



Cipla Quality Chemical Industries Limited H1 FY22 Interim Results Announcement

The Directors of Cipla Quality Chemical Industries Limited ("CiplaQCIL" or "the Company") present the unaudited summary interim financial statements for the six months ended 30 September 2021.

6 months to

30 Sep 2020

6 months to

30 Sep 2021

Summary Statement of Profit or Loss and Comprehensive Income

Revenue		UShs'000	UShs'000
Cost of sales			
Gross profit 28,984,928 10,391,525 Other income 63,685 120,226 Impairment allowance on financial assets 1,997,353 (9,398,826 General and administrative expenses (24,012,188) (20,625,220) Operating profit/(loss) 7,033,748 (19,513,351) Finance costs and finance income - net (1,546,839) (1,778,464) Profit/(loss) before tax 5,486,909 (21,291,815) Income tax (charge)/credit (2,676,597) 4,950,781 Profit/(loss) for the period 2,810,312 (16,341,034) Other comprehensive income - - Total comprehensive income - - Total comprehensive income - - Summary Statement of Financial Position At 30 Sep (4,00) (4,00) ASSETS A 3 Mar (2021) (10,00) (4,00) Summary Statement of Financial Position At 30 Sep (20,000) 4,21,203,20 Augusta 4,300,000 2,201 (4,000) ASSETS NON-CURRENT ASSETS 63,787,744 7,194,385 1,573,492 </th <td>Revenue</td> <td>124,319,438</td> <td>122,579,323</td>	Revenue	124,319,438	122,579,323
Other income 63,685 120,226 Impairment allowance on financial assets 1,997,353 (9,599,882) General and administrative expenses 2(4,012,218) (22,625,220) Operating profit/(loss) 7,033,748 (19,513,351) Finance costs and finance income - net (1,546,839) (1,778,464) Profit/(loss) before tax 5,486,909 (2,1291,815) Income tax (charge)/credit (2,676,597) 4,950,781 Profit/(loss) for the period 2,810,312 (16,341,034) Other comprehensive income - - Total comprehensive income/(loss) for the year 2,810,312 (16,341,034) Basic and diluted profit/(loss) per share 0.69 (4.00) Summary Statement of Financial Position At 31 Mar 2021 (2021 ASSETS At 30 Sep At 31 Mar 2021 (2021 (2021 ASSETS At 30 Sep At 31 Mar 2021 (2021 (2021 (2021 (2021 (2021 (2021 (2021 (2021 (2021 (2021 (2021 (2021 <	Cost of sales	(95,334,510)	(112,187,798)
Impairment allowance on financial assets 1,997,353 (9,399,882) General and administrative expenses (24,012,18) (20,625,220) Operating profit/(loss) 7,033,748 (1,9513,351) Finance costs and finance income - net (1,546,839) (1,778,464) Profit/(loss) before tax 5,486,909 (21,291,815) Income tax (charge)/credit (2,676,597) 4,950,781 Profit/(loss) for the period 2,810,312 (16,341,034) Other comprehensive income - Total comprehensive income - Total comprehensive income/(loss) for the year 2,810,312 (16,341,034) General and diluted profit/(loss) per share 0.69 (4.00) Calcidated Ushs'000	Gross profit	28,984,928	10,391,525
Ceneral and administrative expenses	Other income	63,685	120,226
Coperating profit/(loss)	Impairment allowance on financial assets	1,997,353	(9,399,882)
Prinance costs and finance income - net (1,546,839) (1,778,464) Profit/(loss) before tax 5,486,909 (21,291,815) Income tax (charge)/credit (2,676,597) 4,950,781 Profit/(loss) for the period 2,810,312 (16,341,034) Other comprehensive income Total comprehensive income (16,341,034) Basic and diluted profit/(loss) per share 0.69 (4,00)	General and administrative expenses	(24,012,218)	(20,625,220)
Profit/(loss) before tax 1,291,815 1	Operating profit/(loss)	7,033,748	(19,513,351)
Income tax (charge)/credit	Finance costs and finance income - net	(1,546,839)	(1,778,464)
Profit/(loss) for the period Cher comprehensive income Cher comprehensive income Cher comprehensive income Cher comprehensive income/(loss) for the year Cher comp	Profit/(loss) before tax	5,486,909	(21,291,815)
Description	Income tax (charge)/credit	(2,676,597)	4,950,781
Basic and diluted profit/(loss) per share	Profit/(loss) for the period	2,810,312	(16,341,034)
Summary Statement of Financial Position	Other comprehensive income	-	-
Summary Statement of Financial Position	Total comprehensive income/(loss) for the year	2,810,312	(16,341,034)
Summary Statement of Financial Position			
At 30 Sep (2021 (Unaudited) (Ushs'000 Ushs'000 Us	Basic and diluted profit/(loss) per share	0.69	(4.00)
At 30 Sep (2021 (Unaudited) (Ushs'000 Ushs'000 Us			
ASSETS NON-CURRENT ASSETS Property, plant, equipment and right-of-use assets Capital work-in-progress 1,573,492 1,226,370 1,180,841 79,801,461 82,296,848 10,812,461 11,180,841 79,801,461 82,296,848 10,812,461 11,180,841 79,801,461 82,296,848 82,424,181 68,808,084 79,801,461 82,296,848 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 82,424,181 68,808,084 10,904,794 9,064,768 158,667,342 143,929,185 82,424,181	Summary Statement of Financial Position	At 70 San	At 71 Mar
(Unaudited) (Audited) UShs'000			
ASSETS NON-CURRENT ASSETS Property, plant, equipment and right-of-use assets Capital work-in-progress Intangible assets Deferred tax asset Intangible assets Deferred tax asset Intervention of the property o			` '
NON-CURRENT ASSETS Property, plant, equipment and right-of-use assets 63,787,764 62,695,252 Capital work-in-progress 3,627,744 7,194,385 Intangible assets 1,573,492 1,226,370 Deferred tax asset 10,812,461 11,180,841 79,801,461 82,296,848 CURRENT ASSETS Inventories 82,424,181 68,808,084 Trade and other receivables 65,338,367 65,197,093 65,338,367 65,197,093 65,338,367 65,197,093 65,338,367 65,197,093 65,338,367 65,197,093 65,341 68,808,084 65,338,367 65,197,093 65,466,7342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,67,342 143,929,185 66,68,803 66,		UShs'000	UShs'000
Property, plant, equipment and right-of-use assets Capital work-in-progress Intangible assets Interpret tax asset Interpret			
Capital work-in-progress 3,627,744 7,194,385 Intangible assets 1,573,492 1,226,370 Deferred tax asset 10,812,461 11,180,841 79,801,461 82,296,848 CURRENT ASSETS Inventories 82,424,181 68,808,084 Trade and other receivables 65,338,367 65,197,093 Current tax receivable - 859,240 Cash in hand and at bank 10,904,794 9,064,768 158,667,342 143,929,185 TOTAL ASSETS 238,468,803 226,226,033 EQUITY Issued capital 45,648,865 45,648,865 Other reserves 2,275,000 2,275,000 Retained earnings 90,565,411 87,755,099 138,489,276 135,678,964 NON-CURRENT LIABILITIES 200,060 248,453 Term loan 23,408,000 24,472,000 Lease liabilities 200,060 248,453 CURRENT LIABILITIES 23,608,060 24,720,453 CURRENT LIABILITIES 155,907 217,316 Term loan 6,745,000 8,740,000 Lease liabilities		67.000.00	62.605.252
Intangible assets 1,573,492 1,226,370 Deferred tax asset 10,812,461 11,180,841 79,801,461 82,296,848 CURRENT ASSETS 82,424,181 68,808,084 Trade and other receivables 65,338,367 65,197,093 Current tax receivable - 859,240 Cash in hand and at bank 10,904,794 9,064,768 Total ASSETS 238,468,803 226,226,033 EQUITY AND LIABILITIES EQUITY Issued capital 45,648,865 45,648,865 Other reserves 2,275,000 2,275,000 Retained earnings 90,565,411 87,755,099 138,489,276 135,678,964 NON-CURRENT LIABILITIES Term loan 23,408,000 24,472,000 Lease liabilities 200,060 248,453 23,608,060 24,720,453 CURRENT LIABILITIES Term loan 6,745,000 8,740,000 Lease liabilities 155,907 217,316 Current tax payable 1,272,429 -17,316 Current tax payable 1,272,429 -17,316 Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616			
Deferred tax asset 10,812,461 11,180,841 79,801,461 82,296,848 CURRENT ASSETS Inventories			
79,801,461 82,296,848			
CURRENT ASSETS Inventories	Deferred tax asset		
Inventories	CURRENT ASSETS	73,001,401	02,230,040
Trade and other receivables 65,338,367 65,197,093 Current tax receivable 859,240 Cash in hand and at bank 10,904,794 9,064,768 158,667,342 143,929,185 TOTAL ASSETS 238,468,803 226,226,033 EQUITY AND LIABILITIES EQUITY 45,648,865 45,648,865 Other reserves 2,275,000 2,275,000 Retained earnings 90,565,411 87,755,099 138,489,276 135,678,964 NON-CURRENT LIABILITIES 23,408,000 24,472,000 Lease liabilities 200,060 248,453 23,608,060 24,720,453 CURRENT LIABILITIES Term loan 6,745,000 8,740,000 Lease liabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616		82.424.181	68.808.084
Current tax receivable - 859,240 Cash in hand and at bank 10,904,794 9,064,768 158,667,342 143,929,185 TOTAL ASSETS 238,468,803 226,226,033 EQUITY AND LIABILITIES EQUITY Issued capital 45,648,865 45,648,865 Other reserves 2,275,000 2,275,000 Retained earnings 90,565,411 87,755,099 138,489,276 135,678,964 NON-CURRENT LIABILITIES Term loan 23,408,000 24,472,000 Lease liabilities 200,060 248,453 23,608,060 24,720,453 CURRENT LIABILITIES Term loan 6,745,000 8,740,000 Lease liabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616			
Cash in hand and at bank 10,904,794 9,064,768 158,667,342 143,929,185 TOTAL ASSETS 238,468,803 226,226,033 EQUITY AND LIABILITIES EQUITY Issued capital 45,648,865 45,648,865 Other reserves 2,275,000 2,275,000 Retained earnings 90,565,411 87,755,099 138,489,276 135,678,964 NON-CURRENT LIABILITIES Term loan 23,408,000 24,472,000 Lease liabilities 200,060 248,453 23,608,060 24,720,453 CURRENT LIABILITIES Term loan 6,745,000 8,740,000 Lease liabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616	Current tax receivable	· · ·	
TOTAL ASSETS 238,468,803 226,226,033 EQUITY AND LIABILITIES EQUITY Issued capital 45,648,865 45,648,865 Other reserves 2,275,000 2,275,000 Retained earnings 90,565,411 87,755,099 NON-CURRENT LIABILITIES 135,678,964 NON-CURRENT LIABILITIES 23,408,000 24,472,000 Lease liabilities 200,060 248,453 23,608,060 24,720,453 CURRENT LIABILITIES 6,745,000 8,740,000 Lease ljabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616	Cash in hand and at bank	10,904,794	
EQUITY AND LIABILITIES EQUITY Issued capital		158,667,342	143,929,185
EQUITY AND LIABILITIES EQUITY Issued capital			
Sued capital	TOTAL ASSETS	238,468,803	226,226,033
Sued capital	EQUITY AND LIABILITIES		
Ssued capital	_		
Other reserves 2,275,000 2,275,000 Retained earnings 90,565,411 87,755,099 138,489,276 135,678,964 NON-CURRENT LIABILITIES 23,408,000 24,472,000 Lease liabilities 200,060 248,453 23,608,060 24,720,453 CURRENT LIABILITIES Term loan 6,745,000 8,740,000 Lease ljabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616	-	45.648.865	45.648.865
Retained earnings 90,565,411 87,755,099 138,489,276 135,678,964 NON-CURRENT LIABILITIES 23,408,000 24,472,000 Lease liabilities 200,060 248,453 23,608,060 24,720,453 CURRENT LIABILITIES Term loan 6,745,000 8,740,000 Lease ljabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616			
138,489,276 135,678,964			
Term loan 23,408,000 24,472,000 Lease liabilities 200,060 248,453 23,608,060 24,720,453 CURRENT LIABILITIES Term loan 6,745,000 8,740,000 Lease liabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616		138,489,276	
Lease liabilities 200,060 248,453 23,608,060 24,720,453 CURRENT LIABILITIES Term loan 6,745,000 8,740,000 Lease liabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616	NON-CURRENT LIABILITIES		
23,608,060 24,720,453 CURRENT LIABILITIES Term loan 6,745,000 8,740,000 Lease liabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616	Term loan	23,408,000	24,472,000
CURRENT LIABILITIES Term loan 6,745,000 8,740,000 Lease liabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616	Lease liabilities	200,060	248,453
Term loan 6,745,000 8,740,000 Lease liabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616		23,608,060	24,720,453
Term loan 6,745,000 8,740,000 Lease liabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616			
Lease liabilities 155,907 217,316 Current tax payable 1,272,429 - Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616			
Current tax payable 1,272,429 Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616			
Trade and other payables 43,416,209 55,441,065 Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616	이 살아 있다는 아들이 되었다.		217,316
Bank overdraft 24,781,922 1,428,235 76,371,467 65,826,616	ATTACA CONTRACTOR OF THE PROPERTY OF THE PROPE		- FF / /3 005
76,371,467 65,826,616	3 20 7 7		
	Dalik Overdrait		
TOTAL EQUITY AND LIABILITIES 238.468.803 226.226.033	All Services	/0,3/1,46/	03,020,010
LEGIZZONIA	TOTAL EQUITY AND LIABILITIES	238,468,803	226,226,033
	46		

Summary Statement of Changes in Equity				
	Issued capital UShs'000	Capital reserves UShs'000	Retained earnings UShs'000	Total UShs'000
6 months ended 30 September 2020				
At 1 April 2020	45,648,865	2,275,000	97,313,531	145,237,396
Loss for the period	-	-	(16,341,034)	(16,341,034)
Bargain purchase		1,750,581	-	1,750,581
At 30 September 2020	45,648,865	4,025,581	80,972,497	130,646,943
6 months ended 30 September 2021				
At 1 April 2021 Profit for the period	45,648,865 -	2,275,000	87,755,099 2,810,312	135,678,964 2,810,312
At 30 September 2021	45,648,865	2,275,000	90,565,411	138,489,276

Bargain purchase related to excess of the fair value of net assets acquired over consideration paid when the Company acquired human drug trading business of Quality Chemicals Limited in FY 21. Summary Statement of Cash Flows 6 months ended 30 Sep 2021 (Unaudited) UShs'0000 OPERATING ACTIVITIES Profit/(loss) before tax 5,486,909 (21,291,815) Adjustment for: Impairment allowance (1,997,355) 9,364,085 Depreciation 4,376,599 3,764,065 Amortisation 208,845 144,851 Consultancy costs - 1,644,274 Provision for obsolete inventories 6,104,546 (2,587,418) Gain on disposal of property and equipment Interest expense 795,732 1,895,317 Less: Interest paid (804,554) (1,895,317) Tax paid (58,737) (6,359,678) Lin inventories (19,720,644) (6,359,678) in trade and other receivables 1,622,922 2,312,675 Int trade and other payables (1,152,620) 8,711,087 Net cash used in operating activities (958,759)	At 30 September 2021	45,648,865	2,275,000	90,565,411	138,489,276
OPERATING ACTIVITIES Formula Medical (Unaudited) (consideration paid when the	e Company acqu			
OPERATING ACTIVITIES For fit/(loss) before tax 5,486,909 (21,291,815) Adjustment for: Impairment allowance (1,997,353) 9,364,085 Depreciation 4,376,599 3,764,065 Amortisation 208,845 144,851 Consultancy costs - 1,644,274 Frovision for obsolete inventories 6,104,546 (2,587,418) Gain on disposal of property and equipment 14,975,278 (7,100,539) Interest expense 795,732 1,895,317 Tax paid (804,554) (1,895,317) Tax paid (58,737) - Changes in working capital (19,720,644) (6,359,678) - in inventories (19,720,644) (6,359,678) - in trade and other receivables 1,622,924 2,312,675 - in trade and other payables (11,512,620) 8,711,087 Net cash used in operating activities (15,498,353) (4,331,772) INVESTING ACTIVITIES 4 (4,718,181) Acquisition of QCL human business - (4,718,181) Proceeds from sale of p	Summary Statement of Cas	h Flows			
Profit/(loss) before tax 5,486,909 (21,291,815) Adjustment for: Impairment allowance (1,997,353) 9,364,085 Depreciation 4,376,599 3,764,065 Amortisation 208,845 144,851 Consultancy costs - 1,644,274 Provision for obsolete inventories 6,104,546 (2,587,418) Gain on disposal of property and equipment - (33,898) Interest expense 795,732 1,895,317 Less: Interest paid (804,554) (1,895,317) Tax paid (58,737) - Changes in working capital (19,720,644) (6,359,678) - in inventories (19,720,644) (6,359,678) - in trade and other receivables 1,622,924 2,312,675 - in trade and other payables (11,512,620) 8,711,087 Net cash used in operating activities (5,498,353) (4,331,772) INVESTING ACTIVITIES Acquisition of QCL human business - (4,718,181) Proceeds from sale of property, plant and equipment (94,7111) (2,044,882)			30 Se (Unau	p 2021 Idited)	30 Sep 2020 (Unaudited)
Profit/(loss) before tax 5,486,909 (21,291,815) Adjustment for: Impairment allowance (1,997,353) 9,364,085 Depreciation 4,376,599 3,764,065 Amortisation 208,845 144,851 Consultancy costs - 1,644,274 Provision for obsolete inventories 6,104,546 (2,587,418) Gain on disposal of property and equipment - (33,898) Interest expense 795,732 1,895,317 Less: Interest paid (804,554) (1,895,317) Tax paid (58,737) - Changes in working capital (19,720,644) (6,359,678) - in inventories (19,720,644) (6,359,678) - in trade and other receivables 1,622,924 2,312,675 - in trade and other payables (11,512,620) 8,711,087 Net cash used in operating activities (5,498,353) (4,331,772) INVESTING ACTIVITIES Acquisition of QCL human business - (4,718,181) Proceeds from sale of property, plant and equipment (94,7111) (2,044,882)	OPERATING ACTIVITIES				
Depreciation 4,376,599 3,764,065 Amortisation 208,845 144,851 Consultancy costs - 1,644,274 Provision for obsolete inventories 6,104,546 (2,587,418) Gain on disposal of property and equipment - (33,898) Interest expense 795,732 1,895,317 Less: Interest paid (804,554) (1,895,317) Tax paid (58,737) - Changes in working capital - (6,359,678) - in inventories (19,720,644) (6,359,678) - in trade and other receivables 1,622,924 2,312,675 - in trade and other payables (11,512,620) 8,711,087 Net cash used in operating activities (15,498,353) (4,331,772) INVESTING ACTIVITIES Acquisition of QCL human business - (4,718,181) Proceeds from sale of property, plant and equipment (943,711) (2,044,882) Additions to capital work-in-progress (958,759) (1,378,774) Purchase of intangible assets (555,968) (35,155)	Profit/(loss) before tax		5,4	86,909	(21,291,815)
Amortisation 208,845 144,851 Consultancy costs - 1,644,274 Provision for obsolete inventories 6,104,546 (2,587,418) Gain on disposal of property and equipment Interest expense 795,732 1,895,317 Interest expense 795,732 1,895,317 Less: Interest paid (804,554) (1,895,317) Tax paid (58,737) - Changes in working capital (19,720,644) (6,359,678) - in inventories (19,720,644) (6,359,678) - in trade and other receivables 1,622,924 2,312,675 - in trade and other payables (11,512,620) 8,711,087 Net cash used in operating activities (15,498,353) (4,331,772) INVESTING ACTIVITIES Acquisition of QCL human business - (4,718,181) Proceeds from sale of property, plant and equipment (943,711) (2,044,882) Additions to capital work-in-progress (958,759) (1,378,774) Purchase of intangible assets (555,968) (35,155) Net cash used in investing activities	Impairment allowance		(1,9	97,353)	9,364,085
Consultancy costs - 1,644,274 Provision for obsolete inventories 6,104,546 (2,587,418) Gain on disposal of property and equipment Interest expense - (33,898) Interest expense 795,732 1,895,317 Less: Interest paid (804,554) (1,895,317) Tax paid (58,737) - Changes in working capital (19,720,644) (6,359,678) - in inventories (19,720,644) (6,359,678) - in trade and other receivables 1,622,924 2,312,675 - in trade and other payables (11,512,620) 8,711,087 Net cash used in operating activities (15,498,353) (4,331,772) INVESTING ACTIVITIES Acquisition of QCL human business - (4,718,181) Proceeds from sale of property, plant and equipment (943,711) (2,044,882) Additions to capital work-in-progress (958,759) (1,378,774) Purchase of intangible assets (555,968) (35,155) Net cash used in investing activities (2,458,438) (8,143,094) FINANCING A	Depreciation		4,3	76,599	3,764,065
Provision for obsolete inventories 6,104,546 (2,587,418) Gain on disposal of property and equipment Interest expense - (33,898) Interest expense 795,732 1,895,317 Less: Interest paid (804,554) (1,895,317) Tax paid (58,737) - Changes in working capital (19,720,644) (6,359,678) - in inventories (19,720,644) (6,359,678) - in trade and other receivables 1,622,924 2,312,675 - in trade and other payables (11,512,620) 8,711,087 Net cash used in operating activities (15,498,353) (4,331,772) INVESTING ACTIVITIES Acquisition of QCL human business - (4,718,181) Proceeds from sale of property, plant and equipment (943,711) (2,044,882) Additions to capital work-in-progress (958,759) (1,378,774) Purchase of intangible assets (555,968) (35,155) Net cash used in investing activities (2,458,438) (8,143,094) FINANCING ACTIVITIES Repayment of term loan (3,443,750) <th>Amortisation</th> <th></th> <td>20</td> <td>08,845</td> <td>144,851</td>	Amortisation		20	08,845	144,851
Gain on disposal of property and equipment Interest expense - (33,898) Interest expense 795,732 1,895,317 Less: Interest paid (804,554) (1,895,317) Tax paid (58,737) - Changes in working capital (19,720,644) (6,359,678) - in inventories (19,720,644) (6,359,678) - in trade and other receivables 1,622,924 2,312,675 - in trade and other payables (11,512,620) 8,711,087 Net cash used in operating activities (15,498,353) (4,331,772) INVESTING ACTIVITIES Acquisition of QCL human business - (4,718,181) Proceeds from sale of property, plant and equipment - 33,898 Purchase of property, plant and equipment (943,711) (2,044,882) Additions to capital work-in-progress (958,759) (1,378,774) Purchase of intangible assets (555,968) (35,155) Net cash used in investing activities (2,458,438) (8,143,094) FINANCING ACTIVITIES Repayment of term loan (3,443,750) - Payment of lease liabilities (•			-	1,644,274
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	Cash and cash equivalents	at end of period	(13,8	77,129)	(55,621,979)

Basis of preparation

The interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim summary financial statements do not include all the information and disclosures required in audited annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended 31 March 2021.

Operational Performance

It is more than a year since the COVID-19 pandemic disrupted our lives and tested us in many ways. Management and staff continue to work with passion to deliver lifesaving medicines to patients. The support from the health workers and our customers during the pandemic is greatly appreciated.

Update on key priority areas

Growth

The private market business segment that commenced last year continued to deliver encouraging growth and margins. The product offering in this segment is being expanded to respond to Ugandan patients' demands in line with our purpose of 'Caring for Life'.

Expansion into new markets continued. We received new orders for DRC which will be serviced in Q3 FY22. Furthermore, we received approval of our first line treatment, TLD, in Kenya.

As published earlier, the Board of Directors approved an entry into the oncology space in response to the growing demand for cancer and sickle cell anemia medicines in Uganda. The Company will construct a new factory focused on oncology products targeting both the Uganda and African markets. Management is progressing with the relevant activities aimed at having the facility commissioned.

Profitability

Despite the increased pension costs and market development costs after entry into the private market space, management are pleased to report the return to profitability and the significant improvement in performance compared to H1 FY21. Management expects to sustain this performance in H2 FY22.

Efficiencies

We continue to work towards recovering the outstanding dues from GoZ and during H1 FY22 we received UShs 2.5 billion. We do not have a firm commitment as to when the entire balance will be settled but the GoZ continues to recognize the outstanding dues and we continue to work with them to receive the unpaid balance.

A big portion of local sales are contractual, predictable and are subject to minimum credit risk. Payments for the local sales are effected within 30 to 60 days. Sales to new customers are made after receipt of confirmed letters of credit or advance payments.

The Company maintained near normal operations during the second COVID-19 lockdown. Provision of transport to workers and rigorous COVID-19 safety procedures enabled the Company to achieve a greater than 95% staff attendance. 68% of our staff have received their first dose of the vaccine and 43% are fully vaccinated.

The factory capacity utilization exceeded 80% and we are proud to report that our On-Time-in-Full (OTIF) was 100%.

Portfolio expansion

Activities to expand the locally manufactured product portfolio continued in H1 FY22. Technology transfer of Azithromycin 500mg was completed, and the product will be launched in Q3 FY22. Technology transfer of two other products; Q-TIB (for prophylaxis of TB) and Cipladon+ (for pain management) will be completed in Q3 FY22.

Governance and compliance

As part of our commitment to governance and compliance with regulations, the Company concluded a quality and compliance audit by the ZAZIBONA, thereby retaining approval of the Company's products in these South African countries.

In line with sustainability objectives, initiatives to reduce water consumption yielded a 4% reduction compared to H1 FY21. Solid waste reduced by 15% while liquid waste reduced by 58% after implementing manufacturing excellence initiatives.

The health and safety of staff remains our top priority. During H1 FY22, we had no fatality and no lost time injury (LTI).

Financial Performance

Revenues remained stable at UShs 124.3 billion compared to UShs 122.6 billion in H1 FY21.

Local sales increased by 47.6% from UShs 52.7 billion in H1 FY21 to UShs 77.7 billion in H1 FY22 due to a faster draw down of confirmed local contracts. Exports declined by 33.4% from

UShs 69.9 billion H1 FY21 to UShs 46.6 billion due to the non-recurrence of emergency orders received at the peak of the COVID-19 pandemic in H1 FY21.

Gross margins increased from 8.5% in H1 FY21 to 23.3% partly due to a change in product mix and reduced input costs after successful negotiation with key suppliers.

Impairment allowance on financial assets

In H1 FY22, the Company collected UShs. 2.5 billion from the GoZ. In line with IFRS 9, this resulted in a net release in our provision of UShs 1.9 billion (as the full GoZ amount has been fully provided for in prior years) after providing for some potential risks on existing receivables.

General and administrative costs increased by 17% from UShs 20.6 billion in H1 FY21 to UShs 24.0 billion in FY22.

12% of the increase was due to new retirement contracts between the founding directors and the Company concluded at the beginning of FY22. Costs associated with expanding into the private market contributed 2% of the increase with the balance being associated with depreciation and amortisation resulting from capitalisation of items in Capital Work in Progress.

Finance costs reduced by 12.9% from UShs 1.7 billion in H1 FY21 to UShs 1.5 billion due to better management of overdraft facilities and reduced interest rates.

Total comprehensive income/(loss) improved by UShs. 19.1 billion from a loss of UShs 16.3 billion in H1 FY21 to a profit of UShs 2.8 billion.

Cash flow

Net cash used in operating activities increased from a deficit of UShs 4.3 billion in H1 FY21 to a deficit of UShs 15.5 billion partly due to increase in stock holding to support continuous manufacturing and reduce risk of global supply chain disruption. Furthermore, overdue amounts to key suppliers were reduced by approximately UShs 12.4 billion. The impact of these transactions was reduced by improved profitability, collections from customers and lower financing costs.

Net cash used in investing activities reduced from UShs 8.1 billion to UShs 2.5 billion after completion of acquisition of the human pharmaceutical business from QCL and equipping the new quality control laboratory in FY21.

The increase in the overdraft position at end of H1 FY22 was for a short period to manage payables. At the time of this report, the overdraft position had reversed. The liquidity position is monitored daily to manage commitments and optimize financing costs. Term loans are mainly used to fund capital expenditure while overdrafts are used for working capital management.

Abbreviations		
CiplaQCIL	Cipla Quality Chemical Industries Limited	
COVID-19	Coronavirus disease	
DRC	Democratic Republic of the Congo	
FY21	Financial year ending 31 March 2021	
FY22	Financial year ending 31 March 2022	
GoZ	Government of the Republic of Zambia	
H1	Period between 1 April to 30 September	
H2	Period between 1 October to 31 March	
Q3	Period between 1 October to 31 December	
QCL	Quality Chemicals Limited	
ТВ	Tuberculosis disease	
TLD	Tenofovir-Lamivudine-Dolutegravir	
ZAZIBONA	Grouping of countries including Zambia, Zimbabwe, Botswana Namibia and South Africa	

A copy of the summary unaudited financial statements can be obtained from CiplaQCIL's registrars; M/s Uganda Securities Exchange Nominees Ltd located at 4th Floor, Block A, UAP Nakawa Business Park, Plot 3-4 New Port Bell Road and website: www.ciplagcil.co.ug

The summary interim financial statements were approved by the Board of Directors on 8th November 2021.



Emmanuel Katongole
Chairman, Board of Directors

Ajay Kumar Pal
Chief Executive Officer