



**FEROZSONS**  
LABORATORIES LIMITED



**PEOPLE  
TRUST  
US**

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2023**



65 YEARS  
OF TRUST & DEVOTION

The logo features the number '65' in a large, stylized font. The '6' is light blue with a green cross symbol inside its lower loop. The '5' is orange. To the right of the '5' is the word 'YEARS' in a bold, dark grey sans-serif font, with a small graphic of three birds in flight above it. Below the '65 YEARS' is the phrase 'OF TRUST & DEVOTION' in a smaller, dark grey sans-serif font.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

## AUDIT COMMITTEE

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

## INVESTMENT COMMITTEE

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

## HR & REMUNERATION COMMITTEE

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

## COMPANY SECRETARY

Syed Ghausuddin Saif

## LEGAL ADVISORS

Khan & Piracha

## REGISTERED OFFICE

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

## 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  
Nowshera (KPK), Pakistan  
Telephone: +92-923-614295, 610159  
Fax: +92-923-611302

## SALES OFFICE, KARACHI

House No. 9, Block 7/8,  
Maqbool Cooperative Housing  
Society, Shahrah-e-Faisal,  
Karachi, Pakistan  
Telephone: +92-21-34386852  
Fax: +92-21-34386754

## 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  
Bank of Punjab  
First Habib Modaraba

## SALES OFFICE, LAHORE

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

# DIRECTORS' REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

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 2023. The consolidated condensed interim financial information incorporates the Company's 80% owned subsidiary BF Biosciences Limited and 98% owned retail venture Farmacia.

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

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

Standalone				Consolidated			
6 Months 31-Dec-23	6 Months 31-Dec-22	3 Months 31-Dec-23	3 Months 31-Dec-22	6 Months 31-Dec-23	6 Months 31-Dec-22	3 Months 31-Dec-23	3 Months 31-Dec-22

(Rupees in thousands)

Revenue - net	6,710,878	4,605,813	3,087,911	2,319,318	8,298,818	5,239,835	3,870,276	2,672,838
Gross profit	2,490,130	1,943,389	1,152,836	949,712	3,194,276	2,113,373	1,474,929	1,036,301
Profit before tax	377,971	267,162	74,343	110,069	604,658	339,254	138,444	149,228
Profit after tax	257,054	199,139	76,538	94,222	393,099	251,620	111,631	119,426
Earnings per share	5.91	4.58	1.76	2.17	8.40	5.54	2.34	2.64

## Financial and Operational Review of Ferozsons Laboratories Limited

The Company's consolidated net sales closed at Rs. 8,299 million, depicting a growth of 58% over the same period last year. On a standalone basis, the Company's net sales closed at Rs. 6,711 million, with a growth of 46% over the same period last year.

In-market generic sales have increased by 27%, whereas institutional sales of generics and medical devices increased by 91%.

Due to significant increase in institutional sales, trade debts have been increased by 111% since the payment terms with government institutions are longer compared to private sales. Due to interim Government setup, majority of the receipts against these receivables have been delayed and management expects recoveries post formation of new Government. As per the requirement of IFRS 9 'Financial Instruments', expected credit loss ("ECL") provision amounting to Rs. 96 million has been booked against these receivables under 'other expenses' head in second quarter.

The gross profit ("GP") margin of the Company stands at 37% against 42% in the same period last year. The decrease in GP margin primarily reflects change in sales mix and increased input costs of products resulting from devaluation of Pakistani Rupee and inflationary pressures in overheads.

In line with increase in topline, selling and distribution expenses have increased by 25% and primarily reflects inflationary adjustments.

Other expenses decreased by 16% which primarily represents net impact of reduction in exchange loss together with booking of expected credit loss (as discussed above).

Finance costs increased by 259% which is mainly attributable to the State Bank of Pakistan's policy rate increase, coupled with higher utilization of working capital facilities during the period under review.

# DIRECTORS' REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

The earnings per share ("EPS") for the six months ended 31 December 2023 closed at Rs. 5.91, compared to Rs. 4.58 in the same period last year. Had there been no ECL provision booked in second quarter, the EPS would have been closed at Rs. 7.31 for the six months and Rs. 3.16 for the second quarter under review.

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

As outlined in our previous directors' report, we are pleased to inform that the inspection of prefilled syringes line has been successfully conducted and a formal letter from DRAP's licensing board is awaited to initiate commercial operations of the said line.

The lyophilizer and filling lines are currently in the final stages of commissioning and we are expecting DRAP's inspection in the first week of March 2024. Subject to DRAP's inspection and licensing board meeting thereon, we expect to start commercial operations of the said line during second quarter of current calendar year, InshAllah.

Furthermore, our few product registration applications have also been approved by DRAP. In addition to this, ten molecules priority registrations are expected to be approved post approval of facility by DRAP.

Work on the development of other products is also progressing well and management is confident to achieve stability in the coming months.

## Future Outlook

Subsequent to the period end, Interim Government allowed deregulation of prices for non-essential drugs and allowed pharmaceutical companies to set prices based on input costs to ensure the availability of pharmaceutical products in the market. Additionally, Interim Government also permitted hardship prices for various life-saving medications as well.

These were much-needed common sense measures that were necessary to ensure supply of various pharmaceutical products in market. However, this decision was subsequently challenged in Lahore High Court and the notification issued by Interim Government was suspended.

With CPI still clocking at 28.3% for the seven months of current financial year, inflation remains on a high trajectory compared to the initial government estimates. This will likely lead to further increases in input costs for products along with finance costs as hopes for early policy rate cuts fades away. An inflationary adjustment in pricing across the board is necessary to ensure the continued supply of life-saving products in the market.

## Acknowledgments

We want to acknowledge the considerable efforts and dedication of our employees towards achievement of the Company's objectives. Further, we also thank our principals, business partners and valued customers for their continuous support and confidence in the Company.

For and on behalf of the Board of Directors

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

**Mrs. Akhter Khalid Waheed**  
Chairperson

## بی ایف بائیو سائنسز لمیٹڈ (ذیلی کمپنی) کا مالیاتی اور آپریشنل جائزہ:

جیسا کہ ہمارے سابقہ ڈائریکٹرز کی رپورٹ میں بیان کیا گیا ہے، ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ پہلے سے بھری ہوئی سرنجوں کی لائن کا معائنہ کامیابی کے ساتھ کیا گیا ہے اور مذکورہ لائن کے تجارتی آپریشن شروع کرنے کے لیے DRAP کے لائسنسنگ بورڈ کی جانب سے ایک رسمی خط کا انتظار ہے

لائسنسنگ بورڈ اور فلنگ لائسنس فی الحال شروع ہونے کے آخری مراحل میں ہیں اور ہم مارچ 2024 کے پہلے ہفتے میں DRAP کے معائنہ کی توقع کر رہے ہیں۔ اس پر DRAP کے معائنہ اور لائسنسنگ بورڈ کے اجلاس کے تابع، ہم دوسری سہ ماہی کے دوران (موجودہ کیلنڈر سال) مذکورہ لائن کے تجارتی آپریشن شروع کرنے کی توقع رکھتے ہیں۔، انشاء اللہ۔

مزید برآں، ہماری چند پروڈکٹ رجسٹریشن درخواستوں کو بھی DRAP نے منظور کیا ہے۔ اس کے علاوہ، DRAP کی طرف سے سہولت کی منظوری کے بعد دس مائیکرو لوز کی ترجیحی رجسٹریشن کی منظوری متوقع ہے دیگر مصنوعات کی ترقی پر کام بھی اچھی طرح سے جاری ہے اور انتظامیہ آنے والے مہینوں میں اسے کامیاب حاصل کرنے کے لیے پرعتماد ہے۔

## مستقبل کا نقطہ نظر

سال کے اختتام کے بعد، عبوری حکومت نے غیر ضروری ادویات کی قیمتوں کو ڈی ریگولیشن کی اجازت دی اور فارماسیوٹیکل کمپنیوں کو ان پٹ لاگت کی بنیاد پر قیمتیں مقرر کرنے کی اجازت دی تاکہ مارکیٹ میں دواسازی کی مصنوعات کی دستیابی کو یقینی بنایا جاسکے۔ مزید برآں، عبوری حکومت نے زندگی بچانے والی مختلف ادویات کے لیے بھی (Hardship) کی اجازت دی۔

یہ انتہائی ضروری عام فہم اقدامات تھے جو مارکیٹ میں مختلف دواسازی کی مصنوعات کی فراہمی کو یقینی بنانے کے لیے ضروری تھے۔ تاہم بعد ازاں اس فیصلے کو لاہور ہائی کورٹ میں چیلنج کیا گیا اور عبوری حکومت کا جاری کردہ نوٹیفیکیشن معطل کر دیا گیا۔

موجودہ مالی سال کے سات مہینوں کے لیے سی پی آئی اب بھی 28.3 فیصد پر ہے، جو کہ ابتدائی حکومتی تخمینوں کے مقابلے میں افراترک کی شرح بلندی پر ہے۔ یہ ممکنہ طور پر مالیاتی اخراجات کے ساتھ مصنوعات کے ان پٹ اخراجات میں مزید اضافے کا باعث بنے گا کیونکہ پالیسی کی شرح میں ابتدائی کمی کی امیدیں ختم ہو جاتی ہیں۔ مارکیٹ میں زندگی بچانے والی مصنوعات کی مسلسل فراہمی کو یقینی بنانے کے لیے پورے بورڈ میں قیمتوں میں افراترک کی ایڈجسٹمنٹ ضروری ہے۔

## اظہار تشکر

ہم کمپنی کے مقاصد کے حصول کے لیے اپنے ملازمین کی خاطر خواہ کوششوں اور لگن کو تسلیم کرتے ہیں۔ مزید برآں، ہم اپنے پرنسپلز (principals)، کاروباری شراکت داروں اور قابل قدر صارفین کا کمپنی میں مسلسل تعاون اور اعتماد کے لیے شکریہ ادا کرتے ہیں۔

## بورڈ آف ڈائریکٹرز کی جانب سے

مسز اختر خالد وحید

چیئر پرسن

جناب عثمان خالد وحید

چیف ایگزیکٹو آفیسر



# 31 دسمبر 2023 کو اختتام پذیر ہونے والے چھ ماہ کی مجموعی (کنڈینسڈ) عبوری مالیاتی معلومات کے بارے میں ڈائریکٹرز کا جائزہ

ہم 31 دسمبر 2023 کو اختتام پذیر ہونے والے چھ ماہ کے لیے کمپنی کی غیر آڈٹ شدہ انفرادی اور مجموعی (کنڈینسڈ) عبوری مالیاتی معلومات کا ایک مختصر جائزہ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ مجموعی (کنڈینسڈ) عبوری مالیاتی معلومات میں کمپنی کے 98 فیصد ملکیتی منسوبے فارمسیا (Farmacia) اور 80 فیصد ملکیتی ذیلی کمپنی (BF Biosciences Limited) بی ایف بائیو سائنسز لیٹڈ کو شامل کیا گیا ہے۔

## کمپنی کے انفرادی اور مجموعی مالیاتی نتائج کی جھلکیاں:

اس مدت کے مالیاتی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

اجتماعی				انفرادی			
3 مہینے	3 مہینے	6 مہینے	6 مہینے	3 مہینے	3 مہینے	6 مہینے	6 مہینے
2022-دسمبر-31	2023-دسمبر-31	2022-دسمبر-31	2023-دسمبر-31	2022-دسمبر-31	2023-دسمبر-31	2022-دسمبر-31	2023-دسمبر-31

### روپے ہزار میں

2,672,838	3,870,276	5,239,835	8,298,818	2,319,318	3,087,911	4,605,813	6,710,878	آمدنی-خالص
1,036,301	1,474,929	2,113,373	3,194,276	949,712	1,152,836	1,943,389	2,490,130	مجموعی منافع
149,228	138,444	339,254	604,658	110,069	74,343	267,162	377,971	قبل از ٹیکس منافع
119,426	111,631	251,620	393,099	94,222	76,538	199,139	257,054	ٹیکسیشن
2.64	2.34	5.54	8.40	2.17	1.76	4.58	5.91	بعد از ٹیکس منافع

## فیروزسز لیبارٹریز لیٹڈ کا مالیاتی اور آپریشنل جائزہ:

کمپنی کی مجموعی خالص فروخت 8,299 ملین روپے پر بند ہوئی، جو پچھلے سال کی اسی مدت کے مقابلے میں 58 فیصد کی نمو کو ظاہر کرتی ہے۔ انفرادی طور پر، کمپنی کی خالص فروخت 6,711 ملین روپے پر بند ہوئی، جو پچھلے سال کی اسی مدت کے مقابلے میں 46 فیصد اضافے کی عکاسی کرتی ہے۔

بازار میں عام فروخت میں 27 فیصد اضافہ دیکھا گیا ہے، جب کہ عام ادویات اور طبی آلات کی ادارہ جاتی فروخت میں 91 فیصد اضافہ ہوا ہے۔

ادارہ جاتی فروخت میں نمایاں اضافے کی وجہ سے تجارتی قرضوں میں 111 فیصد اضافہ ہوا ہے کیونکہ سرکاری اداروں کے ساتھ ادائیگی کی شرائط نجی فروخت کے مقابلے میں طویل ہیں۔ عبوری حکومت کے سہولتوں کی وجہ سے، ان وصولیوں کے خلاف زیادہ تر وصولیوں تاخیر کا شکار ہو چکی ہیں اور انتظامیہ نئی حکومت کے قیام کے بعد وصولیوں کی توقع رکھتی ہے۔ 9 IFRS 'فنانشل انسٹرومنٹس' کی مد میں، متوقع کریڈٹ نقصان ("ECL") پروویژن دوسری سہ ماہی میں 96 ملین ریکارڈ کیا گیا ہے۔

کمپنی کا مجموعی منافع ("GP") مارچ 37 فیصد ہے جو پچھلے سال کی اسی مدت میں 42 فیصد تھا۔ GP مارچ جن میں کی بنیادی طور پر سیلز کمس میں تبدیلی اور پاکستانی روپے کی قدر میں کمی اور اوور ہیڈز میں اخراجات کے دباؤ کے نتیجے میں مصنوعات کی ان بٹ لاگت میں اضافے کی عکاسی کرتی ہے۔

ٹاپ لائن میں اضافے کے ساتھ، فروخت اور تقسیم کے اخراجات میں 25 فیصد اضافہ ہوا ہے اور بنیادی طور پر افراط زر کی ایڈجسٹمنٹ کی عکاسی کرتا ہے۔

دیگر اخراجات میں 16 فیصد کمی واقع ہوئی ہے جو بنیادی طور پر متوقع کریڈٹ نقصان کی ہنگامہ کے ساتھ زرمبادلہ کے نقصان میں کمی کے خالص اثر کی نمائندگی کرتا ہے (جیسا کہ اوپر زیر بحث آیا ہے)

مالیاتی لاگت میں 259 فیصد اضافہ ہوا جو بنیادی طور پر اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں اضافے اور زیر جائزہ مدت کے دوران ورکنگ کمیونٹی کی سہولیات کے زیادہ استعمال سے منسوب ہے۔

31 دسمبر 2023 کو ختم ہونے والے چھ ماہ کے لیے فی شیئر آمدنی ("EPS") 5.91 روپے پر بند ہوئی۔ گزشتہ سال کی اسی مدت 4.58 روپے پر بند ہوئی۔ اگر دوسری سہ ماہی میں کوئی ای سی ایل پروویژن بک نہیں

ہوتا تو ای سی ایل چھ ماہ کے لیے 7.31 روپے پر بند ہو جاتا اور 3.16 روپے زیر نظر دوسری سہ ماہی کے لیے پر بند ہو جاتا۔





# OUR FINANCIAL STATEMENTS



KPMG Taseer Hadi & Co.  
Chartered Accountants  
351 Shadman-1, Jail Road,  
Lahore 54000 Pakistan  
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ferozsons Laboratories Limited

Report on the 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 2023 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 financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim 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.



KPMG Taseer Hadi & Co.

**Other matter**


The figures for the quarters ended 31 December 2023 and 31 December 2022 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 report is Ahsin Tariq.

Lahore

Date: 29 February 2024

UDIN: RR202310119KqSZxHt2u

  
KPMG Taseer Hadi & Co.  
Chartered Accountants

RR0724

## Ferozsons Laboratories Limited

### Condensed Interim Unconsolidated Statement of Financial Position

As at 31 December 2023

	Un-audited 31 December 2023	Audited 30 June 2023	Rupees
<b>EQUITY AND LIABILITIES</b>			
<u>Share capital and reserves</u>			
Authorized share capital	1,500,000,000	500,000,000	
150,000,000 (30 June 2023: 50,000,000) ordinary shares of Rs. 10 each	434,690,520	434,690,520	
Issued, subscribed and paid up capital	321,843	321,843	
Capital reserve	950,331,492	968,377,365	
Revaluation surplus on property, plant and equipment	5,156,402,332	4,881,302,916	
Accumulated profit	6,541,746,187	6,284,692,644	
	<b>137,604,281</b>	<b>68,983,374</b>	
<u>Non current liabilities</u>	24,034,376	28,146,267	
Long term loans - secured	210,792,214	235,875,350	
Deferred grant	372,430,871	333,004,991	
Deferred taxation			
	<b>29,714,848</b>	<b>23,000,000</b>	
<u>Current liabilities</u>	8,421,096	8,796,285	
Current portion of:	3,075,319,099	3,012,771,964	
- Long term loans - secured	136,106,544	106,530,567	
- Current portion of deferred grant	2,018,792,522	787,154,205	
Trade and other payables	97,067,088	97,332,707	
Contract liabilities	90,235,877	42,140,456	
Short term borrowings - secured	5,455,657,074	4,077,726,184	
Unclaimed dividend			
Accrued mark-up			
	<b>12,369,834,132</b>	<b>10,695,423,819</b>	
<b>Contingencies and commitments</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 Profit or Loss (Un-audited)

For the half year and quarter ended 31 December 2023

		Half year ended		Quarter ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Note	----- Rupees -----			
Revenue - net	13	<b>6,710,877,978</b>	4,605,813,022	<b>3,087,910,727</b>	2,319,318,366
Cost of sales	14	<b>(4,220,747,657)</b>	(2,662,423,694)	<b>(1,935,074,651)</b>	(1,369,606,860)
<b>Gross profit</b>		<b>2,490,130,321</b>	1,943,389,328	<b>1,152,836,076</b>	949,711,506
Administrative expenses		<b>(359,531,783)</b>	(316,289,741)	<b>(168,404,942)</b>	(164,027,497)
Selling and distribution expenses		<b>(1,551,919,488)</b>	(1,239,115,788)	<b>(770,773,965)</b>	(678,236,241)
Other expenses		<b>(136,561,384)</b>	(162,216,997)	<b>(110,764,104)</b>	(14,529,368)
Other income		<b>116,610,353</b>	91,752,520	<b>72,539,859</b>	47,130,084
<b>Profit from operations</b>		<b>558,728,019</b>	317,519,322	<b>175,432,924</b>	140,048,484
Finance cost		<b>(180,756,913)</b>	(50,356,872)	<b>(101,089,654)</b>	(29,979,535)
<b>Profit before taxation</b>		<b>377,971,106</b>	267,162,450	<b>74,343,270</b>	110,068,949
Taxation		<b>(120,917,563)</b>	(68,023,034)	<b>2,194,309</b>	(15,847,104)
<b>Profit after taxation</b>		<b>257,053,543</b>	199,139,416	<b>76,537,579</b>	94,221,845
Earnings per share - basic and diluted		<b>5.91</b>	4.58	<b>1.76</b>	2.17

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

\_\_\_\_\_  
Chief Executive Officer

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Chief Financial Officer

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Director

# Ferozsons Laboratories Limited

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

For the half year and quarter ended 31 December 2023

	Half year ended		Quarter ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	----- Rupees -----			
<b>Profit after taxation</b>	<b>257,053,543</b>	199,139,416	<b>76,537,579</b>	94,221,845
<b><u>Items that will not be reclassified to profit or loss:</u></b>				
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>257,053,543</u></b>	<u>199,139,416</u>	<b><u>76,537,579</u></b>	<u>94,221,845</u>

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 2023*

	Capital reserve		Revenue reserve		Total
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profit	
----- Rupees -----	-----				
Balance as at 01 July 2022 - audited	362,242,100	321,843	1,032,733,321	4,908,885,731	6,304,182,995
Total comprehensive income for the period	-	-	-	199,139,416	199,139,416
<b><u>Surplus transferred to accumulated profit</u></b>					
On account of incremental depreciation charged during the period - net of tax	-	-	(20,164,939)	20,164,939	-
<b><u>Transactions with owners of the Company, recognized directly in Equity - Distributions</u></b>					
-Final dividend for the year ended 30 June 2022 at Rs. 5 per share	72,448,420	-	-	(181,121,050)	(181,121,050)
-Issuance of bonus shares at 20%	72,448,420	-	-	(72,448,420)	-
	72,448,420	-	-	(253,569,470)	(181,121,050)
Balance as at 31 December 2022 - unaudited	434,690,520	321,843	1,012,568,382	4,874,620,616	6,322,201,361
<b>Balance as at 01 July 2023 - audited</b>	<b>434,690,520</b>	<b>321,843</b>	<b>968,377,365</b>	<b>4,881,302,916</b>	<b>6,284,692,644</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257,053,543</b>	<b>257,053,543</b>
<b><u>Surplus transferred to accumulated profit</u></b>					
On account of incremental depreciation charged during the period - net of tax	-	-	(18,045,873)	18,045,873	-
<b>Balance as at 31 December 2023 - unaudited</b>	<b>434,690,520</b>	<b>321,843</b>	<b>950,331,492</b>	<b>5,156,402,332</b>	<b>6,541,746,187</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 Cash Flows (Un-audited)  
For the half year ended 31 December 2023

	Half year ended	
	31 December 2023	31 December 2022
----- Rupees -----		
<b><u>Cash flow from operating activities</u></b>		
Profit before taxation	377,971,106	267,162,450
<i>Adjustments for non - cash and other items</i>		
Depreciation on property, plant and equipment	203,598,060	183,567,540
Amortisation of intangible assets	10,248,436	282,264
Trade debts directly written off	-	3,390,023
Provision of loss allowance against trade debts	96,268,345	3,196,931
Gain on disposal of property, plant and equipment	(16,005,326)	(17,839,435)
Finance cost	180,756,913	50,356,872
Gain on re-measurement of short term investments to fair value	(34,667,803)	(22,023,911)
Dividend income	(1,760,021)	(30,034,305)
Profit on bank deposits	(1,819,345)	(563,858)
Share in profit of Farmacia	(9,633,314)	(13,505,044)
Workers' Profit Participation Fund	25,469,358	14,320,993
Central Research Fund	5,145,325	2,893,130
Workers' Welfare Fund	9,678,356	4,936,414
	<b>467,278,984</b>	<b>178,977,614</b>
<b>Cash generated from operations before working capital changes</b>	<b>845,250,090</b>	<b>446,140,064</b>
<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	(16,509,303)	(1,884,428)
Stock in trade	(221,128,611)	(14,645,508)
Trade debts - considered good	(1,206,618,097)	(87,545,352)
Loans and advances - considered good	(302,681,272)	(50,112,078)
Deposits and prepayments	(25,079,147)	(37,424,412)
Other receivables	(5,184,736)	(15,253,467)
	<b>(1,777,201,166)</b>	<b>(206,865,245)</b>
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	29,338,344	127,280,133
Contract liabilities	29,575,977	(19,114,781)
	<b>(873,036,755)</b>	<b>347,440,171</b>
<b>Cash (used in) / generated from operations</b>	<b>(873,036,755)</b>	<b>347,440,171</b>
Taxes paid	(157,791,557)	(132,032,808)
Workers' Profit Participation Fund paid	(4,097,000)	(10,268,358)
Central Research Fund paid	(2,987,248)	(10,155,224)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,037,912,560)</b>	<b>194,983,781</b>
<b><u>Cash flow from investing activities</u></b>		
Fixed capital expenditure incurred	(170,940,153)	(297,180,889)
Intangibles acquired	(8,287,500)	-
Dividend income received	-	30,034,305
Proceeds from sale of property, plant and equipment	19,401,906	27,868,449
Profit on bank deposits received	1,819,345	563,858
Short term investments - net	-	10,458,120
<b>Net cash used in investing activities</b>	<b>(158,006,402)</b>	<b>(228,256,157)</b>
<b><u>Cash flow from financing activities</u></b>		
Long term loan received	91,192,200	130,000,000
Long term loan paid	(20,343,525)	(85,500,000)
Finance cost paid	(132,661,492)	(44,640,266)
Dividend paid	(265,619)	(174,220,144)
<b>Net cash used in financing activities</b>	<b>(62,078,436)</b>	<b>(174,360,410)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,257,997,398)</b>	<b>(207,632,786)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(517,542,117)</b>	<b>(163,062,882)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(1,775,539,515)</b>	<b>(370,695,668)</b>
<i>Cash and cash equivalents comprise of the following</i>		
Cash and bank balances	243,253,007	211,039,779
Running finance	(2,018,792,522)	(581,735,447)
	<b>(1,775,539,515)</b>	<b>(370,695,668)</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

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

For the half year and quarter ended 31 December 2023

### 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 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 of the investees. Consolidated condensed interim financial statements of the Company are prepared and presented 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 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 of:

- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, 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 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.

## **2.3 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 2023 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 2023. 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 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 2023, whereas comparative unconsolidated statement of profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim unconsolidated financial statements of the Company for the period ended 31 December 2022.

**2.3.4** 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.

## **2.4 Judgements and estimates**

In preparing these 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 2023.

## 2.5 Statement of consistency in accounting policies

2.5.1 The Company adopted Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 01 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments required the disclosure of ‘material’, rather than significant, accounting policies. The amendment also provides guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and is of the view that Material accounting policies (2022: Significant accounting policies) are in line with the requirement and does not need any material changes.

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2023.

2.5.1.1 The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

### **Amendments and interpretations of approved accounting standards**

- Amendments to IAS 1 - Classification of liabilities as current or non-current	01 January 2024
- Amendments to IFRS 17 - Insurance Contracts	01 January 2023
- Amendments to IAS 1 - Non-current liabilities with covenants	01 January 2024
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	01 January 2023
- Amendments to IAS 8 - Definition of Accounting Estimates	01 January 2023
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01 January 2023
- Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback	01 January 2024

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

	Un-audited 31 December 2023	Audited 30 June 2023	Un-audited 31 December 2023	Audited 30 June 2023
	(Number of shares)		(Rupees)	
<b><i>Authorised share capital</i></b>				
Ordinary shares of Rs. 10 each	<b>150,000,000</b>	50,000,000	<b>1,500,000,000</b>	500,000,000
<b><i>Issued, subscribed and paid-up share capital</i></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	<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>41,907,500</b>	41,907,500	<b>419,075,000</b>	419,075,000
	<b>43,469,052</b>	43,469,052	<b>434,690,520</b>	434,690,520

KFW Factors (Private) Limited, an associated company holds 11,933,194 (30 June 2023: 11,933,194) ordinary shares of Rs. 10 each of the Company, representing 27.45% (30 June 2023: 27.45%) of the equity held.

### 4 Long term loans - secured

	Note	Un-audited 31 December 2023	Audited 30 June 2023
		-----Rupees-----	
Diminishing Musharaka	4.1	<b>79,404,229</b>	-
SBP finance scheme for renewable energy	4.2	<b>87,914,900</b>	91,983,374
		<b>167,319,129</b>	91,983,374
Current portion of long term loans		<b>(29,714,848)</b>	(23,000,000)
		<b>137,604,281</b>	68,983,374

**4.1** This represents financing facility obtained under "Diminishing Musharaka" from First Habib Modaraba amounting to Rs. 91.19 million for the purpose of purchase of vehicles. This loan carries the markup rate of 3 month KIBOR plus 0.9%. The principal amount is payable in sixty equal monthly installments. During the period, the Company has made repayments amounting to Rs. 11.79 million which includes down payment amounting to Rs. 9.12 million.

**4.2** This represents term finance facility obtained under "SBP finance scheme for renewable energy" introduced by Government of Pakistan in order to finance the installation / commissioning of solar power system. This loan carries the fixed markup rate of 6% (SBP rate plus 2% (bank's spread)). The principal amount is payable in twenty-seven equal quarterly installments. During the period, the Company has made repayments amounting to Rs. 8.55 million.

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

All terms and conditions applicable on short term borrowings availed are same as those disclosed in the annual audited financial statements of the Company for the year ended 30 June 2023.

## **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 2023.

### **6.2 Commitments**

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

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

Out of the aggregate facility of Rs. 3,400 (30 June 2023: Rs. 2,150 million) for opening letters of credit, the amount utilized as at 31 December 2023 for capital expenditure was Rs. Nil (30 June 2023: Nil) and for other than capital expenditure was Rs. Rs. 366.08 million (30 June 2023: Rs. 131.60 million). These facilities are secured by joint pari passu charge over all present and future current assets, pari passu charge over all present and future plant and machinery, lien over investments and lien over import documents.

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

The Company has facility i.e. letters of credit of Rs. 1800 million (30 June 2023: Rs. 650 million) available from Islamic banks. The amount utilized as at 31 December 2023 for capital expenditure was Rs. Nil (30 June 2023: Rs. Nil) and for other than capital expenditure was Rs. 149.07 million (30 June 2023: Rs. 67.33 million). These facilities are secured by joint pari passu charge over all present and future current assets, pari passu charge over all present and future plant and machinery and lien 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. 800 million (30 June 2023: Rs. 800 million) for letter of guarantees (which is the sublimit of running finance and letter of credits), the amount utilized as at 31 December 2023 was Rs. 413.43 million (30 June 2023: Rs. 413.69 million).

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

The Company has facility i.e. letter of guarantee of Rs. 175 million (30 June 2023: Rs. 175 million) available from Islamic bank, the amount utilized at 31 December 2023 was Rs. 24.13 million (30 June 2023: Rs. 24.13 million).

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

The Company has approved cross corporate guarantees in favour 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.

		<b>Un-audited 31 December 2023</b>	<b>Audited 30 June 2023</b>
<b>7 Property, plant and equipment</b>	<i>Note</i>	-----Rupees-----	
Operating fixed assets	<i>7.1</i>	<b>3,179,222,519</b>	3,233,525,181
Capital work-in-progress		<b>242,194,969</b>	276,160,294
		<b><u>3,421,417,488</u></b>	<b><u>3,509,685,475</u></b>

### 7.1 Operating fixed assets

#### Cost

Opening balance at beginning of the period / year		<b>4,452,061,683</b>	4,031,066,603
Additions / transfers during the period / year	<i>7.1.1</i>	<b>152,691,978</b>	489,901,796
Disposals during the period / year		<b>(41,908,791)</b>	(68,906,716)
Closing balance at end of the period / year		<b><u>4,562,844,870</u></b>	<u>4,452,061,683</u>

#### Less: Accumulated depreciation

Opening balance at beginning of the period / year		<b>1,218,536,502</b>	894,007,859
Depreciation for the period / year		<b>203,598,060</b>	379,974,831
On disposals		<b>(38,512,211)</b>	(55,446,188)
Closing balance at end of the period / year		<b><u>1,383,622,351</u></b>	<u>1,218,536,502</u>

#### **Operating fixed assets - net book value**

	<b><u>3,179,222,519</u></b>	<b><u>3,233,525,181</u></b>
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**7.1.1** This includes vehicles financed under Diminishing Musharaka facility obtained from First Habib Modaraba having cost and net book value amounting to Rs. 90.15 million (30 June 2023: Rs. Nil) and Rs. 88.65 million respectively (30 June 2023:Rs. Nil).

		<b>Un-audited 31 December 2023</b>	<b>Audited 30 June 2023</b>
<b>8 Long term investments - related parties</b>	<i>Note</i>	-----Rupees-----	
<b><u>Related parties - at cost</u></b>			
<i>Farmacia (Partnership firm):</i>			
Capital held: 98% (30 June 2023: 98%)	<i>8.1</i>	<b>249,945,858</b>	240,312,544
Managing Partner - Osman Khalid Waheed			
<i>BF Biosciences Limited (unlisted subsidiary):</i>			
15,199,996 (30 June 2023: 15,199,996) fully paid ordinary shares of Rs. 10 each	<i>8.2</i>	<b>151,999,960</b>	151,999,960
Equity held: 80% (30 June 2023: 80%)			
Chief Executive Officer - Mrs. Akhter Khalid Waheed			
		<b><u>401,945,818</u></b>	<b><u>392,312,504</u></b>

**8.1** This represents the Company's 98% share in "Farmacia", a subsidiary partnership duly registered under the Partnership Act, 1932 and engaged in operating retail pharmacy.

**8.2** BF Biosciences Limited has been set up for establishing a Biotech Pharmaceutical Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company holds 80% (30 June 2023: 80%) of equity of the subsidiary and the remaining 20% is held by Group Empresarial Bagó S.A., Spain.



## 9 Stock in trade

9.1 This includes provision outstanding on account of write down of raw material and work in progress to net realizable value amounting to Rs. 65.59 million (30 June 2023: Rs. 66.82 million) and finished goods to net realizable value amounting to Rs. 103.10 million (30 June 2023: Rs. 40.97 million).

## 10 Trade debts - considered good

10.1 This includes provision outstanding on account of impairment loss allowance amounting to Rs. 192.73 million (30 June 2023: Rs. 96.46 million).

	Note	Un-audited 31 December 2023	Audited 30 June 2023
		----- Rupees -----	
<b>11 Short term investments</b>			
<b><u>Investments at fair value through profit or loss</u></b>			
Mutual fund	11.1	<b>398,824,406</b>	362,396,582
11.1 These investments are measured at 'fair value through Profit or Loss'			
Fair value at 01 July		362,396,582	695,089,997
Dividend re-invested / (redemption) during the period / year - net		1,760,021	(334,258,355)
Realized gain on sale of investments during the period / year		-	34,897
Unrealized gain on re-measurement of investment during the period / year		34,667,803	1,530,043
Fair value of investments at 31 December / 30 June	11.1.1	<b>398,824,406</b>	362,396,582

11.1.1 Mutual fund wise detail is as follows:

	Units		Fair value	
	Un-audited 31 December 2023	Audited 30 June 2023	Un-audited 31 December 2023	Audited 30 June 2023
	.....Number.....		.....Rupees.....	
HBL Money Market Fund	3,286,641	3,286,601	373,651,016	339,186,410
MCB Cash Management				
Optimizer Fund	10,939	10,939	1,109,863	1,109,863
HBL Cash Fund	229,493	212,407	23,646,338	21,700,510
Pakistan Cash Management Fund	8,642	7,922	417,189	399,799
			<b>398,824,406</b>	362,396,582

11.2 The investments amounting to Rs. 333.33 million (30 June 2023: 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.

## 12 Cash and bank balances

12.1 These include current account of Rs. 0.0024 million (30 June 2023: Rs. 0.0024 million) maintained under Shariah compliant arrangements.

12.2 These include deposit accounts of Rs. 5.14 million (30 June 2023: Rs. 12.12 million) under mark up arrangements, which carry interest rates ranging from 20.5% to 20.51% (30 June 2023: 12.25% to 19.51%) per annum.

These also include deposit account of Rs. 2.17 million (30 June 2023: Rs. 0.20 million ) under Shariah compliant arrangements, which carries profit rate of 10.00% to 11.01% (30 June 2023: 6.50% to 10.00%) per annum.

	<i>Note</i>	(Un-audited) Half year ended	
		31 December 2023	31 December 2022
----- Rupees -----			
<b>13 Revenue - net</b>			
<b>Gross sales:</b>			
Local		7,066,628,379	4,780,042,532
Export		429,139,239	351,836,047
		<b>7,495,767,618</b>	5,131,878,579
<b>Less:</b>			
Sales returns		(25,269,377)	(91,804,702)
Discounts		(706,700,470)	(397,489,755)
Sales tax		(52,919,793)	(36,771,100)
		<b>(784,889,640)</b>	(526,065,557)
<b>Revenue from contracts with customers</b>	<i>13.1</i>	<b>6,710,877,978</b>	4,605,813,022

### 13.1 Disaggregation of Revenue (Net sales)

#### Primary Geographical Markets

Pakistan	6,281,738,740	4,253,976,975
Sri Lanka	159,748,547	127,156,381
Philippines	44,644,781	47,522,842
Myanmar	14,698,310	20,683,114
Afghanistan	157,764,768	102,937,809
Kenya	29,135,294	15,370,635
Kyrgyzstan	17,017,604	16,889,094
Others	6,129,934	21,276,172
	<b>6,710,877,978</b>	4,605,813,022

		<b>(Un-audited) Half year ended</b>		
		<b>31 December 2023</b>	<b>31 December 2022</b>	
		----- Rupees -----		
<b>14</b>	<b>Cost of sales</b>			
		<i>Note</i>		
	Raw and packing materials consumed	<i>14.1</i>	<b>2,206,335,385</b>	1,218,567,694
	Salaries, wages and other benefits		<b>284,750,635</b>	231,304,635
	Fuel and power		<b>82,793,370</b>	54,289,960
	Repair and maintenance		<b>15,549,898</b>	14,719,235
	Stores, spare parts and loose tools consumed		<b>60,292,412</b>	39,911,324
	Freight and forwarding		<b>33,224,082</b>	35,708,708
	Packing charges		<b>9,517,718</b>	7,811,198
	Rent, rates and taxes		<b>7,067,003</b>	3,102,113
	Postage and telephone		<b>3,864,871</b>	4,006,153
	Insurance		<b>15,231,863</b>	7,134,528
	Travelling and conveyance		<b>16,501,336</b>	10,092,008
	Canteen expenses		<b>14,993,680</b>	9,955,049
	Depreciation on property, plant and equipment		<b>130,842,884</b>	126,849,404
	Laboratory and other expenses		<b>17,543,228</b>	6,916,429
			<b>2,898,508,365</b>	1,770,368,438
	<i>Work in process:</i>			
	Opening		<b>157,743,377</b>	155,665,588
	Closing		<b>(285,143,011)</b>	(181,189,258)
			<b>(127,399,634)</b>	(25,523,670)
	<b>Cost of goods manufactured</b>		<b>2,771,108,731</b>	1,744,844,768
	<i>Finished stock:</i>			
	Opening		<b>1,184,462,133</b>	1,431,320,397
	Purchases made during the period		<b>2,793,159,609</b>	958,507,302
	Closing		<b>(2,527,982,816)</b>	(1,472,248,773)
			<b>1,449,638,926</b>	917,578,926
			<b>4,220,747,657</b>	2,662,423,694
<b>14.1</b>	<b>Raw and packing materials consumed</b>			
	Opening		<b>1,400,272,609</b>	876,498,555
	Purchases made during the period		<b>2,231,274,588</b>	1,353,290,146
			<b>3,631,547,197</b>	2,229,788,701
	Closing		<b>(1,425,211,812)</b>	(1,011,221,007)
			<b>2,206,335,385</b>	1,218,567,694

The Company in the normal course of business carries out transactions with various related parties which include subsidiaries, associated companies, 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 2023	31 December 2022
<b>Farmacina</b>				-----Rs.-----
	98% owned subsidiary partnership firm	Sale of medicines - <i>net of returns and discounts</i>	123,235,936	55,926,394
		Payment received against sale of medicine	123,235,936	55,926,394
		Rentals	3,107,040	2,824,584
		Share of profit reinvested	9,633,314	13,505,044
<b>BF Biosciences Limited</b>				
	80% owned subsidiary company	Sale of medicines	369,317,981	174,147,110
		Payment received against sale of medicine	369,317,981	174,147,110
		Purchase of medicines	-	18,272,099
		Payment made against purchase of medicine	-	18,272,099
		Corporate guarantee income	3,510,000	3,510,000
		Payment received against corporate guarantee income	3,510,000	3,510,000
		Expenses incurred by the Company on behalf of BFBL - <i>net</i>	-	-
		Expenses incurred by BFBL on behalf of the Company - <i>net</i>	33,756,942	36,822,877
		Receipts received by BFBL on behalf of the Company - <i>net</i>	498,390	1,362,903
		Payments made to BFBL - <i>net</i>	33,258,552	35,459,974
<b>Key Management Personnel</b>				
	Key management personnel	Remuneration including benefits and perquisites	27,263,565	29,060,272
		Advance given against salary	1,931,316	1,694,083
		Cash dividend paid	-	8,400
		Issuance of bonus shares as dividend	-	3,360
<b>Employees Provident Fund</b>				
<b>KFW Factors (Private) Limited</b>				
	Post employment benefit fund	Contribution towards employees' provident fund	35,783,890	31,546,427
	Common directorship	Cash dividend paid	-	49,721,645
		Issuance of bonus shares as dividend	-	19,888,658
<b>Osman Khalid Waheed</b>				
	Chief Executive Officer	Remuneration including benefits and perquisites	26,293,552	23,169,524
		Cash dividend paid	-	12,947,025
		Issuance of bonus shares as dividend	-	5,178,810
		Meeting Fee	20,000	20,000
<b>Directors other than CEO</b>				
	Non-Executive Directors	Cash dividend paid	-	4,670,330
		Issuance of bonus shares as dividend	-	1,868,132
		Meeting Fee	160,000	220,000
		Rental expense paid for building in use	2,995,549	2,679,303
<b>Khan and Piracha</b>				
	Common directorship	Payment made against services received	-	455,000
<b>National Management Foundation (LUMS)</b>				
	Common directorship	Donations	-	2,056,752
		Event sponsorship	5,000,000	-

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

	31 December 2023 (Un-audited)			31 December 2022 (Un-audited)				
	Unclaimed dividend	Accrued mark-up	Long term loans	Total	Unclaimed dividend	Accrued mark-up	Long term loan	Total
<b>Balance as at 01 July</b>	97,332,707	42,140,456	128,925,926	268,399,089	91,693,095	18,789,481	85,500,000	195,982,576
<b><u>Changes from financing cash flows</u></b>								
Dividend paid	(265,619)	-	-	(265,619)	(174,220,144)	-	-	(174,220,144)
Proceeds from long term loan	-	-	91,192,200	91,192,200	-	-	130,000,000	130,000,000
Repayment of long term loan	-	-	(20,343,525)	(20,343,525)	-	-	(85,500,000)	(85,500,000)
Finance cost paid	-	(132,661,492)	-	(132,661,492)	-	(44,640,266)	-	(44,640,266)
<b>Total changes from financing cash flows</b>	<b>(265,619)</b>	<b>(132,661,492)</b>	<b>70,848,675</b>	<b>(62,078,436)</b>	<b>(174,220,144)</b>	<b>(44,640,266)</b>	<b>44,500,000</b>	<b>(174,360,410)</b>
<b><u>Other changes</u></b>								
Dividend approved	-	-	-	-	181,121,050	-	-	181,121,050
Interest / markup expense	-	180,756,913	-	180,756,913	-	50,356,872	-	50,356,872
<b>Total liability related other changes</b>	<b>-</b>	<b>180,756,913</b>	<b>-</b>	<b>180,756,913</b>	<b>181,121,050</b>	<b>50,356,872</b>	<b>-</b>	<b>231,477,922</b>
<b>Closing as at 31 December</b>	<b>97,067,088</b>	<b>90,235,877</b>	<b>199,774,601</b>	<b>387,077,566</b>	<b>98,594,001</b>	<b>24,506,087</b>	<b>130,000,000</b>	<b>253,100,088</b>

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

**17.1** 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 2023.

**17.2** 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 2023 (Un-audited)</b>							
<b>Financial assets measured at fair value:</b>	398,824,406	-	-	398,824,406	398,824,406	-	-
<b>Financial assets not measured at fair value</b>							
Long term deposits	-	9,717,325	-	9,717,325	-	-	-
Trade debts	-	2,110,376,038	-	2,110,376,038	-	-	-
Loans and advances	-	11,858,264	-	11,858,264	-	-	-
Deposits	-	146,660,996	-	146,660,996	-	-	-
Other receivables	-	44,839,845	-	44,839,845	-	-	-
Cash and bank balances	-	243,253,007	-	243,253,007	-	-	-
	-	2,566,705,475	-	2,566,705,475	-	-	-
<b>Financial liabilities measured at fair value</b>							
	-	-	-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>							
Trade and other payables	-	-	2,893,418,106	2,893,418,106	-	-	-
Unclaimed dividend	-	-	97,067,088	97,067,088	-	-	-
Long term loans - secured	-	-	167,319,129	167,319,129	-	-	-
Short term borrowings - secured	-	-	2,018,792,522	2,018,792,522	-	-	-
Accrued mark-up	-	-	90,235,877	90,235,877	-	-	-
	-	-	5,266,832,722	5,266,832,722	-	-	-

	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 2023 (Audited)</b>							
Financial assets measured at fair value:	362,396,582	-	-	362,396,582	362,396,582	-	-
<b><i>Financial assets not measured at fair value</i></b>							
Long term deposits	-	9,717,325	-	9,717,325	-	-	-
Trade debts	-	1,000,026,286	-	1,000,026,286	-	-	-
Loans and advances	-	1,879,505	-	1,879,505	-	-	-
Deposits	-	133,208,924	-	133,208,924	-	-	-
Other receivables	-	21,084,011	-	21,084,011	-	-	-
Cash and bank balances	-	269,612,088	-	269,612,088	-	-	-
	-	1,435,528,139	-	1,435,528,139	-	-	-
Financial liabilities measured at fair value:	-	-	-	-	-	-	-
<b><i>Financial liabilities not measured at fair value</i></b>							
Trade and other payables	-	-	2,883,271,832	2,883,271,832	-	-	-
Unclaimed dividend	-	-	97,332,707	97,332,707	-	-	-
Long term loans - secured	-	-	91,983,374	91,983,374	-	-	-
Short term borrowings - secured	-	-	787,154,205	787,154,205	-	-	-
Accrued mark-up	-	-	42,140,456	42,140,456	-	-	-
	-	-	3,901,882,574	3,901,882,574	-	-	-

## **18 Subsequent event**

The Board of Directors of the Company in its meeting held on 28 February 2024 has approved an interim cash dividend of Rs. Nil per share (31 December 2022: Rs. Nil per share), amounting to Rs. Nil (31 December 2022: Rs. Nil) for the year ending 30 June 2024.

## **19 General**

Figures have been rounded off to nearest rupee.

## **20 Date of authorization for issue**

These un-audited condensed interim unconsolidated financial statements were authorized for issue by the Board of Directors of the Company on 28 February 2024.

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**







# CONSOLIDATED FINANCIAL STATEMENTS

Ferozsons Laboratories Limited  
Condensed Interim Consolidated Statement of Financial Position  
As at 31 December 2023

	Un-audited 31 December 2023	Audited 30 June 2023
	Rupees	
<b>EQUITY AND LIABILITIES</b>		
<u>Share capital and reserves</u>		
Authorized share capital 150,000,000 (30 June 2023: 50,000,000) ordinary shares of Rs. 10 each	1,500,000,000	500,000,000
Issued, subscribed and paid up capital	434,690,520	434,690,520
Capital reserve	321,843	321,843
Revaluation surplus on property, plant and equipment	1,169,932,129	1,193,114,683
Accumulated profits	6,678,156,197	6,289,984,422
<b>Equity attributable to owners of the Company</b>	<b>8,283,100,689</b>	<b>7,918,111,468</b>
<b>Non-controlling interests</b>	<b>473,563,479</b>	<b>445,453,599</b>
	<b>8,756,664,168</b>	<b>8,363,565,067</b>
<u>Non current liabilities</u>		
Long term loans - secured	1,820,366,038	1,841,432,244
Deferred grant	525,537,648	531,879,342
Deferred taxation	328,276,798	375,359,287
	<b>2,674,180,484</b>	<b>2,748,670,873</b>
	<b>11,430,844,652</b>	<b>11,111,786,341</b>
<u>Current liabilities</u>		
Trade and other payables	3,597,218,670	3,415,513,951
Current portion of long term liabilities	466,385,944	518,586,797
Contract liabilities	198,600,650	113,246,014
Short term borrowings - secured	2,376,688,324	1,260,543,747
Unclaimed dividend	97,067,088	97,332,707
Accrued mark-up	122,081,664	85,967,950
	<b>6,858,042,340</b>	<b>5,491,191,166</b>
<b>Contingencies and commitments</b>	<b>18,288,886,992</b>	<b>16,603,427,106</b>

The annexed notes from 1 to 16 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 2023

	Note	Half year ended		Quarter ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		Rupees		Rupees	
Revenue - net	10	8,298,817,623	5,239,835,058	3,870,276,446	2,672,838,237
Cost of sales	11	(5,104,541,690)	(3,126,461,953)	(2,395,347,170)	(1,636,537,383)
<b>Gross profit</b>		<b>3,194,275,933</b>	<b>2,113,373,105</b>	<b>1,474,929,276</b>	<b>1,036,300,854</b>
Administrative expenses		(384,750,927)	(346,337,389)	(180,339,934)	(174,752,914)
Selling and distribution expenses		(1,917,066,589)	(1,306,598,655)	(952,602,260)	(695,409,401)
Other expenses		(174,469,433)	(164,896,794)	(134,280,383)	(20,651,716)
Other income		142,700,531	137,331,371	65,696,621	62,688,592
<b>Profit from operations</b>		<b>860,689,515</b>	<b>432,871,638</b>	<b>273,403,320</b>	<b>208,175,415</b>
Finance cost		(256,031,730)	(93,617,914)	(134,959,033)	(58,947,856)
<b>Profit before taxation</b>		<b>604,657,785</b>	<b>339,253,724</b>	<b>138,444,287</b>	<b>149,227,559</b>
Taxation		(211,558,684)	(87,633,713)	(26,813,830)	(29,801,845)
<b>Profit after taxation</b>		<b>393,099,101</b>	<b>251,620,011</b>	<b>111,630,457</b>	<b>119,425,714</b>
<i>Attributable to:</i>					
Owners of the Group		364,989,221	240,910,552	101,889,167	114,575,809
Non-controlling interests		28,109,880	10,709,459	9,741,290	4,849,905
<b>Profit after taxation</b>		<b>393,099,101</b>	<b>251,620,011</b>	<b>111,630,457</b>	<b>119,425,714</b>
Earnings per share - basic and diluted		<b>8.40</b>	<b>5.54</b>	<b>2.34</b>	<b>2.64</b>

The annexed notes from 1 to 16 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 2023

	Half year ended		Quarter ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Rupees		Rupees	
<b>Profit after taxation</b>	<b>393,099,101</b>	251,620,011	<b>111,630,457</b>	119,425,714
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>393,099,101</b>	251,620,011	<b>111,630,457</b>	119,425,714
<i>Attributable to:</i>				
Owners of the Group	<b>364,989,221</b>	240,910,552	<b>101,889,167</b>	114,575,809
Non-controlling interests	<b>28,109,880</b>	10,709,459	<b>9,741,290</b>	4,849,905
	<b>393,099,101</b>	251,620,011	<b>111,630,457</b>	119,425,714

The annexed notes from 1 to 16 form an integral part of these condensed interim consolidated financial statements.

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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 Changes in Equity (Un-audited)**  
*For the half year ended 31 December 2023*

	Attributable to Owners of the Company					Total	Non-controlling interest	Total
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profits	Revenue reserve			
	----- Rupees -----							
<b>Balance as at 01 July 2022</b>	362,242,100	321,843	1,304,895,242	6,100,332,603	7,767,791,788	530,676,857	8,298,468,645	
<b>Total comprehensive income for the period</b>	-	-	-	240,910,552	240,910,552	10,709,459	251,620,011	
<b>Surplus transferred to accumulated profit:</b> on account of incremental depreciation on property, plant and equipment charged during the period - <i>net of tax</i>	-	-	(35,870,624)	35,870,624	-	-	-	
<b>Transactions with owners of the Company, recognized directly in equity - Distributions</b>	-	-	-	-	-	-	-	
Final dividend for the year ended 30 June 2022 at Rs. 5 per share Issuance of bonus shares at 20%	72,448,420	-	-	(72,448,420)	-	-	(181,121,050)	
	72,448,420	-	-	(253,569,470)	(181,121,050)	-	(181,121,050)	
<b>Balance as at 31 December 2022 - un-audited</b>	434,690,520	321,843	1,269,024,618	6,123,544,309	7,827,581,290	541,386,316	8,368,967,606	
<b>Balance as at 01 July 2023</b>	434,690,520	321,843	1,193,114,683	6,289,984,422	7,918,111,468	445,453,599	8,363,565,067	
<b>Total comprehensive income for the period</b>	-	-	-	364,989,221	364,989,221	28,109,880	393,099,101	
<b>Surplus transferred to accumulated profit:</b> on account of incremental depreciation on property, plant and equipment charged during the period - <i>net of tax</i>	-	-	(23,182,554)	23,182,554	-	-	-	
<b>Balance as at 31 December 2023 - un-audited</b>	434,690,520	321,843	1,169,932,129	6,678,156,197	8,283,100,689	473,563,479	8,756,664,168	

The annexed notes from 1 to 16 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 2023

	Half year ended	
	31 December 2023	31 December 2022
----- Rupees -----		
<b><u>Cash flow from operating activities</u></b>		
Profit before taxation	604,657,785	339,253,724
<i>Adjustments for non - cash and other items</i>		
Depreciation on property, plant and equipment	249,231,632	229,200,263
Amortization of intangible assets	10,525,158	512,833
Trade debts directly written off	-	4,618,851
Provision of loss allowance against trade debts	111,268,345	3,196,931
Gain on disposal of property, plant and equipment	(17,772,784)	(18,377,615)
Finance costs	256,031,730	92,401,491
Gain on re-measurement of short term investments to fair value	(37,551,385)	(27,328,856)
Gain on sale of short term investments	(317,789)	(5,895,494)
Dividend income	(13,474,772)	(79,768,440)
Profit on deposits with bank	(5,955,534)	(1,657,646)
Workers' Profit Participation Fund	39,949,609	20,609,312
Central Research Fund	8,070,628	3,917,756
Workers' Welfare Fund	15,180,851	5,979,302
	<b>615,185,689</b>	<b>227,408,688</b>
<b>Cash generated from operations before working capital changes</b>	<b>1,219,843,474</b>	<b>566,662,412</b>
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(8,459,327)	(5,444,832)
Stock in trade	(271,225,466)	(459,105,398)
Trade debts	(1,236,962,818)	(167,370,123)
Loans and advances - considered good	(332,986,381)	(59,680,636)
Deposits and prepayments	(108,154,950)	(55,207,500)
Other receivables	(4,481,297)	100,944,260
	<b>(1,962,270,239)</b>	<b>(645,864,229)</b>
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	137,371,123	424,012,270
Contract liabilities	85,354,636	(30,124,268)
	<b>(519,701,006)</b>	<b>314,686,185</b>
<b>Cash (used in) / generated from operations</b>		
Taxes paid	(173,405,655)	(189,853,995)
Workers' Profit Participation Fund paid	(13,680,252)	(22,524,781)
Central Research Fund paid	(5,187,240)	(13,869,820)
<b>Net cash (used in) / generated from operating activities</b>	<b>(711,974,153)</b>	<b>88,437,589</b>
<b><u>Cash flow from investing activities</u></b>		
Acquisition of property, plant and equipment	(182,598,846)	(2,109,242,727)
Acquisition of intangibles	(60,501,000)	(1,660,332)
Dividend income received	9,150,444	79,768,440
Proceeds from sale of property, plant and equipment	23,443,897	28,406,637
Long term deposit - net	(3,000,000)	-
Profit on term deposits received	5,955,534	1,657,646
Short term investments - net	87,229,890	920,883,016
<b>Net cash used in investing activities</b>	<b>(120,320,081)</b>	<b>(1,080,187,320)</b>
<b><u>Cash flow from financing activities</u></b>		
Long term loan received	91,192,200	898,488,000
Long term loan paid	(170,800,953)	(89,875,000)
Finance cost paid	(219,918,016)	(69,367,672)
Dividend paid	(265,619)	(174,220,144)
<b>Net cash (used in) / generated from financing activities</b>	<b>(299,792,388)</b>	<b>565,025,184</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,132,086,622)</b>	<b>(426,724,547)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(691,494,844)</b>	<b>(76,693,469)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>(1,823,581,466)</b>	<b>(503,418,016)</b>
<b>Cash and cash equivalents comprise of the following:</b>		
Cash and bank balances	553,106,858	407,760,155
Running finance	(2,376,688,324)	(911,178,171)
	<b>(1,823,581,466)</b>	<b>(503,418,016)</b>

The annexed notes from 1 to 16 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 2023

### 1 The Group and its operation

Ferozsons Laboratories Limited (“the Holding Company”) was incorporated as a private limited company on 28 January 1954 and commenced its commercial operations in 1956. The Company 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 %	
			31 December 2023	30 June 2023
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 registered office of the BF Biosciences Limited is situated at 197-A, The Mall, Rawalpindi and the production facility is located at 5 KM- Sunder Raiwind Road Lahore.

The head office of the Farmacia is situated at Fatima Memorial Hospital, Shadman, Lahore.

### 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 2023 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 2023.



**3.2.3** Comparative consolidated statement of financial position's numbers are extracted from the annual audited consolidated financial statements of the Holding Company for the year ended 30 June 2023, whereas comparative consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from unaudited condensed interim consolidated financial statements of the Holding Company for the six months period ended 31 December 2022.

**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 2023.

### **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 2023.

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 loans - secured**

There is no change in the sanctioned limits as already disclosed in the annual consolidated financial statements for the year ended 30 June 2023 except for the new loan which has been obtained by the Holding Company during the period as mentioned below:

**4.1** The Holding Company obtained financing facility under "Diminishing Musharaka" from First Habib Modaraba amounting to Rs. 91.19 million for the purpose of purchase of vehicles. This loan carries the markup rate of 3 month KIBOR plus 0.9%. The principal amount is payable in sixty equal monthly installments. During the period, the Holding Company has made repayments amounting to Rs. 11.79 million which includes down payment amounting to Rs. 9.12 million.

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

There were no material 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 2023.

## **6 Contingencies and commitments**

There is no significant change in the status of the contingencies and commitments as reported in the annual audited consolidated financial statements for the year ended 30 June 2023.

		<b>Un-audited 31 December 2023</b>	<b>Audited 30 June 2023</b>
		-----Rupees-----	
<b>7 Property, plant and equipment</b>	<i>Note</i>		
Operating fixed assets	<i>7.1</i>	<b>3,714,301,876</b>	3,814,757,548
Capital work-in-progress		<b>4,188,648,069</b>	4,160,496,298
		<b>7,902,949,945</b>	7,975,253,846
<b>7.1 Operating fixed assets</b>			
<b><u>Cost</u></b>			
Opening balance at beginning of the period / year		<b>5,329,009,563</b>	4,876,929,622
Additions / transfers during the period / year		<b>154,447,075</b>	523,765,497
Disposals during the period / year		<b>(48,458,791)</b>	(71,685,556)
Closing balance at end of the period / year		<b>5,434,997,847</b>	5,329,009,563
<b><u>Less: Accumulated depreciation</u></b>			
Opening balance at beginning of the period / year		<b>1,514,252,015</b>	1,100,630,411
Depreciation for the period / year		<b>249,231,634</b>	471,846,625
On disposals		<b>(42,787,678)</b>	(58,225,021)
Closing balance at end of the period / year		<b>1,720,695,971</b>	1,514,252,015
<b>Operating fixed assets - net book value</b>		<b>3,714,301,876</b>	3,814,757,548

	<b>Un-audited 31 December 2023</b>	Audited 30 June 2023
<i>Note</i>	----- Rupees -----	

## 8 Short term investments

### Investments at fair value through profit or loss

Mutual fund	<i>8.1</i>	<b>499,929,267</b>	544,965,655
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#### 8.1 These investments are measured at 'fair value through Profit or Loss'

Fair value at 01 July		<b>544,965,655</b>	2,036,352,584
Redemption during the period / year - <i>net</i>		<b>(82,922,022)</b>	(1,504,375,774)
Realized gain on sale of investments during the period / year		<b>317,789</b>	7,983,560
Unrealized gain on re-measurement of investment during the period / year		<b>37,567,845</b>	5,005,285
Fair value at 31 December / 30 June	<i>8.1.1</i>	<b>499,929,267</b>	544,965,655

Units		Fair value	
Un-audited 31 December 2023	Audited 30 June 2023	Un-audited 31 December 2023	Audited 30 June 2023
.....Number.....		.....Rupees.....	

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

HBL Money Market Fund	<b>3,288,918</b>	3,288,878	<b>373,910,319</b>	339,421,408
HBL Cash Fund	<b>463,354</b>	428,856	<b>47,782,647</b>	43,814,079
ABL Cash Fund	<b>1,127,540</b>	12,224,156	<b>11,563,378</b>	125,037,256
Pakistan Cash Management Fund	<b>8,642</b>	7,922	<b>417,189</b>	399,799
Alfalah Investment Money Market Fund	<b>657,450</b>	355,974	<b>65,145,871</b>	35,183,250
MCB Cash Management Optimizer Fund	<b>10,939</b>	10,939	<b>1,109,863</b>	1,109,863
			<b>499,929,267</b>	544,965,655

## 9 Cash and bank balances

9.1 These include current account of Rs. 0.0024 million (30 June 2023: Rs. 0.0024 million) maintained under Shariah compliant arrangements.

9.2 These include deposit accounts of Rs. 24.25 million (30 June 2023: Rs. 53.36 million) under mark up arrangements, which carry interest rates ranging from 20.5% to 20.51% (30 June 2023: 12.25% - 19.51%) per annum.

These also include deposit account of Rs. 2.18 million (30 June 2023: Rs. 0.203 million) under Shariah compliant arrangements, which carries profit rate ranging from 10.00% to 11.01% (30 June 2023: 6.50% - 10.00%) per annum.

		<b>(Un-audited) Half year ended</b>	
		<b>31 December</b>	<b>31 December</b>
		<b>2023</b>	<b>2022</b>
		----- Rupees -----	
<b>10</b>	<b>Revenue - net</b>		
	<b>Gross sales:</b>		
	Local	8,932,904,923	5,521,925,179
	Export	446,870,702	370,294,525
		<b>9,379,775,625</b>	<b>5,892,219,704</b>
	<b>Less:</b>		
	Sales returns	<b>(110,895,397)</b>	(123,137,369)
	Discounts	<b>(909,535,348)</b>	(487,380,260)
	Sales tax	<b>(60,527,257)</b>	(41,867,017)
		<b>(1,080,958,002)</b>	(652,384,646)
	<b>Revenue from contracts with customers</b>	<b>8,298,817,623</b>	<b>5,239,835,058</b>
		<b>8,298,817,623</b>	<b>5,239,835,058</b>
<b>10.1</b>	<b>Disaggregation of Revenue (Net sales)</b>		
	<i>Primary Geographical Markets:</i>		
	Pakistan	7,851,946,922	4,851,514,066
	Sri Lanka	159,748,547	127,156,381
	Afghanistan	157,764,768	103,945,403
	Philippines	44,644,781	47,522,842
	Kenya	29,135,294	20,864,228
	Nepal	17,117,398	13,709,800
	Kyrgyzstan	17,017,604	17,388,353
	Myanmar	14,698,310	33,731,107
	Others	6,743,999	24,002,878
		<b>8,298,817,623</b>	<b>5,239,835,058</b>
		<b>8,298,817,623</b>	<b>5,239,835,058</b>
<b>11</b>	<b>Cost of sales</b>		
	Raw and packing materials consumed	2,488,123,495	1,390,651,605
	Other manufacturing expenses	1,034,604,017	765,341,463
		<b>3,522,727,512</b>	<b>2,155,993,068</b>
	<i>Work in process:</i>		
	Opening	249,627,985	187,423,025
	Closing	<b>(352,599,048)</b>	(233,604,903)
		<b>(102,971,063)</b>	(46,181,878)
	<b>Cost of goods manufactured</b>	<b>3,419,756,449</b>	<b>2,109,811,190</b>
	<i>Finished stock:</i>		
	Opening	1,325,994,498	1,540,438,988
	Purchases made during the period	3,049,306,514	1,058,111,623
	Closing	<b>(2,690,515,771)</b>	(1,581,899,848)
		<b>1,684,785,241</b>	1,016,650,763
		<b>5,104,541,690</b>	<b>3,126,461,953</b>
		<b>5,104,541,690</b>	<b>3,126,461,953</b>
<b>11.1</b>	<b>Raw and packing materials consumed</b>		
	Opening	1,832,285,298	1,006,691,172
	Purchases made during the period	2,678,447,284	1,802,591,895
		<b>4,510,732,582</b>	<b>2,809,283,067</b>
	Closing	<b>(2,022,609,087)</b>	(1,418,631,462)
		<b>2,488,123,495</b>	<b>1,390,651,605</b>
		<b>2,488,123,495</b>	<b>1,390,651,605</b>

**Related party transactions**

The Group's related parties include associated companies, entities over which directors are able to exercise influence, staff retirement fund, directors and key management personnel. Transactions with related parties are as follows:

Name of parties	Relationship	Transactions	(Un-audited) Half year ended	
			31 December 2023	31 December 2022
				-----Rs.-----
<b>Bago Laboratories Pte. Limited</b>	Associated Company	Purchase of medicine Payment made against purchase of medicine	44,648,569 94,182,434	30,234,549 19,580,844
<b>Employees Provident Fund</b>	Post employment benefit fund	Contribution towards employees' provident fund	48,585,958	36,124,120
<b>Key Management Personnel</b>	Key management personnel	Remuneration including benefits and perquisites Advance given against salary Cash dividend Issuance of bonus shares as dividend	27,263,565 1,931,316 - -	29,060,272 1,694,083 8,400 3,360
<b>KFW Factors (Private) Limited</b>	Common directorship	Cash dividend Issuance of bonus shares as dividend Share of profit of Pharmacia reinvested	- - 196,598	49,721,645 19,888,658 275,614
<b>Osman Khalid Waheed</b>	Chief Executive Officer-Holding Company	Remuneration including benefits and perquisites Cash Dividend Issuance of bonus shares as dividend Meeting fee	26,293,552 - - 20,000	23,169,524 12,947,025 5,178,810 20,000
<b>Akhtar Khalid Waheed</b>	Chief Executive Officer-Subsidiary Company	Remuneration including benefits and perquisites Cash Dividend Issuance of bonus shares as dividend Meeting fee	- - - 20,000	9,784,092 30,000 12,000 30,000
<b>Directors other than CEOs</b>	Non-Executive Directors	Cash Dividend Issuance of bonus shares as dividend Meeting fee Rental expense paid for building in use	- - 160,000 2,995,549	4,640,330 1,856,132 190,000 2,679,303
<b>Khan and Piracha</b>	Common directorship	Payment made against services received	-	455,000
<b>National Management Foundation / (LUMS)</b>	Common directorship	Donations Event sponsorship	- 5,000,000	2,056,752 -

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

	31 December 2023 (Un-audited)			31 December 2022 (Un-audited)				
	Unclaimed dividend	Accrued mark-up	Long term loans	Total	Unclaimed dividend	Accrued mark-up	Long term loans	Total
	----- Rupees -----				----- Rupees -----			
<b>As at 01 July</b>	97,332,707	85,967,950	2,891,898,383	3,075,199,040	91,693,095	32,613,579	2,087,956,900	2,212,263,574
<b>Changes from financing cash flows</b>								
Dividend paid	(265,619)	-	-	(265,619)	(174,220,144)	-	-	(174,220,144)
Repayment of long term loan	-	-	(170,800,953)	(170,800,953)	-	-	(89,875,000)	(89,875,000)
Proceeds from long term loan	-	-	91,192,200	91,192,200	-	-	898,488,000	898,488,000
Finance cost paid	-	(219,918,016)	-	(219,918,016)	-	(69,367,672)	-	(69,367,672)
<b>Total changes from financing cash flows</b>	<b>(265,619)</b>	<b>(219,918,016)</b>	<b>(79,608,753)</b>	<b>(299,792,388)</b>	<b>(174,220,144)</b>	<b>(69,367,672)</b>	<b>808,613,000</b>	<b>565,025,184</b>
<b>Other changes</b>								
Dividend approved	-	-	-	-	181,121,050	-	-	181,121,050
Interest / markup expense	-	256,031,730	-	256,031,730	-	92,401,491	-	92,401,491
<b>Total liability related other changes</b>	<b>-</b>	<b>256,031,730</b>	<b>-</b>	<b>256,031,730</b>	<b>181,121,050</b>	<b>92,401,491</b>	<b>-</b>	<b>273,522,541</b>
<b>As at 31 December</b>	<b>97,067,088</b>	<b>122,081,664</b>	<b>2,812,289,630</b>	<b>3,031,438,382</b>	<b>98,594,001</b>	<b>55,647,398</b>	<b>2,896,569,900</b>	<b>3,050,811,299</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 2023. The exposure to credit risk relates to trade and other receivables which are majority due from Government institutions and the Group does not expect these institutions to fail to meet their obligations.

14.2 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 amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----							
<b>31 December 2023 (Un-audited)</b>							
<b>Financial assets measured at fair value:</b>							
Short term investments	499,929,267	-	-	499,929,267	499,929,267	-	-
<b>Financial assets not measured at fair value:</b>							
Long term deposits	-	17,544,325	-	17,544,325	-	-	-
Trade debits - considered good	-	2,248,494,114	-	2,248,494,114	-	-	-
Loans and advances - considered good	-	13,813,812	-	13,813,812	-	-	-
Short term deposits	-	260,260,930	-	260,260,930	-	-	-
Other receivables	-	35,191,093	-	35,191,093	-	-	-
Cash and bank balances	-	553,106,858	-	553,106,858	-	-	-
	-	3,128,411,132	-	3,128,411,132	-	-	-
<b>Financial liabilities measured at fair value:</b>							
<b>Financial liabilities not measured at fair value:</b>							
Trade and other payables	-	-	-	-	-	-	-
Unclaimed dividend	-	-	3,364,092,005	3,364,092,005	-	-	-
Short term borrowings - secured	-	-	97,067,088	97,067,088	-	-	-
Accrued mark-up	-	-	2,376,688,324	2,376,688,324	-	-	-
	-	-	122,081,664	122,081,664	-	-	-
	-	-	5,959,929,081	5,959,929,081	-	-	-
<b>30 June 2023 (Audited)</b>							
<b>Financial assets measured at fair value:</b>							
Short term investments	544,965,655	-	-	544,965,655	544,965,655	-	-
<b>Financial assets not measured at fair value:</b>							
Long term deposits	-	14,544,325	-	14,544,325	-	-	-
Trade debits - considered good	-	1,122,799,641	-	1,122,799,641	-	-	-
Loans and advances - considered good	-	1,879,505	-	1,879,505	-	-	-
Short term deposits	-	172,233,497	-	172,233,497	-	-	-
Other receivables	-	13,826,258	-	13,826,258	-	-	-
Cash and bank balances	-	569,048,903	-	569,048,903	-	-	-
	-	1,894,332,129	-	1,894,332,129	-	-	-
<b>Financial liabilities measured at fair value:</b>							
<b>Financial liabilities not measured at fair value:</b>							
Trade and other payables	-	-	-	-	-	-	-
Unclaimed dividend	-	-	3,255,847,255	3,255,847,255	-	-	-
Short term borrowings - secured	-	-	97,332,707	97,332,707	-	-	-
Accrued mark-up	-	-	1,260,543,747	1,260,543,747	-	-	-
	-	-	85,967,950	85,967,950	-	-	-
	-	-	4,699,691,659	4,699,691,659	-	-	-

**15 Subsequent event**

The Board of Directors of the Holding Company in its meeting held on 28 February 2024 has approved an interim cash dividend of Rs. Nil per share (31 December 2022: Rs. Nil per share), amounting to Rs. Nil (31 December 2022: Rs. Nil) for the year ending 30 June 2024.

**16 Date of authorization for issue**

The Board of Directors of the Holding Company in its meeting held on 28 February 2024 has authorized to issue these condensed interim consolidated financial statements.

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**Chief Executive Officer**

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**Chief Financial Officer**

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**Director**



65 YEARS  
OF TRUST & DEVOTION

The logo features the number '65' in a large, stylized font. The '6' is light blue with a green cross inside its lower loop. The '5' is orange. To the right of the '5' is the word 'YEARS' in a bold, dark grey sans-serif font, with a small graphic of two birds flying above the 'A'. Below this, the words 'OF TRUST & DEVOTION' are written in a smaller, dark grey sans-serif font.







**65**  
+ YEARS  
OF TRUST & DEVOTION