



**CELEBRATING
75 YEARS OF
PAKISTAN**

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
31 DECEMBER 2022**



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.

TABLE OF CONTENTS

CORPORATE INFORMATION	03
DIRECTORS' REVIEW REPORT	04
DIRECTORS' REVIEW REPORT (URDU)	07
INDEPENDENT AUDITOR'S REVIEW REPORT	10
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION	12
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS	13
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	14
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY	15
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS	16
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS	17
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION	33
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS	34
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	35
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	36
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	37
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	38



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

SALES OFFICE, LAHORE

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

DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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 2022. 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-22	6 Months 31-Dec-21	3 Months 31-Dec-22	3 Months 31-Dec-21	6 Months 31-Dec-22	6 Months 31-Dec-21	3 Months 31-Dec-22	3 Months 31-Dec-21

(Rupees in thousands)

Revenue - net	4,605,813	3,502,616	2,319,318	1,809,430	5,239,835	4,396,877	2,672,838	2,173,594
Gross profit	1,943,389	1,714,622	949,712	888,189	2,113,373	2,119,247	1,036,301	1,094,763
Profit before tax	267,162	490,438	110,069	271,220	339,254	822,260	149,228	441,595
Profit after tax	199,139	346,619	94,222	186,219	251,620	623,047	119,426	322,057
Earnings per share	4.58	7.97	2.17	4.28	5.54	13.03	2.64	6.74

Financial and Operational Review of Ferozsons Laboratories Limited

The Company's consolidated net sales closed at Rs. 5,240 million, depicting a growth of 19% over the same period last year. On a standalone basis, the Company's net sales closed at Rs. 4,606 million, a growth of 31% over the same period last year.

In-market generic sales have increased by 24%, whereas institutional sales of generics and medical devices increased by 44%.

The gross profit (GP) margin of the Company stands at 42% against 49% in the same period last year. The decline in GP margin mainly reflects a change in sales mix together with an increase in input costs of products due to significant devaluation of Pakistani Rupee. The Company has booked exchange loss of Rs. 137 million in other expenses during the six-month period. Had this been treated as inventory cost, the GP margin for the current period would have become 39%.

Selling and distribution expenses increased by 36%. The increase primarily represents inflationary impact coupled with an increase in salaries and field activities expenses.

Other expenses increased by 13%, which primarily represents exchange loss due to the devaluation of the Pak. Rupee. Other income increased by 10%, primarily due to an increase in investment income.

Profit after taxation (PAT) closed at Rs. 199 million for the six months and Rs. 94 million for the second quarter under review, depicting a decline of 43% and 49% respectively.

Based on the net profit after tax for the six months ended 31 December 2022, the earnings per share (EPS) stands at Rs. 4.58 compared to EPS of Rs. 7.97 in same period last year. The EPS relating to last year has been re-stated to account for the impact of bonus shares issued during the period under review.

DIRECTORS' REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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

The net sales of the subsidiary, BF Biosciences Limited closed at Rs. 713 million, compared to Rs. 831 million last year. The decrease primarily represents a decline in Remidia (Remdesivir) sales in export and local markets.

Regarding the expansion project of the subsidiary's Company, civil works are near to completion. Further, the complete plant and machinery have arrived at site and are currently in installation phase.

Future Outlook

The recent change in macroeconomic factors, including deteriorating foreign reserves, depreciation of the Pakistani Rupee and increase in policy rate by central bank pose significant risks for the industry's viability going forward. An inflationary adjustment in pricing across the board is required to sustain continued supply of life-saving products in the market. In the absence of such ad hoc price relief, a public health crisis will become inevitable.

Although SBP has prioritized pharmaceutical imports, the industry still faces various challenges in relation to processing of Letter of Credits, Bank Contracts and Advance Payments.

To cope with these challenges, the Company is working on various cost optimization and growth strategies.

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 بائیوسائنسز لمیٹڈ (ذیلی کمپنی) کا مالیاتی اور آپریشنل جائزہ:

ذیلی کمپنی، BF بائیوسائنسز لمیٹڈ کی خالص فروخت پچھلے سال 831 ملین روپے کے مقابلے میں 713 ملین روپے پر بند ہوئی۔ یہ کمی بنیادی طور پر عالمی اور مقامی منڈیوں میں Remidia (Remidesivir) کی فروخت میں کمی کی عکاسی کرتی ہے۔

ذیلی کمپنی کے توسیعی منصوبے کے حوالے سے اب تقریباً تعمیراتی کام مکمل ہو چکے ہیں۔ مزید یہ کہ پلانٹ اور مشینری کی اکثریت سائٹ پر پہنچ چکی ہے اور تنصیب کے مرحلے میں شامل ہے۔

مستقبل کا نقطہ نظر

میکرو اکنامک (Macro Economics) عوامل میں حالیہ تبدیلی، بشمول بگڑتے ہوئے غیر ملکی ذخائر، پاکستانی روپے کی قدر میں کمی اور مرکزی بینک کی جانب سے پالیسی ریٹ میں اضافہ صنعت کے آگے بڑھنے کے لیے اہم خطرات کا باعث ہے۔ مارکیٹ میں زندگی بچانے والی مصنوعات کی مسلسل فراہمی کو برقرار رکھنے کے لیے افراط زر میں موافقت (Adjustment) ضروری ہے۔ قیمتوں میں اس طرح کی وقتی یا ہنگامی رعایت کی عدم فراہمی کی صورت میں صحت عامہ کا بحران ناگزیر ہو جائے گا۔

اگر چھ اسٹیٹ بینک آف پاکستان نے دواسازی کی درآمدات کو ترجیح دی ہے، لیکن اس صنعت کو اب بھی لیٹر آف کریڈٹس (Letter of Credits)، بینک کنٹریکٹس (Bank Contracts) اور ایڈوانس ادا کیے (Advance Payment) کے سلسلے میں مختلف چیلنجز کا سامنا ہے۔

ان چیلنجز سے نمٹنے کے لیے کمپنی مختلف لاگت کی اصطلاح اور ترقی کی حکمت عملیوں پر کام کر رہی 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 2022 کو اختتام پذیر ہونے والے چھ ماہ کی مجموعی (کنڈینسڈ) عبوری مالیاتی معلومات کے

بارے میں ڈائریکٹرز کا جائزہ

ہم 31 دسمبر 2022 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% ملکیت فارمیسیا (Farmacia) اور 80% ملکیت ذیلی کمپنی BF بائیوسائنسز لمیٹڈ کو شامل کیا گیا ہے۔

کمپنی کے انفرادی اور مجموعی مالیاتی نتائج کی جھلکیاں:

اس مدت کے لیے 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
2021-31 دسمبر	2022-31 دسمبر	2021-31 دسمبر	2022-31 دسمبر	2021-31 دسمبر	2022-31 دسمبر	2021-31 دسمبر	2022-31 دسمبر

روپے ہزار میں

2,173,594	2,672,838	4,396,877	5,239,835	1,809,430	2,319,318	3,502,616	4,605,813	آمدنی - خالص
1,094,763	1,036,301	2,119,247	2,113,373	888,189	949,712	1,714,622	1,943,389	مجموعی منافع
441,595	149,228	822,260	339,254	271,220	110,069	490,438	267,162	قبل از ٹیکس منافع
322,057	119,426	623,047	251,620	186,219	94,222	346,619	199,139	ٹیکسیشن
6.74	2.64	13.03	5.54	4.28	2.17	7.97	4.58	بعد از ٹیکس منافع

فیروز سنز لیڈیٹرز لمیٹڈ کا مالیاتی اور آپریشنل جائزہ:

کمپنی کی مجموعی خالص فروخت 5,240 ملین پر بند ہوئی، جو پچھلے سال کی اسی مدت کے مقابلے میں 19% نمو کو ظاہر کرتی ہے۔ انفرادی طور پر کمپنی کی خالص فروخت 4,606 ملین پر بند ہوئی، جو پچھلے سال کی اسی مدت کے مقابلے میں 31% اضافے کی عکاسی کرتی ہے۔

مارکیٹ میں عام ادویات کی فروخت میں 24% جبکہ عام ادویات اور طبی آلات کی ادار جاتی فروخت (Institutional Sales) میں 44% اضافہ ہوا ہے۔

کمپنی کا مجموعی منافع (GP) مارجن 42% ہے جو پچھلے سال اسی مدت میں 49% تھا۔ GP مارجن میں کمی بنیادی طور پر پاکستانی روپے کی قدر میں نمایاں کمی کی وجہ سے مصنوعات کی لاگت میں اضافے کے ساتھ متوازن فروخت (Sales Mix) میں تبدیلی کی عکاسی کرتا ہے۔ کمپنی نے چھ ماہ کے دوران دیگر اخراجات میں 137 ملین کا ایکٹو خسارہ (Exchange Loss) مختص کیا ہے۔ اگر اسے تجارتی سامان کی لاگت (Inventory cost) کے طور پر سمجھا جاتا تو موجودہ مدت کے لیے GP مارجن 39% ہو جاتا۔

فروخت اور تقسیم (Distribution) کے اخراجات میں 36% اضافہ ہوا ہے۔ یہ اضافہ بنیادی طور پر تنخواہوں اور فیلڈ کی سرگرمیوں کے اخراجات میں اضافے سے متصل (Coupled) ہے۔

دیگر اخراجات میں 13% کا اضافہ ہوا، جو بنیادی طور پر پاکستانی روپے کی قدر میں کمی کی وجہ سے زرمبادلہ کے نقصان (Exchange Loss) کی عکاسی کرتا ہے۔ بنیادی طور پر سرمایہ کاری کی آمدنی (Investment Income) میں اضافے کی وجہ سے دیگر آمدنی میں 10% اضافہ ہوا ہے۔

ششماہی دورانیہ کے لیے بعد از ٹیکس منافع (Profit After Taxation) 199 ملین روپے جبکہ زبرد جائزہ دوسرے سہ ماہی کے لیے 94 ملین پر بند ہوا، جو بالترتیب 43% اور 49% کی کمی کو ظاہر کرتا ہے۔

31 دسمبر 2022 کو اختتام پذیر ہونے والے ششماہی دورانیہ کے بعد از ٹیکس کے خالص منافع کی بنیاد پر پی ٹی حصص آمدنی (EPS) 4.58 روپے ہے جو گزشتہ سال اسی مدت میں 7.97 روپے پی ٹی حصص تھی۔ گزشتہ سال سے متصل EPS کو دوبارہ بیان کیا گیا ہے تاکہ زبرد جائزہ مدت کے دوران جاری کرہ بونٹھ کے اثرات کا حساب کتاب کرے۔



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 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 2022 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 this 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 financial information does not give a true and fair view of the condensed interim unconsolidated statement of financial position as at 31 December 2022 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 statement of cashflows and notes to the condensed interim financial statements for the six-month period then ended 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 2022 and 31 December 2021 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: 28 February 2023

UDIN: RR202210119qbN52C1gR


KPMG Taseer Hadi & Co.
Chartered Accountants

RR0423

Ferozsons Laboratories Limited
Condensed Interim Unconsolidated Statement of Financial Position
As at 31 December 2022

	Un-audited 31 December 2022	Audited 30 June 2022
	Rupees	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital 50,000,000 (30 June 2022: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and paid up capital	434,690,520	362,242,100
Capital reserve	321,843	321,843
Revaluation surplus on property, plant and equipment	1,012,568,382	1,032,733,321
Accumulated profit	4,874,620,616	4,908,885,731
	6,322,201,361	6,304,182,995
Non current liabilities		
Long term loan - secured	115,555,556	-
Deferred taxation	239,250,700	257,718,868
	354,806,256	257,718,868
Current liabilities		
Current portion of:		
- Long term loans - secured	14,444,444	84,040,204
- Current portion of deferred grant	-	1,459,796
Trade and other payables	2,134,107,056	2,025,666,697
Contract liabilities	80,500,543	99,615,324
Short term borrowings - secured	581,735,447	343,176,422
Unclaimed dividend	98,594,001	91,693,095
Accrued mark-up	24,506,087	18,789,481
	2,933,887,578	2,664,441,019
Contingencies and commitments		
	9,610,895,195	9,226,342,882
ASSETS		
Non-current assets		
Property, plant and equipment	3,628,344,761	3,524,760,426
Intangible assets	720,409	1,002,673
Long term investments - related parties	381,843,894	368,338,850
Long term deposits	9,717,325	9,717,325
	4,020,626,389	3,903,819,274
Current assets		
Stores, spare parts and loose tools	59,904,273	58,019,845
Stock in trade	2,787,535,213	2,772,889,705
Trade debts	1,146,798,104	1,065,839,706
Loans and advances	101,289,192	51,177,114
Deposits and prepayments	138,996,268	101,571,856
Other receivables	272,131,966	256,878,499
Advance income tax - net	165,918,223	140,943,346
Short term investments	706,655,788	695,089,997
Cash and bank balances	211,039,779	180,113,540
	5,590,268,806	5,322,523,608
	9,610,895,195	9,226,342,882

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 2022

		Half year ended		Quarter ended	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Note		----- Rupees -----		----- Rupees -----	
Revenue - net	13	4,605,813,022	3,502,615,970	2,319,318,366	1,809,429,755
Cost of sales	14	(2,662,423,694)	(1,787,993,561)	(1,369,606,860)	(921,240,352)
Gross profit		1,943,389,328	1,714,622,409	949,711,506	888,189,403
Administrative expenses		(316,289,741)	(240,630,828)	(164,027,497)	(118,786,195)
Selling and distribution expenses		(1,239,115,788)	(913,002,282)	(678,236,241)	(483,034,483)
Other expenses		(162,216,997)	(144,155,460)	(14,529,368)	(46,540,755)
Other income		91,752,520	83,226,728	47,130,084	37,173,799
Profit from operations		317,519,322	500,060,567	140,048,484	277,001,769
Finance cost		(50,356,872)	(9,622,532)	(29,979,535)	(5,781,318)
Profit before taxation		267,162,450	490,438,035	110,068,949	271,220,451
Taxation		(68,023,034)	(143,819,023)	(15,847,104)	(85,001,392)
Profit after taxation		199,139,416	346,619,012	94,221,845	186,219,059
Earnings per share - <i>basic and diluted</i>		4.58	<i>Re-stated</i> 7.97	2.17	<i>Re-stated</i> 4.28

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 2022

	Half year ended		Quarter ended	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	----- Rupees -----			
Profit after taxation	199,139,416	346,619,012	94,221,845	186,219,059
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	199,139,416	346,619,012	94,221,845	186,219,059

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 2022

	Capital reserve		Revenue reserve		Total
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profit	
			-----	-----	-----
			Rupees		
Balance as at 01 July 2021	362,242,100	321,843	1,093,377,437	4,716,649,019	6,172,590,399
Total comprehensive income for the period	-	-	-	346,619,012	346,619,012
<u>Surplus transferred to accumulated profit</u>					
- On account of incremental depreciation charged during the period - net of tax	-	-	(21,255,808)	21,255,808	-
<u>Transactions with owners of the Company, recognized directly in Equity - Distributions</u>					
-Final dividend for the year ended 30 June 2021 at Rs. 10 per share	-	-	-	(362,242,100)	(362,242,100)
Balance as at 31 December 2021 - unaudited	362,242,100	321,843	1,072,121,629	4,722,281,739	6,156,967,311
Balance as at 01 July 2022	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
<u>Surplus transferred to accumulated profit</u>					
on account of incremental depreciation charged during the period - net of tax	-	-	(20,164,939)	20,164,939	-
<u>Transactions with owners of the Company, recognized directly in Equity - Distributions</u>					
Final dividend for the year ended 30 June 2022 at Rs. 5 per share	-	-	-	(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

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 2022

	Half year ended	
	31 December 2022	31 December 2021
----- Rupees -----		
<u>Cash flow from operating activities</u>		
Profit before taxation	267,162,450	490,438,035
<i>Adjustments for non - cash and other items</i>		
Depreciation on property, plant and equipment	183,567,540	163,081,038
Amortisation of intangible assets	282,264	152,640
Trade debts directly written off	3,390,023	-
Provision of loss allowance against trade debts	3,196,931	-
Gain on disposal of property, plant and equipment	(17,839,435)	(15,649,667)
Finance cost	50,356,872	9,622,532
Gain on re-measurement of short term investments to fair value	(22,023,911)	(13,242,280)
Gain on sale of short term investments	-	(4,285,402)
Dividend income	(30,034,305)	(27,022,655)
Profit on bank deposits	(563,858)	(2,249,638)
Share in profit of Farmacia	(13,505,044)	(15,248,504)
Workers' Profit Participation Fund	14,320,993	26,843,164
Central Research Fund	2,893,130	5,422,861
Workers' Welfare Fund	4,936,414	9,882,157
	178,977,614	137,306,246
Cash generated from operations before working capital changes	446,140,064	627,744,281
<u>Effect on cash flow due to working capital changes</u>		
<i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(1,884,428)	(5,772,269)
Stock in trade	(14,645,508)	(864,525,366)
Trade debts - considered good	(87,545,352)	421,309,364
Loans and advances - considered good	(50,112,078)	(18,778,349)
Deposits and prepayments	(37,424,412)	(214,925,794)
Other receivables	(15,253,467)	(27,652,995)
	(206,865,245)	(710,345,409)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	127,280,133	238,993,802
Contract liabilities	(19,114,781)	32,404,633
Cash generated from operations	347,440,171	188,797,307
Taxes paid	(132,032,808)	(119,303,320)
Workers' Profit Participation Fund paid	(10,268,358)	(2,982,981)
Central Research Fund paid	(10,155,224)	(10,697,660)
Net cash generated from operating activities	194,983,781	55,813,346
<u>Cash flow from investing activities</u>		
Fixed capital expenditure incurred	(297,180,889)	(246,097,803)
Dividend income received	30,034,305	27,022,655
Proceeds from sale of property, plant and equipment	27,868,449	21,380,432
Profit on bank deposits received	563,858	2,249,638
Short term investments - net	10,458,120	216,067,648
Net cash (used in) / generated from investing activities	(228,256,157)	20,622,570
<u>Cash flow from financing activities</u>		
Long term loan received	130,000,000	-
Long term loan paid	(85,500,000)	(85,500,000)
Finance cost paid	(44,640,266)	(9,135,110)
Dividend paid	(174,220,144)	(349,435,868)
Net cash used in financing activities	(174,360,410)	(444,070,978)
Net decrease in cash and cash equivalents	(207,632,786)	(367,635,062)
Cash and cash equivalents at the beginning of the period	(163,062,882)	399,374,281
Cash and cash equivalents at the end of the period	(370,695,668)	31,739,219
Cash and cash equivalents comprise of the following		
Cash and bank balances	211,039,779	330,795,170
Running finance	(581,735,447)	(299,055,951)
	(370,695,668)	31,739,219

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 2022

1 Reporting entity

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

2 Basis of preparation

2.1 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;
- Islamic Financial Accounting Standards ("IFAS") issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.3 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 2022 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 2022. 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 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 2022, whereas comparative condensed interim 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 2021.

2.3.4 These condensed interim unconsolidated 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 2022.

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 2022.

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

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

Amendments and interpretations of approved accounting standards

– Amendments to IAS 1 - Classification of liabilities as current or non-current	01-Jan-24
– Amendments to IAS 1 - Non-current liabilities with covenants	01-Jan-24
– Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	01-Jan-23
– Amendments to IAS 8 - Definition of Accounting Estimates	01-Jan-23
– Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01-Jan-23
– Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback	01-Jan-24

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 2022 (Number of shares)	Audited 30 June 2022	Un-audited 31 December 2022 (Rupees)	Audited 30 June 2022
Voting ordinary shares of Rs. 10 each fully paid up in cash	1,441,952	1,441,952	14,419,520	14,419,520
Voting ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	119,600	119,600	1,196,000	1,196,000
Ordinary shares of Rs. 10 each issued as bonus shares	41,907,500	34,662,658	419,075,000	346,626,580
	43,469,052	36,224,210	434,690,520	362,242,100

KFW Factors (Private) Limited, an associated company holds 11,933,194 (30 June 2022: 9,944,329) ordinary shares of Rs. 10 each of the Company, representing 27.45% (30 June 2022: 27.45%) of the equity held.

4 Long term loan - secured

4.1 This represents long term financing facility availed from Allied Bank Limited to finance installation / commissioning of 1 MW captive solar power system under SBP Financing Scheme for Renewable Energy (SBP-RE). The total available limit under this facility amounts to Rs. 130 million (30 June 2022: Rs. Nil). The financing is secured against pari passu hypothecation charge over all present and future fixed assets (plant and machinery only) of the Company with 25% margin. The loan carries 7 years tenor (inclusive of three-months grace period) and is repayable in 27 equal quarterly instalments. This facility has been obtained currently as 'Term Loan', which shall be converted to SBP-RE after necessary approvals by State Bank of Pakistan. This carries fixed markup rate of 6% (SBP Rate plus Bank's Spread). However, during the transition period (i.e. before conversion to SBP-RE), the applicable rate of mark-up is 3 months KIBOR +1% per annum (30 June 2022: Nil) and is payable on quarterly basis.

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 2022.

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 2022 except for the following:-

6.1.1 In July 2022 The Deputy Commissioner Inland Revenue has passed an order under section 161/205 in respect of Tax Year 2018 and created a demand of Rs. 55,674,204 based on the contention that the Company has not deducted withholding tax while making payment to certain suppliers.

The Company had filed an appeal against this demand before Commissioner Appeals which is currently pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

6.1.2 In April 2019, the ACIR issued notice to the company u/s 122(9) of Income Tax Ordinance, 2001 for the tax year 2018. The proceedings were concluded in September 2022 and an order was issued amounting to Rs. 211,576,500 on various contentions which mainly includes amortization of expenses related to conference, seminars & trainings, medical research and promotional expenses, balance of trade creditors, other revenue claimed as exempt, etc.

The Company had filed an appeal against this demand before Commissioner Appeals which is currently pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company

6.2 Commitments

6.2.1 Letter of credits

6.2.1.1 With conventional financial institutions

Out of the aggregate facility of Rs. 1,850 million (30 June 2022: Rs. 1,700 million) for opening letters of credit, the amount utilized as at 31 December 2022 for capital expenditure was Rs. Nil (30 June 2022: Rs. Nil) and for other than capital expenditure was Rs. 616.88 million (30 June 2022: Rs. 313.18 million). These facilities are secured by joint pari passu charge over all present and future current assets and first pari passu charge on plant and machinery of the Company.(30 June 2022: joint pari passu charge and ranking 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. 800 million (30 June 2022: Rs. 400 million) available from Islamic bank. The amount utilized as at 31 December 2022 for capital expenditure was Rs. Nil (30 June 2022: Rs. Nil) and for other than capital expenditure was Rs. 450.76 million (30 June 2022: Rs. 15.26 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 (30 June 2022: 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 2022 was Rs. 249 million (30 June 2022: Rs. 127.86 million).

6.2.2.2 Under Shariah compliant arrangements

The Company has facility i.e. letter of guarantee of Rs. 25 million (30 June 2022: Rs. 25 million) available from Islamic bank, the amount utilized at 31 December 2022 was Rs. 24.13 million (30 June 2022: Rs. 4.49 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 (30 June 2022: Rs. 3,500 million) for a tenor of 10 years. Out of this approved limit, corporate guarantees amounting to Rs. 2,925 million (30 June 2022: Rs. 2,925 million) for a tenor of 10 years have been provided to banks / financial institutions during the year.

		Un-audited 31 December 2022	Audited 30 June 2022
		-----Rupees-----	
7	Property, plant and equipment		
	Operating fixed assets	3,111,396,628	3,137,058,744
	Capital work-in-progress	516,948,133	387,701,682
		3,628,344,761	3,524,760,426
7.1	Operating fixed assets		
	<u>Cost</u>		
	Opening balance at beginning of the period / year	4,031,066,603	3,771,507,839
	Additions / transfers during the period / year	167,934,438	337,348,564
	Disposals during the period / year	(44,646,366)	(77,789,800)
	Closing balance at end of the period / year	4,154,354,675	4,031,066,603
	<u>Less: Accumulated depreciation</u>		
	Opening balance at beginning of the period / year	894,007,859	626,309,836
	Depreciation for the period / year	183,567,540	334,432,009
	Depreciation on disposal for the period / year	(34,617,352)	(66,733,986)
	Closing balance at end of the period / year	1,042,958,047	894,007,859
	Operating fixed assets - net book value	3,111,396,628	3,137,058,744
8	Long term investments - related parties		
	<u>Related parties - at cost</u>		
	<i>Farmacía (Partnership firm):</i>		
	Capital held: 98% (30 June 2022: 98%)	229,843,934	216,338,890
	Managing Partner - Osman Khalid Waheed		
	<i>BF Biosciences Limited (unlisted subsidiary):</i>		
	15,199,996 (30 June 2022: 15,199,996) fully paid ordinary shares of Rs. 10 each	151,999,960	151,999,960
	Equity held: 80% (30 June 2022: 80%)		
	Chief Executive Officer - Mrs. Akhter Khalid Waheed		
		381,843,894	368,338,850
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 2022: 80%) of equity of the subsidiary and the remaining 20% is held by Grupo Empresarial Bagó S.A., Spain.		

9 Stock in trade

9.1 This includes provision outstanding on account of write down of raw material and finished goods to net realizable value amounting to Rs. 13.24 million (30 June 2022: 13.24 million) and Rs. 19.67 million (30 June 2022: Rs. 19.67 million), respectively.

10 Trade debts

10.1 This includes provision outstanding on account of impairment loss allowance amounting to Rs. 63.50 million (30 June 2022: 60.30 million).

		Un-audited 31 December 2022	Audited 30 June 2022
	<i>Note</i>	-----Rupees-----	

11 Short term investments

Investments at fair value through profit or loss

Mutual fund	<i>11.1</i>	706,655,788	695,089,997
-------------	-------------	--------------------	--------------------

11.1 These investments are measured at 'fair value through Profit or Loss'

Fair value at 01 July		695,089,997	1,080,776,249
Redemption during the period / year - net		(40,492,425)	(476,199,818)
Dividend re-invested during the period / year		30,034,305	83,899,054
Realized gain on sale of investments during the period / year		-	4,006,688
Unrealized gain on re-measurement of investment during the period / year		22,023,911	2,607,824

Fair value of investments at 31 December / 30 June	<i>11.1.1</i>	706,655,788	695,089,997
--	---------------	--------------------	--------------------

11.1.1 Mutual fund wise detail is as follows:

	Units		Fair value	
	Un-audited 31 December 2022	Audited 30 June 2022	Un-audited 31 December 2022	Audited 30 June 2022
Number.....	Rupees.....	
HBL Money Market Fund	2,883,743	2,883,743	317,922,589	296,411,019
MCB Cash Management Optimizer Fund	10,939	10,939	1,110,284	1,109,225
HBL Cash Fund	456,485	433,153	46,760,299	43,884,004
Pakistan Cash Management Fund	6,754,061	7,016,903	340,862,616	353,685,749
			706,655,788	695,089,997

11.2 The investments amounting to Rs. 666.67 million (30 June 2022: Rs. 666.67 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 2022: Rs. 0.0024 million) maintained under Shariah compliant arrangements.

12.2 These include deposit accounts of Rs. 3.44 million (30 June 2022: Rs. 8.80 million) under mark up arrangements, which carry interest rates ranging from 12.25% to 14.51% (30 June 2022: 5.50% - 12.25%) per annum.

These also include deposit account of Rs. 0.201 million (30 June 2022: Rs. 0.195 million) under Shariah compliant arrangements, which carries profit rate from 6.50% - 7.00% (30 June 2022: 2.95% - 6.01%) per annum.

		(Un-audited) Half year ended	
		31 December 2022	31 December 2021
		----- Rupees -----	
<i>Note</i>			
13 Revenue - net			
<i>Gross sales:</i>			
Local		4,780,042,532	3,551,229,196
Export		351,836,047	187,765,194
		5,131,878,579	3,738,994,390
<i>Less:</i>			
Sales returns		(91,804,702)	(35,232,513)
Discounts		(397,489,755)	(191,627,536)
Sales tax		(36,771,100)	(9,518,371)
		(526,065,557)	(236,378,420)
Revenue from contracts with customers	<i>13.1</i>	4,605,813,022	3,502,615,970
13.1 Disaggregation of Revenue (Net sales)			
Primary Geographical Markets			
Pakistan		4,253,976,975	3,314,850,776
Sri Lanka		127,156,381	98,209,271
Philippines		47,522,842	40,944,675
Myanmar		20,683,114	9,936,088
Afghanistan		102,937,809	218,109
Kenya		15,370,635	7,267,441
Kyrgyzstan		16,889,094	10,681,963
Others		21,276,172	20,507,647
		4,605,813,022	3,502,615,970

		(Un-audited) Half year ended	
		31 December	31 December
		2022	2021
		----- Rupees -----	
14	Cost of sales		
		<i>Note</i>	
	Raw and packing materials consumed	<i>14.1</i>	1,218,567,694
	Salaries, wages and other benefits		987,312,693
	Fuel and power		231,304,635
	Repair and maintenance		181,153,091
	Freight and forwarding		54,289,960
	Stores, spare parts and loose tools consumed		34,064,240
	Packing charges		14,719,235
	Rent, rates and taxes		12,038,005
	Printing and stationery		35,708,708
	Postage and telephone		25,577,899
	Insurance		36,612,339
	Travelling and conveyance		73,400,968
	Canteen expenses		7,811,198
	Depreciation on property, plant and equipment		6,803,895
	Laboratory and other expenses		3,102,113
			2,917,878
			3,298,985
			1,924,899
			4,006,153
			2,480,366
			7,134,528
			8,162,931
			10,092,008
			6,288,418
			9,955,049
			8,367,674
			126,849,404
			113,901,796
			6,916,429
			4,099,341
			1,770,368,438
			1,468,494,094
	<i>Work in process:</i>		
	Opening		155,665,588
	Closing		90,888,803
			(181,189,258)
			(157,666,862)
			(25,523,670)
			(66,778,059)
	Cost of goods manufactured		1,744,844,768
			1,401,716,035
	<i>Finished stock:</i>		
	Opening		1,431,320,397
	Purchases made during the period / year		719,606,841
	Closing		958,507,302
			849,783,726
			(1,472,248,773)
			(1,183,113,041)
			917,578,926
			386,277,526
			2,662,423,694
			1,787,993,561
14.1	Raw and packing materials consumed		
	Opening		876,498,555
	Purchases made during the period / year		584,711,427
			1,353,290,146
			1,078,991,398
			2,229,788,701
			1,663,702,825
	Closing		(1,011,221,007)
			(676,390,132)
			1,218,567,694
			987,312,693

Related party transactions

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 2022	31 December 2021
Farmacia	98% owned subsidiary partnership firm	Sale of medicines - <i>net of returns and discounts</i>	55,926,394	12,123,317
		Payment received against sale of medicine	55,926,394	12,123,317
		Rentals	2,824,584	2,567,808
		Share of profit reinvested	13,505,044	15,248,504
BF Biosciences Limited	80% owned subsidiary company	Sale of medicines	174,147,110	35,719,225
		Payment received against sale of medicine	174,147,110	35,719,225
		Purchase of medicines	18,272,099	4,928,461
		Payment made against purchase of medicine	18,272,099	4,928,461
		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>	-	15,010,261
		Expenses incurred by BFBL on behalf of the Company - <i>net</i>	36,822,877	-
		Receipts received by BFBL on behalf of the Company - <i>net</i>	1,362,903	15,010,261
		Payments made to BFBL - <i>net</i>	35,459,974	-
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	29,060,272	25,702,238
		Advance given against salary	1,694,083	-
		Cash dividend paid	8,400	16,800
		Issuance of bonus shares as dividend	3,360	-
Employees Provident Fund	Post employment benefit fund	Contribution towards employees' provident fund	31,546,427	26,101,475
KFW Factors (Private) Limited	Common directorship	Cash dividend paid	49,721,645	99,443,290
		Issuance of bonus shares as dividend	19,888,658	-
Osman Khalid Waheed	Chief Executive Officer	Remuneration including benefits and perquisites	23,169,524	23,316,553
		Cash dividend paid	12,947,025	25,930,050
		Issuance of bonus shares as dividend	5,178,810	-
		Meeting fee	20,000	30,000
Directors other than CEO	Non-Executive Directors	Cash dividend paid	4,670,330	9,340,660
		Issuance of bonus shares as dividend	1,868,132	-
		Meeting fee	220,000	240,000
		Rental expense paid for building in use	2,679,303	2,395,800
Khan and Piracha	Common directorship	Payment made against services received	455,000	-
National Management Foundation / (LUMS)	Common directorship	Donations	2,056,752	5,000,000

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

	31 December 2022 (Un-audited)			31 December 2021 (Un-audited)				
	Unclaimed dividend	Accrued mark-up	Long term loan	Total	Unclaimed dividend	Accrued mark-up	Long term loan	Total
Balance as at 01 July	91,693,095	18,789,481	85,500,000	195,982,576	80,049,018	2,439,282	256,500,000	338,988,300
<u>Changes from financing cash flows</u>								
Dividend paid	(174,220,144)	-	-	(174,220,144)	(349,435,868)	-	-	(349,435,868)
Proceeds from long term loan	-	-	130,000,000	130,000,000	-	-	-	-
Repayment of long term loan	-	-	(85,500,000)	(85,500,000)	-	-	(85,500,000)	(85,500,000)
Finance cost paid	-	(44,640,266)	-	(44,640,266)	-	(9,135,110)	-	(9,135,110)
Total changes from financing cash flows	(174,220,144)	(44,640,266)	44,500,000	(174,360,410)	(349,435,868)	(9,135,110)	(85,500,000)	(444,070,978)
<u>Other changes</u>								
Dividend approved	181,121,050	-	-	181,121,050	362,242,100	-	-	362,242,100
Interest / markup expense	-	50,356,872	-	50,356,872	-	9,622,532	-	9,622,532
Total liability related other changes	181,121,050	50,356,872	-	231,477,922	362,242,100	9,622,532	-	371,864,632
Closing as at 31 December	98,594,001	24,506,087	130,000,000	253,100,088	92,855,250	2,926,704	171,000,000	266,781,954

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 2022.

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 statement of profit or loss	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----							
31 December 2022 (Un-audited)							
Financial assets measured at fair value:	706,655,788	-	-	706,655,788	706,655,788	-	-
<i>Financial assets not measured at fair value</i>							
Long term deposits	-	9,717,325	-	9,717,325	-	-	-
Trade debts	-	1,146,798,104	-	1,146,798,104	-	-	-
Loans and advances	-	5,318,482	-	5,318,482	-	-	-
Deposits	-	114,290,671	-	114,290,671	-	-	-
Other receivables	-	84,887,522	-	84,887,522	-	-	-
Cash and bank balances	-	211,039,779	-	211,039,779	-	-	-
	-	1,572,051,883	-	1,572,051,883	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-
<i>Financial liabilities not measured at fair value</i>							
Trade and other payables	-	-	2,026,832,070	2,026,832,070	-	-	-
Unclaimed dividend	-	-	98,594,001	98,594,001	-	-	-
Long term loans - secured	-	-	130,000,000	130,000,000	-	-	-
Short term borrowings - secured	-	-	581,735,447	581,735,447	-	-	-
Accrued mark-up	-	-	24,506,087	24,506,087	-	-	-
	-	-	2,861,667,605	2,861,667,605	-	-	-

Fair value through statement of profit or loss	Carrying Amount			Fair Value		
	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----						
695,089,997	-	-	695,089,997	695,089,997	-	-
-	9,717,325	-	9,717,325	-	-	-
-	1,065,839,706	-	1,065,839,706	-	-	-
-	1,461,513	-	1,461,513	-	-	-
-	93,772,546	-	93,772,546	-	-	-
-	40,990,613	-	40,990,613	-	-	-
-	180,113,540	-	180,113,540	-	-	-
-	1,391,895,243	-	1,391,895,243	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,906,206,861	1,906,206,861	-	-	-
-	-	91,693,095	91,693,095	-	-	-
-	-	85,500,000	85,500,000	-	-	-
-	-	343,176,422	343,176,422	-	-	-
-	-	18,789,481	18,789,481	-	-	-
-	-	2,445,365,859	2,445,365,859	-	-	-

30 June 2022 (Audited)

Financial assets measured at fair value:

Financial assets not measured at fair value

Long term deposits
Trade debts
Loans and advances
Deposits
Other receivables
Cash and bank balances

Financial liabilities measured at fair value:

Financial liabilities not measured at fair value

Trade and other payables
Unclaimed dividend
Long term loans - secured
Short term borrowings - secured
Accrued mark-up

18 Subsequent event

The Board of Directors of the Company in its meeting held on 27 February 2023 has approved an interim cash dividend of Rs. Nil per share (31 December 2021: Rs. Nil per share), amounting to Rs. Nil (31 December 2021: Rs. Nil) for the year ending 30 June 2023.

19 General

Figures have been rounded off to the 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 27 February 2023.

Chief Executive Officer

Chief Financial Officer

Director



CONSOLIDATED FINANCIAL STATEMENTS

Ferozsons Laboratories Limited
Condensed Interim Consolidated Statement of Financial Position
As at 31 December 2022

	Un-audited 31 December 2022	Audited 30 June 2022
	----- Rupees -----	
EQUITY AND LIABILITIES		
<u>Share capital and reserves</u>		
Authorized share capital 50,000,000 (30 June 2022: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and paid up capital	434,690,520	362,242,100
Capital reserve	321,843	321,843
Revaluation surplus on property, plant and equipment	1,269,024,618	1,304,895,242
Accumulated profits	6,123,544,309	6,100,332,603
Equity attributable to owners of the Company	7,827,581,290	7,767,791,788
Non-controlling interests	541,386,316	530,676,857
	8,368,967,606	8,298,468,645
<u>Non current liabilities</u>		
Long term loans- secured	2,281,457,046	1,537,069,424
Deferred grant	382,217,910	331,334,784
Deferred taxation	380,775,771	408,638,089
	3,044,450,727	2,277,042,297
	11,413,418,333	10,575,510,942
<u>Current liabilities</u>		
Trade and other payables	2,824,664,039	2,427,106,729
Current portion of long term liabilities	232,894,944	219,552,692
Contract liabilities	92,962,830	123,087,098
Short term borrowings - secured	911,178,171	492,524,265
Unclaimed dividend	98,594,001	91,693,095
Accrued mark-up	55,647,398	32,613,579
	4,215,941,383	3,386,577,458
Contingencies and commitments	15,629,359,716	13,962,088,400
	25,298,715,432	24,924,176,800
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	7,983,294,040	6,113,280,598
Intangible assets	2,150,174	1,002,675
Investment property	79,371,992	79,371,992
Long term deposits	14,544,325	14,544,325
	8,079,360,531	6,208,199,590
<u>Current assets</u>		
Stores, spare parts and loose tools	137,173,316	131,728,484
Stock in trade	3,587,657,176	3,128,551,778
Trade debts	1,299,463,071	1,139,908,730
Loans and advances - considered good	128,539,934	68,859,298
Deposits and prepayments	180,366,398	125,158,898
Other receivables - considered good	331,161,681	432,105,941
Advance income tax - net	329,183,536	275,392,301
Short term investments	1,148,693,918	2,036,352,584
Cash and bank balances	407,760,155	415,830,796
	7,549,999,185	7,753,888,810
	15,629,359,716	13,962,088,400

Note

Note

Note

Note

Note

Note

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Condensed Interim Consolidated Statement of Profit or Loss (Un-audited)
For the half year and quarter ended 31 December 2022

	Note	Half year ended		Quarter ended	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		Rupees		Rupees	
Revenue - net	10	5,239,835,058	4,396,876,687	2,672,838,237	2,173,594,403
Cost of sales	11	(3,126,461,953)	(2,277,629,522)	(1,636,537,383)	(1,078,831,582)
Gross profit		2,113,373,105	2,119,247,165	1,036,300,854	1,094,762,821
Administrative expenses		(346,337,389)	(271,863,488)	(174,752,914)	(135,644,468)
Selling and distribution expenses		(1,306,598,655)	(987,920,329)	(695,409,401)	(525,254,791)
Other expenses		(164,896,794)	(129,979,745)	(20,651,716)	(40,907,065)
Other income		137,331,371	129,575,940	62,688,592	58,246,160
Profit from operations		432,871,638	859,059,543	208,175,415	451,202,657
Finance cost		(93,617,914)	(36,799,962)	(58,947,856)	(9,607,163)
Profit before taxation		339,253,724	822,259,581	149,227,559	441,595,494
Taxation		(87,633,713)	(199,212,648)	(29,801,845)	(119,538,552)
Profit after taxation		251,620,011	623,046,933	119,425,714	322,056,942
<i>Attributable to:</i>					
Owners of the Group		240,910,552	566,599,264	114,575,809	293,167,385
Non-controlling interests		10,709,459	56,447,669	4,849,905	28,889,557
Profit after taxation		251,620,011	623,046,933	119,425,714	322,056,942
Earnings per share - basic and diluted		5.54	Re-stated 13.03	2.64	Re-stated 6.74

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

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

For the half year and quarter ended 31 December 2022

	Half year ended		Quarter ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Rupees		Rupees	
Profit after taxation	251,620,011	623,046,933	119,425,714	322,056,942
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	251,620,011	623,046,933	119,425,714	322,056,942
<i>Attributable to:</i>				
Owners of the Group	240,910,552	566,599,264	114,575,809	293,167,385
Non-controlling interests	10,709,459	56,447,669	4,849,905	28,889,557
	251,620,011	623,046,933	119,425,714	322,056,942

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)
For the half year ended 31 December 2022

	Attributable to Owners of the Company					Total	Non-controlling interests	Total
	Share capital	Capital reserve	Revaluation surplus on property, plant and equipment	Accumulated profits	Revenue reserve			
	----- Rupees -----							
Balance as at 01 July 2021	362,242,100	321,843	1,398,041,802	5,654,146,269	7,414,752,014	418,137,531	7,832,889,544	
Total comprehensive income for the period	-	-	-	566,599,264	566,599,264	56,447,669	623,046,933	
<u>Surplus transferred to accumulated profit:</u> on account of incremental depreciation on property, plant and equipment charged during the period - net of tax	-	-	(37,830,997)	37,830,997	-	-	-	
<u>Transactions with owners of the Company, recognized directly in equity - Distributions</u> Final dividend for the year ended 30 June 2021 at Rs. 10 per share	-	-	-	(362,242,100)	(362,242,100)	-	(362,242,100)	
Balance as at 31 December 2021 - un-audited	362,242,100	321,843	1,360,210,805	5,896,334,430	7,619,109,178	474,585,200	8,093,694,377	
Balance as at 01 July 2022	362,242,100	321,843	1,304,895,242	6,100,332,603	7,767,791,788	530,676,857	8,298,468,645	
Total comprehensive income for the period	-	-	-	240,910,552	240,910,552	10,709,459	251,620,011	
<u>Surplus transferred to accumulated profit:</u> on account of incremental depreciation on property, plant and equipment charged during the period - net of tax	-	-	(35,870,624)	35,870,624	-	-	-	
<u>Transactions with owners of the Company, recognized directly in equity - Distributions</u> 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)	
Balance as at 31 December 2022 - un-audited	434,690,520	321,843	1,269,024,618	6,123,544,309	7,827,581,290	541,386,316	8,368,967,606	

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited
Condensed Interim Consolidated Statement of Cash Flows (Un-audited)

For the half year ended 31 December 2022

	Half year ended	
	31 December 2022	31 December 2021
----- Rupees -----		
<u>Cash flow from operating activities</u>		
Profit before taxation	339,253,724	822,259,581
<i>Adjustments for non - cash and other items</i>		
Depreciation on property, plant and equipment	229,200,263	205,104,630
Amortization of intangible assets	512,833	152,640
Trade debts directly written off	4,618,851	-
Provision of loss allowance against trade debts	3,196,931	-
Gain on disposal of property, plant and equipment	(18,377,615)	(17,226,700)
Finance costs	92,401,491	36,799,962
Gain on re-measurement of short term investments to fair value	(27,328,856)	(23,166,913)
Gain on sale of short term investments	(5,895,494)	(4,285,402)
Dividend income	(79,768,440)	(68,465,766)
Profit on deposits with bank	(1,657,646)	(10,141,229)
Workers' Profit Participation Fund	20,609,312	47,954,443
Central Research Fund	3,917,756	13,353,919
Workers' Welfare Fund	5,979,302	9,687,766
	227,408,688	189,767,350
Cash generated from operations before working capital changes	566,662,412	1,012,026,931
Effect on cash flow due to working capital changes <i>(Increase) / decrease in current assets</i>		
Stores, spare parts and loose tools	(5,444,832)	(12,218,626)
Stock in trade	(459,105,398)	(975,347,130)
Trade debts	(167,370,123)	596,415,221
Loans and advances - <i>considered good</i>	(59,680,636)	(277,631,458)
Deposits and prepayments	(55,207,500)	-
Other receivables	100,944,260	-
	(645,864,229)	(668,781,993)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	424,012,270	132,296,420
Contract liabilities	(30,124,268)	19,274,658
Cash generated from operations	314,686,185	494,816,016
Taxes paid	(189,853,995)	(160,631,361)
Workers' Profit Participation Fund paid	(22,524,781)	(15,652,981)
Workers' Welfare Fund paid	-	(1,980,512)
Central Research Fund paid	(13,869,820)	(17,581,082)
Net cash generated from operating activities	88,437,589	298,970,080
<u>Cash flow from investing activities</u>		
Acquisition of property, plant and equipment	(2,109,242,727)	(724,670,878)
Acquisition of intangibles	(1,660,332)	-
Dividend income received	79,768,440	68,465,766
Proceeds from sale of property, plant and equipment	28,406,637	22,973,064
Profit on term deposits received	1,657,646	10,141,229
Short term investments - <i>net</i>	920,883,016	(259,159,000)
Net cash used in investing activities	(1,080,187,320)	(882,249,819)
<u>Cash flow from financing activities</u>		
Long term loan received	898,488,000	351,136,000
Long term loan paid	(89,875,000)	-
Finance cost paid	(69,367,672)	(10,960,903)
Dividend paid	(174,220,144)	(349,435,868)
Net cash generated from / (used in) financing activities	565,025,184	(9,260,771)
Net decrease in cash and cash equivalents	(426,724,547)	(592,540,510)
Cash and cash equivalents at the beginning of the period	(76,693,469)	830,509,036
Cash and cash equivalents at the end of the period	(503,418,016)	237,968,526
Cash and cash equivalents comprise of the following:		
Cash and bank balances	407,760,155	537,024,477
Running finance	(911,178,171)	(299,055,951)
	(503,418,016)	237,968,526

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

Chief Executive Officer

Chief Financial Officer

Director

Ferozsons Laboratories Limited

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

For the half year ended 31 December 2022

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 2022	30 June 2022
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 2022 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 2022.

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 2022, whereas comparative consolidated statement of profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim consolidated financial statements of the Holding Company for the six months period ended 31 December 2021.

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 2022.

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 2022.

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

There is no change in the sanctioned limits as already disclosed in the annual consolidated financial statements for the year ended 30 June 2022 except for the new loan which has been obtained by the Holding Company during the period as mentioned below:

4.1 The Holding Company availed long term financing facility from Allied Bank Limited to finance installation / commissioning of 1 MW captive solar power system under SBP Financing Scheme for Renewable Energy (SBP-RE). The total available limit under this facility amounts to Rs. 130 million (30 June 2022: Rs. Nil). The financing is secured against pari passu hypothecation charge over all present and future fixed assets (plant and machinery only) of the Holding Company with 25% margin. The loan carries 7 years tenor (inclusive of three-months grace period) and is repayable in 27 equal quarterly instalments. This facility has been obtained currently as 'Term Loan', which shall be converted to SBP-RE after necessary approvals by State Bank of Pakistan. This carries fixed markup rate of 6% (SBP Rate plus Bank's Spread). However, during the transition period (i.e. before conversion to SBP-RE), the applicable rate of mark-up is 3 months KIBOR +1% per annum (30 June 2022: Nil) and is payable on quarterly basis.

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 2022.

6 Contingencies and commitments

6.1 Contingencies

There is no significant change in the status of the contingencies as reported in the annual audited consolidated financial statements for the year ended 30 June 2022 except for the following:-

Holding Company

6.1.1 In July 2022 The Deputy Commissioner Inland Revenue has passed an order under section 161/205 in respect of Tax Year 2018 and created a demand of Rs. 55,674,204 based on the contention that the Company has not deducted withholding tax while making payment to certain suppliers.

The Company had filed an appeal against this demand before Commissioner Appeals which is currently pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

6.1.2 In April 2019, the ACIR issued notice to the company u/s 122(9) of Income Tax Ordinance, 2001 for the tax year 2018. The proceedings were concluded in September 2022 and an order was issued amounting to Rs. 211,576,500 on various contentions which mainly includes amortization of expenses related to conference, seminars & trainings, medical research and promotional expenses, balance of trade creditors, other revenue claimed as exempt, etc.

The Company had filed an appeal against this demand before Commissioner Appeals which is currently pending. Management is confident that the eventual outcome of the matter will be decided in favor of the Company.

6.2 Commitments

There is no significant change in the status of the commitments as reported in the annual audited consolidated financial statements for the year ended 30 June 2022.

		Un-audited 31 December 2022	Audited 30 June 2022
	Note	----- Rupees -----	
7 Property, plant and equipment			
Operating fixed assets	7.1	3,733,089,128	3,776,299,211
Capital work-in-progress		4,250,204,912	2,336,981,387
		7,983,294,040	6,113,280,598

7.1 Operating fixed assets

Cost

Opening balance at beginning of the period / year	4,876,929,622	4,537,051,416
Additions / transfers during the period / year	196,019,115	427,568,560
Disposals during the period / year	(46,150,656)	(87,690,354)
Closing balance at end of the period / year	5,026,798,081	4,876,929,622

Less: Accumulated depreciation

Opening balance at beginning of the period / year	1,100,630,411	755,325,584
Depreciation for the period / year	229,200,176	420,851,833
On disposals	(36,121,634)	(75,547,006)
Closing balance at end of the period / year	1,293,708,953	1,100,630,411
Operating fixed assets - net book value	3,733,089,128	3,776,299,211

8 Short term investments

Investments at fair value through profit or loss

Mutual fund	8.1	1,148,693,918	2,036,352,584
8.1 These investments are measured at 'fair value through Profit or Loss'			
Fair value at 01 July		2,036,352,584	1,940,494,936
(Redemption) / acquisition during the period / year - net		(920,883,016)	87,168,953
Realized gain on sale of investments during the period / year		5,895,494	4,097,022
Unrealized gain on re-measurement of investment during the period / year		27,328,856	4,591,673
Fair value of investments at 31 December / 30 June	8.1.1	1,148,693,918	2,036,352,584

Units		Fair value	
Un-audited 31 December 2022	Audited 30 June 2022	Un-audited 31 December 2022	Audited 30 June 2022
.....Number.....	Rupees.....	

8.1.1 Mutual fund wise detail is as follows:

HBL Money Market Fund	2,883,744	3,224,246	317,922,659	331,368,588
HBL Cash Fund	3,049,486	9,690,286	312,375,610	980,915,997
ABL Cash Fund	11,252,222	32,026,317	116,214,088	327,594,045
Pakistan Cash Management Fund	6,754,061	7,016,903	340,862,616	353,685,749
MCB Cash Management Optimizer Fund	604,122	422,381	61,318,945	42,788,205
			1,148,693,918	2,036,352,584

9 Cash and bank balances

9.1 These include current account of Rs. 0.0024 million (30 June 2022: Rs. 0.0024 million) maintained under Shariah compliant arrangements.

9.2 These include deposit accounts of Rs. 4.22 million (30 June 2022: Rs. 40.12 million) under mark up arrangements, which carry interest rates ranging from 12.25% to 14.51% (30 June 2022: 5.50% - 5.51%) per annum.

These also include deposit account of Rs. 0.201 million (30 June 2022: Rs. 0.195 million) under Shariah compliant arrangements, which carries profit rates ranging from 6.50% - 7.00% (30 June 2022: 2.75% - 2.90%) per annum.

		(Un-audited) Half year ended	
		31 December	31 December
		2022	2021
		----- Rupees -----	
10	Revenue - net		
	<i>Gross sales:</i>		
	Local	5,521,925,179	4,061,215,295
	Export	370,294,525	668,039,320
		5,892,219,704	4,729,254,615
	<i>Less:</i>		
	Sales returns	(123,137,369)	(54,986,097)
	Discounts	(487,380,260)	(266,259,703)
	Sales tax	(41,867,017)	(11,132,128)
		(652,384,646)	(332,377,928)
	Revenue from contracts with customers	5,239,835,058	4,396,876,687
		5,239,835,058	4,396,876,687
10.1	Disaggregation of Revenue (Net sales)		
	<i>Primary Geographical Markets:</i>		
	Pakistan	4,851,514,066	3,742,834,127
	Philippines	47,522,842	63,071,675
	Sri Lanka	127,156,381	122,144,919
	Belarus	-	119,911,992
	Myanmar	33,731,107	9,936,088
	Kenya	20,864,228	11,615,026
	Afghanistan	103,945,403	218,109
	Jakarta	-	212,111,985
	Nepal	13,709,800	52,743,540
	Kyrgyzstan	17,388,353	11,058,329
	Others	24,002,878	51,230,897
		5,239,835,058	4,396,876,687
		5,239,835,058	4,396,876,687
11	Cost of sales		
	Raw and packing materials consumed	1,390,651,605	1,481,271,445
	Other manufacturing expenses	765,341,463	722,930,088
		2,155,993,068	2,204,201,533
	<i>Work in process:</i>		
	Opening	187,423,025	144,369,687
	Closing	(233,604,903)	(248,545,573)
		(46,181,878)	(104,175,886)
	Cost of goods manufactured	2,109,811,190	2,100,025,647
	<i>Finished stock:</i>		
	Opening	1,540,438,988	797,759,974
	Purchases made during the period	1,058,111,623	690,687,309
	Closing	(1,581,899,848)	(1,310,843,408)
		1,016,650,763	177,603,875
		3,126,461,953	2,277,629,522
		3,126,461,953	2,277,629,522
11.1	Raw and packing materials consumed		
	Opening	1,006,691,172	734,530,390
	Purchases made during the period	1,802,591,895	1,595,132,173
		2,809,283,067	2,329,662,563
	Closing	(1,418,631,462)	(848,391,118)
		1,390,651,605	1,481,271,445
		1,390,651,605	1,481,271,445

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. 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	(Un-audited) Half year ended	
			31 December 2022	31 December 2021
-----Rs.-----				
Grupo Empresarial Bagó S.A - (20% share holder)	Non-Controlling Shareholder	Royalty expense	-	3,046,712
Bago Laboratories Pte. Limited	Associated Company	Purchase of medicine	30,234,549	38,449,358
		Payment made against purchase of medicine	19,580,844	16,822,538
Employees Provident Fund	Post employment benefit fund	Contribution towards employees' provident fund	36,124,120	30,095,067
Key Management Personnel	Key management personnel	Remuneration including benefits and perquisites	29,060,272	25,702,238
		Advance given against salary	1,694,083	-
		Cash dividend	8,400	16,800
		Issuance of bonus shares as dividend	3,360	-
KFW Factors (Private) Limited	Common directorship	Cash dividend	49,721,645	99,443,290
		Issuance of bonus shares as dividend	19,888,658	-
		Share of profit of Farmacia reinvested	275,614	311,194
Osman Khalid Waheed	Chief Executive Officer-Holding Company	Remuneration including benefits and perquisites	23,169,524	23,316,553
		Cash Dividend	12,947,025	25,930,050
		Issuance of bonus shares as dividend	5,178,810	-
		Meeting fee	20,000	30,000
Akhtar Khalid Waheed	Chief Executive Officer-Subsidiary Company	Remuneration including benefits and perquisites	9,784,092	12,539,297
		Cash Dividend	30,000	60,000
		Issuance of bonus shares as dividend	12,000	-
		Meeting fee	30,000	30,000
Directors other than CEOs	Non-Executive Directors	Cash Dividend	4,640,330	9,340,660
		Issuance of bonus shares as dividend	1,856,132	-
		Meeting fee	190,000	210,000
		Rental expense paid for building in use	2,679,303	2,395,800
Khan and Piracha	Common directorship	Payment made against services received	455,000	-
National Management Foundation / (LUMS)	Common directorship	Donations	2,056,752	5,000,000

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

	31 December 2022 (Un-audited)			31 December 2021 (Un-audited)				
	Unclaimed dividend	Accrued mark-up	Long term loan	Total	Unclaimed dividend	Accrued mark-up	Long term loan	Total
	----- Rupees -----				----- Rupees -----			
Balance as at 01 July	91,693,095	32,613,579	2,087,956,900	2,212,263,574	80,049,018	9,178,680	1,347,603,479	1,436,831,177
Changes from financing cash flows	----- Rupees -----				----- Rupees -----			
Dividend paid	(174,220,144)	-	-	(174,220,144)	(349,435,868)	-	-	(349,435,868)
Repayment of long term loan	-	-	(89,875,000)	(89,875,000)	-	-	-	-
Proceeds from long term loan	-	-	898,488,000	898,488,000	-	-	351,136,000	351,136,000
Finance cost paid	-	(69,367,672)	-	(69,367,672)	-	(10,960,903)	-	(10,960,903)
Total changes from financing cash flows	(174,220,144)	(69,367,672)	808,613,000	565,025,184	(349,435,868)	(10,960,903)	351,136,000	(9,260,771)
Other changes	----- Rupees -----				----- Rupees -----			
Dividend approved	181,121,050	-	-	181,121,050	362,242,100	-	-	362,242,100
Interest / markup expense	-	92,401,491	-	92,401,491	-	18,442,602	-	18,442,602
Total liability related other changes	181,121,050	92,401,491	-	273,522,541	362,242,100	18,442,602	-	380,684,702
Balance as at 31 December	98,594,001	55,647,398	2,896,569,900	3,050,811,299	92,855,250	16,660,379	1,698,739,479	1,808,255,108

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 2022. 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.

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 profit or loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
----- Rupees -----							
31 December 2022 (Un-audited)							
Financial assets measured at fair value:							
Short term investments	1,148,693,918	-	-	1,148,693,918	1,148,693,918	-	-
Financial assets not measured at fair value:							
Long term deposits	-	14,544,325	-	14,544,325	-	-	-
Trade debts - considered good	-	1,299,463,071	-	1,299,463,071	-	-	-
Loans and advances - considered good	-	5,318,482	-	5,318,482	-	-	-
Short term deposits	-	163,155,475	-	163,155,475	-	-	-
Other receivables	-	73,752,665	-	73,752,665	-	-	-
Cash and bank balances	-	407,760,155	-	407,760,155	-	-	-
	-	1,963,994,173	-	1,963,994,173	-	-	-
Financial liabilities measured at fair value:							
	-	-	-	-	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	-	-	2,689,352,068	2,689,352,068	-	-	-
Unclaimed dividend	-	-	98,594,001	98,594,001	-	-	-
Short term borrowings - secured	-	-	911,178,171	911,178,171	-	-	-
Accrued mark-up	-	-	55,647,398	55,647,398	-	-	-
	-	-	3,754,771,638	3,754,771,638	-	-	-

30 June 2022 (Audited)**Financial assets measured at fair value:**

Short term investments	2,036,352,584	-	-	2,036,352,584	2,036,352,584	-
------------------------	---------------	---	---	---------------	---------------	---

Financial assets not measured at fair value:

Long term deposits	-	14,544,325	-	14,544,325	-	-
Trade debts - considered good	-	1,139,908,730	-	1,139,908,730	-	-
Loans and advances - considered good	-	1,461,513	-	1,461,513	-	-
Short term deposits	-	124,005,237	-	124,005,237	-	-
Other receivables	-	32,538,147	-	32,538,147	-	-
Cash and bank balances	-	415,830,796	-	415,830,796	-	-
	-	1,728,288,748	-	1,728,288,748	-	-

Financial liabilities measured at fair value:

	-	-	-	-	-	-
--	---	---	---	---	---	---

Financial liabilities not measured at fair value:

Trade and other payables	-	-	2,276,796,186	2,276,796,186	-	-
Unclaimed dividend	-	-	91,693,095	91,693,095	-	-
Short term borrowings - secured	-	-	492,524,265	492,524,265	-	-
Accrued mark-up	-	-	32,613,579	32,613,579	-	-
	-	-	2,893,627,125	2,893,627,125	-	-

15 Subsequent event

The Board of Directors of the Holding Company in its meeting held on 27 February 2023 has approved an interim cash dividend of Rs. Nil per share (31 December 2021: Rs. Nil per share), amounting to Rs. Nil (31 December 2021: Rs. Nil) for the year ending 30 June 2023.

16 Corresponding figures

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

17 Date of authorization for issue

The Board of Directors of the Holding Company in its meeting held on 27 February 2023 has authorized to issue these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

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.

www.ferozsons-labs.com

  /ferozsonslabs

35 YEARS
OF TRUST & DEVOTION