

**Czech University of Life Sciences Prague
Faculty of Economics and Management**

Department of Economics



Master's Thesis

**Assessment of the financial position and performance of
the chosen companies in the Pharmaceutical industry in
Pakistan**

Author of the thesis

Rehman Saeed Ur

© 2023 CZU Prague

DIPLOMA THESIS ASSIGNMENT

Saeed Ur Rehman, MCom

Economics and Management

Thesis title

Assessment of the Financial Position and Performance of the Chosen Companies in the Pharmaceutical Industry in Pakistan

Objectives of thesis

The aim of this diploma thesis is to assess and compare the financial position and performance of the chosen companies operating in the pharmaceutical industry in Pakistan by analyzing the companies' financial statements with focus on the representation and changes of the reported assets, liabilities, expenses, revenues and cash-flow for a chosen period and to identify the potential financial problems and the most significant factors influencing the profit from the companies' and the industry point of view.

Methodology

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the companies and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

The proposed extent of the thesis

60 – 80

Keywords

financial statements, financial position, balance sheet, assets, liabilities, equity, financial performance, income statement, expenses, revenues, profit, financial analysis, cash-flow, pharmaceutical industry

Recommended information sources

- ALEXANDER, J. Financial Planning & Analysis and Performance Management. USA : John Wiley & Sons, Inc. Hoboken, 2018, 640 p., ISBN-13: 978-1119491484
- BERNSTEIN, L., WILD, J. Analysis of financial statements. USA: McGraw Hill, 2000, 529 p., ISBN-13 : 978-0070945043
- MAHEEN Salman. Overview of pharmaceutical industry needs identification, 2021, National University of Technology Pakistan, available online
- MAYNARD, J. Financial Accounting, Reporting, and Analysis. UK: OUP Oxford, 2017, 936 p., ISBN-13 : 978-0198745310
- MELVILLE, Alan. International Financial Reporting: A Practical Guide. Harlow, UK: Pearson, 2017. 512 s. ISBN 978-1-292-20074-3
- National Assembly. Parliament of Pakistan. Companies Act No XIX of 2017, The Gazette of Pakistan, extra, May 31, 2017, available online
- RAMCHANDRAN, K. How to Analyze Financial Statements. New Delhi : McGraw Hill Education India, 2017, 128 p., ISBN-13: 978-9351344858
- USMAN Saad. Pharmaceutical Industry, 2018. CA Pakistan, The Institute of Chartered Accountants of Pakistan, available online
- YOUNG, David S. et al. Corporate Financial Reporting and Analysis: A Global Perspective. Hoboken: Wiley, 2019. 368 s. ISBN 978-1-119-49457-7
-

Expected date of thesis defence

2022/23 SS – FEM

The Diploma Thesis Supervisor

Ing. Enikő Lörinczová, Ph.D.

Supervising department

Department of Trade and Finance

Electronic approval: 14. 2. 2023

prof. Ing. Luboš Smutka, Ph.D.

Head of department

Electronic approval: 22. 2. 2023

doc. Ing. Tomáš Šubrt, Ph.D.

Dean

Prague on 21. 03. 2023

Declaration

I declare that I have worked on my master's thesis titled " Assessment of the Financial Position and Performance of the Chosen Companies in the Pharmaceutical Industry in Pakistan " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on _____

Acknowledgment

I would like to thank Ing. Enikő Lőrinczová, Ph.D. for her suggestions, professional consultations, support, and valuable advice during writing my thesis. I would also like to express my gratefulness to my family who gave me a great opportunity to study abroad. In last, I would like to thank to my friends, and my colleagues for their valuable support.

Assessment of the financial position and performance of the chosen companies in the Pharmaceutical industry in Pakistan

Abstract

The diploma thesis deals with the financial position and performance of three Pakistan pharmaceutical companies Ferozsons laboratories limited, Abbott Laboratories Pakistan limited and GlaxoSmithKline Pakistan limited.

The theoretical part of the thesis deals with the accounting legislation and financial statements presentation and with the characteristics of the pharmaceutical industry in Pakistan and also the selected ratios of the financial analysis are defined. The practical part of the thesis deals with the characteristics of the chosen pharmaceutical companies. Horizontal and vertical analysis of the balance sheet of the chosen companies is calculated in order to assess the financial position and the horizontal and vertical analysis of the income statement is calculated to assess the financial performance. Selected ratios of financial analysis are calculated for both companies. Data was collected from the annual financial reports of three chosen pharmaceutical companies for the period of 2016 to 2020.

Financial ratios such as liquidity ratios, profitability ratios, efficiency ratios, and leverage ratios were used to assess the financial statements of the chosen companies during a five-year period. The study highlighted the crucial elements that influence these organizations' financial performance and offered suggestions for enhancing their financial standing. The research's conclusions will be helpful to investors, regulators, and policymakers in Pakistan's pharmaceutical sector.

Keywords: Financial statements, financial analysis, financial position, balance sheet, assets, liabilities, equity, financial performance, Income statement, expenses, revenues, profit, pharmaceutical industry.

Posouzení finanční pozice a výkonnosti vybraných společností ve farmaceutickém průmyslu v Pákistánu

Abstrakt

Diplomová práce se zabývá finanční situací a výkonem tří pákistánských farmaceutických společností Ferozsons laboratories limited, Abbott Laboratories Pakistan limited a GlaxoSmithKline Pakistan limited.

Teoretická část práce se zabývá účetní legislativou a prezentací účetní závěrky a charakteristikou farmaceutického průmyslu v Pákistánu a jsou definovány také vybrané poměry finanční analýzy. Praktická část práce se zabývá charakteristikami vybraných farmaceutických společností. Horizontální a vertikální analýza rozvahy vybraných společností se vypočítá za účelem posouzení finanční situace a horizontální a vertikální analýza výsledovky se vypočítá za účelem posouzení finanční výkonnosti. Vybrané ukazatele finanční analýzy jsou vypočteny pro obě společnosti. Údaje byly shromážděny z výročních finančních zpráv tří vybraných farmaceutických společností za období 2016 až 2020.

Finanční ukazatele, jako jsou poměry likvidity, poměry ziskovosti, poměry účinnosti a pákové poměry, byly použity k posouzení účetní závěrky vybraných společností během pětiletého období. Studie zdůraznila klíčové prvky, které ovlivňují finanční výkonnost těchto organizací, a nabídla návrhy na zlepšení jejich finanční situace. Závěry výzkumu budou užitečné pro investory, regulační orgány a tvůrce politik v pákistánském farmaceutickém sektoru.

Klíčová slova: Finanční výkazy, finanční analýza, finanční situace, rozvaha, aktiva, pasiva, vlastní kapitál, finanční výkonnost, výkaz zisku a ztráty, výdaje, výnosy, zisk, farmaceutický průmysl.

Table of Contents

1 Introduction.....	122
2 Objectives and Methodology.....	133
2.1 Objectives	133
2.2 Methodology	133
3 Literature Review	14
3.1 Accounting system in Pakistan	14
3.1.1 Pakistan Financial Reporting Standards (PFRS).....	14
3.2 Global Pharmaceuticals market	15
3.2.1 Top 10 Pharmaceutical Markets Worldwide by sales	16
3.2.2 Global revenue in the pharmaceuticals market.....	16
3.3 The pharmaceutical industry in Pakistan	17
3.4 Financial analysis.....	19
3.4.1 Financial statements.....	19
3.4.2 Balance Sheet – Statement of financial position	20
3.4.3 Income Statement – Statement of Financial performance.....	20
3.4.4 Users of the Financial Statements.....	20
3.4.5 Methods of Financial Analysis	21
3.4.6 Benefits of Ratio Analysis	25
3.4.7 Limitations of Ratio Analysis	26
3.5 SWOT analysis	27
4. Practical Part.....	28
4.1 Introduction of the chosen company.....	28
4.1.1 Introduction of Ferozsons Laboratories limited	28
4.1.1.1 History of Ferozsons Laboratories Limited.....	29
4.1.2 Introduction of GlaxoSmithKline Pakistan Limited.....	30
4.1.2.1 History of GlaxoSmithKline Pakistan limited.....	30
4.1.3 Introduction of Abbott Laboratories Pakistan limited	31
4.1.3.1 History of Abbott Laboratories Pakistan limited.....	32
4.2 Absolute Indicators	33

4.2.1 Horizontal analysis of the Ferozsons Laboratories Limited Balance Sheet	33
4.2.2 Horizontal analysis of the Ferozsons Laboratories Limited Income statement	35
4.2.3 Vertical analysis of the Ferozsons Laboratories Limited Balance Sheet	37
4.2.4 Vertical analysis of the Ferozsons Laboratories Limited Income Statement	38
4.2.5 Horizontal analysis of the GlaxoSmithKline Pakistan limited Balance Sheet	40
4.2.6 Horizontal analysis of the GlaxoSmithKline Pakistan limited Income Statement	41
4.2.7 Vertical analysis of the GlaxoSmithKline Pakistan limited Balance Sheet	43
4.2.8 Vertical analysis of the GlaxoSmithKline Pakistan limited Income Statement	44
4.2.9 Horizontal analysis of the Abbott Laboratories limited Balance Sheet	46
4.2.10 Horizontal analysis of the Abbott Laboratories Pakistan limited Income statement	48
4.2.11 Vertical analysis of the Abbott Laboratories Pakistan limited Balance Sheet	50
4.2.12 Vertical analysis of the Abbott Laboratories Pakistan limited Income statement	52
4.3 The proportion of ratio analysis	54
4.3.1 Indicators of liquidity	54
4.3.2 Indicators of efficiency (Activity ratio)	57
4.3.3 Indicators of profitability (Indicators of profitability)	60
4.4 SWOT Analysis	65
5 Results and Discussion	67
5.1 Comparative assessment of the financial position of Ferozsons Laboratories Limited, GlaxoSmithKline Pakistan Limited, and Abbott Laboratories Pakistan Limited	67
5.1.1 Comparative assessment of financial performance of the chosen pharmaceutical companies	69
5.2 Potential financial problems	70
5.3 Recommendation	71
5.3.1 Recommendations for Ferozsons laboratories limited	72

5.3.2 Recommendations for Abbott Laboratories Pakistan limited	72
5.3.3 Recommendations for GlaxoSmithKline Pakistan limited.....	72
5.3.4 Overall recommendations for the pharmaceutical industry.....	72
6 Conclusions	74
7 References	75
7.1 Literature.....	75
7.2 Internet sources	76
8 Appendix.....	78

List of Figures

Figure 1. Top 10 global national pharmaceutical markets by market share	15
Figure.2 The World's ten leading pharmaceuticals company's based on sales	16
Figure.3 From 2001 to 2021, the global pharmaceutical market generated revenue (in billion U.S. dollars).....	17
Figure 4 Comparison of current ratio	55
Figure 5 Comparison of Quick ratio	56
Figure 6 Comparison of Assets turnover ratio.....	58
Figure 7 Comparison of Working capital turnover ratio	59
Figure 8 Comparison of Net Profit Margin ratio	60
Figure 9 Comparison of Gross Profit Margin ratio	62
Figure 10 Comparison of Return on Equity ratio	63
Figure 11 Comparison of Return on Assets ratio	64
Figure12: Assest and Liabilities of Ferozsons laboratories limited, Abbott Laboratories limited and GlaxoSmithKline Pakistan limited (FY 2020) ...	68

List of Tables

Table 1 Export history of Pakistan Pharmaceutical industry.....	18
Table 2 Pakistan’s twenty leading company in the pharmaceutical industry	18
Table 3 Characteristics of the Ferozsons laboratory limited	29
Table 4 Characteristics of the GlaxoSmithKline Pakistan	31
Table 5 Characteristics of the Abbott Laboratories Pakistan limited	33
Table 6 Horizontal analysis of the Ferozsons laboratories limited Balance sheet	34
Table 7 Horizontal analysis of the Ferozsons Laboratories Limited Income statement	35
Table 8 Vertical analysis of the Ferozsons Laboratories Limited Balance Sheet	37
Table 9 Vertical analysis of the Ferozsons Laboratories Limited Income statement	38
Table 10 Horizontal analysis of the GlaxoSmithKline Pakistan Limited Balance Sheet.....	40
Table 11 Horizontal analysis of the GlaxoSmithKline Pakistan Limited Income statement	42
Table 12 vertical analysis of the GlaxoSmithKline Pakistan Limited Balance Sheet.....	43
Table 13 vertical analysis of the GlaxoSmithKline Pakistan Limited Income statement	44
Table 14 Horizontal analysis of Abbott Laboratories’ limited Balance sheet	46
Table 15 Horizontal analysis of Abbott Laboratories Pakistan limited Income statement	48
Table 16 Vertical analysis of Abbott Laboratories Pakistan limited Balance sheet.....	50
Table 17 Vertical analysis of Abbott Laboratories Pakistan limited Income statement	52
Table 18 Results of calculation of current ratio for the period of 2016 to 2020	55

Table 19 Results of calculation of current ratio for the period of 2016 to 2020
56

Table 20 Results of calculation of assets turnover ratio for the period of 2016 to
2020..... 58

Table 21 Results of calculation of assets turnover ratio for the period of 2016 to
2020..... 59

Table 22 Results of calculation of assets turnover ratio for the period of 2016 to
2020..... 60

Table 23 Results of calculation of assets turnover ratio for the period of 2016 to
2020..... 61

Table 24 Results of calculation of assets turnover ratio for the period of 2016 to
2020..... 63

Table 25 Results of calculation of assets turnover ratio for the period of 2016 to
2020..... 64

1 Introduction

There was no pharmaceutical sector when Pakistan got its independence, but currently, more than 400 pharmaceutical companies are operating in Pakistan. Few of them are global corporations; the majority are national businesses. These international companies are competent to address all problems relating to human health. However, the pharmaceutical industry is still in a rising stage. The Pakistan Pharmaceutical Manufacturers Association (PPMA) was established in 1961 to serve as a representative organization for Pakistan's pharmaceutical sector, which is made up of more than 400 businesses located throughout the country. Since their annual reports are readily available, it is challenging to have an exposure of all so selected listed pharmaceutical corporations that are listed on the Karachi Stock Exchange. Non-probability convenience sampling was chosen because it is simple to implement and offers data trends without the difficulties associated with other sample approaches.

About 70% of the nation's need for finished medicines is satisfied by the Pakistani pharmaceutical industry. The Nationals and the Multinationals hold about equal shares of the domestic pharmaceutical market. Knowing the company's wealth and efficiency requires a thorough understanding of its financial condition and performance. Its goal is to communicate the firm's financial elements. The review makes use of financial statements like income statements, balance sheets, and cash flow statements.

Today, for assessment of the financial position and performance, analysis of the changes of the assets, liabilities, expenses, and revenues of financial statement and financial ratio analysis is the most useful tool. This fact can help with improving efficiency and profitability. All the points mentioned above explain why financial Position and Performance analysis are important tools for managing

This thesis's output is that the financial position and performance of Ferozsons laboratories limited, Abbott Laboratories Pakistan limited and GlaxoSmithKline Pakistan limited for the period of 2016 to 2020.

2 Objectives and Methodology

2.1 Objectives

The objective of this diploma thesis is to evaluate the financial position and performance of the chosen companies operating in the 'pharmaceutical industry in Pakistan by analyzing the companies' financial statements with a focus on the representation and changes of the reported assets, liabilities, expenses, revenues, and cash-flow for a chosen period and to identify the potential financial problems and the most significant factors influencing the profit from the companies and the industry point of view.

2.2 Methodology

The diploma thesis is consisting of two main parts. Literature review and practical part. The methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. Used sources of information are related to accounting, financial statements, financial analysis, and their methods. This field is part of the literature review, which is the explanations of formulas and indicators relating to financial analysis are also performed in a literature review.

The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. To assess the financial situation and performance of the firms and to prepare the practical portion of the thesis, vertical and horizontal analysis as well as ratio analysis of the financial statements will be used. The methods of analysis, synthesis, comparison, and deduction will be used to formulate the conclusions of the thesis.

The company's balance sheet will be analyzed for the assessment of the financial position and the income statement (Statement of profit and loss) to assess the financial performance. The analysis covers the financial years 2016-2020. Data are obtained from the annual reports of chosen pharmaceutical industries. The result of the horizontal analysis will be in % and each item will be compared with the immediately preceding same item from the previous year (i.e. no base year).

3 Literature Review

There will be three parts in the literature review. The first part provides the general accounting information, which is mainly focused on Pakistan accounting standards. The second part deals with the knowledge and background of the global and local pharmaceutical industry using tables and figures. The third part deals with the principles of financial analysis (users, sources, and approaches). The third part contains methods and indicators of financial analysis as well as more detailed financial indicators/analysis. The practical part is elaborated.

3.1 Accounting system in Pakistan

According to the Pakistani Companies Code, the Securities and Exchange Commission of Pakistan publishes the accounting standards used by businesses in Pakistan (1984). International Financial Reporting Standards (IFRSs) have mainly been adopted by Pakistan, though not all of them. These requirements must be followed by all publicly traded companies, banks, and other financial institutions, as well as all economically significant enterprises (ESE), including those that aren't mentioned expressly.

The International Accounting Standards Board's (IASB) IFRSs are often implemented as published and typically include "any later amendments thereto," however there are a few differences to be aware of:

- Since Pakistan has not adopted all IFRSs, IFRS 1 was not accepted.
- For all firms, the application of IFRIC 4 and 12 requirements has been waived. (There may be a voluntary application.)
- Neither IFRS 14 nor IFRS 17 have been implemented.
- For insurance businesses, there is particular guidance that deviates from IAS 39 in regards to the measurement of various investments.

<https://icap.org.pk/accounting-standards/>

3.1.1 Pakistan Financial Reporting Standards (PFRS)

At its 184th meeting on July 28, 2006, the Council of the Institute of Chartered Accountants of Pakistan approved the release of "Accounting and Financial Reporting Standards for Medium-Sized Enterprises (MSEs) and Small-Sized Entities (SSEs)". The Framework offers the conceptual foundations for producing general-purpose financial statements for

medium-sized firms, according to the Accounting and Financial Reporting Standard for Medium-Sized Businesses (MSEs).

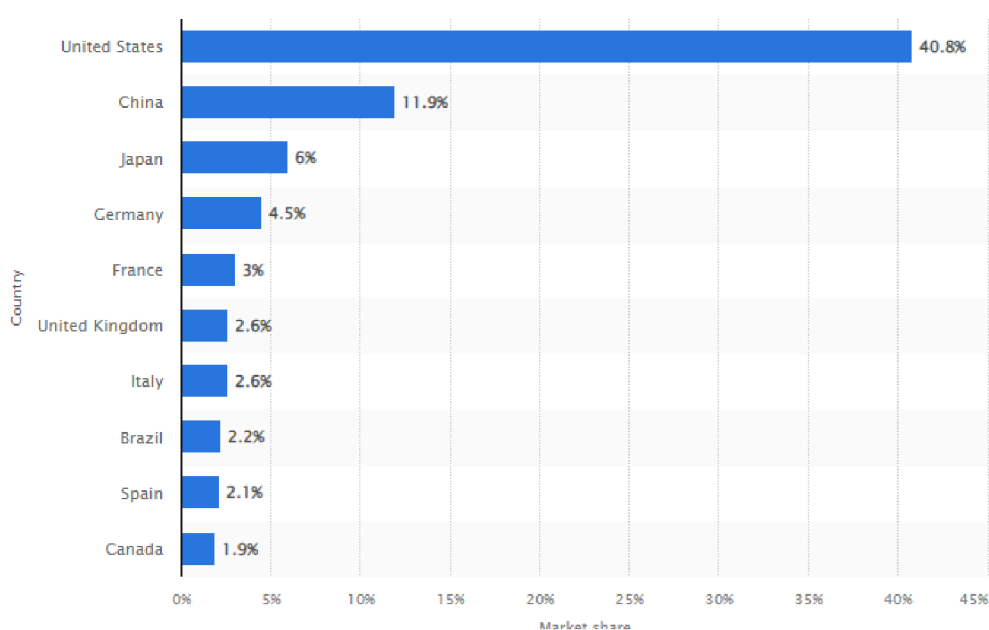
<https://icap.org.pk/pakistan-financial-reporting-standards-pfrs/>

3.2 Global Pharmaceuticals market

The pharmaceutical sector is dominated by companies like Johnson & Johnson, Novartis AG, Bristol-Myers Squibb, AbbVie, Sanofi SA, Pfizer Inc., GSK, F. Hoffmann-La Roche Ltd., Merck & Co., and AstraZeneca. The global pharmaceutical sector is anticipated to grow from \$1454.66 billion in 2021 to \$1587.05 billion in 2022, with a predicted CAGR of 9.1%. The COVID-19 effect as well as the companies' operations restructuring and recovery are the main factors driving the growth. Previously, the COVID-19 effect forced the companies to take strict containment measures like social exclusion, remote work, and the closure of commercial activities that posed operational challenges. The market is anticipated to reach \$2135.18 billion in 2026 at a CAGR of 7.7%. The pharmaceuticals sector is made up of companies (organizations, sole proprietorships, and partnerships) that create and market medicines used to treat illnesses as well as associated services. Any drug that is used to treat illnesses or for medical reasons may be categorized as a pharmaceutical.

<https://www.statista.com/statistics/245473/market-share-of-the-leading-10-global-pharmaceutical-markets/>

Figure 1. Top 10 global national pharmaceutical markets by market share



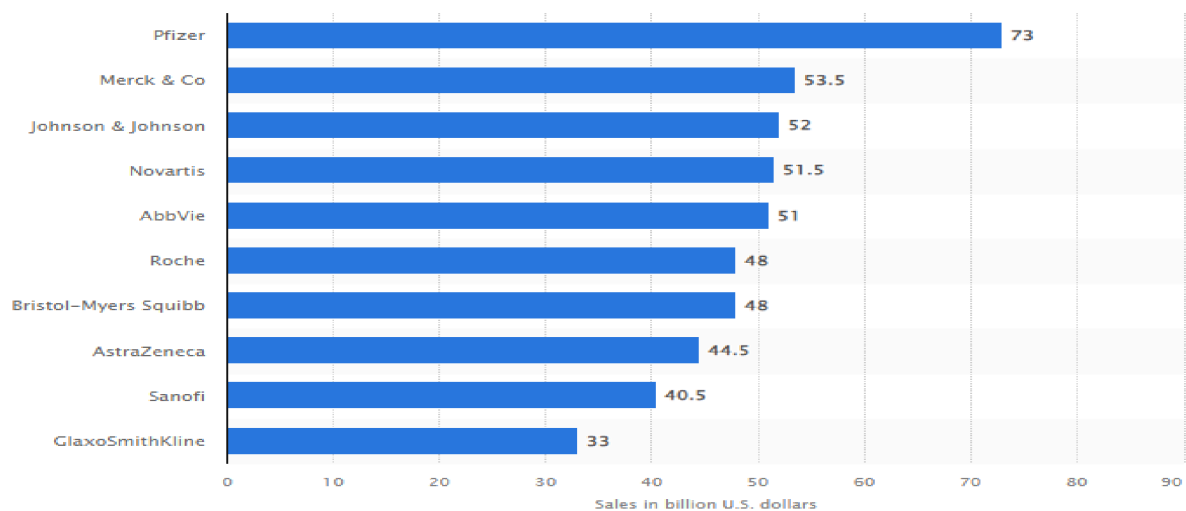
Source: Statista, 2023

3.2.1 Top 10 Pharmaceutical Markets Worldwide by sales

Revenue is one of the main natural indicators of any economy. For example, Pfizer pharmaceutical has generated the largest sales from its biotechnology products worldwide. On the other hand, Merck & Co became the 2nd pharmaceutical company in 2022 in the world, based on pharmaceutical-only sales. Roche and Bristol-Myers Squibb generated almost 48 billion U.S. dollars through sales of prescribed. Johnson & Johnson is ranked among the top pharmaceutical firm since it is one of the major pharmaceutical firms. The GlaxoSmithKline Pakistan limited generated sales by 33 billion U.S. dollars across the worldwide. The charts show the world's top ten pharmaceutical companies by sales (Statista, 2023).

<https://blog.bizvibe.com/blog/largest-pharmaceutical-companies>

Figure.2 The World's ten leading pharmaceuticals company's based on sales



Source: Statista, 2023

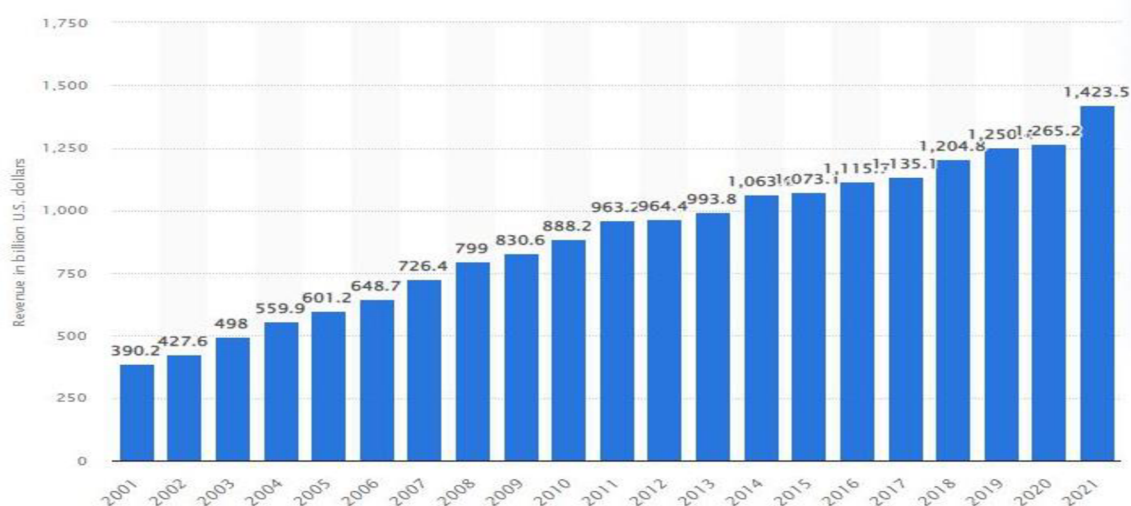
3.2.2 Global revenue in the pharmaceuticals market

The pharmaceutical market plays an important role in how people could get proper medications and how to pay for them. The pharmaceutical industry has grown significantly worldwide in recent years. Around 1.4 trillion dollars were spent globally on pharmaceuticals in 2018. As you can see, since 2001, the pharmaceutical market 17 revenue was growing year-by-year. It can be explained that pharmaceutical products are a widely important product in the world and can explain the increasing trend during the last decade.

This chapter shows the quantitative data. As of end-2021, the projected value of the world's pharmaceutical market as a whole was 1.42 trillion US dollars. The graph below shows the year-over-year revenue development of the pharmaceutical market in billion US dollars from 2001 to 2021. The market was only worth 390 billion dollars in 2001. This shows a significant improvement from 2001, when the market's value was only 390 billion US dollars. (Statista, 2023).

<https://www.statista.com/statistics/263102/pharmaceutical-market-worldwide-revenue-since-2001/>

Figure.3 From 2001 to 2021, the global pharmaceutical market generated revenue (in billion U.S. dollars)



Source: Statista, 2022

3.3 The pharmaceutical industry in Pakistan

Pakistan's pharmaceutical sector is expanding quickly. The nation dominates a number of significant markets and generates a sizeable portion of the world's medications. The Middle East, Southeast Asia, Europe, Africa, and many more regions are the top export destinations for pharmaceutical goods. One of the most significant sectors in Pakistan is the pharmaceutical sector. This is because this sector of the economy is seen as being extremely important. One of the most significant sectors in Pakistan is the pharmaceutical sector. The educated and technically capable youth of Pakistan have several career options in this very profitable industry. In Pakistan's economy as well as that of other nations, the pharmaceutical sector is crucial.

https://en.wikipedia.org/wiki/Pharmaceutical_industry_in_Pakistan

Table 1 Export history of Pakistan Pharmaceutical industry

Pakistan Exports - Historical Data		
Year	Billions of US \$	% of GDP
2021	\$34.57B	9.98%
2020	\$27.94B	9.30%
2019	\$30.14B	9.39%
2018	\$30.56B	8.58%
2017	\$27.89B	8.22%
2016	\$27.40B	8.74%

<https://tradingeconomics.com/pakistan/exports/pharmaceutical-products>

Pakistan exports pharmaceutical products, according to the COMTRADE database on international trade maintained by the United Nations totalled US\$34.57 billion in 2021 and US\$27.40 billion in 2016. The data, historical chart, and statistics about Pakistan's exports of pharmaceutical items were last updated on October of 2022.

Table 2 Pakistan's twenty leading company in the pharmaceutical industry

No.	Name of the Manufacturer	Value in Pkr	Growth %	Contribution
1	GLAXOSMITHKLINE	27,184,502,037	5.19	9.87
2	ABBOTT LAB PAK LTD	17,629,304,945	10.78	6.40
3	GETZ PHARMA	15,867,952,345	20.49	5.76
4	SAMI	13,537,589,986	17.48	4.91
5	NOVARTIS PH.PAK LT	10,387,492,311	3.06	3.77
6	PFIZER INC	9,599,836,292	7.75	3.48
7	SANOVI-AVENTIS PAK	9,469,329,278	6.04	3.44
8	THE SEARLE COMPANY	9,231,864,787	14.40	3.35
9	OBS	8,265,643,835	11.42	3.00
10	FEROZSONS	8,204,743,653	199.13	2.98
11	HILTON	7,525,792,223	10.87	2.73
12	MERCK (PRIVATE) LT	6,968,467,422	8.31	2.53
13	BOSCH	6,604,996,794	19.07	2.40
14	HIGH-Q INTL	5,476,781,312	33.15	1.99
15	BARRETT HODGSON	5,194,788,474	18.24	1.89
16	NESTLE PAKISTAN LT	4,781,274,202	6.53	1.74
17	ATCO	4,691,774,642	28.14	1.70
18	MARTIN DOW LIMITED	4,344,133,639	13.05	1.58
19	BAYER PAK PVT LTD	4,333,895,653	7.95	1.57
20	INDUS	4,034,617,521	24.11	1.46

<https://brandedpk.com/top-20-best-pharmaceutical-companies-in-pakistan/>

The table 2, shows the top 20 pharmaceutical industries in Pakistan. GlaxoSmithKline Pakistan limited value is 27,184 million in pkr with a growth rate of 5.19%. The second largest pharmaceutical industry of Pakistan is Abbot laboratories Pakistan limited value is 17,629 million in pkr with a growth rate of 10.78% which is higher than the GlaxoSmithKline Pakistan limited. On the other hand, Ferozsons laboratories limited

value is 8,204 million in pkr with a highest growth rate of 199.13% and Indus pharma is last one in top 20 pharmaceuticals companies in Pakistan with a value of 4,034 million in pkr and with growth rate of 24.11%.

3.4 Financial analysis

Financial analysis is the process that typically applies during the evaluation of certain businesses, in addition to finance-related projects, personal budgets, and other financial transactions, it consists of a balance sheet, an income statement, and notes to accounts and evaluates the performance of the business using financial indicators.

Financial analysis is used to establish long-term business activity plans and potential investment opportunities, as well as to assess economic trends. This is accomplished by fusing financial data with numerical data. Calculating ratios from the data in the financial statements to compare to those of other companies or to the company's own historical performance is one of the most popular methods for analyzing financial data. The profitability ratio, leverage ratio, and liquidity ratio are the three main categories of financial ratios. (Mrs. N. Prema and Dr. V. Sugumar, 2019).

3.4.1 Financial statements

Financial statements are a collection of summaries of reports on the operations and financial performance of an organization throughout time. They are defined as the standardized reports that provide an organization's financial health and performance of the company. In business activities company may choose to generate monthly, quarterly, or annual financial statements. At the end of the financial year, which will be included in the annual report, most financial statements are issued once a year. To guarantee the accuracy for tax, financing, or investment purposes, these statements are often subject to a yearly audit by government entities, accountants, businesses, etc. According to IAS 1, an organization is obliged to create and present five different types of financial statements if they are made using IFRS, just as they are if they are made using US GAAP. (Carmichael, D.R., and Graham, L. Accountants' Handbook, Volume 1: Financial Accounting and General Topics 2007; Erich, A.H. D.B.A.

Those are the main Financial Statements:

- Balance Sheet (Statement of financial position)
- Income Statement (Statement of financial performance)

- Cash Flow Statement
- Additional Information (Notes)

These three core statements are connected, and this will explain how they all fit together. These statements provide information to users outside of the company, such as investors and creditors, about its financial positions.

3.4.2 Balance Sheet – Statement of financial position

The balance sheet, also referred to as the Statement of Financial Position, is the most comprehensive view of a company's financial situation. Assets (what a firm owns) and liabilities are disclosed for the company (what is owed). Net assets, also known as equity, capital, retained earnings, or fund balance, are the sum of all annual surpluses and deficits. The quantity of cash that is now on hand and the assets that are almost ready to be converted to cash are both shown on the balance sheet, which also illustrates the company's liquidity.

<https://www.accountingtools.com/articles/2017/5/17/the-balance-sheet>

3.4.3 Income Statement – Statement of Financial performance

Together with the balance sheet and the cash flow statement, the income statement is one of the three crucial financial statements that displays a company's financial performance for a certain accounting period. The sales, expenses, profits, and losses a firm experience over a specific time period are the main topics of the income statement. An income statement contains information on a company's operations, managerial effectiveness, underperforming industries, and competitive performance.

<https://www.accountingtools.com/articles/2017/5/17/the-income-statement>

3.4.4 Users of the Financial Statements

Users of the financial statements include a variety of people and organizations with links to the firm or who have an interest in its operations, including management, lenders, investors, customers, and vendors. Companies create financial statements to help investors and other stakeholders understand their financial status, and these statements are utilized and assessed by various parties. The users are classified into two categories one is internal and the other one is external users.

3.4.5 Methods of Financial Analysis

Horizontal analysis

When examining financial accounts, a technique known as horizontal analysis combines specific financial data from one accounting period with data from previous accounting periods. Analysts use this technique to examine past trends. Trends or changes are assessed by comparing data from the base year with that of the current year. The goal is to identify positive or negative changes in the data provided. In a horizontal analysis, a percentage or absolute comparison can be used. A vertical and a horizontal scale can also be used in the analysis. Unlike vertical analysis, which looks at a particular financial statement using a single basic financial statement from the reporting period, horizontal analysis compares a particular financial statement with prior periods or performs a cross-sectional analysis of one company with another.

<https://corporatefinanceinstitute.com/resources/knowledge/finance/horizontal-analysis/>

Vertical analysis

In a vertical or proportional approach, each item in a financial statement is valued as a percentage of every other item. In a balance sheet, each item is presented as a percentage of total assets, as opposed to an income statement, where each item is presented as a percentage of gross sales. The most typical use of vertical analysis is to show the relative proportions of account balances within a balance sheet for a given reporting period. Vertical analysis is also suitable for trend analysis to assess the relative changes in accounts over time, for example, on a comparative basis over a five-year period.

<https://www.accountingtools.com/articles/vertical-analysis>

Ratio Analysis

Ratio analysis is the practice of comparing different financial account line items for a company. Ratio analysis is used to evaluate a company's profitability, operational efficiency, and liquidity, among other things. Since financial statements are typically the major source of information for analysts outside of a corporation, they may be very helpful in this sort of study. Corporate insiders find ratio analysis less beneficial since they have limited access to the company's comprehensive operational data.

<https://www.accountingtools.com/articles/ratio-analysis.html>

The most important financial ratios are:

1. Liquidity ratio
2. Activity ratio
3. Leverage (debt) ratio
4. Profitability ratio

Liquidity ratios:

The liquidity ratio is the ratio utilized to satisfy a company's short-term commitments, liabilities, or debt. It is essential for the business to maintain a reasonable level of liquidity so that it can be counted on to pay creditors (or suppliers via accounts payable) on time and in accordance with the conditions set out. The Current Ratio, Cash Ratio, and Quick Ratio are three frequently employed liquidity measures. *Business Ratios and Formulas: Comprehensive Guide, Second Edition*, Steven M. B., 2006.

Liquidity is the ease with which a good, or safe, may be turned into usable currency without altering its market price. To put it another way, according to James Chen and Gordon Scott (2013), liquidity affects how easily a product may be purchased or sold on the market at a price that accurately captures its inherent worth. Cash is sometimes regarded as the most liquid commodity that may be traded into other assets as quickly and profitably as feasible. Real estate, fine art, and collectibles are examples of tangible assets that are relatively illiquid.

- **Current Ratio:** The current ratio, also known as working capital, is a measure of short-term liquidity that includes all cash and cash equivalents that are immediately available, such as inventories and receivables, as well as cash and cash equivalents. The short-term ratio measures the company's ability to meet its instant obligations. (Within one year).

$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

- **Quick Ratio:** By evaluating a company's ability to meet short-term obligations using its most liquid assets, the quick ratio serves as a measure of its short-term liquidity position. To determine a company's ability to meet short-term obligations, the quick ratio, sometimes referred to as the liquidity ratio or acid test, determines the percentage of its assets that can be quickly converted into cash. The three asset categories

mentioned are cash, marketable securities, and trade receivables. These assets are referred to as "fast" assets because they can be converted into cash quickly.

Quick Ratio = Cash + Marketable Securities + Account Receivable / Current Liabilities
<https://www.novuna.co.uk/business-cash-flow/cash-flow-finance-resource-hub/finance-terms/liquidity-ratio/>

Activity ratios (Indicators of efficiency): Activity ratios are financial indicators used to assess how well a firm uses and manages its resources to produce the most income. The company is prepared to utilise the various operational assets shown on its balance sheet and turn them into sales or cash. Business Ratios and Formulas: Comprehensive Guide, Second Edition, Steven M. B., 2006.

Categories of Activity Ratios

- Accounts receivable turnover ratio (ARTR): The debtor's ratio, commonly known as the accounts receivable turnover ratio, measures how well a company uses its resources. Additionally, it shows how frequently a business can convert its accounts receivable into cash. (That assesses how effectively a company is using its resources)

$$\text{ARTR} = \text{Net Annual Credit Sales} / (\text{Beginning Acc. Receivable} + \text{Ending Acc. Receivable}) / 2$$

- Assets turnover ratio: This ratio evaluates how well a business uses its fixed assets to produce revenue and profit. If the ratio is greater, the business is performing well and can make more sales at a given level of assets.

$$\text{Total Asset Turnover} = \text{Sales} / \text{Total Assets}$$

- Inventory turnover ratio: The inventory Turnover ratio gives information about how many times it takes for the conversion of inventory into sales during an accounting period. In general, a better inventory turnover is best because inventories are the smallest amount of liquid type of asset.

$$\text{Inventory Turnover Ratio} = \text{Cost of Goods Sold} / \text{Average Inventory}$$

- Inventory Turnover period: The inventory Turnover period indicates that the company needs to convert its inventory into sales for many days.

$$\text{Inventory Turnover Period} = 365 * \text{Inventory} / \text{Sales}$$

- Working capital turnover ratio (WCTR): How effectively a company utilises its working capital is shown by its working capital turnover ratio. In order to sustain its sales, a company may invest large sums of money in inventory and accounts receivable, which may eventually lead to an excessive number of bad debts or out-of-date inventory if it has a poor turnover ratio. On the other side, a high turnover ratio shows how well management uses a company's present assets and liabilities.

$$\text{WCTR} = \text{Sales} / \text{Current Assets} - \text{Current Liabilities}$$

<https://www.investopedia.com/terms/a/activityratio.asp>

Profitability ratios (indicators of profitability):

Profitability is a measure of how efficient a company performs the generation of a profit. Efficiency means how well a business exploits assets or equity to generate revenue and profit. (Steven M. B. Second Edition of Business Ratios and Formulas: Comprehensive Guide 2006).

- Net Profit Margin: Defines the sales level after deduction of all expenses calculated as after-tax net income (net profits) divided by sales (revenue). Net Profit Margin is also called Return on Revenue.

$$\text{Net Profit Margin} = \text{Earnings After Taxes} / \text{Sales}$$

- Gross Profit Margin: Calculates the ratio by which gross profit exceeds cost of goods sold. The amount of revenue left over in an accounting period after a business has paid the cost of labor and materials is called the profit margin or cost of goods sold. (COGS).

$$\text{Gross Margin} = \text{Revenue} - \text{COGS} / \text{Revenue}$$

- Return on equity: One of the most often used profitability ratios and profitability measurements is return on equity. It displays a company's net income in relation to the total amount of shareholder equity.

$$\text{ROE} = \text{Net Income} / \text{Shareholder's Equity}$$

- Return on Asset: Return on assets (ROA) is a financial ratio referred to as a relationship between net profit and assets. As this ratio uses all assets (including investments), ROA shows how competent the company management is for using assets to create a profit. Return on Assets is calculated with the following formula:

Return on Net Assets = Net Profit / Fixed Assets + Net Working Capital

<https://www.investopedia.com/terms/p/profitabilityratios.asp>

Leverage ratios (Debt ratio): leverage ratios are also called solvency ratios. They measure the company's ability to meet its long-term debt obligations, for example, debt payments. (Steven M. B. Second Edition of Business Ratios and Formulas: Comprehensive Guide 2006)

- Debt to equity ratio: Measures how much debt, as opposed to equity, the company's management is ready to use to support operations.

$D/E = \text{Short term debt} + \text{Long term debt} + \text{Other fixed payment} / \text{Shareholder's Equity}$

- Debt ratios: are also called financial leverage ratios. Debt ratios usually compare a company's total liabilities to its total assets.

$\text{Debt ratio} = \text{Total Liabilities} / \text{Total Assets}$

- The fixed-charge coverage ratio is a measure of a company's ability to meet all its expenses using income before income taxes and interest.

$\text{Fixed Charge Coverage Ratio} = \text{EBIT} + \text{Lease Payments} / \text{Interest Payments} + \text{Lease Payments}$

<https://corporatefinanceinstitute.com/resources/accounting/leverage-ratios/>

3.4.6 Benefits of Ratio Analysis

- One of the key benefits of financial ratio analysis is that it makes it easier to compare the financial statements of two or more organizations.
- Accounting ratios show the priority's financial situation. They convert the financial statement into comparative numbers to summarize it.
- Accounting ratios simplify, summarize, and standardize the accounting statistics to make them more intelligible, which assists various businesses such as banks, insurance firms, and other financial organizations in making investment decisions. They support the interconnections between various company segments as reported in the accounting accounts.

- When the management is in possession of the ratios, it aids in the forecasting of upcoming company actions. Management can then receive a concept for plan planning as a consequence.
- In order to compare ratios across different departments within the same company and determine how well they are performing, accounting will be used. The manager is naturally interested in such a comparison in order to comprehend the proper and efficient operation of such departments. Additionally, ratios assist him in making any changes to the organizational structure.
- Ratio analysis shows how profitable the business is and how well it can meet its short- and long-term obligations to investors, creditors, etc.

analysis

<https://www.wallstreetmojo.com/ratio-analysis-advantages/>

3.4.7 Limitations of Ratio Analysis

Due to the fact that ratio analysis solely takes into account quantitative factors and overlooks qualitative factors, it has several limitations. In order to comprehend the outcomes of the financial situation and cash flows of a corporation, it only requires comparing data gathered from the financial statements. (2020 Steven Bragg 2020).

Below are some limitations of ratio analysis:

- Financial ratio analysis is a helpful tool for comparing information between two businesses in the same industry, but some of the businesses have various business models and their financial statements give a comprehensive picture of the firm.
- The technique of different ratios computation is not standardized; ratio analysis mainly explains links between the firms' previous data, but users are more interested in current and future data.
- Businesses currently employ a variety of financial reporting systems that permit the use of multiple accounting principles for identical activities. The only change required in this issue is to the financial statements of one firm. If one firm wishes to use IFRS to create its financial statements and another uses US GAAP, the IFRS financial statements must be converted to US GAAP financial statements.
- Ratios are quantitative analytical techniques that entirely disregard the qualitative facets of the organization. The sole important factor is financial in nature.

- The price level fluctuations brought on by inflation are not taken into account by ratio analysis. Many ratios do not take into account changes in price levels across periods since they are derived using historical costs. The true financial condition is not this.
- Ratio analysis takes out how a company's performance is impacted by the situation of the market. For instance, compared to a period of recession, a growth in the Company's Outstanding Debt Receivables during an economic boom cycle when sales increase will be seen negatively.

<https://corporatefinanceinstitute.com/resources/accounting/limitations-ratio-analysis/>

3.5 SWOT analysis

A SWOT Analysis is one of the most commonly used tools to identify the financial Strengths, Weaknesses, Opportunities, and Threats of a business. It represents the strategic planning process of developing companies to assess the internal and external environments such as business planning, strategic planning, competitor evolution, marketing development, etc. SWOT analysis also helps determine the objective and set achievable goals for the organization and subsequent steps. (Ronald Q., Shuang Lu, Chien-Chung H. (2012) SWOT Analysis: Raising Capacity of Your Organization).

- Strength is a term used to describe a company's qualities that provide it an advantage over its competitors.
- Weakness - Features of a company that put it at a disadvantage in comparison to its competitors.
- Opportunity – elements of a company's internal and external environment that allow formulating and implementing the strategy of the company's improvement.
- Threats – internal and external that could jeopardize the entity's success.

4. Practical Part

The author has explained financial analysis in the previous chapter, which is described in the literature review. The practical part contains the calculation based on the theoretical part because this is the main part of the diploma thesis. It will include the company's analyses with the use of such analysis as SWOT analysis, Ratio analysis, and financial analysis of the company. The author has divided the practical part into three categories. The first part will be explained the characteristics and analysis of the company. The sector in which the company operates is briefly described in the 2nd chapter. The third part, which considers the main part, contains financial indicators, which were characterized in the theoretical part. Eventually, at the end author will explain an overall evaluation of the results and the possible recommendations and proposals for the company's future development that might improve the company's performance. The Overall analyses will be calculated from the use of main types of financial statements and other sources based on theoretical chapters such as:

- The statement of income.
- The balance sheet statement.
- The cash flow statement.

The selected companies for the case studies are:

- Ferozsons Laboratories Limited
- GlaxoSmithKline Pakistan Limited
- Abbott Laboratories Pakistan Limited

4.1 Introduction of the chosen company

4.1.1 Introduction of Ferozsons Laboratories limited

The pharmaceutical production facility of Ferozsons Laboratories Limited in Nowshera Industrial Estate, KPK, which opened its doors in 1954, was one of the earliest factories created in Pakistan with the intention of producing high-quality pharmaceutical products. Throughout the past 60 years, the business has experienced multiple expansions, making it one of the most modern production facilities in the country.

This company is the first and only firm in Pakistan with a biotechnology manufacturing facility at the moment, and the company's primary area of interest is the production of

biologics. The company also possess a license to produce authorized generic versions of Gilead's HCV medications in one nation. Gilead Sciences Inc. has chosen the company as its only partner for its branded treatments against HBV, HCV, and HIV.

The business has well-known brands in dermatology, oncology, gastrointestinal, and cardiology. Additionally, the company has lengthy history of contract manufacturing for international businesses and a strong track record of product in-licensing. For its assortment of interventional goods and equipment on the Pakistani market, Ferozsons now represents Boston Scientific Corporation, USA, among other principals.

4.1.1.1 History of Ferozsons Laboratories Limited

One of Pakistan's oldest and biggest pharmaceutical enterprises, Ferozsons Laboratories Limited was founded as a private limited company in 1954 and provides products for health and wellbeing. Company received the KSE Top 25 Companies Award five times and were the first pharmaceutical business from Pakistan to list on the Karachi Stock Exchange (KSE) in 1960. They are proud of their track record in producing high-quality medications, developing brands, and providing one of the greatest returns to stockholders in the pharmaceutical industry, with 200 health care professionals serving 100 regions around the nation.

Table 3 Characteristics of the Ferozsons laboratory limited

Registered Office	Ferozsons Laboratories Limited 197-A, The Mall,Rawalpindi,Rawalpindi-42000
Head Office	5 KM Sundar Raiwind Road, Raiwind, Lahore, Pakistan
Factory	P.O.Ferozsons, Amangarh - Nowshera (Khyber Pakhtunkhwa)
Year of Establishment	1954
Status	Public Limited Company
Business Lines	Production and marketing of pharmaceutical products Finished products and active drugs Material

Authorized capital (According to annual report 2020)	50 Crore
Stock Exchange Listing	Pakistan Stock Exchange
Number of Employees	1059
Export Markets	Asia, Africa, Central Asian region, UK, USA, and Germany

Source: own processing based on the annual reports of Ferozsons laboratories limited.

4.1.2 Introduction of GlaxoSmithKline Pakistan Limited

In today's constantly evolving healthcare environment, GlaxoSmithKline (GSK) is a market-leading research-based pharmaceutical firm with a strong combination of talents and resources that provides a basis for achieving significant growth. GSK wants to raise everyone's quality of life by promoting more productivity, better health, and longer lifespans. The company, is a market leader in four significant therapeutic areas—anti-infective, central nervous system (CNS), respiratory, and gastro-intestinal/metabolic—and it represents about 7% of the global pharmaceutical market. It also offers a developing line of cancer drugs and is a pioneer in the crucial field of vaccinations. The business also offers a portfolio of consumer healthcare goods, including nutritious health beverages, over-the-counter (OTC) medications, and oral care items that are all industry leaders.

4.1.2.1 History of GlaxoSmithKline Pakistan limited

GSK has previously invested in Pakistan. The historical company, Glaxo Laboratories Pakistan Ltd., was founded on the Karachi Stock Exchange in 1951 as the first pharmaceutical company. The company pleased to carry on their 70-year tradition as undeniable industry leaders and continue to provide more than 200 million Pakistanis with top-notch drugs and immunizations. Their staff is highly adaptable and trustworthy.

By launching novel therapeutics, enhancing general medicine portfolio, utilizing digital technologies, and consistently acting morally, the company are dedicated to capitalizing on their leading position. Among the therapeutic specialties provided by GSK Pakistan are anti-infectives, respiratory, dermatology, analgesics, urology, allergies, the central nervous system, vitamins, and vaccines. GSK currently holds a volume share of about 12% of Pakistan's pharmaceutical market. With 115 registered brands and 270 products,

the long-term partnership of BMS, UCB, Novartis Vaccines, and Stiefel has made GSK Pakistan a very profitable company. Major competitors include regional businesses Getz, Sami, Searle, Bosch, and Barrett Hodgson as well as global pharmaceutical companies Abbott, Novartis, Pfizer, and Sanofi Aventis. GSK Pakistan now employs around 1,900 people throughout its manufacturing, pharmaceutical, and sales businesses. the Pharma Supply Chain (PSC) business, which makes 400 million packets a year, is housed in three sites. At West Wharf, F-268 SITE, and Korangi in Karachi are where you can find all of the facilities.

Table 4 Characteristics of the GlaxoSmithKline Pakistan

Registered Office	Main Korangi Industrial Road, Sector 21, Jamal Goth, Landhi, Karachi.
Head Office	35 Dockyard Road, West Wharf, Karachi.
Factory	GSK Consumer Healthcare Sandoz Nagar, Petaro Road Jamshoro, Pakistan.
Year of Establishment	1951
Status	Privat Limited Company
Business Lines	Production and marketing of pharmaceutical products. Finished products and active drugs Material
Authorized capital (According to annual report 2020)	50 Crore
Stock Exchange Listing	Pakistan Stock Exchange
Number of Employees	1900
Export Markets	Philippines, India, Vietnam, China, Germany and Indonesia

Source: own processing based on the annual reports of GlaxoSmithKline Pakistan limited.

4.1.3 Introduction of Abbott Laboratories Pakistan limited

Abbott's laboratories presence in Pakistan exemplifies their commitment to producing goods of the greatest calibre and identifying long-term solutions to specific regional health problems. At their corporate headquarters and production facilities in

Karachi, their sales offices in Lahore, Peshawar, and Rawalpindi, and their distribution centres in Islamabad, Lahore, and Multan. The company are at the forefront of research and innovation in all they do, whether they are creating diagnostic tests to make sure residents can benefit from the most recent therapies or transforming how individuals manage their glucose. To enable people to live better, richer lives, they are dedicated to supplying high-quality products. This is accomplished through a commitment to quality and the quality management systems' ongoing success in meeting customer and regulatory standards. Over a century of Abbott quality, integrity, and dependability supports their business. It serves as both their heritage and the cornerstone of their company.

By providing a wider range of individuals in Pakistan access to high-quality, reasonably priced branded generic medications, Abbott hopes to establish itself as a reliable partner. They are always working to make their medications better, simpler to use, and more quickly effective.

They think people with diabetes ought to be able to enjoy full, active lives. The company concentrate on providing tools that deliver accurate data so users may make wise decisions in order to assist individuals with diabetes manage their health more successfully and pleasantly. They are redefining blood glucose measurement with their precise, user-friendly diabetic solutions.

4.1.3.1 History of Abbott Laboratories Pakistan limited

On July 2, 1948, Abbott Laboratories (Pakistan) Limited (the Company) was founded in Pakistan. It is a publicly traded business, and Pakistan Stock Exchange lists its shares. Its registered office is located on Hyderabad Road in Landhi, Karachi, directly across from the Radio Pakistan Transmission Center. One of the company's main business endeavours is the production, import, and marketing of pharmaceutical, nutritional, diagnostic, diabetic care, hospital, and consumer goods.

Abbott's involvement in Pakistan demonstrates their devotion to producing goods of the greatest caliber and identifying long-term solutions to specific regional health problems. At their head office and production facilities in Karachi, their sales offices in Lahore, Peshawar, and Rawalpindi, and their distribution centers in Islamabad, Lahore, and Multan, their employees more than 1,400.

Table 5 Characteristics of the Abbott Laboratories Pakistan limited

Registered Office	Opposite Radio Pakistan Transmission Center Hyderabad Road, Landhi, P.O. Box 7229 Karachi
Head Office	8th Floor, Faysal House, ST-02, Sharah-e-Faisal, Karachi – 75350 Pakistan.
Factory	Abbott Laboratories (Pakistan) Limited, House No: 123 - A, Ahmed Block, New Garden Town, Lahore.
Year of Establishment	1948
Status	Public Limited Company
Business Lines	Production and marketing of pharmaceutical products Finished products and active drugs Material
Authorized capital (According to annual report 2020)	20 Crore
Stock Exchange Listing	Pakistan Stock Exchange
Number of Employees	1482
Export Markets	Central and South-East Asia and Africa

Source: own processing based on the annual reports of Abbott Laboratories Pakistan limited.

4.2 Absolute Indicators

4.2.1 Horizontal analysis of the Ferozsons Laboratories Limited Balance Sheet

Following table shows horizontal analysis of ferozsons laboratories limited applied to assets and liabilities for the period of 2015 to 2020 as a source of company financial position. All data are in absolute values. The author compares annual changes of reported values from the statement of financial position.

Table 6 Horizontal analysis of the Ferozsons laboratories limited Balance sheet

	2020	2019	2018	2017	2016	2015
FINANCIAL POSITION ANALYSIS						
Share Capital and Reserves	13.8%	2.3%	(0.3) %	(1.2) %	59.4%	13.2%
Non-Current Liabilities	110.8%	7.9%	(0.8) %	12.0%	271.7%	(12.4) %
Current Liabilities	40.6%	11.8%	26.7%	17.8%	(48.9) %	225.3%
Total Equity and Liabilities	21.3%	4.0%	3.2%	1.3%	29.9%	39.2%
Non-Current Assets	20.1%	2.9%	3.5%	7.4%	73.4%	12.2%
Current Assets	22.5%	5.0%	3.0%	(4.0) %	6.6%	59.9%
Total Assets	21.3%	4.0%	3.2%	1.3%	29.9%	39.2%

Source: own processing based on the annual reports of Ferozsons laboratories limited.

	2020	2019	2018	2017	2016	2015
FINANCIAL POSITION ANALYSIS						
Share Capital and Reserves	6,420,530,224	5,469,539,266	5,418,168,725	4,567,530,042	4,581,869,304	3,113,523,309
Non-Current Liabilities	525,977,602	216,668,090	5,418,168,725	246,490,537	268,664,070	3,113,523,309
Current Liabilities	1,793,069,808	1,248,667,495	1,143,387,581	876,433,182	821,277,809	1,456,427,203
Total Equity and Liabilities	8,967,471,717	7,104,374,569	6,968,419,170	6,841,154,613	6,863,231,617	5,225,593,617
Non-Current Assets	4,090,000,910	3,117,425,618	3,167,681,012	3,096,476,203	3,024,952,665	1,751,165,792

Current Assets	4,877,47 0,807	3,986, 948,95 1	3,800,73 8,158	3,744, 678,41 0	3,838,278 ,952	3,474,42 7,825
Total Assets	8,967,47 1,717	7,104, 374,56 9	6,968,41 9,170	6,841, 154,61 3	6,863,231 ,617	3,474,42 7,825

Source: own processing based on the annual reports of Ferozsons laboratories limited

The table 6, shows us the financial position of Ferozsons laboratories limited for the period of 2015 to 2020. The total assets are decreased in all years as it is 39.2% in year 2015 but then it decreased in each year which 21.3% in the year 2020. It's very decreased in year 2017,2018 and in 2019. Fixed assets represent changes in new purchases and discard mostly. Non-current liabilities are minus in the years 2015 and 2018. The current liabilities increased in the year 2016 which is 271.7%. The highest current liabilities are in the year 2015 which is 225.3% and the lowest is in the year 2019 which is 11.8% but its minus in the year 2016.

4.2.2 Horizontal analysis of the Ferozsons Laboratories Limited Income statement

Below table shows the changes in the company's income statement in the time duration 2015 to 2020. It will be helpful to understand the income pattern and sources of it.

Table 7 Horizontal analysis of the Ferozsons Laboratories Limited Income statement

	2020	2019	2018	2017	2016	2015
PROFIT OR LOSS ANALYSIS						
Revenue – net	4.1%	17.5%	2.3%	(57.7) %	129.5%	75.1%
Cost of sales	1.3%	7.8%	14.8%	(58.3) %	151.4%	96.4%
Gross Profit	8.4%	36.4%	(15.6) %	(56.8) %	103.3%	55.0%
Administrative expenses	(0.5) %	16.5%	4.8%	4.7%	43.2%	20.2%

Selling and distribution expenses	(2.1) %	23.9%	15.7%	(11.5) %	39.7%	23.2%
Other expenses	(27.2)%	141.8%	9.5%	(82.2)%	221.7%	68.3%
Other income	(48.9)%	41.3%	41.5%	(27.9)%	42.9%	(0.9)%
Operating Profit	32.9%	102.5%	(64.7)%	(76.8)%	143.1%	87.7%
Finance costs	15.8%	112.1%	(32.2)%	46.1%	(20.1)%	(18.3)%
Profit Before Taxation	33.9%	102.0%	(65.6) %	(77.3)%	145.2%	90.9%
Taxation	(1.7) %	49.9%	(46.4)%	(62.0)%	64.6%	123.3%
Profit After Taxation	57.6%	163.1%	(75.8)%	(81.3)%	181.1%	79.3%

Source: own processing based on the annual reports of Ferozsons laboratories limited.

The table 7 represents the horizontal analysis of income statement of ferzozsons laboratories limited. We can see the profit after taxation of Ferozsons laboratories limited was significantly fluctuating it was 79.3% in the year 2015 and at the same year this company spent highest amount of percentage for selling and distribution which was 23.2% during the selected period of years and then income was increased by 181.1% in 2016. In year 2017, There was negative income was recorded which significantly decreased by -81.3% while revenue was decreased by -57.7% and, cost of goods sold was significantly decreased by -58.3% than previous year but during these negative indicators incomes and cost of goods sold in the business at the same year ferozsons laboratories spent -11.5% for selling and distribution expense in the year 2017. In the year 2019 company spent 23.9% on selling and distribution expense while profit after tax was 163.1 which was the second highest income during the selected years of analysis. The highest gross profit is in the year 2016 with an administrative expense which was 43.2 and the lowest gross profit in the year 2020 which was 8.4 and profit after tax was 57.6 in the same year. The gross profit was recorded negative in two years 2017 and 2018 which were -56.8 and -15.6 with an income of -82.3 and -75.8 in the same years.

4.2.3 Vertical analysis of the Ferozsons Laboratories Limited Balance Sheet

The following table 8 provides the vertical analysis results that was applied on the balance sheet for the period of 2015 to 2020.

Table 8 Vertical analysis of the Ferozsons Laboratories Limited Balance Sheet

	2020	2019	2018	2017	2016	2015
FINANCIAL POSITION ANALYSIS						
Share Capital and Reserves	74.7%	79.6%	80.9%	83.8%	85.9%	70.1%
Non-Current Liabilities	5.0%	2.9%	2.8%	2.9%	2.7%	0.9%
Current Liabilities	20.3%	17.5%	16.3%	13.3%	11.4%	29.0%
Total Equity and Liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-Current Assets	48.6%	49.1%	49.6%	49.4%	49.6%	34.9%
Current Assets	51.4%	50.9%	50.4%	50.6%	53.4%	65.1%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: own processing based on the annual reports of Ferozsons laboratories limited.

The table 8, represent vertical analysis of Equity and Liabilities of ferozsons laboratories limited. During the analysing period the total current liabilities was fluctuating highest was recorded in the year 2015 which is 29% but at the same time shareholder's funds increased to 85.9% in the year 2016. However lowest was recorded 11.4% in the year 2016 but at the same time shareholder's fund was recorded 85.9% and then decreased to 80.9% in the year 2018. Highest current assets were recorded in the year 2015 which is 65.1% and lowest was recorded in the year 2018 which is 50.4%. In the year 2015 the non-current assets were recorded 34.9% then its increased in every years and the highest non-current assets is recorded in two years 49.6% in the years 2016 and 2018.

4.2.4 Vertical analysis of the Ferozsons Laboratories Limited Income Statement

The following table 9 provides the vertical analysis results that was applied on the income statement for the period of 2015 to 2020.

Table 9 Vertical analysis of the Ferozsons Laboratories Limited Income statement

	2020	2019	2018	2017	2016	2015
PROFIT OR LOSS ANALYSIS						
Revenue – net	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	58.9%	60.5%	66.0%	58.8%	59.7%	54.5%
Gross Profit	41.1%	39.5%	34.0%	41.2%	40.3%	45.5%
Administrative expenses	6.5%	6.8%	6.9%	6.7%	2.7%	4.3%
Selling and distribution expenses	23.8%	25.3%	24.0%	21.2%	10.0%	16.7%
Other expenses	1.7%	2.4%	1.2%	1.1%	2.6%	1.8%
Other income	1.7%	3.5%	2.9%	2.1%	1.2%	2.0%
Operating Profit	10.8%	8.5%	4.8%	14.3%	26.1%	24.7%
Finance costs	0.5%	0.5%	0.3%	0.4%	0.1%	0.3%
Profit Before Taxation	10.3%	8.0%	4.5%	13.9%	26.0%	24.4%
Taxation	3.1%	3.2%	2.5%	4.8%	5.4%	7.5%
Profit After Taxation	7.2%	4.8%	2.0%	9.1%	20.6%	16.9%

Source: own processing based on the annual reports of Ferozsons laboratories limited.

	2020	2019	2018	2017	2016	2015
PROFIT and Loss ANALYSIS						
Revenue – Net	6,191,816,270	5,802,855,865	5,002,680,003	5,002,429,682	11,294,980,050	5,711,197,825
Cost of sales	(3,873,653,990)	(3,761,902,459)	(3,483,750,342)	(3,090,966,615)	(6,700,677,823)	(3,114,691,589)
Gross Profit	2,318,162,280	2,040,953,406	1,518,929,661	1,911,463,067	4,594,302,227	2,596,506,236

Administrative expenses	(393,802,573)	(393,604,529)	(346,745,044)	(335,594,707)	(314,218,472)	(218,229,954)
Selling and distribution expenses	(1,326,696,536)	(1,353,585,894)	(1,161,081,590)	(1,023,216,945)	(1,249,627,236)	(971,381,021)
Other expenses	(99,849,746)	(142,957,501)	(53,114,850)	(7,321,244)	(280,600,848)	(105,267,862)
Other income	122,649,758	212,019,398	139,585,855	63,547,445	121,283,603	74,026,186
Operating Profit	620,463,183	362,824,880	97,574,032	608,877,616	2,871,139,274	1,375,653,585
Finance costs	(28,525,046)	(24,760,408)	(12,001,704)	(17,701,190)	(12,603,245)	(16,043,156)
Profit Before Taxation	591,938,137	338,064,472	85,572,328	591,176,426	2,858,536,029	1,359,610,429
Taxation	(169,358,407)	(150,069,156)	(102,583,964)	(196,572,511)	(625,447,767)	(415,822,452)

Source: own processing based on the annual reports of Ferozsons laboratories limited.

The table 9, shows us the vertical analysis of income statement of ferozsons laboratories limited. The cost of sold is the largest share of the company revenue during the observed period. In the period 2015, the cost of goods sold share was 54.7% while in 2016 it was 59.7% which is higher than the previous year. In the year 2017, it was decreased to 58.8% which is the second lowest amount of percentage during the observed period but the highest amount of percentage was recorded in the year 2018, which was 66.0%. Administrative expense was almost the same in the years 2017,2018,2019 and 2020 which were 6.7%, 6.9%, 6.8% and 6.5% that means the company spent almost the same amount of money to maintain company's daily operations. But in the years 2015 and 2016 it was less than these four years and it was 4.3% and 2.7%. The other income was 2.0% in the year 2015 and 1.2% in the year 2016 which is the lowest income in the observed period and 3.5% in the year 2019 which is the highest amount of income during the observed period. In the year 2015 the taxation is 7.5% which is the highest amount of percentage during the observed period while net income is double which is 16.9%. The net income is 20.6% in the year 2016 which is the highest amount of income during the observed period while taxation is 5.4%. In the year 2018 net income is 2.0% which is the lowest amount of income during the observed period and taxation is also the lowest amount during the observed period which 2.5%.

4.2.5 Horizontal analysis of the GlaxoSmithKline Pakistan limited Balance Sheet

The following table 10 provides the horizontal analysis results that was applied on the balance sheet for the period of 2015 to 2020.

Table 10 Horizontal analysis of the GlaxoSmithKline Pakistan Limited Balance Sheet

	2020	2019	2018	2017	2016	2015
Statement of Financial Position						
Share capital and reserves	8.3%	4.7%	15.9%	(0.1) %	2.0%	9.4%
Non-Current Liabilities	29.9%	(7.1) %	18.7%	14.9%	13.0%	(34.4) %
Current Liabilities	19.9%	7.0%	(23.9) %	11.0%	6.7%	3.6%
Total Equity and Liabilities	12.2%	4.7%	2.1%	4.0%	3.8%	5.3%
Non-Current Assets	3.5%	5.4%	0.8%	6.2%	13.5%	7.9%
Current Assets	19.0%	4.2%	3.2%	2.2%	(3.0) %	3.8%
Total Assets	12.2%	4.7%	2.1%	4.0%	3.8%	5.3%

Source: own processing based on the annual reports of GlaxoSmithKline Pakistan limited.

	2020	2019	2018	2017	2016	2015
Statement of Financial Position						
Share capital and reserves	17,478,264	16,137,396	15,419,450	13,461,857	13,542,785	13,070,211
Non-Current Liabilities	1,191,367	916,956	986,686	830,917	723,185	646,542

Current Liabilities	7,402,365	6,174,830	5,770,211	7,581,158	6,899,137	7,049,971
Total Equity and Liabilities	26,071,996	23,229,182	22,176,347	21,873,932	21,165,107	20,120,182
Non-Current Assets	11,022,592	10,647,037	10,102,322	10,018,032	9,428,830	8,264,685
Current Assets	15,049,404	12,582,145	12,074,025	11,855,900	11,736,277	11,855,497
Total Assets	26,071,996	23,229,182	22,176,347	21,873,932	21,165,107	20,120,182

Source: own processing based on the annual reports of GlaxoSmithKline Pakistan limited.

The table 10, represents us the horizontal analysis of Equity and Liabilities of GlaxoSmithKline Pakistan limited. During the analysing period the non-current liabilities is -34.4% in the year 2015 which is the highest amount of percentage and -7.1% is the lowest amount of percentage in the year 2019 but at the same time the shareholder's funds were 99.4% in the year 2015 and then decreased to 4.7% in the year 2019. Current liabilities are -23.9% in the year 2018 which is the highest amount of percentage during the observed period and the lowest amount of percentage of current liabilities was 3.6% in the year 2015 and in the same time shareholder's equity was recorded in the year 2015 which is 9.4%. Highest current assets were recorded at 19.0% in the year 2020 and lowest current assets was 2.2% in the year 2017. In the year 2018 non-current assets was 0.8% which was the lowest amount of percentage during the observed period but at the same time the shareholders' funds were recorded 15.9% which was the highest amount of percentage. The total assets were 2.1% in the year 2018 which was the lowest amount of percentage and 12.2% was the highest amount of percentage in the year 2020.

4.2.6 Horizontal analysis of the GlaxoSmithKline Pakistan limited Income Statement

The following table 11 provides the horizontal analysis results that were applied to the income statement for the period of 2015 to 2020.

Table 11 Horizontal analysis of the GlaxoSmithKline Pakistan Limited Income statement

	2020	2019	2018	2017	2016	2015
Profit or Loss Analysis						
Net sales	(4.1)%	7.6%	3.8%	18.9%	15.7%	6.1%
Cost of sales	(4.6)%	12.8%	6.2%	19.9%	15.5%	4.6%
Gross Profit	(2.3)%	(8.3)%	(3.1)%	16.3%	16.2%	10.2%
Selling, marketing and distribution expenses	(16.7)%	(7.0)%	8.9%	16.4%	1.0%	8.2%
Administrative expenses	21.2%	2.1%	9.5%	4.1%	(2.8)%	4.7%
Other operating expenses	8.3%	(1.0)%	(9.5)%	17.9%	45.8%	12.0%
Other operating income	(0.7)%	35.3%	42.0%	(0.4)%	(10.2)%	135.9%
Operating Profit	2.0%	1.0%	(3.5)%	14.7%	22.5%	36.0%
Financial charges	(71.0)%	96.5%	67.0%	363.9%	(65.0)%	167.0%
Profit Before Taxation	6.6%	(2.0)%	(4.7)%	13.2%	23.9%	35.0%
Taxation	(2.0)%	6.8%	(23.1)%	11.1%	70.2%	3.6%
Profit After Taxation	11.0%	(5.9)%	6.8%	14.5%	5.3%	56.7%

Source: own processing based on the annual reports of GlaxoSmithKline Pakistan limited.

The table 11, represents the horizontal analysis of income statement of GlaxoSmithKline Pakistan limited. Net sales in the year 2017 was 18.9% which was the highest amount of percentage and 3.8% in the year 2018 which was the lowest amount of percentage during the observed period. In the year 2015, the share of cost of goods sold was 4.6 and then it increased to 15.5% in the year 2016 and the highest amount the of percentage was recorded in the year 2017 which was 19.9%. Selling, marketing and distribution expense is 8.2% in the year 2015 and then decreased to 1.0%

in the next year. Selling, marketing and distribution expenses are almost same in the years 2015 and 2018, it means that the company spent same amount of money to maintain company's daily operations. Administrative expenses are 9.5% in the year 2018 which was the highest amount of percentage and 2.1% was recorded the lowest amount of percentage in the year 2019 during the observed period. The highest amount of percentage of other operating income was recorded in the year 2015 was 135.9% and lowest was recorded -0.4 in the year 2017. The company paid high amount of percentage of taxes in the year 2016 which was recorded 70.2% and the lowest amount of percentage was 2.0% in the year 2020. The company earned highest amount of percentage of net income in the year 2015 which was recorder 56.7% and the lowest was 5.3% in the year 2016.

4.2.7 Vertical analysis of the GlaxoSmithKline Pakistan limited Balance Sheet

The following table 12 provides the vertical analysis results that was applied on the balance sheet for the period of 2015 to 2020.

Table 12 vertical analysis of the GlaxoSmithKline Pakistan Limited Balance Sheet

	2020	2019	2018	2017	2016	2015
Statement of Financial Position						
Share Capital and Reserves	67.0%	69.5%	69.5%	61.3%	63.8%	65.0%
Non-Current Liabilities	4.6%	3.9%	4.4%	3.8%	3.5%	3.2%
Current Liabilities	28.4%	26.6%	26.0%	34.9%	32.7%	31.8%
Total Equity and Liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-Current Assets	42.5%	45.8%	45.6%	46.1%	45.2%	41.3%
Current Assets	57.5%	54.2%	54.4%	53.9%	54.8%	58.7%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: own processing based on the annual reports of GlaxoSmithKline Pakistan limited.

The vertical analysis of the balance sheet - Assets represent, with the absolute (In percentage) changes. During the analysing period the current liabilities was fluctuating

highest was recorded in the year 2017 which was 34.9% but at the same time the share capital and reserves was 61.3%. The highest share capital and reserves was recorded in two years which was 69.5% in the year 2018 and the same in 2019. The non-current assets were recorded 46.1 was highest in the year 2017 and the lowest non-current assets was 41.3 in the year 2015 during the observed period. The current assets were recorded 58.7% in the year 2015 which was the highest and the lowest current assets was 53.9% in the year 2017.

4.2.8 Vertical analysis of the GlaxoSmithKline Pakistan limited Income Statement

The following table 13 provides the vertical analysis results that was applied on the income statement for the period of 2015 to 2020.

Table 13 vertical analysis of the GlaxoSmithKline Pakistan Limited Income statement

	2020	2019	2018	2017	2016	2015
Profit or Loss Analysis						
Revenue from contract with customers	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	78.5%	78.9%	75.3%	73.5%	72.9%	72.6%
Gross Profit	21.5%	21.1%	24.7%	26.5%	27.1%	27.4%
Selling, marketing and distribution expenses	7.9%	9.1%	10.5%	10.0%	10.2%	13.5%
Administrative expenses	3.8%	3.0%	3.2%	3.0%	3.4%	3.6%
Other operating expenses	1.2%	1.1%	1.2%	1.3%	1.4%	1.0%
Other operating income	5.6%	5.4%	4.3%	3.2%	3.8%	3.9%
Operating Profit	14.2%	13.4%	14.2%	15.3%	15.9%	13.2%
Financial charges	0.2%	0.8%	0.4%	0.3%	0.1%	0.2%
Profit Before Taxation	14.0%	12.6%	13.8%	15.0%	15.8%	13.0%
Taxation	4.4%	4.3%	4.3%	5.8%	6.2%	4.1%
Profit After Taxation	9.6%	8.3%	9.5%	9.2%	9.6%	8.9%

Source: own processing based on the annual reports of GlaxoSmithKline Pakistan limited.

	2020	2019	2018	2017	2016	2015
Profit or Loss Analysis						
Revenue	35,090,112	36,581,749	34,006,840	32,773,770	27,563,533	23,821,926
Cost of sales	(27,555,732)	(28,870,246)	(25,593,240)	(24,095,384)	(20,099,062)	(17,397,755)
Gross Profit	7,534,380	7,711,503	8,413,600	8,678,386	7,464,471	6,424,171
Selling, marketing and distribution expenses	(2,766,755)	(3,320,549)	(3,571,512)	(3,278,792)	(2,816,163)	(2,787,942)
Administrative expenses	(1,331,548)	(1,098,946)	(1,076,631)	(982,786)	(944,201)	(971,144)
Other operating expenses	(426,320)	(393,563)	(397,582)	(439,456)	(372,750)	(255,635)
Other operating income	1,977,036	1,991,462	1,471,634	1,036,344	1,040,556	1,159,017
Operating Profit	4,986,793	4,889,907	4,839,509	5,013,696	4,371,913	3,568,467
Financial charges	(84,111)	(289,611)	(147,392)	(88,282)	(19,032)	(54,361)
Profit Before Taxation	4,902,682	4,600,296	4,692,117	4,925,414	4,352,881	3,514,106

Taxation	(1,527,44 2)	(1,559,17 3)	(1,460,19 5)	(1,898,18 0)	(1,707,96 9)	(1,003,38 0)
Profit After Taxation	3,375,24 0	3,041,12 3	3,231,92 2	3,027,23 4	2,644,91 2	2,510,72 6

Source: own processing based on the annual reports of GlaxoSmithKline Pakistan limited.

The table 13 represents the vertical analysis of income statement of GlaxoSmithKline Pakistan limited. The cost of goods sold is the largest share of the company revenue during the observed period. In the year 2015, the share of the cost of goods sold was 72.6% which is the lowest while in 2019 it was 78.9% which was the highest amount of percentage during the observed period. Selling, marketing and distribution expenses were almost similar during the years 2016,2017 and 2018 which are 10.2%, 10.0% and 10.5% that means that the company spent almost the same amount money to maintain company's daily operations. It was 13.5% in the year 2015 which was the highest and 7.9% was the lowest in the year 2020 during the observed period. Other operating expenses are 1.0% in the year 2015 which the lowest and then increased to 1.4% in the year 2016 which was the highest recorded during the observed period. in the year 2015 operating profit was recorded 13.2% and then increased in the next year which was 15.9% while financial charges were recorded 0.1% in the same year. The highest taxation was recorded in the year 2016 which was 6.2% and the lowest was 4.1% in the year 2015 while profit after taxation was recorded at 8.9% in the same year. The profit after taxation was the same in the years 2016 and 2020 which was 9.6%.

4.2.9 Horizontal analysis of the Abbott Laboratories limited Balance Sheet

The following table 14 provides the horizontal analysis results that were applied to the balance sheet for the period of 2015 to 2020.

Table 14 Horizontal analysis of Abbott Laboratories' limited Balance sheet

	2020	2019	2018	2017	2016	2015
Statement of Financial Position						
Total Equity	16.6%	1.0%	(7.8) %	(1.6) %	12.7%	19.1%

Non-Current Liabilities	56.4%	46.8%	20.7%	342.5%	(75.5) %	23.8%
Current Liabilities	18.1%	(2.9) %	51.5%	38.1%	5.2%	21.8%
Total Equity and Liabilities	20.1%	2.3%	5.7%	8.7%	7.0%	19.8%
Non-Current Assets	9.5%	15.5%	32.6%	21.4%	10.1%	19.2%
Current Assets	27.3%	(5.1) %	(5.1) %	4.4%	6.0%	20.0%
Total Assets	20.1%	2.3%	5.7%	8.7%	7.0%	19.8%

Source: own processing based on the annual reports of Abbott Laboratories Pakistan limited.

	2020	2019	2018	2017	2016	2015
Statement of Financial Position						
Total Equity	15,590,252	13,372,393	13,235,011	14,355,835	14,593,240	12,949,247
Non-Current Liabilities	2,491,670	1,592,967	1,084,823	898,409	203,477	830,115
Current Liabilities	6,833,822	5,787,320	5,961,423	3,933,866	2,848,467	2,708,913
Total Equity and Liabilities	24,915,744	20,752,680	20,281,257	19,188,110	17,645,184	16,488,275
Non-Current Assets	9,214,007	8,414,818	7,283,126	5,492,322	4,523,033	4,108,183
Current Assets	15,701,737	12,337,862	12,998,131	13,695,788	13,122,151	12,380,092

Total	24,915,7	20,752,6	20,281,2	19,188,1	17,645,184	16,488,275
Assets	44	80	57	10		

Source: own processing based on the annual reports of Abbott Laboratories Pakistan limited.

The final dividend for 2019 (Rs. 7.5 per share) and interim dividend for 2020 have partially offset the profit for the year's growth in equity, which has climbed by 16.6%. (Rs. 15.0 per share). The recording of lease liabilities for buildings and vehicles has resulted in an increase in non-current liabilities of 56.4%. Due to capital expenditures and the recognition of right-of-use assets in connection with new leases, noncurrent assets have grown by 9.5% over the previous year. Higher cash and bank balances account for the majority of the 27.3% increase in current assets. Due to lease liabilities, non-current liabilities have grown by 25.2% over the previous year. Non-current assets have grown by 15.5% over the previous year as a result of capital investments made to increase production capacity, boost productivity, and boost plant efficiency. Lower cash and bank balances are the major cause of the current assets' 5.1% decline.

4.2.10 Horizontal analysis of the Abbott Laboratories Pakistan limited Income statement

The following table 15 provides the horizontal analysis results that was applied on the balance sheet for the period of 2015 to 2020.

Table 15 Horizontal analysis of Abbott Laboratories Pakistan limited Income statement

	2020	2019	2018	2017	2016	2015
Statement of Profit or Loss						
Sales – net	17.0%	1.5%	13.9%	11.5%	10.5%	7.5%
Cost of sales	6.6%	8.6%	24.5%	14.1%	8.3%	6.6%
Gross Profit	43.3%	(13.0)%	(2.9)%	7.7%	13.9%	9.0%
Selling and distribution expenses	4.9%	12.4%	24.7%	10.9%	13.3%	(3.0)%
Administrative expenses	(12.2)%	19.8%	30.5%	4.0%	17.4%	4.4%
Other income	116.1%	(23.2)%	3.0%	5.8%	(11.7)%	0.2%

Other charges	35.5%	(33.5)%	30.6%	23.9%	12.6%	16.7%
Operating Profit	146.5%	(41.2)%	(25.5)%	4.6%	11.6%	15.9%
Financial costs	44.9%	240.2%	55.1%	48.8%	14.9%	23.3%
Profit Before Taxation	148.7%	(42.2)%	(25.6)%	4.6%	11.6%	15.9%
Taxation	41.1%	(26.6)%	0.8%	4.6%	10.3%	(5.5)%
Profit After Taxation	248.9%	(51.8)%	(35.9)%	4.6%	12.1%	27.4%

Source: own processing based on the annual reports of Abbott Laboratories Pakistan limited.

	2020	2019	2018	2017	2016	2015
Statement of Profit or Loss						
Sales – net	35,283,377	30,155,875	29,719,279	26,088,233	23,387,915	21,170,446
Cost of sales	23,061,526	21,628,135	19,917,837	15,999,247	14,020,416	12,943,213
Gross Profit	12,221,851	8,527,740	9,801,442	10,088,986	9,367,499	8,227,233
Selling and distribution expenses	5,311,541	5,061,510	4,503,521	3,611,882	3,258,175	2,876,407
Administrative expenses	642,162	731,620	610,885	468,172	450,297	383,612
	6,268,148	2,734,610	4,687,036	6,008,932	5,659,027	4,967,214
Other income	760,691	352,023	458,654	445,317	420,937	476,868
Other charges	708,375	522,802	786,315	602,244	486,064	431,721
Operating Profit	6,320,464	2,563,831	4,359,375	5,852,005	5,593,900	5,012,361

Financial costs	76,905	76,905	15,606	10,060	6,759	5,884
Profit Before Taxation	6,243,559	2,510,741	4,343,769	5,841,945	5,587,141	5,006,477
Taxation	1,708,310	1,210,856	1,649,436	1,636,713	1,565,349	1,419,741
Profit After Taxation	4,535,249	1,299,885	2,694,333	4,205,232	4,021,792	3,586,736

Source: own processing based on the annual reports of Abbott Laboratories Pakistan limited.

Net sales for the year 2020 grew over the prior year by 17.0%. The main causes of the 6.6% rise in cost of sales were volume, fuel and electricity expenses brought on by rising tariffs, depreciation brought on by capitalizations, and salaries. Due to rising statutory fees (WWF, WPPF, and CRF), which were in accordance with the company's improved profitability, other costs climbed by 35.5%. According to the aforementioned causes, the Company's profit after taxes grew by 248.9%. In the year 2019 Net revenues for the year went up 1.5% over the prior period. Due mostly to inflation and currency depreciation, sales costs grew by 8.6%. Inflation, higher salaries, and a rise in spending on advertising and sales promotion were the key drivers of the 12.4% increase in selling and distribution costs.

In comparison to previous year, other charges declined by 33.5%, mostly due to lower exchange losses and statutory expenses. The company's earnings after taxes fell by 51.8% for the reasons already outlined.

4.2.11 Vertical analysis of the Abbott Laboratories Pakistan limited Balance Sheet

The following table 16 provides the horizontal analysis results that was applied on the balance sheet for the period of 2015 to 2020.

Table 16 Vertical analysis of Abbott Laboratories Pakistan limited Balance sheet

	2020	2019	2018	2017	2016	2015
Statement of Financial Position						

Total Equity	62.6%	64.4%	65.3%	74.6%	82.7%	78.6%
Non-Current Liabilities	10.0%	7.7%	2.1%	1.2%	1.2%	1.3%
Current Liabilities	27.4%	27.9%	32.6%	24.2%	16.1%	20.1%
Total Equity and Liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-Current Assets	37.0%	40.5%	35.9%	28.6%	25.6%	24.9%
Current Assets	63.0%	59.5%	64.1%	71.4%	74.4%	75.1%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: own processing based on the annual reports of Abbott Laboratories Pakistan limited.

	2020	2019	2018	2017	2016	2015
Statement of Financial Position						
Total Equity	15,590,252	13,372,393	13,235,011	14,355,835	14,593,240	12,949,247
Non-Current Liabilities	2,491,670	1,592,967	1,084,823	898,409	203,477	830,115
Current Liabilities	6,833,822	5,787,320	5,961,423	3,933,866	2,848,467	2,708,913
Total Equity and Liabilities	24,915,744	20,752,680	20,281,257	19,188,110	17,645,184	16,488,275
Non-Current Assets	9,214,007	8,414,818	7,283,126	5,492,322	4,523,033	4,108,183

Current Assets	15,701,7	12,337,8	12,998,1	13,695,7	13,122,1	12,380,0
	37	62	31	88	51	92
Total Assets	24,915,7	20,752,6	20,281,2	19,188,1	17,645,18	16,488,2
	44	80	57	10	4	75

Source: own processing based on the annual reports of Abbott Laboratories Pakistan limited.

Due to the year's profit and dividend payments, the company's equity has grown compared to previous year, but its share of overall equity and liabilities has decreased. The difference between 2019's 7.7% and 10.0% for non-current liabilities is mostly attributable to the lease debt and employee retirement benefits. The percentage of non-current assets in total assets is 37.0% (2019: 40.5%), up largely as a result of capital expenditures made throughout the year to increase production capacity, boost productivity, and boost plant efficiency. As a percentage of the company's total assets, current assets make up 63.0% (2019: 59.5%), a rise mostly brought on by larger cash and bank balances than in the prior year. Because of the year's profit and dividends, the company's equity has marginally grown. In terms of total equity and liabilities, non-current liabilities are 2.6% (up from 2.1%), with the lease liability accounting for the majority of the increase. Current liabilities have grown primarily as a result of greater accrued obligations for various goods and services as well as a rise in pension fund liabilities as a result of an actuarial loss in the current year. Non-current assets make up 40.5% of total assets (up from 35.9% in 2018), with the rise mostly attributable to capital expenditures made throughout the year to increase production capacity, raise productivity, and boost plant efficiency. As a percentage of the company's total assets, current assets make up 59.5% (2018: 64.1%), a decline mostly brought on by smaller cash and bank balances than in the prior year.

4.2.12 Vertical analysis of the Abbott Laboratories Pakistan limited Income statement

The following table 17 provides the horizontal analysis results that was applied on the balance sheet for the period of 2015 to 2020.

Table 17 Vertical analysis of Abbott Laboratories Pakistan limited Income statement

	2020	2019	2018	2017	2016	2015
--	------	------	------	------	------	------

Statement of Profit or Loss						
Sales – net	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	65.4%	71.7%	67.0%	61.3%	59.9%	61.1%
Gross Profit	34.6%	28.3%	33.0%	38.7%	40.1%	38.9%
Selling and distribution expenses	15.1%	16.8%	15.2%	13.8%	13.9%	13.6%
Administrative expenses	1.8%	2.4%	2.0%	1.8%	1.9%	1.8%
Other income	2.2%	1.2%	1.5%	1.7%	1.8%	2.3%
Other charges	2.0%	1.8%	2.6%	2.3%	2.1%	2.0%
Operating Profit	17.9%	8.5%	14.7%	22.4%	23.9%	23.7%
Financial costs	0.2%	0.2%	0.1%	0.0%	0.0%	0.0%
Profit Before Taxation	17.7%	8.3%	14.6%	22.4%	23.9%	23.6%
Taxation	4.8%	4.0%	5.5%	6.3%	6.7%	6.7
Profit After Taxation	12.9%	4.3%	9.1%	16.1%	17.2%	16.9

Source: own processing based on the annual reports of Abbott Laboratories Pakistan limited.

	2020	2019	2018	2017	2016	2015
Statement of Profit or Loss						
Sales – net	35,283,377	30,155,875	29,719,279	26,088,233	23,387,915	21,170,446
Cost of sales	30,155,875	21,628,135	19,917,837	15,999,247	14,020,416	12,943,213
Gross Profit	12,221,851	8,527,740	9,801,442	10,088,986	9,367,499	8,227,233
Selling and distribution expenses	5,311,541	5,061,510	4,503,521	3,611,882	3,258,175	2,876,407
Administrative expenses	642,162	731,620	610,885	468,172	450,297	383,612

	6,268,1 48	2,734,6 10	4,687,0 36	6,008,9 32	5,659,0 27	5,659,0 27
Other income	760,691	352,023	458,654	445,317	420,937	476,868
Other charges	708,375	522,802	786,315	602,244	486,064	431,721
Operating Profit	6,320,4 64	2,563,8 31	4,359,3 75	5,852,0 05	5,593,9 00	5,012,3 61
Financial costs	76,905	53,090	15,606	10,060	6,759	5,884
Profit Before Taxation	6,243,5 59	2,510,7 41	4,343,7 69	5,841,9 45	5,587,1 41	5,006,4 77
Taxation	1,708,3 10	1,210,8 56	1,649,4 36	1,636,7 13	1,636,7 13	1,419,7 41
Profit After Taxation	4,535,2 49	1,299,8 85	2,694,3 33	4,205,2 32	4,205,2 32	3,586,7 36

Source: own processing based on the annual reports of Abbott Laboratories Pakistan limited.

The Company's gross profit margin increased to 34.6% from 28.3% in 2019 as a result of changes in product mix, cost adjustments, and price hikes for sales. Selling and distribution costs as a proportion of sales fell, mostly as a result of less travel because to COVID. Because of the company's higher gross profit margin and decreased operating expenditures as a proportion of sales, its net profit margin climbed to 12.9% in 2020 from 4.3% in 2019. (as explained above).

4.3 The proportion of ratio analysis

Proportion ratio are one of the main tools to check the financial position of any company. It will show a clear vision of the company's financial positions that how much the company is strong and how much it is weak. Simply it shows the strengtness and weakness of any company. Below you will see different ratios indicators like an indicator of liquidity ratio, an indicator of activity ratio, and an indicator of profitability ratio.

4.3.1 Indicators of liquidity

The ratio known as the liquidity ratio is used to meet a company's short-term liabilities, obligations, or debt. It is crucial for the business to maintain a reasonable level of liquidity so that it can be counted on to pay creditors (or suppliers via accounts payable)

on time and in accordance with the conditions set out. triple com. The Current Ratio, Cash Ratio, and Quick Ratio are three often used liquidity measures. (Steven M. B. Second Edition of Business Ratios and Formulas: Comprehensive Guide 2006)

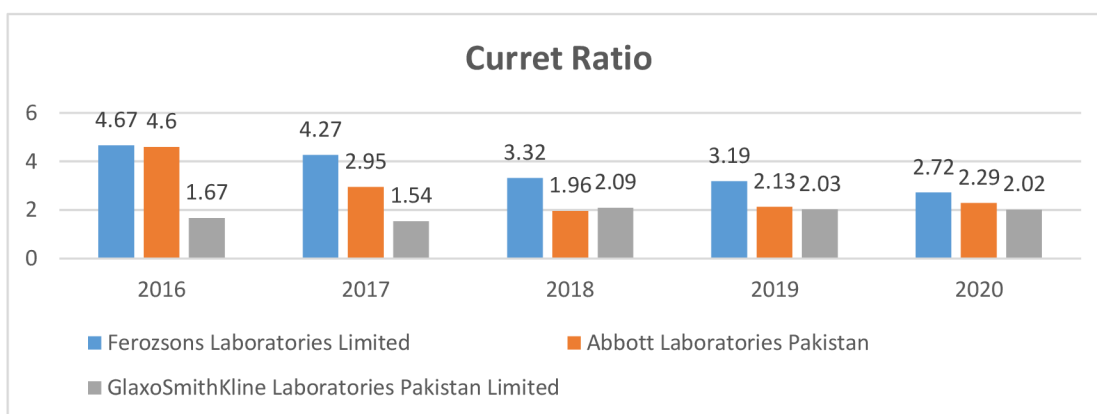
Current ratio:

The most popular statistic for assessing a company's liquidity is the current ratio. This demonstrates the company's ability to pay all current creditors without selling or liquidating new assets in the event that it is required to act quickly. If the current ratio is less than 2, it indicates that the company's current assets are sufficient to pay off all of its liabilities. However, if the current ratio is higher than 2, it means that the business can afford to pay its current liabilities twice over.

Table 18 Results of calculation of current ratio for the period of 2016 to 2020

Current Ratio					
Company	2016	2017	2018	2019	2020
Ferozsons Laboratories Limited	4.67	4.27	3.32	3.19	2.72
Abbott Laboratories Pakistan limited	4.60	2.95	1.96	2.13	2.29
GlaxoSmithKline Pakistan Limited	1.67	1.54	2.09	2.03	2.02

Figure 4 Comparison of current ratio



Source: own processing based on the annual reports of Ferozsons, Abbott and GlaxoSmithKline Pharmaceuticals.

Analysis:

From the table 18, we should assume that the current ratio of Ferozsons laboratories limited in year 2016 is high and it is 4.67 after that it was gradually decreased in year 2017 to 4.27 but in year 2020 it was decreased by 2.72.

The current ratio of Abbott Laboratories Pakistan in year 2016 is 4.60 it means that the company has more ability to pay off its short term obligations like ferozsons laboratories limited in year 2016 but then it was decreased in each year like in year 2020 it is 2.29.

GlaxoSmithKline Pakistan limited current ratio in year 2016 is 1.67 it means that the company can exactly pay off their short term obligations with its current assets and then its gradually increased in each year like in year 2.02 it indicates that the company can pay off their short term obligations twice with their current assets. From the above comparison we can assume that Ferozsons laboratories has a good current ratio than Abbott Laboratories Pakistan and GlaxoSmithKline Pakistan limited.

Quick Ratio:

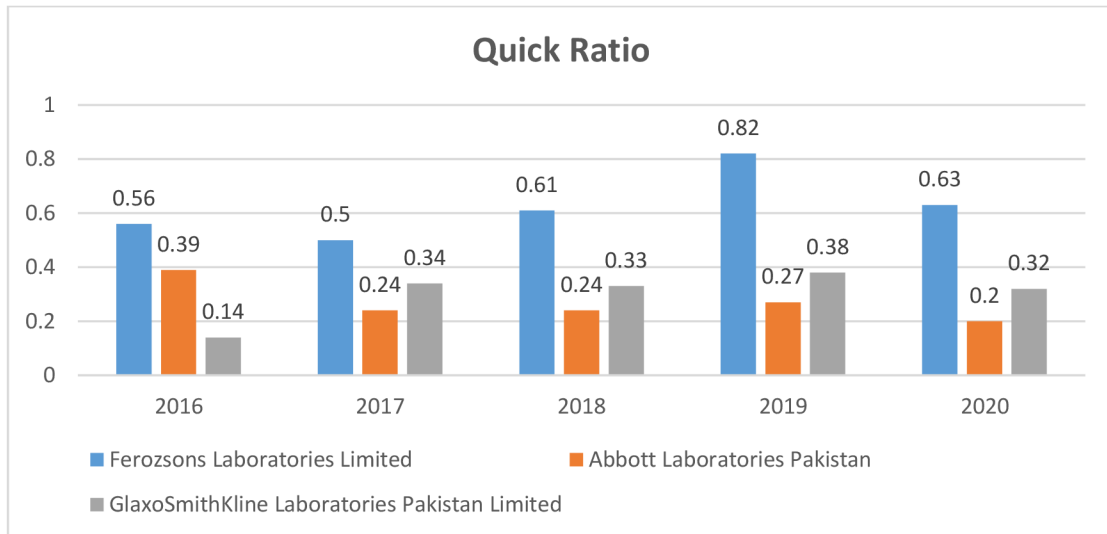
One sign of a company's short-term liquidity issue is the quick ratio, which evaluates how effectively it can meet short-term obligations with its most liquid assets. The Quick Ratio, also known as the Liquidity Ratio or Acid-test, evaluates a company's ability to meet its short-term financial obligations by considering how quickly its assets may be converted into cash.

Quick Ratio = Cash + Marketable Securities + Account Receivable / Current Liabilities

Table 19 Results of calculation of current ratio for the period of 2016 to 2020

Quick Ratio					
Company	2016	2017	2018	2019	2020
Ferozsons Laboratories Limited	0.56	0.50	0.61	0.82	0.63
Abbott Laboratories Pakistan limited	0.39	0.24	0.24	0.27	0.20
GlaxoSmithKline Pakistan Limited	0.14	0.34	0.33	0.38	0.32

Figure 5 Comparison of Quick ratio



Source: own processing based on the annual reports of Ferozsons, Abbott and GlaxoSmithKline Pharmaceuticals.

Analysis: In year 2016 Ferozsons laboratories limited quick ratio has 0.56 it indicates that the company has trouble meeting its short-term obligations without having to sell some of its fixed assets. In 2019, it increased to 0.82, although that is still below 1, indicating that the corporation faces difficulties in doing so. Abbott Laboratories Pakistan limited current ratio is too much low in all years it means that this company have much problems meeting its short-term term obligation without having to sell some of their fixed assets. GlaxoSmithKline Pakistan limited quick ratio has 0.14 in year 2016 it implies that the company has not enough assets that meets its short term obligations.

4.3.2 Indicators of efficiency (Activity ratio)

Activity ratios are financial indicators used to assess how well a firm uses and manages its resources to produce the most income. The company is prepared to utilise the various operational assets shown on its balance sheet and turn them into sales or cash. (Steven M. B. Second Edition of Business Ratios and Formulas: Comprehensive Guide 2006).

Categories of Activity ratios:

Assets turnover ratio:

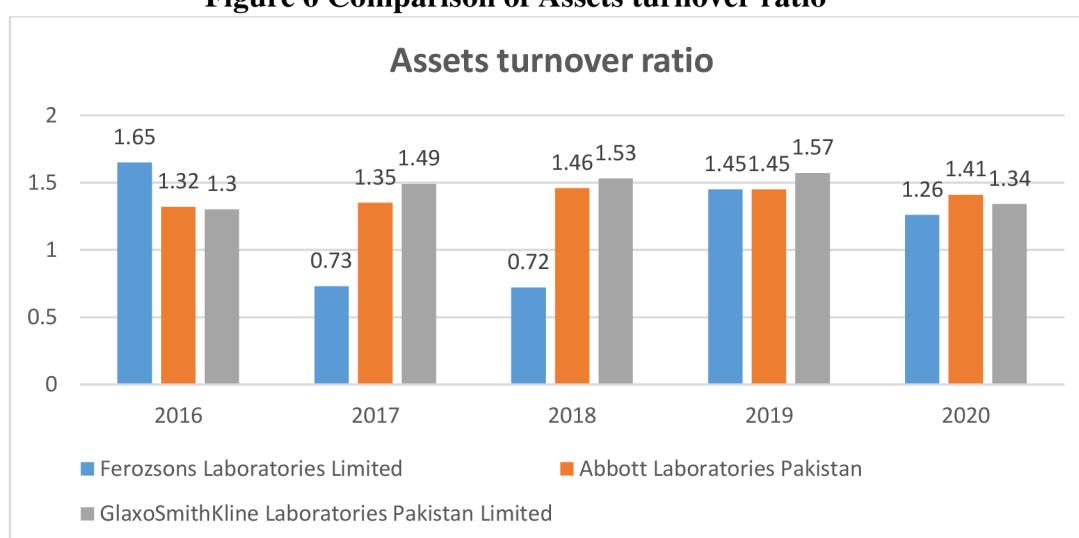
This ratio determines the company's efficiency with which a company utilizes its fixed assets to make revenue and income. A higher ratio represents the firm is doing good which means it can generate more sales with a certain level of assets.

Total Asset Turnover = Sales / Total Assets

Table 20 Results of calculation of assets turnover ratio for the period of 2016 to 2020

Assets turnover ratio					
Company	2016	2017	2018	2019	2020
Ferozsons Laboratories Limited	1.65	0.73	0.72	1.45	1.26
Abbott Laboratories Pakistan limited	1.32	1.35	1.46	1.45	1.41
GlaxoSmithKline Pakistan Limited	1.30	1.49	1.53	1.57	1.34

Figure 6 Comparison of Assets turnover ratio



Source: own processing based on the annual reports of Ferozsons, Abbott and GlaxoSmithKline Pharmaceuticals.

Analysis

As the table 20, showed us that the asset turnover ratio of Ferozsons laboratories limited is 1.65 in 2016 and 1.26 in year 2020. Abbott Laboratories Pakistan limited turnover ratio is less than ferozsons laboratories limited in year 2016 which is 1.32 but then increased to 1.41 in year 2020. The total assets turnover ratio of GlaxoSmithKline Pakistan limited is 1.30 in year 2016 that is less than from both the companies. But then in year 2020 its increased to 1.34 and its more than Ferozsons laboratories limited but less than Abbott Laboratories Pakistan limited. A high ratio of total assets turnover indicates that the business is more effective in generating sales or revenue. A smaller ratio of assets turned over shows that a business may not be employing its assets as effectively.

Analysis

Working capital turnover ratio (WCTR):

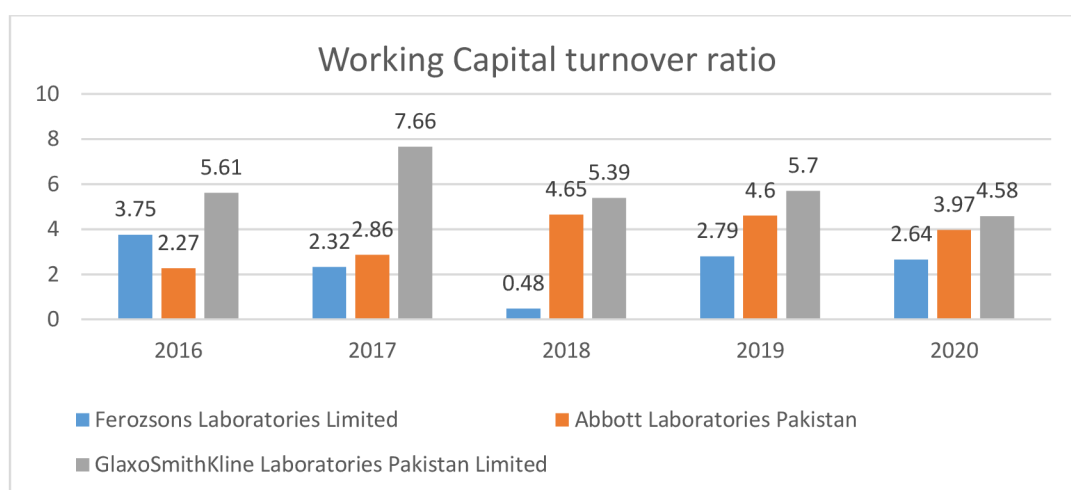
How effectively a company utilises its working capital is shown by its working capital turnover ratio. In order to sustain its sales, a company may invest large sums of money in inventory and accounts receivable, which may eventually lead to an excessive number of bad debts or out-of-date inventory if it has a poor turnover ratio. On the other side, a high turnover ratio shows how effectively management manages a company's present assets and liabilities.

$$\text{WCTR} = \text{Sales} / \text{Current Assets} - \text{Current Liabilities}$$

Table 21 Results of calculation of assets turnover ratio for the period of 2016 to 2020

Working capital turnover ratio					
Company	2016	2017	2018	2019	2020
Ferozsons Laboratories Limited	3.75	2.32	0.48	2.79	2.64
Abbott Laboratories Pakistan limited	2.27	2.86	4.65	4.60	3.97
GlaxoSmithKline Pakistan Limited	5.61	7.66	5.39	5.70	4.58

Figure 7 Comparison of Working capital turnover ratio



Source: own processing based on the annual reports of Ferozsons, Abbott and GlaxoSmithKline Pharmaceuticals.

Analysis

Working capital turnover ratio of Ferozsons laboratories limited is 3.75 in year 2016 and then decreased in each year. Abbott laboratories Pakistan working capital turnover ratio is less than ferozsons laboratories limited in year 2016 which is 2.27 and then increased to 3.97 in year 2020. Working capital turnover ratio is higher than both of the companies in year 2016 and that is 5.61 and then it increased in year 2017 which is 7.66. The working capital turnover ratio of GlaxoSmithKline Pakistan limited is higher than the other companies. When the working capital turnover ratio is high, it means the firm is using its working capital to produce more revenue. The working capital will be positive if the current assets are greater than the current liabilities. Working capital is low in this situation because inventory levels are lower than payables. As a result, the working capital ratio is quite high.

4.3.3 Indicators of profitability (Indicators of profitability)

Profitability is a measure of how efficient a company performs the generation of a profit. Efficiency means how well a business utilizes assets or equity to generate revenue and profit. (Steven M. B. Second Edition of Business Ratios and Formulas: Comprehensive Guide 2006).

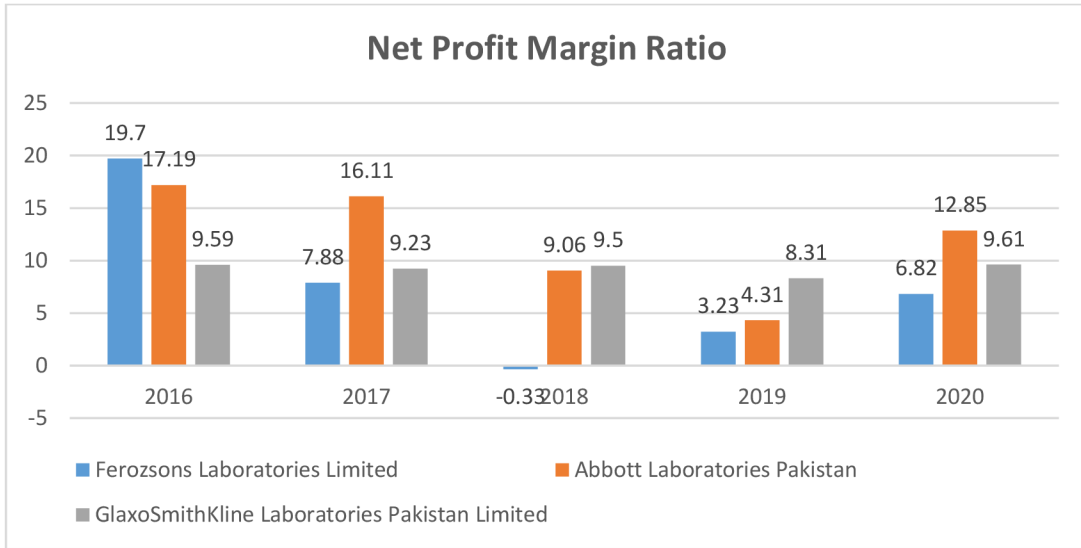
Net Profit Margin: Defines the sales level after deduction of all expenses calculated as after-tax net income (net profits) divided by sales (revenue). Net Profit Margin is also called Return on Revenue.

$$\text{Net Profit Margin} = \text{Earnings After Taxes} / \text{Sales} * 100$$

Table 22 Results of calculation of assets turnover ratio for the period of 2016 to 2020

Net Profit Margin					
Company	2016	2017	2018	2019	2020
Ferozsons Laboratories Limited	19.70	7.88	-0.33	3.23	6.82
Abbott Laboratories Pakistan limited	17.19	16.11	9.06	4.31	12.85
GlaxoSmithKline Pakistan Limited	9.59	9.23	9.50	8.31	9.61

Figure 8 Comparison of Net Profit Margin ratio



Source: own processing based on the annual reports of Ferozsons, Abbott and GlaxoSmithKline Pharmaceuticals.

Analysis

The table 22, shows that Ferozsons laboratories limited has 19.70% it means that the company earned 0.19 pkr for every 1 pkr in sales revenue and it decreased in 2020 by 6.82 and it showed that the company earned 0.6 pkr for every 1 pkr in sales revenue. Abbott Laboratories Pakistan limited shows 17.19% which means that the company earned 0.17 pkr for every 1 pkr in sales revenue and it decreased in 2020 by 12.85. GlaxoSmithKline Pakistan limited net profit margin value is 9.59% which means the company earned 0.9 pkr for every 1 pkr in sales revenue and it’s almost the same each year. If we compare all companies Abbott Laboratories Pakistan’s limited net profit margin ratio is greater than others companies for the period of 2016 to 2020.

Gross Profit Margin: Determines the ratio by which gross earnings are greater than manufacturing expenses. The amount of revenue that remains in an accounting period after a company pays for labor and materials is referred to as the profit margin or cost of goods sold. (COGS).

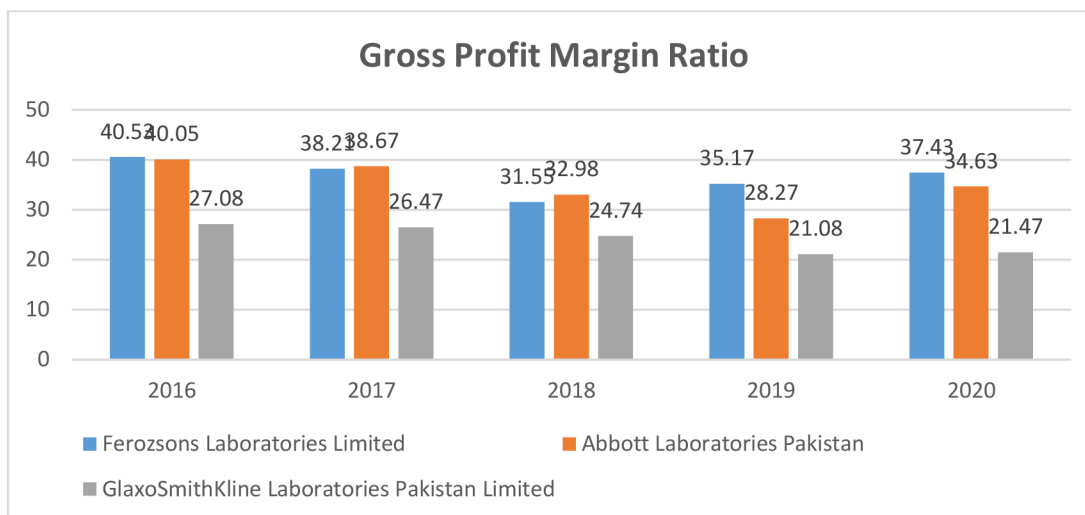
$$\text{Gross Margin} = \text{Revenue} - \text{COGS} / \text{Revenue} * 100$$

Table 23 Results of calculation of assets turnover ratio for the period of 2016 to 2020

Gross Profit Margin					
Company	2016	2017	2018	2019	2020
Ferozsons Laboratories Limited	40.53	38.21	31.55	35.17	37.43

Abbott Laboratories Pakistan limited	40.05	38.67	32.98	28.27	34.63
GlaxoSmithKline Pakistan Limited	27.08	26.47	24.74	21.08	21.47

Figure 9 Comparison of Gross Profit Margin ratio



Source: own processing based on the annual reports of Ferozsons, Abbott and GlaxoSmithKline Pharmaceuticals.

Analysis

The gross profit margin ratio of Ferozsons laboratories limited in the year 2016 is 40.53% and then decreased to 34.43% in the year 2020. Abbott Laboratories Pakistan's limited gross profit margin value in the year 2016 is 40.05% and then 34.63% in the year 2020. The gross profit margin value of GlaxoSmithKline in Pakistan is 27.08% in 2016 and then decreased to 21.47 in the year 2020. If we should compare all companies Ferozsons laboratories limited and Abbott Laboratories Pakistan limited have good gross profit margin value for the period 2016 to 2020. Generally speaking, the better is a higher gross profit margin. A high gross profit margin indicates that a business has effectively controlled its sales expenses. Additionally, it demonstrates that the business has greater operational, financial, and other expense obligations.

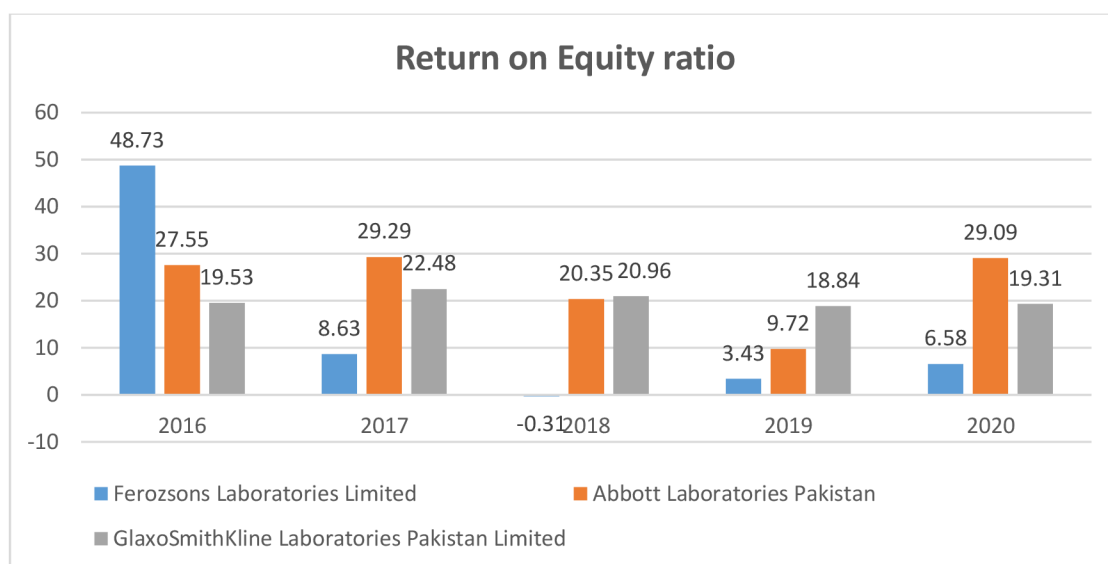
Return on equity: One of the most often used profitability ratios and profitability measurements is return on equity. It shows a company's net income in relation to the total amount of shareholder equity.

$$\text{ROE} = \text{Net Income} / \text{Shareholder's Equity}$$

Table 24 Results of calculation of assets turnover ratio for the period of 2016 to 2020

Return on Equity					
Company	2016	2017	2018	2019	2020
Ferozsons Laboratories Limited	48.73	8.63	-0.31	3.43	6.58
Abbott Laboratories Pakistan limited	27.55	29.29	20.35	9.72	29.09
GlaxoSmithKline Pakistan Limited	19.53	22.48	20.96	18.84	19.31

Figure 10 Comparison of Return on Equity ratio



Source: own processing based on the annual reports of Ferozsons, Abbott and GlaxoSmithKline Pharmaceuticals.

Analysis

The table 24, shows that Ferozsons laboratories limited has the highest return on equity in year 2016 but then it goes in minus in the year 2018. Overall, if we can compare Abbott Laboratories Pakistan limited has a good return on equity for the period 2016 to 2020. If a company has higher the return on equity, the better a company is at converting its equity financing into profits.

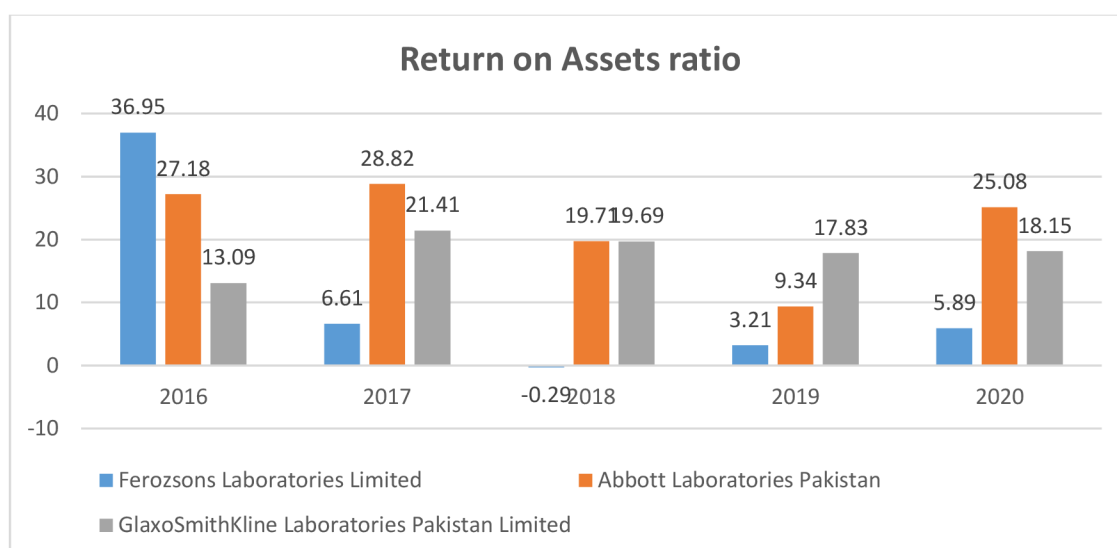
Return on Assets: The connection between net profit and assets is described by the financial ratio known as return on assets (ROA). ROA demonstrates how well a business is managed by utilizing all assets, including investments, to generate a profit. The formula below is used to determine return on assets.:

Return on Net Assets = Net Profit / Fixed Assets + Net Working Capital

Table 25 Results of calculation of assets turnover ratio for the period of 2016 to 2020

Return on Assets					
Company	2016	2017	2018	2019	2020
Ferozsons Laboratories Limited	36.95	6.61	-0.29	3.21	5.89
Abbott Laboratories Pakistan limited	27.18	28.82	19.71	9.34	25.08
GlaxoSmithKline Pakistan Limited	13.09	21.41	19.69	17.83	18.15

Figure 11 Comparison of Return on Assets ratio



Source: own processing based on the annual reports of Ferozsons, Abbott and GlaxoSmithKline Pharmaceuticals.

Analysis

Ferozsons laboratories' limited return on assets is 36.95% in the year 2016 and then it decreased to 5.89% in the year 2020. And Abbott Laboratories' Pakistan limited return on assets is 27.18% in the year and then its 25.08% in 2020. The return on equity of GlaxoSmithKline in Pakistan is 13.09 in the year 2016 and then it increased to 18.15 in the year 2020. By comparing all companies Abbott Laboratories Pakistan limited has a good return on equity ratio. The amount of money made per Pkr of assets is shown by the return on assets. The higher the return on assets value, the more profitable and effective the firm is.

4.4 SWOT Analysis

A person or organization can identify strengths, weaknesses, opportunities, and threats connected to competitiveness or project planning by using the SWOT situational analysis approach. Scenario analysis or situation evaluation are other names for it.

General SWOT analysis of Pakistan pharmaceutical industry

Strengths:

Skilled workforce: Pakistan's pharmaceutical industry has access to a large, educated labor base that includes scientists, pharmacists, and technicians and is capable of creating high-quality medicines.

Low labor costs: Pharmaceutical companies are eager to establish production facilities in Pakistan due to the country's relatively low cost of labor as compared to other nations.

Growing domestic demand: Due to rising earnings, population growth, and improved access to healthcare, the domestic pharmaceutical business is expanding quickly.

Government support: In order to support the pharmaceutical business, the Pakistani government has adopted a number of laws and incentives, including tax exemptions, lower import duties on raw materials, and grants for R&D.

Weaknesses:

Limited research and development: Due to a lack of financing for R&D, modern medical products and technology cannot be developed in Pakistan's pharmaceutical industry.

Quality control issues: The industry has reported instances of inferior raw materials being used and poor production procedures, which can affect the security and effectiveness of pharmaceuticals.

Lack of intellectual property protection: The weak implementation of intellectual property rules in Pakistan has discouraged foreign investment in the sector, and local R&D has had trouble expanding.

Opportunities:

Increasing global demand: There is a possibility for Pakistan's pharmaceutical industry to increase its export market due to the growing need for affordable medications around the world.

Collaboration with international partners: By collaborating with international partners like pharmaceutical companies and research institutions, the industry can obtain new technologies and strengthen its capacity for research and development.

Growing healthcare sector: The expanding healthcare industry in Pakistan provides the pharmaceutical industry with the opportunity to develop new goods and services to provide to shifting consumer demands.

Threats:

Competition from low-cost countries: The industry faces competition from low-cost countries, particularly India and China, which can produce pharmaceuticals at a lower cost.

Stringent regulations: Regulations governing quality assurance, product registration, and intellectual property are among the strict rules that apply to the sector; as a result, prices may rise and further expansion may be constrained.

Political instability: The state of Pakistan's economy and the expansion of the pharmaceutical industry may be impacted by political unrest there.

https://www.researchgate.net/publication/266565646_Review_of_Pakistan_Pharmaceutical_Industry_SWOT_Analysis

5 Results and Discussion

We evaluated the financial stability and productivity of the selected pharmaceutical industries during the practical phase. We have evaluated the financial performance of these specific pharmaceutical industries based on the information and calculations used to create the balance sheet and income statement. This section compares the financials and ratios of Abbott Laboratories Pakistan Ltd, GSK Pakistan, and Ferozsons Laboratories Limited. We will also go over the internal and external factors that affect the company's profits, including short- and long-term loans, expenses, exchange rates, and other factors.

5.1 Comparative assessment of the financial position of Ferozsons Laboratories Limited, GlaxoSmithKline Pakistan Limited, and Abbott Laboratories Pakistan Limited.

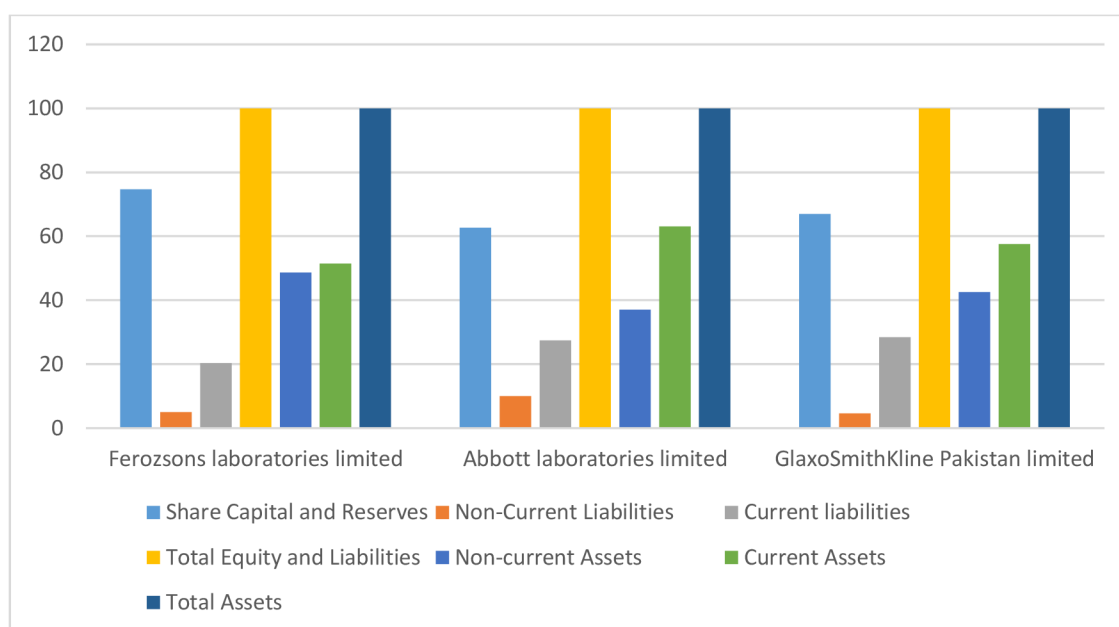
The financial position of the chosen pharmaceutical industries is analysed by vertical and horizontal analysis of the balance sheet.

In the vertical analysis of Ferozsons laboratories limited balance sheet indicates the most significant contribution to total assets came from current assets which contributes the highest in all the given years 65.1% in the year 2015 to 51.4% in 2020 whereas company has invested higher in the year 2016 which is 85.9% and the lowest share capital and reserves in the year 2015 which 70.1%. As we can see in table 9, non-current is contributed to total assets which is 34.9% in the year 2015 that the lowest contribution in the observed period and the highest contribution of non-current assets to the total assets is 49.6% in the year 2016 and 2018. Further, we can see highest contribution to the total Equity and liabilities of non-current liabilities is 5.0% in the year 2020 and the lowest is 0.9% in the year 2015. The current liabilities contribution to the total Equity and liabilities is 29% in the year 2015 which is the highest contribution during the observed period.

In case of Abbott Laboratories Pakistan limited the most significant contribution is made by current assets to the total assets which ranges from 75.1% in 2015 to 63% in 2020 and the non-current assets contribution to the total assets is 40.5% which is the highest contribution during the observed period and the lowest is 24.9% in the year 2015. As we can see in table 17 non-current liabilities contributes the same in the year 2016 and 2017 which is 1.2% and current liabilities is 32.6% in the year 2018 which is the highest contribution and the lowest contribution is 16.1% in the year 2016.

And in the case of GlaxoSmithKline Pakistan limited the most significant contribution of current assets to the total assets is 58.7% of the total assets, followed by share capital and reserves 65% to 67% from the year 2015 to 2020. The non-current assets make approximately 46% to the total assets in the year 2017 which is the highest percentage during the observed period. As we can see in table 13, among equity and liabilities share capital and reserves makes the most remarkable contribution of almost 70% in the years 2018 and 2019 which is the highest contribution during the observed period and lowest contribution to the equity and liabilities is non-current liabilities is 3.2% in the year 2015.

Figure12: Assest and Liabilities of Ferozsons laboratories limited, Abbott Laboratories limited and GlaxoSmithKline Pakistan limited (FY 2020)



Source: Own processing from the financial position tables of Ferozsons laboratories limited, Abbott Laboratories Pakistan limited and GlaxoSmithKline Pakistan limited

Now if we compare the vertical analysis of the three chosen pharmaceutical industries as per table 9, table 13, and table 17, and as an example taken in the figure 12 for the year 2020, we can see the Ferozsons laboratories share capital and reserves are higher than Abbott Laboratories Pakistan limited and GlaxoSmithKline Pakistan in the year 2020. As we can see current assets of Abbott Laboratories Pakistan limited are higher than the other companies and in terms of non-current assets there are slightly difference among all companies. Current liabilities of GlaxoSmithKline Pakistan limited are

higher than the other companies but in case of non-current liabilities Abbott Laboratories Pakistan limited are higher than other companies.

In the horizontal analysis of Ferozsons laboratories current assets has been decreasing year by year during 2015 its 59.9% and then 6.6% in the next year. The non-current assets are 12.2% in the year 2015 then increased to 73.4% in the year 2016 then decreased to 7.4% in the year 2017. The highest current liabilities are 225.3% in the year 2015 and the lowest is 11.8% in the year 2019. Further, non-current liabilities 271.7% in the year 2016 which is the highest during the observed period. Share capital and reserves are increased which is 13.2% in the year 2015 and then increased to 59.4% in next year.

In case of Abbott Laboratories Pakistan limited total equity is 19.1% in the year 2015 which is the higher during the observed period but then decreased to 12.7% in the year 2016. Current liabilities fluctuating in each year which is 21.8% in the year 2015 then decreased to 5.2% in next year then again raised to 38.1% in the year 2017. Non-current liabilities are 342.5% in the year 2017 which is the highest during the observed period and the lowest is 20.7% in the year 2018. Current assets range from 20% in the year 2015 to 27.3% in the year 2020. Non-current assets are 19.2% in the year 2015 then increased to 32.6% in the year 2018 which is the highest during the observed period.

In GlaxoSmithKline Pakistan limited horizontal analysis of balance sheet current liabilities is 3.6% in the year 2015 then increased to 6.7% in the next year and non-current liabilities is higher during the observed period which is 29.9% in the year 2020. Further, current asset is 3.8% in the year 2015 and then increased to 19% in the year 2020 which is the highest during the observed period. Non-current assets 7.9% in the year 2015 then increased to the highest in next year which is 13.5% and share capital and reserves is 15.9% which is higher during the observed period.

5.1.1 Comparative assessment of financial performance of the chosen pharmaceutical companies.

In the vertical analysis of Ferozsons limited, Abbott Laboratories Pakistan limited and GlaxoSmithKline Pakistan limited the huge part of total income is coming from the revenue from operations (sale of product and services). Other income contributes less than 5% in ferozsons laboratories and Abbott Laboratories Pakistan limited but in

GlaxoSmithKline Pakistan limited its more than 5% in the years 2019 and 2020 which comes from interest income from loans and advances to other companies. In the vertical analysis of the expenses, highest part of the expenses is coming from cost of sales and selling and distribution expenses. The selling and distribution expenses for Ferozsons laboratories is 20 to 30% of the total expense during the observed period, for Abbott Laboratories Pakistan limited the selling and distribution expenses is 10 to 17% from the year 2015 to 2020. Whereas, GlaxoSmithKline Pakistan limited doesn't have much selling and marketing expense which less than the other companies during the observed period.

In the horizontal analysis, all the company's revenue decreased except Abbott Laboratories Pakistan limited due to COVID-19 struck Pakistan in 2020 and there was a severe economic slowdown and lockdowns all the companies had lesser revenue in 2020 but only Abbott Laboratories Pakistan limited has higher revenue in 2020.

In Ferozsons laboratories, the revenue decreased but the expenses increased in 2019 due to COVID-19 because the company had to pay salaries to employees but other income increased in the year 2019.

As we can see in table 12, GlaxoSmithKline Pakistan's revenue is minus this means that the company got a loss in the year 2019 because of COVID-19 but then the company increased its revenue in the year 2020.

Abbott Laboratories Pakistan limited also got a loss in the year 2019 as you can see profit after taxation is minus this is because of COVID-19 but then the company increased its profit in the year 2020 and this is a high percentage of profit during the observed period.

5.2 Potential financial problems

The author found that the potential risk is the same for each of the chosen pharmaceutical companies based on the business financial data. Management is ultimately in charge of developing and maintaining the organization's risk management framework. Identification and evaluation of the risks that the company faces, establishment of appropriate risk limits and controls, and monitoring of risks and compliance with restrictions are the objectives of the firm's risk management policies. Systems, processes, and procedures for risk management are periodically updated to

reflect modifications to market activity and conditions. The exposure of the Company to each risk listed below is discussed in this note, along with the Company's goals, rules, and procedures for assessing and managing risk, as well as its capital management. When using financial instruments, the company is exposed to the following risks.

Credit risk

Without taking into account the fair value of any collateral, credit risk is the probability that one party to a financial instrument may violate an obligation, causing the other party to suffer a financial loss. Changes in economic, political, or other events may have a similar influence on the ability of counterparties to keep contractual obligations when they participate in comparable commercial operations or have comparable economic features. Concentrations of credit risk reveal a company's receptivity to changes affecting a particular industry. The normal credit time for some commercial consumers and government organizations is 30 to 120 days after delivery.

Liquidity risk

Liquidity risk is the possibility that the Firm won't be able to pay its debts when they're due. The business ensures that it always has enough cash on hand to meet its obligations when they become due as part of its strategy to manage its liquidity. The majority of the firm's commitments and liabilities are short-term in nature, and their scope is constrained by the amount of cash on hand, therefore the company is not overly exposed to liquidity risk.

Market risk

Market risk is the chance that changes in interest rates, foreign exchange rates, or equity prices could cause a financial instrument's value to alter. Changes in the credit rating of the security or its issuer, market mood, speculative activity, supply and demand for securities, or market liquidity could all have an impact on these developments. The Business's exposure to market risk and the way this risk is managed and assessed have not changed.

5.3 Recommendation

This chapter represents the recommendation for the chosen pharmaceutical industries. The following are the recommendations for each company.

5.3.1 Recommendations for Ferozsons laboratories limited

1. Improve their liquidity situation so it would be better for the company.
2. The company have to look for new investment so they could expand their business to maintain growth in the market.
3. Seeking for new market segments both domestically and abroad to grow their business.

5.3.2 Recommendations for Abbott Laboratories Pakistan limited

1. Due to difficulties in fulfilling short-term commitments, Abbott Laboratories Pakistan limited should strengthen its liquidity position.
2. The business must have a sound plan for future investment
3. To increase profits, the business must reduce its cost of sales and financial expenses.

5.3.3 Recommendations for GlaxoSmithKline Pakistan limited

1. Because the firm lacks the means to meet its short-term obligations, it should strengthen its liquidity position.
2. The business must concentrate on increasing its gross profit margin so that it can easily manage its selling costs.

5.3.4 Overall recommendations for the pharmaceutical industry

Here are some recommendations for Pakistan pharmaceutical industries:

1. Invest in research and development: Pakistani pharmaceutical firms must spend in R&D if they want to maintain their competitiveness on the international market. This will aid in the creation of novel pharmaceuticals, the enhancement of already existing ones, and the maintenance of industry-relevant knowledge.
2. Strengthen regulatory compliance: Pharmaceutical firms in Pakistan should concentrate on adhering to worldwide regulatory standards set by organizations like the FDA, EMA, and other regulatory authorities. They will be able to expand their exports and reach new markets thanks to this.
3. Focus on quality: Pharmaceutical firms in Pakistan should prioritize upholding the highest standards of quality throughout their production processes. They will get a reputation for creating medications that are both safe and effective as a result.
4. Develop strategic partnerships: Pharmaceutical firms in Pakistan should look at possibilities for strategic alliances with multinational firms. By doing so, they will be

able to access new markets, exchange knowledge and technology, and improve their capacity for research and development.

5. Increase exports: By pursuing new markets and broadening their product line, Pakistani pharmaceutical businesses should concentrate on growing their exports. They may be able to lessen their reliance on the local market and diversify their sources of income as a result.
6. Promote innovation: Pakistani pharmaceutical firms should promote innovation by rewarding staff who provide fresh concepts and solutions. This can assist them in creating new goods and procedures that will increase their ability to compete on the international market.
7. Improve supply chain management: Pakistani pharmaceutical firms should concentrate on enhancing their supply chain management systems to guarantee prompt and effective product delivery to clients. This might assist them in cutting expenses and raising client satisfaction.

Overall, Pakistani pharmaceutical businesses may improve their competitiveness in the international market and contribute to the expansion of the sector there by concentrating on these suggestions.

6 Conclusions

The objective of this work was to evaluate the financial position and performance of the selected pharmaceutical industry by analyzing the financial statements of the company, focusing on the demonstration and changes in the reported assets, liabilities, expenses, and income for the selected period. The financial position of the company can be assessed by analyzing the balance sheet and the financial performance can be assessed by analyzing the income statement of the company. The balance sheet shows the assets, equity, and liabilities of the company at a given point in time. The income statement reports the company's expenses, income, and profit for a specific period of time.

Overall, the pharmaceutical industry in Pakistan is experiencing growth and expansion, with many companies showing strong financial performance in recent years. The companies analyzed in this assessment have experienced strong revenue growth, healthy profit margins, and solid cash flows. However, the industry also faces challenges such as increasing competition, regulatory hurdles, and changing market dynamics.

To maintain and improve their financial performance, pharmaceutical companies in Pakistan need to focus on strategic planning, efficient operations and effective cost management. They must also remain vigilant and adaptable to changing market conditions and regulatory requirements.

Overall, the assessment of the financial position and performance of the selected companies in the pharmaceutical industry in Pakistan highlights the importance of sound financial management practices in driving success and growth in this dynamic and evolving industry.

7 References

7.1 Literature

1. Abdul Rashid, A.A. & Abdul Aziz, H.1999.” Pengurusan Projek: Perspektif Industri pembinaan Pulau Pinang”, Penerbit USM
2. ALEXANDER, J. Financial Planning & Analysis and Performance Management. USA: John Wiley & Sons, Inc. Hoboken, 2018, 640 p., ISBN-13: 978-1119491484
3. BERNSTEIN, L., WILD, J. Analysis of financial statements. USA: McGraw Hill, 2000, 529 p., ISBN-13 : 978-0070945043
4. David, F.R.1999. “Strategic Management Concepts”,7 th Edition,Prentice Hall,Upper Saddle River,New Jersey.]
5. MAHEEN Salman. Overview of pharmaceutical industry needs identification, 2021, National University of Technology Pakistan, available online
6. MAYNARD, J. Financial Accounting, Reporting, and Analysis. UK: OUP Oxford, 2017, 936 p., ISBN-13: 978-0198745310
7. MELVILLE, Alan. International Financial Reporting: A Practical Guide. Harlow, UK: Pearson, 2017. 512 s. ISBN 978-1-292-20074-3
8. National Assembly. Parliament of Pakistan. Companies Act No XIX of 2017, The Gazette of Pakistan, extra, May 31, 2017, available online
9. Padrtová, M., & Vochozka, M. (2011). The value statements according to IFRS in comparison with the financial statements in accordance with Czech accounting standards. *Economics and Management*, 16, 80-85.
10. Quincy, R., Lu, S., & Huang, C. C. (2012). SWOT analysis: Raising capacity of your organization. *Rutgers School of Social Work*.
11. RAMCHANDRAN, K. How to Analyze Financial Statements. New Delhi: McGraw Hill Education India, 2017, 128 p., ISBN-13: 978-9351344858
12. Sirat, M., Che Hamat, AF, Abdul Aziz, AR, Rahim, A., Salleh, H., & Yaakob, U. (1999). Low-cost housing in urban-industrial centers of Malaysia: Issues and challenges. *Journal of Sustainability Science and Management*, 275-284.
13. USMAN Saad. Pharmaceutical Industry, 2018. CA Pakistan, The Institute of Chartered Accountants of Pakistan, available online
14. YOUNG, David S. Et al. Corporate Financial Reporting and Analysis: A Global Perspective. Hoboken: Wiley, 2019. 368 s. ISBN 978-1-119-49457-7

7.2 Internet sources

15. Accounting standard in Pakistan available at: <https://icap.org.pk/accounting-standards/>
16. Activity ratios available at: <https://www.investopedia.com/terms/a/activityratio.asp>
17. Balance sheet available at: <https://www.accountingtools.com/articles/2017/5/17/the-balance-sheet>
18. Benefits of ratio analysis available at: <https://www.wallstreetmojo.com/ratio-analysis-advantages/>
19. Export pharmaceutical products of Pakistan available at: <https://tradingeconomics.com/pakistan/exports/pharmaceutical-products>
20. Financial statement of the selected company, Abbott laboratories limited (2015 to 2020) available at: <https://opendoors.pk/annual-reports/?symbol=ABOT&yr=2009>
21. Financial statement of the selected company, Ferozsons Pharmaceutical limited (2015 to 2020) available at: <https://ferozsons-labs.com/financial-reports/>
22. Financial statement of the selected company, GlaxoSmithKline Pakistan limited (2015 to 2020) available at: <https://pk.gsk.com/en-pk/investors/annual-reports/>
23. Global revenue in the pharmaceutical market for the period available at: <https://www.statista.com/statistics/263102/pharmaceutical-market-worldwide-revenue-since-2001/>
24. Horizontal analysis available at: <https://corporatefinanceinstitute.com/resources/knowledge/finance/horizontal-analysis/>
25. Income statement available at: <https://www.accountingtools.com/articles/2017/5/17/the-income-statement>
26. Institute of Chartered Accountants of Pakistan. And Pakistan Financial Reporting Standards (PFRS). <https://www.icap.org.pk/pakistan-financial-reporting-standards-pfrs/>
27. Institute of Chartered Accountants of Pakistan. and Accounting Standards. <https://www.icap.org.pk/accounting-standards/>
28. Leverage ratios available at: <https://corporatefinanceinstitute.com/resources/accounting/leverage-ratios/>
29. Limitations of ratio analysis available at: <https://corporatefinanceinstitute.com/resources/accounting/limitations-ratio-analysis/>

30. Liquidity ratios available at: <https://www.novuna.co.uk/business-cash-flow/cash-flow-finance-resource-hub/finance-terms/liquidity-ratio/>
Pharmaceutical industry in Pakistan available at:
https://en.wikipedia.org/wiki/Pharmaceutical_industry_in_Pakistan
31. Profitability ratios available at:
<https://www.investopedia.com/terms/p/profitabilityratios.asp>
32. Ratio analysis available at: <https://www.accountingtools.com/articles/ratio-analysis.html>
33. SWOT analysis of Pakistan pharmaceutical industry available at:
https://www.researchgate.net/publication/266565646_Review_of_Pakistan_Pharmaceutical_Industry_SWOT_Analysis
34. Top 10 global pharmaceutical industry available at:
<https://www.statista.com/statistics/245473/market-share-of-the-leading-10-global-pharmaceutical-markets/>
35. Top 10 pharmaceutical companies by sales available at:
<https://blog.bizvibe.com/blog/largest-pharmaceutical-companies>
36. Top 20 pharmaceutical companies in Pakistan available at: <https://brandedpk.com/top-20-best-pharmaceutical-companies-in-pakistan/>
37. Vertical analysis available at:
https://www.investopedia.com/terms/v/vertical_analysis.asp

8 Appendix
Appendix 1. The Balance Sheet of Ferozsons Laboratories Limited for the
period of 2016-2020

	2016 Amount in PKR	2017 Amount in PKR	2018 Amount in PKR	2019 Amount in PKR	2020 Amount in PKR
EQUITY AND LIABILITIES					
Share capital and reserves					
Authorized share capital					
50,000,000 (2016: 50,000,000) ordinary shares of Rs. 10 each	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Issued, subscribed and paid up capital	301,868,410	301,868,410	301,868,410	301,868,410	301,868,410
Capital reserve	321,843	321,843	321,843	321,843	321,843
Accumulated profit	4,279,679,051	4,265,339,789	4,194,798,630	4,304,712,411	4,644,626,609
Revaluation surplus on property, plant and equipment			921,179,842	862,636,602	1,473,713,362
Equity attributable to owners of the Company	4,581,869,304	4,567,530,042	5,418,168,725	5,469,539,266	6,420,530,224
Non-controlling interests	168,681,094	171,535,961	184,360,696	169,499,718	227,894,083
	4,750,550,398	4,739,066,003	5,602,529,421	5,639,038,984	6,648,424,307
Surplus on revaluation of property, plant and equipment - net of tax	1,022,739,340	979,164,891			
Non-current liabilities					
Long-term loan – secured					95,070,451
Deferred grant					4,679,549
Deferred taxation	268,664,070	246,490,537	222,502,168	216,668,090	426,227,602
Current liabilities					

Trade and other payables	778,287,566	849,897,469	960,178,380	1,148,858,565	1,527,941,719
Contract liabilities				73,313,766	101,349,654
Short term borrowings – secured	42,851,551	24,888,862	100,525,853	20,190,922	51,017,136
Current portion of long term liabilities					33,250,000
Unclaimed dividend	138,692	1,646,851	82,143,724	75,156,815	76,964,852
Accrued mark-up			539,624	4,461,193	2,546,447
Total current liabilities	821,277,809	876,433,182	1,143,387,581	1,248,667,495	1,793,069,808
Total Liabilities	6,863,231,617	6,841,154,613	6,968,419,170	7,104,374,569	8,967,471,717
ASSETS					
Non-current assets					
Property, plant and equipment	3,009,074,944	3,082,250,380	3,075,164,414	3,025,689,113	3,995,871,086
Investment property	5,539,396	3,172,498	78,545,641	79,371,992	79,371,992
Intangibles Assets			2,357,632	731,188	423,507
Long term deposits	10,338,325	11,053,325	11,613,325	11,633,325	14,334,325
Fixed assets	3,024,952,665	3,096,476,203	3,167,681,012	3,117,425,618	4,090,000,910
Current assets					
Stores, spare parts and loose tools	44,734,010	45,606,521	71,802,216	49,262,538	65,536,483
Stock in trade	2,071,316,936	1,766,705,139	1,346,996,263	1,328,150,326	2,049,992,236
Trade debts - considered good	447,354,701	429,773,583	604,467,682	950,788,444	1,092,779,921
Loans and advances - considered good	43,691,073	77,152,418	48,225,856	27,608,454	66,263,891
Deposits and prepayments	116,441,665	170,092,045	191,428,941	166,564,200	276,619,444
Other receivables	7,637,820	9,003,812	92,304,228	67,402,845	38,070,462
Short term investments	667,166,585	855,943,421	212,899,309	264,373,526	376,107,745
Income tax - net	55,178,359	146,034,709	941,746,224	864,945,037	760,707,781
Cash and bank balances	384,757,803	244,366,762	290,867,439	267,853,581	151,392,844
Total current assets	3,838,278,952	3,744,678,410	3,800,738,158	3,986,948,951	4,877,470,807
Total Assets	6,863,231,617	6,841,154,613	6,968,419,170	7,104,374,569	8,967,471,717

Appendix 2. The Balance Sheet of Ferozsons Laboratories Limited for the period of 2019-20



Consolidated Statement of Financial Position As at 30 June 2020

EQUITY AND LIABILITIES	Note	2020 Rupees	2019 Rupees
<u>Share capital and reserves</u>			
Authorized share capital			
50,000,000 (2019: 50,000,000) ordinary shares of Rs. 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	4	301,868,410	301,868,410
Capital reserve	5	321,843	321,843
Revaluation surplus on property, plant and equipment	6	1,473,713,362	862,636,602
Accumulated profits		<u>4,644,626,609</u>	<u>4,304,712,411</u>
Equity attributable to owners of the Company		<u>6,420,530,224</u>	<u>5,469,539,266</u>
Non-controlling interests		<u>227,894,083</u>	<u>169,499,718</u>
		<u>6,648,424,307</u>	<u>5,639,038,984</u>
<u>Non current liabilities</u>			
Long term loan - secured	7	95,070,451	-
Deferred grant	7	4,679,549	-
Deferred taxation	8	426,227,602	216,668,090
		<u>525,977,602</u>	<u>216,668,090</u>
<u>Current liabilities</u>			
Trade and other payables	9	1,527,941,719	1,075,544,799
Contract liabilities		101,349,654	73,313,766
Short term borrowings - secured	10	51,017,136	20,190,922
Current portion of long term liabilities	7	33,250,000	-
Unclaimed dividend		76,964,852	75,156,815
Accrued mark-up		2,546,447	4,461,193
		<u>1,793,069,808</u>	<u>1,248,667,495</u>
Contingencies and commitments	11	<u>8,967,471,717</u>	<u>7,104,374,569</u>

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

ASSETS	Note	2020 Rupees	2019 Rupees
<u>Non current assets</u>			
Property, plant and equipment	12	3,995,871,086	3,025,689,113
Intangible assets	13	423,507	731,188
Investment property	14	79,371,992	79,371,992
Long term deposits		14,334,325	11,633,325
		4,090,000,910	3,117,425,618
<u>Current assets</u>			
Stores, spare parts and loose tools	15	65,536,483	49,262,538
Stock in trade	16	2,049,992,236	1,328,150,326
Trade debts - considered good	17	1,092,779,921	950,788,444
Loans and advances - considered good	18	66,263,891	27,608,454
Deposits and prepayments	19	276,619,444	166,564,200
Other receivables	20	38,070,462	67,402,845
Advance income tax - net		376,107,745	264,373,526
Short term investments	21	760,707,781	864,945,037
Cash and bank balances	22	151,392,844	267,853,581
		4,877,470,807	3,986,948,951
		8,967,471,717	7,104,374,569

Director

Appendix 3. The Income statement of Ferozsons Laboratories Limited for the period of 2016-20

	2016 Amount in PKR	2017 Amount in PKR	2018 Amount in PKR	2019 Amount in PKR	2020 Amount in PKR
Net Sales	11,335,170,257	5,002,429,682	5,057,118,829	5,802,855,865	6,191,816,270
Cost of Sales	(6,740,868,030)	(3,090,966,615)	(3,461,346,024)	(3,761,902,459)	(3,873,653,990)
Gross Profit	4,594,302,227	1,911,463,067	1,595,772,805	2,040,953,406	2,318,162,280
Administrative expenses	(308,067,086)	(335,594,707)	(346,745,044)	(393,604,529)	(393,802,573)
Selling and distribution expenses	(1,255,778,622)	(1,023,216,945)	(1,237,924,734)	(1,353,585,894)	(1,326,696,536)
Other expenses	(280,600,848)	(50,674,194)	(53,114,850)	(142,957,501)	(99,849,746)
Other income	121,283,603	106,900,395	139,585,855	212,019,398	122,649,758
Profit from operations	2,871,139,274	608,877,616	97,574,032	362,824,880	620,463,183
Finance costs	(12,603,245)	(17,701,190)	(12,001,704)	(24,760,408)	(28,525,046)
Profit before taxation	2,858,536,029	591,176,426	85,572,328	338,064,472	591,938,137
Taxation	(625,447,767)	(196,572,511)	(102,583,964)	(150,069,156)	(169,358,407)
Profit after taxation	2,233,088,262	394,603,915	(17,011,636)	187,995,316	422,579,730
Attributable to:					
Owners of the Company	2,204,040,027	395,765,198	7,076,033	200,775,867	416,969,060
Non-controlling interests	29,048,235	(1,161,283)	(24,087,669)	(12,780,551)	5,610,670
Profit after taxation	2,233,088,262	394,603,915	(17,011,636)	187,995,316	422,579,730
Surplus on revaluation of property, plant and equipment					933,886,668
Related deferred tax on surplus					(226,333,713)
Total comprehensive	2,233,088,262	394,603,915	(17,011,636)	187,995,316	1,130,132,686

income for the period					
Attributable to:					
Owners of the Company	2,204,040,027	395,765,198	7,076,033	200,775,867	1,071,738,321
Non-controlling interests	29,048,235	(1,161,283)	(24,087,669)	(12,780,551)	58,394,365

Appendix 4. The Income statement of Ferozsons Laboratories Limited for the period of 2019-20



Consolidated Statement of Profit or Loss

For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees
Revenue - net	23	6,191,816,270	5,802,855,865
Cost of sales	24	(3,873,653,990)	(3,761,902,459)
Gross profit		2,318,162,280	2,040,953,406
Administrative expenses	25	(393,802,573)	(393,604,529)
Selling and distribution expenses	26	(1,326,696,536)	(1,353,585,894)
Other expenses	27	(99,849,746)	(142,957,501)
Other income	28	122,649,758	212,019,398
Profit from operations		620,463,183	362,824,880
Finance cost	29	(28,525,046)	(24,760,408)
Profit before taxation		591,938,137	338,064,472
Taxation	30	(169,358,407)	(150,069,156)
Profit after taxation		422,579,730	187,995,316
<i>Attributable to:</i>			
Owners of the Group		416,969,060	200,775,867
Non-controlling interests		5,610,670	(12,780,551)
Profit after taxation		422,579,730	187,995,316
Earnings per share - basic and diluted	31	13.81	6.65

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

Appendix 5. The Balance Sheet of GlaxoSmithKline Pakistan Limited for the period of 2016-2020

	2016 Amount in PKR	2017 Amount in PKR	2018 Amount in PKR	2019 Amount in PKR	2020 Amount in PKR
ASSETS					
Non-current assets					
Fixed assets	8,318,434	8,865,334	8,921,205	9,480,061	9,936,002
Intangibles	1,039,072	1,039,072	1,082,072	1,041,742	991,742
Long-term loans to employees	49,369	91,422	80,785	103,224	72,838
Long-term deposits	21,955	22,204	18,260	22,010	22,010
Fixed Assets	9,428,830	10,018,032	10,102,322	10,647,037	11,022,592
Current assets					
Stores and spares	201,037	219,613	270,451	206,202	194,317
Stock-in-trade	5,548,083	6,082,218	5,944,050	6,070,253	5,743,505
Trade debts	530,413	2,362,703	1,594,900	1,126,700	1,204,143
Loans and advances	177,653	453,116	247,788	347,465	378,482
Trade deposits and prepayments	134,335	131,920	132,887	313,979	307,293
Interest accrued	12,074	3,182	1,321	1,573	3,097
Taxation - payments less provision			50,972	679,876	41,798
Refunds due from Government	54,178	30,113	44,271	30,543	38,710
Other receivables	484,945	251,325	354,534	1,105,578	1,004,000
Held-to-maturity investments	793,873	348,810	247,840	342,863	447,526
Cash and bank balances	3,515,638	1,818,900	3,185,011	2,347,033	5,604,548
Current Assets	11,452,229	11,701,900	12,074,025	12,572,065	14,967,419
Assets of disposal groups classified as held for sale / disposal	284,048	154,000			81,985
Total assets	21,165,107	21,873,932	22,176,347	23,219,102	26,071,996
EQUITY AND LIABILITIES					
Equity					
Share capital	3,184,672	3,184,672	3,184,672	3,184,672	3,184,672
Reserves	10,358,113	10,277,185	12,234,778	12,952,724	14,293,592
Total Equity	13,542,785	13,461,857	15,419,450	16,137,396	17,478,264
Liabilities					

Non-current liabilities					
Staff retirement benefits	78,014	294,031	370,799	228,437	508,622
Deferred taxation	645,171	536,886	615,887	645,955	674,967
Long-term portion of lease liabilities				42,564	7,778
	723,185	830,917	986,686	916,956	1,191,367
Current liabilities					
Trade and other payables	6,246,759	6,627,166	5,607,688	5,977,292	7,215,123
Accrued mark-up				2,353	
Taxation - provision less payments	391,727	542,221			
Provisions	192,739	411,771	74,602	78,762	38,964
Unclaimed dividend			87,921	97,476	116,719
Current portion of lease liabilities				8,867	31,559
Current Liabilities	6,831,225	7,581,158	5,770,211	6,164,750	7,402,365
Liabilities directly associated with disposal groups classified as held for sale / disposal	67,912				
Total liabilities	7,622,322	8,412,075	6,756,897	7,081,706	8,593,732
Contingencies and commitments					
Total equity and liabilities	21,165,107	21,873,932	22,176,347	23,219,102	26,071,996

Appendix 6. The Balance Sheet of GlaxoSmithKline Pakistan Limited for the period of 2019-20

STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

ASSETS

Non-current assets

	Note	2020	2019
Rupees in '000			
Property, plant and equipment	3	9,936,002	9,480,061
Intangibles	4	991,742	1,041,742
Long-term loans to employees	5	72,838	103,224
Long-term deposits		22,010	22,010
		11,022,592	10,647,037

Current assets

Stores and spares	6	194,317	206,202
Stock-in-trade	7	5,743,505	6,070,253
Trade receivables	8	1,204,143	1,126,700
Loans and advances	9	378,482	347,465
Trade deposits and prepayments	10	307,293	313,979
Interest accrued		3,097	1,573
Taxation - payments less provision		41,798	679,876
Refunds due from Government	11	38,710	40,623
Other receivables	12	1,004,000	1,105,578
Investments - at amortised cost	13	447,526	342,863
Cash and bank balances	14	5,604,548	2,347,033
		14,967,419	12,582,145

Assets of disposal groups classified as held for sale / disposal

	15	81,985	-
--	----	--------	---

Total assets

		26,071,996	23,229,182
--	--	------------	------------

EQUITY AND LIABILITIES

Equity

Share capital	16	3,184,672	3,184,672
Reserves	17	14,293,592	12,952,724
		17,478,264	16,137,396

Liabilities

Non-current liabilities

Staff retirement benefits	18	508,622	228,437
Deferred taxation	19	674,967	645,955
Long-term portion of lease liabilities		7,778	42,564
		1,191,367	916,956

Current liabilities

Trade and other payables	20	7,215,123	5,987,372
Accrued mark-up		-	2,353
Provisions	21	38,964	78,762
Current portion of lease liabilities		31,559	8,867
Unclaimed dividend		116,719	97,476
		7,402,365	6,174,830

Total liabilities

		8,593,732	7,091,786
--	--	-----------	-----------

Total equity and liabilities

		26,071,996	23,229,182
--	--	------------	------------

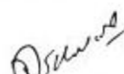
Contingencies and commitments

22

The annexed notes 1 to 47 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**Appendix 7. The Income statement of GlaxoSmithKline Pakistan Limited
for the period of 2016-2020**

	2016 Amount in PKR	2017 Amount in PKR	2018 Amount in PKR	2019 Amount in PKR	2020 Amount in PKR
Net Sales	27,563,533	32,773,770	34,006,840	36,581,749	35,090,112
Cost of Sales	(20,099,062)	(24,095,384)	(25,593,240)	(28,870,246)	(27,555,732)
Gross Profit	7,464,471	8,678,386	8,413,600	7,711,503	7,534,380
Selling, marketing and distribution expenses	(2,816,163)	(3,278,792)	(3,571,512)	(3,320,549)	(2,766,755)
Administrative expenses	(944,201)	(982,786)	(1,076,631)	(1,098,946)	(1,331,548)
Other operating expenses	(372,750)	(439,456)	(397,582)	(393,563)	(426,320)
Other income	1,040,556	1,036,344	1,471,634	1,991,462	1,977,036
Operating profit	4,371,913	5,013,696	4,839,509	4,889,907	4,986,793
Financial charges	(19,032)	(88,282)	(147,392)	(289,611)	(84,111)
Profit before taxation	4,352,881	4,925,414	4,692,117	4,600,296	4,902,682
Taxation	(1,707,969)	(1,898,180)	(1,460,195)	(1,559,173)	(1,527,442)
Profit after taxation from continuing operations	2,644,912	3,027,234	3,231,922	3,041,123	3,375,240
(Loss) / profit after taxation from discontinued operations	117,273	(46,211)	26,029		
Profit of the year	2,762,185	2,981,023	3,257,951	3,041,123	3,375,240
Other comprehensive (loss) / income					
Remeasurement of staff retirement benefits	58,831	(267,816)	(36,634)	(131,078)	(173,922)
Impact of taxation	(17,258)	72,071	10,145	37,172	50,354
	41,573	(195,745)	(26,489)	(93,906)	(123,568)
Total comprehensive income	2,803,758	2,785,278	3,231,462	2,947,217	3,251,672
Earnings / (loss) per share					
- continuing operations	Rs. 8.31	Rs. 9.51	Rs. 10.15	Rs. 9.55	
- discontinued operations	Re. 0.37	Re.(0.15)	Re. 0.08		
Earnings per share	Rs. 8.68	Rs. 9.36	Rs. 10.23	Rs. 9.55	Rs. 10.6

Appendix 8. The Income statement of GlaxoSmithKline Pakistan Limited for the period of 2019-2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2020

	Note	2020	2019
		Rupees in '000	
Revenue from contracts with customers	23	35,090,112	36,581,749
Cost of sales	24	(27,555,732)	(28,870,246)
Gross profit		7,534,380	7,711,503
Selling, marketing and distribution expenses	25	(2,766,755)	(3,320,549)
Administrative expenses	26	(1,331,548)	(1,098,946)
Other operating expenses	27	(426,320)	(393,563)
Other income	28	1,977,036	1,991,462
Operating profit		4,986,793	4,889,907
Financial charges	29	(84,111)	(289,611)
Profit before taxation		4,902,682	4,600,296
Taxation	30	(1,527,442)	(1,559,173)
Profit after taxation		3,375,240	3,041,123
Other comprehensive loss			
Items that will not be reclassified to statement of profit or loss			
Remeasurement of staff retirement benefits		(173,922)	(131,078)
Impact of taxation		50,354	37,172
		(123,568)	(93,906)
Total comprehensive income		3,251,672	2,947,217
Earnings per share	31	Rs. 10.6	Rs. 9.55

The annexed notes 1 to 47 form an integral part of these financial statements.

Signature
CHIEF FINANCIAL OFFICER

Signature
CHIEF FINANCIAL OFFICER

Signature
CHIEF FINANCIAL OFFICER

**Appendix 9. The Balance Sheet of Abbott Laboratories Pakistan Limited
for the period of 2016-2020**

	2016 Amount in PKR	2017 Amount in PKR	2018 Amount in PKR	2019 Amount in PKR	2020 Amount in PKR
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Authorised capital	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Issued, subscribed and paid-up capital	979,003	979,003	979,003	979,003	979,003
Reserves - capital	414,380	459,761	533,783	649,470	767,608
- revenue	13,199,857	12,917,071	11,722,225	11,743,920	13,843,641
Total Equity	14,593,240	14,355,835	13,235,011	13,372,393	15,590,252
NON-CURRENT LIABILITY					
Deferred taxation	203,477	231,147	255,405	239,609	227,587
Staff retirement benefits				1,055,631	1,464,964
Long-term lease liabilities			173,719	297,727	626,294
Long-term portion of Gas Infrastructure Development Cess Payable					172,825
Total Non-current Liabilities			429,124	1,592,967	2,491,670
CURRENT LIABILITIES					
Trade and other payables	2,843,217	4,649,277	6,510,381	5,655,083	6,593,576
Taxation - net	5,250				
Unclaimed dividends			66,208	48,825	50,291
Current maturity of lease liabilities			40,533	83,412	189,955
Current Liabilities	2,848,467	4,649,277	6,617,122	6,842,951	6,833,822
Total Liabilities	3,051,944	4,880,424	7,046,246	7,380,287	9,325,492
CONTINGENCIES AND COMMITMENTS					

TOTAL EQUITY AND LIABILITIES	17,645,184	19,236,259	20,281,257	20,752,680	24,915,744
ASSETS					
NON-CURRENT ASSETS					
Fixed assets					
- Property, plant and equipment	4,443,019	5,419,054	7,191,606	8,267,557	9,070,460
- Intangible assets	16,250	10,650	24,879	78,372	66,255
Long-term loans and advances	49,654	50,988	55,009	57,496	68,033
Long-term deposits	7,475	7,513	7,513	7,513	7,513
Long-term prepayments	6,635	4,117	4,119	3,880	1,746
Total Fixed Assets	4,523,033	5,492,322	7,283,126	8,414,818	9,214,007
CURRENT ASSETS					
Stores and spares	103,766	129,521	178,815	276,322	244,519
Stock-in-trade	3,575,927	3,475,745	4,428,893	6,049,215	4,981,489
Trade debts	880,297	914,972	1,143,015	903,829	935,468
Loans and advances	160,388	159,591	147,183	133,171	277,661
Trade deposits and short-term prepayments	285,443	326,296	620,876	559,152	364,015
Interest accrued	11,535	12,495	7,857	6,288	6,404
Other receivables	160,366	149,206	383,054	639,215	481,869
Taxation - net		4,390	410,302	1,013,151	921,431
Cash and bank balances	7,944,429	8,571,721	5,678,136	2,757,519	7,488,881
Total Current Assets	13,122,151	13,743,937	12,998,131	12,337,862	15,701,737
TOTAL ASSETS	17,645,184	19,236,259	20,281,257	20,752,680	24,915,744

Appendix 10. The Balance Sheet of Abbott Laboratories Pakistan Limited for the period of 2019-20

ABBOTT PAKISTAN 2020 ANNUAL REPORT

STATEMENT OF FINANCIAL POSITION As At December 31, 2020

	Note	2020 (Rupees '000)	2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	3	2,000,000	2,000,000
Issued, subscribed and paid-up capital	4	979,003	979,003
Reserves - capital		767,608	649,470
- revenue		13,843,641	11,743,920
Total Equity		15,590,252	13,372,393
NON-CURRENT LIABILITIES			
Deferred taxation	5	227,587	239,609
Staff retirement benefits	22.1.1	1,464,964	1,055,631
Long-term portion of Gas Infrastructure Development Cess Payable	7.3	172,825	-
Long-term lease liabilities	6	626,294	297,727
Total Non-current Liabilities		2,491,670	1,592,967
CURRENT LIABILITIES			
Trade and other payables	7	6,593,576	5,655,083
Unclaimed dividends		50,291	48,825
Current maturity of lease liabilities	6	189,955	83,412
Total Current Liabilities		6,833,822	5,787,320
Total Liabilities		9,325,492	7,380,287
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	8	24,915,744	20,752,680

	Note	2020 (Rupees '000)	2019
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Property, plant and equipment	9	9,070,460	8,267,557
Intangible assets	10	66,255	78,372
Long-term loans and advances	11	68,033	57,496
Long-term deposits	12	7,513	7,513
Long-term prepayments		1,746	3,880
Total Non-current Assets		9,214,007	8,414,818
CURRENT ASSETS			
Stores and spares	13	244,519	276,322
Stock-in-trade	14	4,981,489	6,049,215
Trade debts	15	935,468	903,829
Loans and advances	16	277,661	133,171
Trade deposits and short-term prepayments	17	364,015	559,152
Interest accrued		6,404	6,288
Other receivables	18	481,869	639,215
Taxation - net		921,431	1,013,151
Cash and bank balances	19	7,488,881	2,757,519
Total Current Assets		15,701,737	12,337,862
TOTAL ASSETS		24,915,744	20,752,680

The annexed notes 1 to 41 form an integral part of these financial statements.

**Appendix 11. The Income Statement of Abbott Laboratories Pakistan
Limited for the period of 2016-20**

	2016 Amount in PKR	2017 Amount in PKR	2018 Amount in PKR	2019 Amount in PKR	2020 Amount in PKR
Sales - net	23,387,915	26,088,233	29,719,279	30,155,875	35,283,377
Cost of goods sold	14,020,416	15,999,247	19,917,837	21,628,135	23,061,526
Gross Profit	9,367,499	10,088,986	9,801,442	8,527,740	12,221,851
Selling and distribution expenses	3,258,175	3,611,882	4,503,521	5,061,510	5,311,541
Administrative expenses	450,297	468,172	610,885	731,620	642,162
Other charges	486,064	602,244	786,315	522,802	708,375
Other income	420,937	445,317	(458,654)	(352,023)	(760,691)
	3,773,599	4,236,981	5,442,067	5,963,909	5,901,387
	5,593,900	5,852,005	4,359,375	2,563,831	6,320,464
Finance costs	6,759	10,060	15,606	53,090	76,905
Profit before taxation	5,587,141	5,841,945	4,343,769	2,510,741	6,243,559
Taxation – net	1,565,349	1,636,713	1,649,436	1,210,856	1,708,310
Profit after taxation	4,021,792	4,205,232	2,694,333	1,299,885	4,535,249
Profit of the year	4,021,792	4,205,232	2,694,333	1,299,885	4,535,249
Other comprehensive (loss) / income					
Actuarial gains / (losses) on defined benefit pension plan	687,372	(732,778)	35,020	(374,590)	(320,110)
Tax on actuarial (gains) / losses	(160,597)	160,772	(8,187)	70,460	87,339
Other comprehensive income - net of tax	526,775	(572,006)	26,833	(304,130)	(232,771)
Total comprehensive income	4,548,567	3,633,226	2,721,166	995,755	4,302,478
Earnings per share	41.08	42.95	27.52	13.28	46.33

Appendix 12. The Income Statement of Abbott Laboratories Pakistan Limited for the period of 2019-20

ABBOTT PAKISTAN 2020 ANNUAL REPORT

STATEMENT OF PROFIT OR LOSS For The Year Ended December 31, 2020

		2020	2019
	Note	(Rupees '000)	
Sales - net	20	35,283,377	30,155,875
Cost of sales	21	<u>23,061,526</u>	<u>21,628,135</u>
Gross profit		12,221,851	8,527,740
Selling and distribution expenses	23	5,311,541	5,061,510
Administrative expenses	24	642,162	731,620
Other charges	25	708,375	522,802
Other income	26	<u>(760,691)</u>	<u>(352,023)</u>
		<u>5,901,387</u>	<u>5,963,909</u>
		6,320,464	2,563,831
Finance costs	27	<u>76,905</u>	<u>53,090</u>
Profit before taxation		6,243,559	2,510,741
Taxation	28	1,708,310	1,210,856
Profit for the year		<u>4,535,249</u>	<u>1,299,885</u>
		(Rupees)	
Earnings per share - basic / diluted	29	<u>46.33</u>	<u>13.28</u>

The annexed notes 1 to 41 form an integral part of these financial statements.

Profit for the year		4,535,249	1,299,885
Other comprehensive loss for the year			
<i>Items that will not to be reclassified subsequently to the statement of profit or loss:</i>			
- Actuarial losses on staff retirement benefits	22.1.7	(320,110)	(374,590)
- Tax on actuarial losses		87,339	70,460
Other comprehensive loss - net of tax		(232,771)	(304,130)
Total comprehensive income for the year		<u>4,302,478</u>	<u>995,755</u>

The annexed notes 1 to 41 form an integral part of these financial statements.