process:*

Opening	90,888,803	93,642,720
Closing	(157,666,862)	(94,039,384)
	<b>(66,778,059)</b>	<b>(396,664)</b>
<b><i>Cost of goods manufactured</i></b>	<b>1,401,716,035</b>	<b>1,159,944,864</b>

### *Finished stock:*

Opening	719,606,841	1,007,744,405
Purchases made during the period / year	849,783,726	291,083,784
Closing	(1,183,113,041)	(858,869,334)
	<b>386,277,526</b>	<b>439,958,855</b>
	<b>1,787,993,561</b>	<b>1,599,903,719</b>

## 12.1 Raw and packing materials consumed

Opening	584,711,427	539,746,654
Purchases made during the period / year	1,078,991,398	707,679,479
	<b>1,663,702,825</b>	<b>1,247,426,133</b>
Closing	(676,390,132)	(498,527,319)
	<b>987,312,693</b>	<b>748,898,814</b>

### 13 Related party transactions

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

Name of parties	Relationship	Transactions	(Un-audited) Half year ended	
			31 December 2021	31 December 2020
			-----Rs.-----	
Farmacia	98% owned subsidiary partnership firm	Sale of medicines - <i>net</i>	12,123,317	14,668,633
		Payment received against sale of medicine	12,123,317	14,668,633
		Rentals	2,567,808	2,334,366
		Share of profit not withdrawn	15,248,504	8,842,012
BF Biosciences Limited	80% owned subsidiary company	Sale of medicines	35,719,225	22,226,546
		Payment received against sale of medicine	35,719,225	22,226,546
		Purchase of medicines	4,928,461	6,161,303
		Payment made against purchase of medicine	4,928,461	6,161,303
		Corporate guarantee income	3,510,000	-
		Payment received against corporate guarantee income	3,510,000	-
		Expenses incurred by the Company on behalf of BF - <i>net</i>	15,010,261	3,946,046
		Payment made by BF	15,010,261	3,946,046
Employees provident fund	Post employment benefit fund	Contribution towards employees' provident fund	26,101,475	22,863,114
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	25,702,238	22,455,889
		Cash dividend paid	16,800	5,600
		Issuance of bonus shares as dividend	-	2,800
KFW Factors (Private) Limited	Common directorship	Cash dividend paid	99,443,290	33,147,768
		Issuance of bonus shares as dividend	-	16,573,870
Mr. Osman Khalid Waheed	Chief Executive Officer	Remuneration including benefits and perquisites	23,316,553	13,861,514
		Cash dividend paid	25,930,050	8,631,352
		Issuance of bonus shares as dividend	-	4,315,670
		Meeting Fee	30,000	30,000
Directors other than CEO	Non-Executive Directors	Cash dividend paid	9,340,660	3,113,556
		Issuance of bonus shares as dividend	-	1,556,770
		Meeting Fee	240,000	220,000
		Rental expense paid for building in use	2,395,800	2,178,000
Khan and Piracha	Common directorship	Payment made against services received	-	21,000
National Management Foundation (LUMS)	Common directorship	Donations	5,000,000	3,000,000

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

	31 December 2021 (Un-audited)			31 December 2020 (Un-audited)				
	Dividend payable	Accrued mark-up	Long term loan	Total	Dividend payable	Accrued mark-up	Long term loan	Total
	----- Rupees -----				----- Rupees -----			
Balance as at 01 July	80,049,018	2,439,282	256,500,000	338,988,300	76,964,852	2,509,734	126,000,000	205,474,586
<u>Changes from financing cash flows</u>								
(Repayment)/ Proceeds of Long term loan under SBP refinance scheme	-	-	(85,500,000)	(85,500,000)	-	-	216,000,000	216,000,000
Dividend paid	(349,435,868)	-	-	(349,435,868)	(117,324,134)	-	-	(117,324,134)
Financial charges paid	-	(9,135,110)	-	(9,135,110)	-	(12,049,402)	-	(12,049,402)
Total changes from financing cash flows	(349,435,868)	(9,135,110)	(85,500,000)	(444,070,978)	(117,324,134)	(12,049,402)	216,000,000	86,626,464
<u>Other changes</u>								
Dividend approved	362,242,100	-	-	362,242,100	120,747,364	-	-	120,747,364
Interest / markup expense	-	9,622,532	-	9,622,532	-	12,754,830	-	12,754,830
Total liability related other changes	362,242,100	9,622,532	-	371,864,632	120,747,364	12,754,830	-	133,502,194
Closing as at 31 December	92,855,250	2,926,704	171,000,000	266,781,954	80,388,082	3,215,162	342,000,000	425,603,244

## 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 2021.

**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 statement of profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2
					Level 3	
----- Rupees -----						
<b>31 December 2021 (Un-audited)</b>						
<b>Financial assets measured at fair value:</b>	882,236,283	-	-	882,236,283	882,236,283	-
<b>Financial assets not measured at fair value</b>						
Long term deposits	-	9,717,325	-	9,717,325	-	-
Trade debts - <i>considered good</i>	-	892,282,786	-	892,282,786	-	-
Loans and advances - <i>considered good</i>	-	2,441,938	-	2,441,938	-	-
Short term deposits	-	335,350,944	-	335,350,944	-	-
Other receivables	-	41,763,306	-	41,763,306	-	-
Cash and bank balances	-	330,795,170	-	330,795,170	-	-
	-	1,612,351,469	-	1,612,351,469	-	-
<b>Financial liabilities measured at fair value</b>	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>						
Trade and other payables	-	-	1,892,549,481	1,892,549,481	-	-
Unclaimed dividend	-	-	92,855,250	92,855,250	-	-
Long term loans - <i>secured</i>	-	-	-	-	-	-
Short term borrowings - <i>secured</i>	-	-	299,055,951	299,055,951	-	-
Accrued mark-up	-	-	2,926,704	2,926,704	-	-
	-	-	2,287,387,386	2,287,387,386	-	-



## **16 Subsequent event**

The Board of Directors of the Company in its meeting held on 31 January 2022 has approved an interim cash dividend of Rs. Nil per share (31 December 2020: Rs. Nil per share), amounting to Rs. Nil (31 December 2020: Rs. Nil) for the year ending 30 June 2022.

## **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 2021.

## **18 Corresponding figures**

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

## **19 Impact of COVID-19 (CORONA VIRUS)**

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. However, after implementing all the necessary Standard Operating Procedures (SOPS) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Furthermore, in the prior years the Company obtained SBP COVID-19 relief facility, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan amounting to Rs. 342 million for paying salaries. The management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due.

## **20 Authorization**

These un-audited condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company on 31 January 2022 .

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**







**Ferozsons Laboratories Limited**  
**Condensed Interim Consolidated Statement of Financial Position**  
*As at 31 December 2021*

	Un-audited 31 December 2021	Audited 30 June 2021		Un-audited 31 December 2021	Audited 30 June 2021
	Rupees			Rupees	
			Note		
<b>EQUITY AND LIABILITIES</b>					
<b><u>Share capital and reserves</u></b>					
Authorized share capital 50,000,000 (30 June 2021: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000			
Issued, subscribed and paid up capital	362,242,100	362,242,100			
Accumulated profit	5,954,817,286	5,712,629,125			
Capital reserve	321,843	321,843			
Revaluation surplus on property, plant and equipment	1,360,210,805	1,398,041,802			
<b>Equity attributable to owners of the Company</b>	<b>7,677,592,034</b>	<b>7,473,234,870</b>			
<b>Non-controlling interests</b>	<b>475,621,829</b>	<b>419,174,160</b>			
	<b>8,153,213,863</b>	<b>7,892,409,030</b>			
<b><u>Non current liabilities</u></b>					
Long term loan - secured	1,234,487,028	957,100,775	4	99,064,611	86,845,985
Deferred grant	244,152,440	174,130,601		2,995,269,634	2,019,922,504
Deferred taxation	395,999,800	415,231,165		943,666,659	1,540,081,880
	<b>1,874,639,268</b>	<b>1,546,462,541</b>		74,306,653	68,039,698
<b><u>Current liabilities</u></b>				396,602,138	159,196,692
Trade and other payables	2,336,879,495	2,168,801,469		41,687,141	23,372,821
Contract liabilities	64,319,624	45,044,966		342,464,850	402,990,063
Short term borrowings - secured	299,055,951	-		2,227,106,251	1,940,494,936
Current portion of long term liabilities	220,100,011	216,372,103		537,024,477	830,509,036
Unclaimed dividend	92,855,250	80,049,018	8	7,657,192,414	7,071,453,615
Accrued mark-up	16,660,379	9,178,680	9		
	<b>3,029,870,710</b>	<b>2,519,446,236</b>			
<b>Contingencies and commitments</b>					
	<b>13,057,723,841</b>	<b>11,958,317,807</b>			

The annexed notes from 1 to 19 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 2021

		Half year ended		Quarter ended	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
	Note	Rupees			
Revenue - net	10	4,396,876,687	3,693,725,609	2,173,594,403	2,184,610,994
Cost of sales	11	(2,277,629,522)	(2,115,538,136)	(1,078,831,582)	(1,218,699,841)
<b>Gross profit</b>		<b>2,119,247,165</b>	<b>1,578,187,473</b>	<b>1,094,762,821</b>	<b>965,911,153</b>
Administrative expenses		(271,863,488)	(220,761,468)	(135,644,468)	(108,744,906)
Selling and distribution expenses		(987,920,329)	(709,777,168)	(525,254,791)	(382,551,579)
Other expenses		(129,979,745)	(60,148,356)	(40,907,065)	(44,084,102)
Other income		129,575,940	67,866,041	58,246,160	41,570,461
<b>Profit from operations</b>		<b>859,059,543</b>	<b>655,366,522</b>	<b>451,202,657</b>	<b>472,101,027</b>
Finance costs		(36,799,962)	(20,980,464)	(9,607,163)	(9,562,562)
<b>Profit before taxation</b>		<b>822,259,581</b>	<b>634,386,058</b>	<b>441,595,494</b>	<b>462,538,465</b>
Taxation		(199,212,648)	(111,958,643)	(119,538,552)	(58,682,626)
<b>Profit after taxation</b>		<b>623,046,933</b>	<b>522,427,415</b>	<b>322,056,942</b>	<b>403,855,839</b>
<b>Attributable to:</b>					
Owners of the Company		566,599,264	475,145,948	293,167,385	358,380,186
Non-controlling interests		56,447,669	47,281,467	28,889,557	45,475,653
<b>Profit after taxation</b>		<b>623,046,933</b>	<b>522,427,415</b>	<b>322,056,942</b>	<b>403,855,839</b>
Earnings per share - basic and diluted		15.64	13.12	8.09	9.90

The annexed notes from 1 to 19 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 2021

	Half year ended		Quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	----- Rupees -----			
<b>Profit after taxation</b>	<b>623,046,933</b>	522,427,415	<b>322,056,942</b>	403,855,839
<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>623,046,933</b>	522,427,415	<b>322,056,942</b>	403,855,839
<b>Attributable to:</b>				
Owners of the Company	<b>566,599,264</b>	475,145,948	<b>293,167,385</b>	358,380,186
Non-controlling interests	<b>56,447,669</b>	47,281,467	<b>28,889,557</b>	45,475,653
	<b>623,046,933</b>	522,427,415	<b>322,056,942</b>	403,855,839

The annexed notes from 1 to 19 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**  
*For the half year ended 31 December 2021*

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The annexed notes from 1 to 19 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 2021

	Half year ended	
	31 December 2021	31 December 2020
	Rupees	
<b><u>Cash flow from operating activities</u></b>		
Profit before taxation	822,259,581	634,386,058
Adjustments for:		
Depreciation on property, plant and equipment	205,104,630	198,096,780
Amortisation of intangibles	152,640	268,184
Gain on disposal of property, plant and equipment	(17,226,700)	(4,891,851)
Finance costs	36,799,962	20,980,464
Dividend income	(68,465,766)	(15,034,240)
Gain on re-measurement of short term investments to fair value	(23,166,913)	(13,461,752)
Gain on sale of short term investments	(4,285,402)	-
Profit on bank deposits	(10,141,229)	(1,836,672)
Workers' Profit Participation Fund	47,954,443	36,072,823
Workers' Welfare Fund	13,353,919	13,802,834
Central Research Fund	9,687,766	7,287,439
	<b>189,767,350</b>	<b>241,284,009</b>
<b>Cash generated from operations before working capital changes</b>	<b>1,012,026,931</b>	<b>875,670,067</b>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(12,218,626)	(26,188,858)
Loans, advances, deposits and prepayments	(277,631,458)	84,763,213
Stock in trade	(975,347,130)	(245,889,022)
Trade debts - considered good	596,415,221	95,420,342
	<b>(668,781,993)</b>	<b>(91,894,325)</b>
Increase / (decrease) in current liabilities		
Trade and other payables	151,571,078	(102,510,438)
<b>Cash generated from operations</b>	<b>494,816,016</b>	<b>681,265,304</b>
Taxes paid	(160,631,361)	(152,138,149)
Workers' Profit Participation Fund paid	(15,652,981)	(3,573,801)
Workers' Welfare Fund paid	(1,980,512)	(1,223,266)
Central Research Fund paid	(17,581,082)	(6,785,079)
Long term deposits	-	70,000
<b>Net cash generated from operating activities</b>	<b>298,970,080</b>	<b>517,615,009</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	(724,670,878)	(111,249,744)
Acquisition of intangibles	-	(635,544)
Proceeds from sale of property, plant and equipment	22,973,064	6,483,893
Dividend income	68,465,766	15,034,240
Profit on bank deposits	10,141,229	1,836,672
Acquisition of short term investments - net	(259,159,000)	(330,621,133)
<b>Net cash used in investing activities</b>	<b>(882,249,819)</b>	<b>(419,151,616)</b>
<b><u>Cash flow from financing activities</u></b>		
Finance cost paid	(10,960,903)	(17,832,259)
Proceeds of long term loan	351,136,000	244,000,000
Dividend paid	(349,435,868)	(117,324,134)
<b>Net cash from financing activities</b>	<b>(9,260,771)</b>	<b>108,843,607</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(592,540,510)</b>	<b>207,307,000</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>830,509,036</b>	<b>100,375,708</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>237,968,526</b>	<b>307,682,708</b>
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	537,024,477	307,682,708
Running finance	(299,055,951)	-
	<b>237,968,526</b>	<b>307,682,708</b>

The annexed notes from 1 to 19 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 Statements (Un-audited)

For the half year ended 31 December 2021

### 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-21	Jun-21
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 2021 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 2021.

**3.2.3** Comparative figures of the statement of financial position are extracted from the annual financial statements for the year ended 30 June 2021, 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 2020.

**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 2021.

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

The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2021 except for the measurement of loss allowance on trade debts due from 'Government Institutions' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs due to the S.R.O. 1177 (I)/2021 dated 13 September, 2021 issued by the Securities and Exchange Commission of Pakistan (SECP). Previously, it was measured under IAS-39 due to the exemption given by the (SECP) vide S.R.O 985 (I)/2019 dated 02 September 2019.

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 Long term loan - secured**

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

There is no change in the sanctioned limits as already disclosed in the annual consolidated financial statements for the year ended 30 June 2021.

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

There were no major changes in any of the facilities during the period. All terms and conditions applicable on short term borrowings availed are same as those disclosed in the annual consolidated financial statements for the year ended 30 June 2021.

## **6 Contingencies and commitments**

### **6.1 Contingencies:**

There is no significant change in the status of the contingencies as already disclosed in the annual consolidated financial statements for the year ended 30 June 2021.

### **6.2 Commitments**

#### **6.2.1 Holding Company**

##### **6.2.1.1 Letter of credits**

###### **6.2.1.1.1 *With conventional financial institutions***

Out of the aggregate facility of Rs. 1,150 million (2021: Rs. 1,150 million) for opening letters of credit, the amount utilized as at 31 December 2021 for capital expenditure was Rs. 115.54 (2021: Rs. 12.32 million) and for other than capital expenditure was Rs. 116.87 million (2021: Rs. 160.13 million). These facilities are secured by joint pari passu charge (2021: joint pari passu charge) over all present and future current assets of the Company.

###### **6.2.1.1.2 *With shariah compliant financial institutions***

The Company has facility i.e. letters of credit of Rs. 200 million (2021: Rs. 200 million) available from Islamic bank. The amount utilized as at 31 December 2021 for capital expenditure was Rs. Nil (2021: Rs. Nil) and for other than capital expenditure was Rs. 40.19 million (2021: Rs. 17.51 million). Lien is also marked over import documents.

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

###### **6.2.1.2.1 *Under Mark up arrangements***

Out of the aggregate facility of Rs. 425 million (2021: Rs. 425 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 31 December 2021 was Rs. 165.91 million (2021: Rs. 224.6 million).

###### **6.2.1.2.2 *Under Shariah compliant arrangements***

The Company has facility i.e. letter of guarantee of Rs. 25 million (2021: Rs. 25 million) available from Islamic bank, the amount utilized at 31 December 2021 was Rs. 4.49 million (2021: Rs. 6.45 million).

##### **6.2.1.3 Guarantees issued by the Holding Company on behalf of the Subsidiary**

The Company has approved cross corporate guarantees in favor of lenders / financial institutions of the subsidiary company up to Rs. 3,500 million for a tenor of 10 years. Out of this approved limit, corporate guarantees amounting to Rs. 2,925 million for a tenor of 10 years have been provided to banks / financial institutions till date.

#### **6.2.2 Subsidiary Company**

##### **6.2.2.1 Letter of credits**

###### **6.2.2.1.1 *With conventional financial institutions***

Out of aggregate facility of Rs. 2,640 million (2021: Rs.2,640 million) for letter of credits, amount utilized at 31 December 2021 was Rs. 1355.56 million (2021: Rs. 1,419.10). Utilized facility includes commitment of capital nature of Rs. 1,339.80 million. These facilities are secured by pari passu charge and ranking charge (2021: pari passu charge and ranking charge) over all present and future current assets of the Company.



#### 6.2.2.1.2 With shariah compliant financial institutions

The Company has facility i.e. letters of credit of Rs. 100 million (2021: Rs. 100 million) available from Islamic banks. The amount utilized as at 31 December 2021 was Rs. 4.10 million (2021: Rs. 15.80 million). Lien is also marked over import documents.

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

##### 6.2.2.2.1 Under Mark up arrangements

Out of the aggregate facility of Rs. 75 million (2021: Rs. 75 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 31 December 2021 was Rs. 8.39 million (2021: Rs. 8.74 million).

##### 6.2.2.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 50 million (2021: Rs. 50 million) available from Islamic banks, the amount utilized at 31 December 2021 was Rs. Nil million (2021: Rs. Nil).

		Un-audited 31 December 2021	Audited 30 June 2021
		-----Rupees-----	
<b>7 Property, plant and equipment</b>	<i>Note</i>		
Operating fixed assets	7.1	3,750,890,382	3,781,725,552
Capital work-in-progress		1,555,239,205	1,010,584,151
		<u>5,306,129,587</u>	<u>4,792,309,703</u>
<b>7.1 Operating fixed assets</b>			
<b><u>Cost</u></b>			
Opening balance at beginning of the period / year		4,537,051,416	4,333,431,023
Additions / transfers during the period / year		180,015,824	293,250,664
Disposals during the period / year		(41,736,261)	(89,630,271)
Closing balance at end of the period / year		4,675,330,979	4,537,051,416
<b><u>Less: Accumulated depreciation</u></b>			
Opening balance at beginning of the period / year		755,325,864	435,021,545
Depreciation for the period / year		205,104,630	397,991,735
On disposals		(35,989,897)	(77,687,416)
Closing balance at end of the period / year		924,440,597	755,325,864
<b>Operating fixed assets - net book value</b>		<u>3,750,890,382</u>	<u>3,781,725,552</u>

	Un-audited 31 December 2021	Audited 30 June 2021
Note	----- Rupees -----	

## 8 Short term investments

### Investments at fair value through profit or loss - Mutual Funds

Held for trading

#### 8.1 These investments are 'held for trading'

Carrying value at 01 July

Acquisition during the period/year - net

Realized gain on sale of investment - during the period/year

Unrealized gain on re-measurement of investment - during the period/year

Carrying and fair value of short term investments as at 31 December / 30 June

8.1	<b>2,227,106,251</b>	<b>1,940,494,936</b>
	<b>1,940,494,936</b>	<b>760,707,781</b>
	<b>257,750,178</b>	<b>1,177,338,511</b>
	<b>4,285,402</b>	<b>1,114,414</b>
	<b>24,575,735</b>	<b>1,334,230</b>
8.1.1	<b>2,227,106,251</b>	<b>1,940,494,936</b>

Units		Fair value	
Un-audited 31 December 2021	Audited 30 June 2021	Un-audited 31 December 2021	Audited 30 June 2021
.....Number.....		.....Rupees.....	

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

HBL Money Market Fund	2,970,895	2,970,895	318,266,908	304,810,536
HBL Cash Fund	11,489,329	13,809,849	1,171,819,691	1,397,577,404
ABL Cash Fund	35,165,319	19,529,031	359,343,884	198,825,080
MCB Pakistan Cash Management Fund	6,676,542	-	336,950,376	-
MCB Cash Management Optimizer Fund	403,039	389,087	40,725,392	39,218,916
			<b>2,227,106,251</b>	<b>1,940,431,936</b>

## 9 Cash and bank balances

9.1 These include current account of Rs. 27.57 (30 June 2021: Rs. 3.88 million) maintained under Shariah compliant arrangements.

9.2 These include deposit accounts of Rs. 115.62 million (30 June 2021: Rs. 518.62 million) under mark up arrangements, which carry interest rates ranging from 5.50 % to 8.26% (30 June 2021: 5.50% - 5.51%) per annum.

These also include deposit account of Rs. 0.20 million (30 June 2021: Rs. 0.000092 million) under Shariah compliant arrangements, which carries profit rate of 2.75% to 4.00% (30 June 2021: 2.75% - 2.90%) per annum.

## 10 Revenue - net

### Gross sales:

Local	4,061,215,295	3,276,594,985
Export	668,039,320	678,208,393
	<b>4,729,254,615</b>	<b>3,954,803,378</b>

### Less:

Sales returns	(54,986,097)	(37,320,103)
Discounts	(266,259,703)	(219,055,753)
Sales tax	(11,132,128)	(4,701,913)
	<b>(332,377,928)</b>	<b>(261,077,769)</b>
	<b>4,396,876,687</b>	<b>3,693,725,609</b>

Note

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

## 11 Cost of sales

Raw and packing materials consumed	11.1	1,481,271,445	1,007,102,261
Other manufacturing expenses		722,930,088	607,467,460
		<b>2,204,201,533</b>	<b>1,614,569,721</b>

### Work in process:

Opening	144,369,687	154,578,524
Closing	(248,545,573)	(213,307,072)
	<b>(104,175,886)</b>	<b>(58,728,548)</b>

### Cost of goods manufactured

<b>2,100,025,647</b>	<b>1,555,841,173</b>
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### Finished stock:

Opening	797,759,974	1,061,511,581
Purchases made during the period	690,687,309	445,415,844
Closing	(1,310,843,408)	(947,230,462)
	<b>177,603,875</b>	<b>559,696,963</b>
	<b>2,277,629,522</b>	<b>2,115,538,136</b>

### 11.1 Raw and packing materials consumed

Opening	734,530,390	631,995,512
Purchases made during the period	1,595,132,173	1,113,405,648
	<b>2,329,662,563</b>	<b>1,745,401,160</b>
Closing	(848,391,118)	(738,298,899)
	<b>1,481,271,445</b>	<b>1,007,102,261</b>

**Related party transactions**

The Group's related parties include 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 consolidated financial statements. Transactions with related parties are as follows:

Name of parties	Relationship	Transactions	31 December 2021	31 December 2020
			-Rs.	
<b>Grupo Empresarial Bago S.A - (20% share holder)</b>	Non-Controlling Shareholder	Royalty expense	3,046,712	2,292,300
<b>Bago Laboratories Pte. Limited</b>	Associated Company	Purchase of medicine	38,449,358	53,066,743
		Payment made against purchase of medicine	16,822,538	93,443,410
<b>Employees provident fund</b>	Post employment benefit fund	Contribution towards employees' provident fund	30,095,067	26,527,008
<b>Key Management Personnel</b>	Key management personnel	Remuneration including benefits and perquisites	25,702,238	22,455,889
		Cash dividend paid	16,800	5,600
		Issuance of bonus shares as dividend	-	2,800
<b>KFW Factors (Private) Limited</b>	Common directorship	Cash dividend paid	99,443,290	33,147,768
		Issuance of bonus shares as dividend	-	16,579,870
		Share of profit of Farmacia reinvested	311,194	60,850
<b>Mr. Osman Khalid Waheed</b>	Chief Executive Officer-Holding Company	Remuneration including benefits and perquisites	23,316,553	13,861,514
		Cash dividend paid	25,930,050	8,631,352
		Issuance of bonus shares as dividend	-	4,315,670
		Meeting Fee	30,000	30,000
<b>Mrs. Akhtar Khalid Waheed</b>	Chief Executive Officer-Subsidiary Company	Remuneration including benefits and perquisites	12,539,297	9,623,178
		Cash dividend paid	60,000	20,000
		Issuance of bonus shares as dividend	-	10,000
		Meeting Fee	30,000	30,000
<b>Directors other than CEOs</b>	Non-Executive Directors	Cash dividend paid	9,340,660	3,093,556
		Issuance of bonus shares as dividend	-	1,546,770
		Meeting Fee	210,000	190,000
		Rental expense paid for building in use	2,395,800	2,178,000
<b>Khan and Piracha</b>	Common directorship	Payment made against services received	-	1,057,000
<b>National Management Foundation (LUMS)</b>	Common directorship	Donations	5,000,000	3,000,000

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

	31 December 2021 (Un-audited)				31 December 2020 (Un-audited)			
	Unclaimed dividend	Accrued mark-up	Long term loan	Total	Unclaimed dividend	Accrued mark-up	Long term loan	Total
	----- Rupees -----				----- Rupees -----			
<b>As at 01 July 2021</b>	80,049,018	9,178,680	1,347,603,479	1,356,782,159	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	-	-	351,136,000	351,136,000	-	-	244,000,000	244,000,000
Dividend paid	(349,435,868)	-	-	(349,435,868)	(117,324,134)	-	-	(117,324,134)
Financial charges paid	-	(10,960,903)	-	(10,960,903)	-	(17,832,259)	-	(17,832,259)
<b>Total changes from financing cash flows</b>	<b>(349,435,868)</b>	<b>(10,960,903)</b>	<b>351,136,000</b>	<b>(360,396,771)</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	362,242,100	-	-	362,242,100	120,747,964	-	-	120,747,964
Interest / markup expense	-	18,442,602	-	18,442,602	-	20,980,464	-	20,980,464
<b>Total liability related other changes</b>	<b>362,242,100</b>	<b>18,442,602</b>	<b>-</b>	<b>380,684,702</b>	<b>120,747,964</b>	<b>20,980,464</b>	<b>-</b>	<b>141,728,428</b>
<b>As at 31 December 2021</b>	<b>92,855,250</b>	<b>16,660,379</b>	<b>1,698,739,479</b>	<b>1,377,070,090</b>	<b>80,388,682</b>	<b>5,694,652</b>	<b>377,000,000</b>	<b>142,118,482</b>

14 Financial risk management and financial instruments – fair value

- 14.1** The Group's financial risk management objective and policies are consistent with that disclosed in the annual consolidated financial statements of the Holding Company for the year ended 30 June 2021. The exposure to credit risk relates to trade and other receivables which are majority 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.

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		Carrying Amount		Fair Value		
		Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2 Level 3
----- Rupees -----						
<b>31 December 2021</b>						
<b>Financial assets measured at fair value:</b>						
Short term investments	2,227,106,251	-	-	2,227,106,251	2,227,106,251	-
<b>Financial assets not measured at fair value:</b>						
Long term deposits	-	14,544,325	-	14,544,325	-	-
Trade debts - considered good	-	943,666,659	-	943,666,659	-	-
Loans and advances - considered good	-	30,936,456	-	30,936,456	-	-
Short term deposits	-	385,224,405	-	385,224,405	-	-
Other receivables	-	19,986,820	-	19,986,820	-	-
Cash and bank balances	-	537,024,477	-	537,024,477	-	-
	-	1,931,383,142	-	1,931,383,142	-	-
<b>Financial liabilities measured at fair value:</b>						
	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>						
Trade and other payables	-	-	2,208,979,486	2,208,979,486	-	-
Unclaimed dividend	-	-	92,855,250	92,855,250	-	-
Short term borrowing	-	-	299,055,951	299,055,951	-	-
Accrued mark-up	-	-	92,855,250	92,855,250	-	-
	-	-	2,693,745,937	2,693,745,937	-	-

**30 June 2021**

**Financial assets measured at fair value:**

Short term investments	-	-	1,940,494,936	1,940,494,936	-	-
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**Financial assets not measured at fair value:**

Long term deposits	-	14,334,325	-	14,544,325	-	-
Trade debts - considered good	-	1,540,081,880	-	1,540,081,880	-	-
Loans and advances - considered good	-	1,611,544	-	1,611,544	-	-
Short term deposits	-	158,775,702	-	158,775,702	-	-
Other receivables	-	5,263,423	-	5,263,423	-	-
Cash and bank balances	-	830,509,036	-	830,509,036	-	-
	-	2,550,575,910	-	2,550,575,910	-	-

**Financial liabilities measured at fair value:**

**Financial liabilities not measured at fair value:**

Trade and other payables	-	-	2,012,301,586	2,012,301,586	-	-
Unclaimed dividend	-	-	80,049,018	80,049,018	-	-
Short term borrowing	-	-	-	-	-	-
Accrued mark-up	-	-	9,178,680	9,178,680	-	-
	-	-	2,101,529,284	2,101,529,284	-	-

## **15 Subsequent event**

The Board of Directors of the Group in its meeting held on 31 January 2022 has approved an interim cash dividend of Rs. Nil per share (31 December 2020: Rs. Nil per share), amounting to Rs. Nil (31 December 2020: Rs. Nil) for the year ending 30 June 2022.

## **16 Financial risk management**

The Group's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Group for the year ended 30 June 2021.

## **17 Corresponding figures**

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

## **18 Impact of COVID-19 (CORONA VIRUS)**

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. However, after implementing all the necessary Standard Operating Procedures (SOPS) to ensure safety of employees, the Group continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Furthermore, in the prior years the Group obtained SBP COVID-19 relief facility, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan amounting to Rs. 377 million for paying salaries. The management believes that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due.

## **19 Authorization**

These un-audited condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on 31 January 2022 .

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**





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