



***Condensed Interim
Financial Information
for the Quarter Ended
September 30, 2011***



FEROZSONS
LABORATORIES LIMITED

DIRECTORS' REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2011

We are pleased to present your Company's individual and consolidated financial information for the quarter ended September 30, 2011. This condensed interim financial information is un-audited and is being submitted to share holders as required by Section 245 of the Companies Ordinance, 1984. This has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. The consolidated financial information incorporate the Company's 98% owned Farmacia retail venture, as well as its subsidiary BF Biosciences Limited.

Your Company's Individual and Consolidated Financial Results

A summary of the operating results for the year and appropriation of the divisible profits is given below:

	Individual		Consolidated	
	Quarter Ended 30-Sep-2011	Quarter Ended 30-Sep-2010	Quarter Ended 30-Sep-2011	Quarter Ended 30-Sep-2010
(Rupees in thousands)				
Sales (net)	394,651	271,484	555,969	398,776
Gross Profit	213,586	155,357	299,933	208,544
Profit before tax	98,269	82,830	120,007	95,851
Taxation	(1,990)	(138)	(10,991)	(941)
Profit after tax	96,279	82,692	109,016	94,910

There is an increase of 45.37% in the Net Sales of your Company's pharmaceutical operations for the 1st Quarter under review, which grew to Rs. 394.651 Million during the Quarter under review compared to Net Sales of Rs. 271.484 Million achieved in the same quarter last year. Consolidated Net Sales, inclusive of Farmacia and BF Biosciences Limited showed an increase of 39.42% for the 1st quarter, closing at Rs 555.969 Million for the Quarter.

We are glad to report that sales growth was strong across the Company's product lines. Its core pharmaceutical product range grew by 22%, largely driven by unit growth as prices remained fixed for the most part in its portfolio. Export business grew by 45% during the quarter, whereas the Boston Scientific medical devices division grew by 171% in the Quarter.

Owing to a weaker Rupee and increased costs of inputs, the cost of sales of your Company increased by 56% during the Quarter. Correspondingly, gross profit grew by 37.48% during 1st quarter ended September 30, 2011 against a stronger sale growth of 45%. In consolidated results cost of sales has increased by 34.59% and gross profit has increased by 43.82%, reflecting the benefits of local production at the subsidiary BF Biosciences Limited.

The resultant increase in your Company's Net Profit before Tax in the 1st Quarter was 18.64%; However the Net Profit After Tax (NPAT) increased by 25.20% in 1st Quarter ended September 30, 2011 in comparison with the same period last year. Consolidated Net Profit After Tax grew by 15% to Rs. 109 Million for the Quarter.

Based on the net profit for the quarter ended September 30, 2011, the Earnings per Share (EPS), both basic and diluted, stand at Rs. 3.85 compared to EPS of Rs. 3.31 of same respective period of last year.

BF Biosciences Limited Operational Status

We feel immense pleasure to report that Alhamdulillah BF Biosciences Limited, which completed its first fully operational financial year on June 30, 2011, posted a strong growth of 38.64% in the Quarter despite challenges posed by a price reduction by its primary competitor in the field of hepatology. The Company has increased the sales of its previously imported hepatology products (INF and Novapressin) and oncology products (Filgen), which also carry improved margins owing to local production. We were also able to launch two new products, INF-A and Peg-INF, a true biosimilar peginterferon for the treatment of Hepatitis C. It is a privilege for the company that Peg-INF created history by becoming the most successful pharmaceutical launch ever in Pakistan, as reported by IMS Statistics, with revenues of over Rs. 200 Million in its first 11 months of sales.

As a consequence, despite continued cost pressures resulting from utilities shortages and last year losses, with the benefit of local production and increased business volume, the margins of this business improved significantly and we hope to improve this pace in the future.

Future Outlook

Since July 1, 2011 following the devolution of the health sector from the Federation to the Provinces, the pharmaceutical sector has been placed in the unfortunate position of being a highly regulated sector without a regulator. All routine work of pricing, registration etc. has come to a virtual standstill in the absence of a central Drug Regulatory Agency (DRA), which was supposed to have been legislated but has fallen victim to a dispute between the Federal Government and the Government of Punjab. This, added to the already preexisting problems of energy shortages, and arbitrary pricing mechanism of the previous set-up, has brought the entire industry to a very precarious position, as new products, the lifeline for an industry which has been under a price freeze for 10 years now, continue to await registration and pricing.

We are making all efforts to accelerate our entrance in export markets and reduce our dependence on the local economy, and hope to deliver more good news on the exports front in the year to come.

Acknowledgments

We are grateful to our valued prescribers in the medical community for their continued faith in our products and to our employees for striving hard to embody their Company's values and building its trust and credibility in the customers' eyes.

We would like to thank our customer, distributors, suppliers and business partners for their continued cooperation. Without their support the financial and operational results reflected in these financial would not have been possible.

For and on behalf of the Board of Directors

(Mrs. Akhter Khalid Waheed)
Chairperson & Chief Executive

CONDENSED INTERIM BALANCE SHEET

		September 30, 2011 Un-Audited (Rupees)	June 30, 2011 Audited (Rupees)
SHARE CAPITAL AND RESERVES			
Share capital	3	249,994,540	249,994,540
Capital reserve		321,843	321,843
Revenue reserve - unappropriated profit		<u>1,369,693,864</u>	<u>1,303,293,179</u>
		1,620,010,247	1,553,609,562
SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax	4	388,320,539	389,692,056
NON CURRENT LIABILITIES			
Long term financing - secured	5	-	-
Deferred liability for taxation		86,148,111	88,104,529
		86,148,111	88,104,529
CURRENT LIABILITIES			
Trade and other payables		187,704,388	152,631,234
Accrued markup of long term financing		946,105	969,405
Current portion of long term financing	5	28,375,000	42,562,500
Short term borrowing		4,634,348	37,805,811
		<u>221,659,841</u>	<u>233,968,950</u>
		<u>2,316,138,738</u>	<u>2,265,375,097</u>
CONTINGENCIES AND COMMITMENTS	12	-	-

The annexed notes 1 to 14 form an integral part of these financial statements.

AS AT SEPTEMBER 30, 2011

	Note	September 30, 2011 Un-Audited (Rupees)	June 30, 2011 Audited (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	912,094,136	924,715,697
Long term investments	7	236,699,751	234,555,914
Long term loan		375,000,000	375,000,000
Long term deposits		3,518,500	3,518,500
CURRENT ASSETS			
Stores, spares and loose tools		4,704,052	2,223,238
Stock in trade		441,422,670	409,005,347
Trade debts - considered good		117,491,681	102,924,380
Current Portion of Long term Loan		-	50,000,000
Loans and advances - considered good		12,538,779	17,689,563
Deposits and prepayments		14,022,915	10,813,518
Interest Accrued		14,500,493	16,078,740
Advance income tax - net		84,041,190	84,196,501
Other receivables	8	2,485,972	1,557,078
Short Term Investments	9	63,367,150	13,081,368
Cash and bank balances		34,251,450	20,015,253
		788,826,351	727,584,986
		2,316,138,738	2,265,375,097

Director

Chairperson & CEO

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	NOTE	Quarter Ended September 30, 2011 (Rupees)	Quarter Ended September 30, 2010 (Rupees)
Sales- net		394,650,964	271,484,333
Cost of sales	10	(181,064,982)	(116,127,786)
Gross profit		213,585,982	155,356,547
Other operating income		15,208,282	17,488,481
Administrative expenses		(34,917,152)	(23,465,518)
Selling and distribution cost		(86,947,026)	(57,548,137)
Finance cost		(2,365,545)	(3,009,773)
Other charges		(8,439,587)	(7,780,504)
Share in profit of Farmacia - 98% owned partnership firm		2,143,837	1,788,198
Profit before taxation		98,268,792	82,829,294
Provision for taxation		(1,990,091)	(138,026)
Profit after taxation		96,278,700	82,691,269
Earnings per share - basic and diluted		3.85	3.31

The annexed notes 1 to 14 form an integral part of these financial statements.

Rawalpindi
October 29, 2011

Director

Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Quarter Ended September 30, 2011 (Rupees)	Quarter Ended September 30, 2010 (Rupees)
Profit after tax	96,278,700	82,691,269
Other comprehensive income		
Transfer from surplus on revaluation of fixed assets recognized directly in equity	2,110,026	10,375,829
Income tax on other comprehensive income	(738,509)	(3,631,540)
Other comprehensive income for the period net of tax	1,371,517	6,744,289
Total comprehensive income	<u>97,650,217</u>	<u>89,435,558</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

Rawalpindi
October 29, 2011

Director

Chairperson & CEO

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Quarter Ended September 30, 2011 (Rupees)	Quarter Ended September 30, 2010 (Rupees)
Cash flow from operating activities	98,268,791	82,829,294
Profit before taxation	98,268,791	82,829,294
Adjustment for:		
Depreciation	16,897,101	13,703,745
Profit on disposal of property, plant and equipment	(505,000)	(308,400)
Finance cost	2,365,545	3,009,773
Provision for Workers Profit Participation Fund	4,467,813	3,566,656
Provision for Workers' Welfare Fund	1,787,125	2,790,976
Provision for Central Research Fund	1,002,034	834,180
(Gain)/ loss on remeasurement of short term investments	(285,782)	588,692
Dividends, capital gains and income from investments and deposits	-	(17,180,081)
Interest income	(14,442,739)	-
Share in profit of Farmacia-98% owned subsidiary firm	(2,143,837)	(1,788,198)
	<u>9,142,260</u>	<u>5,217,342</u>
Operating profit before working capital changes (Increase)/decrease in current assets	107,411,052	88,046,637
Stores and spares	(2,480,814)	(2,098,223)
Advances, deposits, prepayments and other receivables	1,012,493	(5,411,832)
Stock in trade	(32,417,323)	(18,137,213)
Trade debtors	(14,567,301)	(18,002,553)
	<u>(48,452,945)</u>	<u>(43,649,821)</u>
	58,958,107	44,396,816
Increase/(decrease) in current liabilities		
Trade and other payables	10,859,397	(16,130,569)
	<u>10,859,397</u>	<u>(16,130,569)</u>
Cash generated from operations	69,817,504	28,266,247
Finance cost paid	(2,388,845)	(2,763,544)
Income tax paid	(3,791,198)	(7,909,934)
Payment to Workers' Profit Participation Fund	(14,218,598)	(8,193,807)
	<u>(20,398,642)</u>	<u>(10,673,478)</u>
Net cash generated from operating activities	49,418,862	17,592,769
Cash flow from investing activities		
Fixed capital expenditure	(4,275,540)	(8,517,125)
Proceeds from sale of property, plant and equipment	505,000	1,327,000
Markup on long term loan	16,020,986	17,293,636
Decrease in long term loan	50,000,000	-
Purchase of short term investments	(50,000,000)	-
	<u>12,250,446</u>	<u>10,103,511</u>
Net cash from investing activities	12,250,446	10,103,511
Cash flow from financing activities		
Repayment of long term finances	(14,187,500)	(14,187,500)
Payment of liabilities against assets subject to finance lease	-	(178,423)
Repayment of short term borrowings	(33,171,462)	(7,435,550)
Dividend paid	(74,149)	(61,178)
	<u>(47,433,111)</u>	<u>(21,862,651)</u>
Net cash used in financing activities	(47,433,111)	(21,862,651)
Net increase/(decrease) in cash and cash equivalents during the period	14,236,197	(1,358,183)
Cash and cash equivalents at the beginning of the period	20,015,253	15,267,082
Cash and cash equivalents at the end of the period	34,251,450	13,908,899

The annexed notes 1 to 14 form an integral part of these financial statements.

Rawalpindi
October 29, 2011

Director

Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Share capital (Rupees)	Capital reserve (Rupees)	Revenue reserve Unappropriated profit (Rupees)	Total (Rupees)
Balance as at July 01, 2010	208,328,786	321,843	1,067,114,429	1,275,765,058
Total Comprehensive income for the period			82,691,269	82,691,269
Surplus transferred to unappropriated profit in respect of :				
-Incremental depreciation charged during the period- net of tax	-	-	1,363,428	1,363,428
Bonus shares issued at 20% for the year ended June 30, 2010	41,665,757	-	(41,665,757)	-
Balance as at September 30, 2010	<u>249,994,543</u>	<u>321,843</u>	<u>1,109,503,369</u>	<u>1,359,819,755</u>
Balance as at July 01, 2011	249,994,540	321,843	1,303,293,179	1,553,609,562
Total Comprehensive income for the period			96,278,700	96,278,700
Surplus transferred to unappropriated profit in respect of :				
-Incremental depreciation charged during the period- net of tax	-	-	1,371,517	1,371,517
Final dividend for the year ended 30 June 2011 Rs. 1.25 per share		-	(31,249,532)	(31,249,532)
Balance as at September 30, 2011	<u>249,994,540</u>	<u>321,843</u>	<u>1,369,693,864</u>	<u>1,620,010,247</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

Rawalpindi
October 29, 2011

Director

Chairperson & CEO

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

1. Status and operations

Ferozsons Laboratories Limited ("the Company") was incorporated as a private limited company on 28th January 1954 and was converted into a public limited company on 8th September 1960. The Company is listed on the Karachi, Lahore and Islamabad stock exchanges. The Company is primarily engaged in the manufacture and sale of pharmaceuticals products and its registered office is situated at 197-A, The Mall, Rawalpindi. The Company is domiciled in Rawalpindi, Pakistan.

2. Basis of preparation

2.1 These financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2011. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended June 30, 2011- whereas comparative profit and loss account, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial statements for the three months period ended on September 30, 2010.

2.2 Except as described below, the accounting policies and estimates adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of financial statements for the preceding year ended June 30, 2011.

2.2.1 The Company applies revised IAS 1 "Presentation of Financial Statements", which became effective as of January 01, 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the three months period ended on September 30, 2011.

2.3 Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the changes in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

	Sep 30, 2011	June 30, 2011
	Unaudited	Audited
	(Rupees)	(Rupees)
3. SHARE CAPITAL		
Authorized share capital		
50,000,000 (June 30, 2011: 25,000,000) ordinary shares of Rs. 10 each	500,000,000	250,000,000
Issued, subscribed and paid up capital		
1,441,952 (June 30, 2011: 1,442,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (June 30, 2011: 119,600) ordinary shares of Rs. 10 each issued in lieu of NWF Industries Limited and Sargodha Oil and Flour Mills Limited since merged	1,196,000	1,196,000
23,437,902 (2011: 23,437,902) ordinary shares of Rs. 10 each issued as fully paid bonus shares	234,379,020	234,379,020
	249,994,540	249,994,540

	Sep 30, 2011 Unaudited (Rupees)	June 30, 2011 Audited (Rupees)
4. SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax		
Surplus on revaluation of fixed assets as at 01 July	419,254,636	267,331,843
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the period/year:		
- Net of deferred tax	(1,371,517)	(6,744,289)
- Related deferred tax liability	(738,509)	(3,631,540)
	(2,110,026)	(10,375,829)
Surplus transferred to unappropriated profit in respect of disposal of fixed assets during the period/year:		
- Net of deferred tax	-	(1,361,536)
- Related deferred tax liability	-	(733,135)
	-	(2,094,671)
Surplus on revaluation of fixed assets recognized during the period/year:		
- Net of deferred tax	-	155,777,069
- Related deferred tax liability	-	8,616,224
	-	164,393,293
Surplus on revaluation of fixed assets as at 30, September 2011	417,144,610	419,254,636
Related deferred tax liability:		
- On Revaluation as at 01 July	(29,562,580)	(25,311,031)
- On Revaluation surplus of fixed assets recognized during the period/year	-	(8,616,224)
- Transferred to profit and loss account	-	733,135
Disposal of fixed assets during the period/year	-	3,631,540
Incremental depreciation charged during the period/year	738,509	3,631,540
	(28,824,071)	(29,562,580)
	388,320,539	389,692,056
5. LONG TERM FINANCING - secured		
Opening balance	42,562,500	99,312,500
Less: Repayments during the period/year	(14,187,500)	(56,750,000)
	28,375,000	42,562,500
Less: Current portion shown under current liabilities	(28,375,000)	(42,562,500)
	-	-

	Note	Sep 30, 2011 Unaudited (Rupees)	June 30, 2011 Audited (Rupees)
6. PROPERTY, PLANT AND EQUIPMENT			
Opening net book value		924,715,697	941,027,888
Add:			
Additions during the period/year	6.1	4,275,540	88,845,686
Revaluation of fixed assets during the period/ year		-	32,957,653
		4,275,540	121,803,339
Less:			
Written down value of disposals		-	(6,893,715)
Depreciation		(16,897,101)	(131,221,815)
		(16,897,101)	(138,115,530)
		<u>912,094,136</u>	<u>924,715,697</u>
6.1 Additions during the period/year represents:			
Building on freehold land		-	12,131,187
Plant and machinery		405,000	13,862,729
Office equipments		300,740	2,877,957
Furniture and fixtures		220,183	1,058,513
Computers		388,918	3,431,601
Vehicles-owned		-	12,603,300
Capital work in progress		2,960,699	42,880,399
		<u>4,275,540</u>	<u>88,845,686</u>
7. LONG TERM INVESTMENTS			
Investment in Farmacia - 98% owned subsidiary partnership firm	7.1	84,699,791	82,555,954
Investment in BF Biosciences Limited - 80% owned subsidiary	7.2	151,999,960	151,999,960
		<u>236,699,751</u>	<u>234,555,914</u>
7.1 Investment in Farmacia			
Opening balance		82,555,954	70,780,791
Share in profit for the period/year		2,143,837	11,775,163
		<u>84,699,791</u>	<u>82,555,954</u>

This represent company's 98% share in "Farmacia", a subsidiary partnership duly registered under the Partnership Act, 1932 and engaged in operating retail shop. Share of profit for the year not withdrawn is treated as reinvestment in capital account of partnership.

7.2 Investment in BF Biosciences Limited

This represents investment made in 15,199,996 ordinary shares of Rs. 10 each, in BF Biosciences Limited.

BF Biosciences Limited was set up for establishing a Biotech Production Plant to manufacture mainly Cancer and Hepatitis related medicines. The Company holds 80% of equity of the subsidiary and the remaining 20% is held by Laboratories Bagó S.A., Argentina.

8. OTHER RECEIVABLES

This includes Rs.2,090,758 (June 2011:Rs. 743,507) as receivables from the subsidiary BF Biosciences Limited on account of expenses incurred on behalf of subsidiaries.

	Note	Sep 30, 2011 Unaudited (Rupees)	June 30, 2011 Audited (Rupees)
9 SHORT TERM INVESTMENTS			
Investment at fair value through profit or loss - listed securities	9.1	63,367,150	9,714,907
		<u>63,367,150</u>	<u>9,714,907</u>

9.1 Investments at fair value through profit or loss - listed securities

Number of shares		Name of Companies	September 30, 2011 (Rupees)		June 30, 2011 (Rupees)	
September 2011	June 2011		Carrying value	Fair value	Carrying value	Fair value
25,000	25,000	Pakistan National Shipping Corporation Ordinary shares of Rs. 10 each	600,000	494,250	997,250	600,000
155,755	155,755	Bank Alfalah Ltd Ordinary shares of Rs. 10 each	1,490,575	1,756,916	1,473,442	1,490,575
415,000	415,000	PICIC-Growth Fund Ordinary shares of Rs. 10 each	5,552,700	5,054,700	3,842,900	5,552,700
7,000	7,000	Pakistan Oilfields Ltd. Ordinary shares of Rs. 10 each	2,513,070	2,578,520	1,511,300	2,513,070
500,004	500,004	PICIC-IF Ordinary Shares of Rs.10 each	2,925,023	2,600,021	1,890,015	2,925,023
493,621		HBL MMS UNITS	50,000,000	50,882,742		
			<u>63,081,368</u>	<u>63,367,150</u>	9,714,907	13,081,368
		Unrealised gain/(loss) on account of remeasurement to fair value	<u>285,782</u>		<u>3,366,461</u>	
			<u>63,367,150</u>	<u>63,367,150</u>	<u>13,081,368</u>	<u>13,081,368</u>

10 COST OF SALES

	Note	Quarter Ended September 30, 2011 (Rupees)	Quarter Ended September 30, 2010 (Rupees)
Material consumed	10.1	163,853,104	100,379,440
Manufacturing expenses		34,430,558	28,209,165
Opening work in process		11,929,149	9,069,289
		<u>210,212,811</u>	<u>137,657,894</u>
Less: closing work in process		<u>(19,668,498)</u>	<u>(9,732,870)</u>
Cost of goods manufactured		<u>190,544,313</u>	<u>127,925,024</u>
Add: opening finished goods		<u>169,991,024</u>	<u>138,056,563</u>
		<u>360,535,337</u>	<u>265,981,587</u>
Less: closing finished goods		<u>(179,470,355)</u>	<u>(149,853,801)</u>
Cost of sales		<u>181,064,982</u>	<u>116,127,786</u>

10.1 Material consumed

Opening stock	224,016,595	138,107,999
Add: purchases during the period	179,282,802	103,387,136
	<u>403,299,397</u>	<u>241,495,135</u>
Less: closing stock	<u>(239,446,293)</u>	<u>(141,115,695)</u>
	<u>163,853,104</u>	<u>100,379,440</u>

11. TRANSACTIONS WITH RELATED PARTIES

The related parties include associated companies, contributory provident fund, major shareholders, directors and key management personnel. Balances with the related parties are shown else where in the financial statements. Transactions with related parties during the period are as follows:

	Quarter Ended September 30, 2011 (Rupees)	Quarter Ended September 30, 2010 (Rupees)
Farmacia-98% owned subsidiary firm		
Sale of medicines	894,145	11,447,451
Share of profit	2,143,837	1,788,198
BF Biosciences Limited-80% owned subsidiary		
Long term loan and mark up repayment	66,020,986	14,858,000
Accrued Mark up on long term loan	14,442,739	14,858,000
Sale of medicine to subsidiary	7,247,492	19,383,164
Sale of medicine by susidiary	4,548,845	-
Management fee for sales promotion.	2,040,762	-
Other related parties		
Contribution to employee provident fund	2,120,051	2,001,794
	Sep 30, 2011 Unaudited (Rupees)	June 30, 2011 Audited (Rupees)
12. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
i Guarantees issued by banks on behalf of the Company	3,170,540	3,170,540
Commitments:		
ii Capital Expenditure	32,431,950	-
iii Letter of credits other than for capital expenditure	48,462,427	103,726,437

13. GENERAL

The figures have been rounded off to the nearest rupee and rearranged wherever necessary for the purpose of comparison.

14. DATE OF AUTHORIZATION

The financial statements have been authorized for issue by the board of directors of the Company on October 29, 2011.

Rawalpindi
October 29, 2011

Director

Chairperson & CEO



***Condensed Interim
Consolidated Financial
Information for the
Quarter Ended
September 30, 2011***



FEROZSONS
LABORATORIES LIMITED

CONDENSED INTERIM CONSOLIDATED BALANCE

		September 30, 2011 Unaudited (Rupees)	June 30, 2011 Audited (Rupees)
SHARE CAPITAL AND RESERVES			
Share capital	3	249,994,540	249,994,540
Reserves			
Capital reserve		321,843	321,843
Revenue reserve - unappropriated profit		1,419,390,059	1,342,834,271
		<u>1,669,706,442</u>	<u>1,593,150,654</u>
Minority interest		52,258,277	49,675,749
Total equity		<u>1,721,964,719</u>	1,642,826,403
SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax	4	388,320,539	389,692,056
NON CURRENT LIABILITIES			
Long term financing - secured	5	-	-
Deferred liability for taxation		126,486,567	121,695,416
		<u>126,486,567</u>	<u>121,695,416</u>
CURRENT LIABILITIES			
Trade and other payables		265,887,421	290,397,231
Short term borrowings - secured		22,040,731	37,805,811
Accrued markup of long term financing		1,707,773	1,898,089
Current portion of long term financing	5	56,406,250	79,937,500
		<u>340,042,175</u>	410,038,631
		<u>2,582,814,001</u>	<u>2,564,252,506</u>
CONTINGENCIES AND COMMITMENTS	10	-	-

The annexed notes 1 to 12 form an integral part of these financial statements.

SHEET AS AT SEPTEMBER 30, 2011

	September 30, 2011 Unaudited Note (Rupees)	June 30, 2011 Audited (Rupees)
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	6 1,440,507,206	1,465,485,976
Long term deposits	7,465,500	7,465,500
CURRENT ASSETS		
Stores, spares and loose tools	8,323,639	4,805,283
Stock in trade	653,505,404	592,723,356
Trade debts-considered good	163,356,870	158,262,572
Loans and advances-considered good	22,805,047	24,419,957
Deposits and prepayments	17,879,731	21,038,681
Advance income tax - net	112,224,698	110,196,797
Other receivables	2,435,974	786,813
Short term investments	7 63,367,150	23,673,368
Cash and bank balances	90,942,783	155,394,203
	1,134,841,295	1,091,301,030
	<u>2,582,814,001</u>	<u>2,564,252,506</u>

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	NOTE	Quarter Ended September 30, 2011 (Rupees)	Quarter Ended September 30, 2010 (Rupees)
Net sales		555,969,575	398,775,812
Cost of sales	8	<u>(256,036,069)</u>	<u>(190,232,139)</u>
Gross profit		299,933,506	208,543,673
Other income		2,248,594	3,574,431
Administrative expenses		(37,142,034)	(24,225,786)
Selling and distribution cost		(130,046,279)	(78,442,099)
Finance cost		(3,809,608)	(5,818,605)
Other expenses		<u>(11,177,123)</u>	<u>(7,780,504)</u>
Profit before taxation		120,007,056	95,851,110
Provision for taxation		<u>(10,990,725)</u>	<u>(940,626)</u>
Profit after taxation		109,016,331	94,910,484
Attributable to:			
Shareholders of the parent company		106,433,803	92,437,446
Non- Controlling Interest		<u>2,582,528</u>	<u>2,473,037</u>
		109,016,331	94,910,483

The annexed notes 1 to 12 form an integral part of these financial statements.

**CONDENSED INTERIM CONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Quarter Ended September 30, 2011 (Rupees)	Quarter Ended September 30, 2010 (Rupees)
Profit after tax	109,016,331	94,910,483
Other comprehensive income		
Transfer from surplus on revaluation of fixed assets recognized directly in equity	-	2,097,582
Income tax on other comprehensive income	-	(734,154)
Other comprehensive income for the period net of tax	-	1,363,428
Total comprehensive income	109,016,331	96,273,911
Attributable to:		
Shareholders of the parent company	106,433,803	400,418,985
	2,582,528	25,203,727
Non-controlling interest	109,016,331	425,622,712

The annexed notes 1 to 12 form an integral part of these financial statements.

Rawalpindi
 October 29, 2011

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Quarter Ended September 30, 2011 (Rupees)	Quarter Ended September 30, 2010 (Rupees)
Cash flow from operating activities		
Profit before taxation	120,007,056	95,851,110
Adjustment for:		
Depreciation	33,584,229	29,078,173
Gain on disposal of property, plant and equipment	(505,000)	(308,400)
Finance cost	3,809,608	5,818,605
Provision for Workers Profit Participation Fund	5,604,501	3,566,656
Provision for Workers' Welfare Fund	2,241,800	2,790,976
Provision for Central Research Fund	1,211,987	834,180
(Gain)/ loss on remeasurement of short term investments	(1,245,330)	588,692
Dividends, capital gains and income from investments and deposits	(1,716,598)	(3,266,031)
	42,985,197	39,102,851
Operating profit before working capital changes (Increase)/decrease in current assets	162,992,254	134,953,961
Stores and spares	(3,518,356)	(2,098,223)
Advances, deposits, prepayments and other receivables	3,124,698	(5,738,349)
Stock in trade	(60,782,048)	(58,001,089)
Trade debtors	(5,094,298)	(6,021,857)
	(66,270,004)	(71,859,518)
	96,722,250	63,094,443
Increase/(decrease) in current liabilities		
Trade and other payables	(42,104,883)	(26,904,396)
Cash generated from operations	54,617,367	36,190,047
Finance cost paid	(3,999,924)	(5,647,789)
Income tax paid	(8,227,475)	(13,828,793)
Payment to Workers' Profit Participation Fund	(22,638,598)	(8,193,807)
	(34,865,997)	(27,670,389)
Net cash generated from operating activities	19,751,370	8,519,658
Cash flow from investing activities		
Fixed capital expenditure	(8,605,458)	(20,453,017)
Proceeds from sale of property, plant and equipment	505,000	1,327,000
Dividend income, profit on bank deposits & commissions	1,716,598	3,266,031
Purchase of short term investments	(50,000,000)	-
Proceeds from encashment of short term investments	11,551,549	-
Net cash used in investing activities	(44,832,311)	(15,859,986)
Cash flow from financing activities		
Repayment of long term finances	(23,531,250)	(23,531,250)
Payment of liabilities against assets subject to finance lease	-	(178,423)
Proceeds from short term borrowings	(15,765,080)	14,454,782
Dividend paid	(74,149)	(61,183)
Net cash used in financing activities	(39,370,479)	(9,316,074)
Net decrease in cash and cash equivalents during the period	(64,451,420)	(16,656,402)
Cash and cash equivalents at the beginning of the period	155,394,203	56,492,557
Cash and cash equivalents at the end of the period	90,942,783	39,836,155

The annexed notes 1 to 12 form an integral part of these financial statements.

Rawalpindi

October 29, 2011

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Share capital	Capital reserve	Revenue reserve Unappropriated profit	Total	Non-Controlling Interest	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at July 01, 2010	208,328,786	321,843	1,007,224,346	1,215,874,975	24,472,022	1,240,346,997
Total Comprehensive income for the period			92,347,446	92,347,446	2,473,037	94,820,483
Surplus transferred to unappropriated profit in respect of :						
- Incremental depreciation charged during the period/year- net of tax	-	-	1,363,428	1,363,428	-	1,363,428
Bonus shares issued at 20% for the year ended June 30, 2010	41,665,757	-	(41,665,757)	-	-	-
Balance as at September 30, 2010	249,994,543	321,843	1,059,269,463	1,309,585,849	26,945,059	1,336,530,908
Balance as at July 01, 2011	249,994,540	321,843	1,342,834,271	1,593,150,654	49,675,749	1,642,826,403
Total Comprehensive income for the period			106,433,803	106,433,803	2,582,528	109,016,331
Surplus transferred to unappropriated profit in respect of :						
- Incremental depreciation charged during the period/year- net of tax	-	-	1,371,517	1,371,517	-	1,371,517
Final dividend for the year ended June 30, 2011			(31,249,532)	(31,249,532)	-	(31,249,532)
Balance as at September 30, 2011	249,994,540	321,843	1,419,390,059	1,669,706,442	52,258,277	1,721,964,719

The annexed notes 1 to 12 form an integral part of these financial statements.

Rawalpindi
October 29, 2011

Director

Chairperson & CEO

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

1. STATUS AND OPERATIONS

Ferozsons Laboratories Limited (“the Company”) was incorporated as a private limited company on January 28, 1954 and was converted into a public limited company on September 08, 1960. The company is listed on the Karachi, Lahore and Islamabad stock exchanges. The company is primarily engaged in the manufacture and sale of pharmaceuticals products and its registered office is situated at 197-A, The Mall, Rawalpindi. The company is domiciled in Rawalpindi, Pakistan.

2. BASIS OF PREPARATION

2.1 These financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2010. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended June 30, 2010 whereas comparative profit and loss account, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial statements for the three months period ended September 30, 2010.

2.2 Except as described below, the accounting policies and estimates adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of financial statements for the preceding year ended June 30, 2011.

2.2.1 The Company applies revised IAS 1 “Presentation of Financial Statements”, which became effective as of January 01, 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the three months period ended on September 30, 2011.

2.3 Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the changes in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

	Sep 30, 2011 Unaudited (Rupees)	June 30, 2011 Audited (Rupees)
3. SHARE CAPITAL		
Authorized share capital	500,000,000	250,000,000
Issued, subscribed and paid up capital	249,994,540	249,994,543
4. SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax		
Surplus on revaluation of fixed assets as at 01 July.	419,254,636	267,331,843
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year:		
- Net of deferred tax	(1,371,517)	(6,744,289)
- Related deferred tax liability	(738,509)	(3,631,540)
	(2,110,026)	(10,375,829)
Surplus transferred to unappropriated profit in respect of disposal of fixed assets during the year:		
- Net of deferred tax	-	(1,361,536)
- Related deferred tax liability	-	(733,134)
	-	(2,094,670)
Surplus on revaluation of fixed assets recognized during the period/year:		
- Net of deferred tax	-	155,777,069
- Related deferred tax liability	-	8,616,224
	-	164,393,293
Surplus on revaluation of fixed assets as at 30 September	417,144,610	419,254,637
Related deferred tax liability:		
- On Revaluation as at 01 July	(29,562,580)	(25,311,031)
- On Revaluation surplus of fixed assets recognized during the period year	-	(8,616,224)
- Transferred to profit and loss account		
Disposal of fixed assets during the period/ year	-	733,134
Incremental depreciation charged during the year	738,509	3,631,540
	(28,824,071)	(29,562,581)
	388,320,539	389,692,056

	Note	Sep 30, 2011 Unaudited (Rupees)	June 30, 2011 Audited (Rupees)
5. LONG TERM FINANCING - secured			
Opening balance		79,937,500	174,062,500
Add. Disbursements during the period/year		-	-
		<u>79,937,500</u>	<u>174,062,500</u>
Less: Repayments during the period/year		<u>(23,531,250)</u>	<u>(94,125,000)</u>
		<u>56,406,250</u>	<u>79,937,500</u>
Less: Current portion shown under current liabilities		<u>(56,406,250)</u>	<u>(79,937,500)</u>
		<u>-</u>	<u>-</u>

The Parent Company has entered into a pay fix, receive variable interest rate swap agreement with a bank to hedge the interest rate exposure on the long term financing from HBL at notional amount of Rs. 275 million. As per the terms of the agreement the company will pay fix interest rate @ 12.8% p.a. to the bank and will receive 3 months PKR KIBOR. Effective period of swap is from July 25, 2007 till July 25, 2011. This swap agreement arrangement does not qualify for hedge accounting under the requirements of International Accounting Standard - 39 "Financial Instruments: Recognition and Measurement". Accordingly, this has been measured at its fair value as at the balance sheet date and resultant loss of Rs. 1.1 million has been recognized in the profit and loss account.

6. PROPERTY, PLANT AND EQUIPMENT			
Opening net book value		1,465,485,976	1,555,899,087
Add: Additions during the period/year	6.1	8,605,458	141,830,902
Revaluation of fixed assets during the period/ year		-	32,957,653
		<u>8,605,458</u>	<u>174,788,555</u>
Less: Written down value of disposals		-	(7,703,715)
Depreciation		<u>(33,584,228)</u>	<u>(257,497,951)</u>
		<u>(33,584,228)</u>	<u>(265,201,666)</u>
		<u>1,440,507,206</u>	<u>1,465,485,976</u>

6.1 Additions / Transfers during the period/year represents:

Building on freehold land	3,080,000	14,215,367
Plant and machinery	6,196,328	28,225,974
Office equipments	903,390	4,541,962
Furniture and fixtures	320,964	2,344,123
Computers	775,858	4,269,132
Vehicles-owned	7,642,000	20,644,800
Capital work in progress	(12,907,782)	67,589,544
ERP System	2,594,700	-
	<u>8,605,458</u>	<u>141,830,902</u>

	Note	Sep 30, 2011 Unaudited (Rupees)	June 30, 2011 Audited (Rupees)
7. SHORT TERM INVESTMENTS			
Held to maturity investments			
- local currency		-	10,592,000
Investments at fair value through profit and loss - listed securities	7.1	63,367,150	13,081,368
		63,367,150	23,673,368

7.1 Investments at fair value through profit or loss - listed securities

Number of shares		Name of Companies	September 30, 2011 (Rupees)		June 30, 2011 (Rupees)	
September 2010	June 2010		Carrying value	Fair value	Carrying value	Fair value
25,000	25,000	Pakistan National Shipping Corporation Ordinary shares of Rs. 10 each	600,000	494,250	997,250	600,000
155,755	155,755	Bank Alfalah Ltd Ordinary shares of Rs. 10 each	1,490,575	1,756,916	1,473,442	1,490,575
415,000	415,000	PICIC-Growth Fund Ordinary shares of Rs. 10 each	5,552,700	5,054,700	3,842,900	5,552,700
7,000	7,000	Pakistan Oilfields.Ltd. Ordinary shares of Rs. 10 each	2,513,070	2,578,520	1,511,300	2,513,070
500,004	500,004	PICIC-IF Ordinary Shares of Rs.10 each	2,925,023	2,600,021	1,890,015	2,925,023
493,621	-	HBL MMS UNITS @ 1030806 Rs. Each	50,000,000	50,882,742	-	-
			63,081,368	63,367,150	9,714,907	13,081,368
		Unrealised Gain / (loss)on account of remeasurement to fair value	285,782	-	3,366,461	-
			63,367,150	63,367,150	13,081,368	13,081,368

8 COST OF SALES

Material consumed	8.1	258,274,936	175,764,257
Manufacturing expenses		70,536,372	58,531,319
Opening work in process		31,773,388	9,069,289
		360,584,696	243,364,865
Less: closing work in process		(66,547,332)	(40,146,773)
Cost of goods manufactured		294,037,364	203,218,092
Add: opening finished goods		263,791,283	202,738,436
		557,828,647	405,956,528
Less: closing finished goods		(301,792,578)	(215,724,389)
Cost of sales		256,036,069	190,232,139

8.1 Material consumed

Opening stock	261,125,156	164,529,561
Add: purchases during the period	267,260,290	188,383,113
	528,385,446	352,912,674
Less: closing stock	(270,110,510)	(177,148,417)
	258,274,936	175,764,257

9. TRANSACTIONS WITH RELATED PARTIES

The related parties include associated companies, Contributory provident fund, major shareholders, directors and key management personnel. Transactions with related parties during the period are as follows:

	Quarter Ended September 30, 2011	Quarter Ended September 30, 2010
Other related parties		
Contribution to employee provident fund	2,645,776	2,001,794
	Sep 30, 2011 Unaudited (Rupees)	June 30, 2011 Audited (Rupees)
10. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
i Guarantees issued by banks on behalf of the company	14,685,240	3,170,540
ii Guarantees issued by banks on behalf of the company, BF Biosciences Limited	-	11,514,700
	<u>14,685,240</u>	<u>14,685,240</u>
Commitments:		
i Letter of credits other than for capital expenditure	32,431,950	13,989,329
ii Letter of credits other than for capital expenditure	104,794,297	103,726,437

11. GENERAL

Figures have been rounded off to the nearest rupee and rearranged wherever necessary for the purpose of comparison.

12. DATE OF AUTHORIZATION

The financial statements have been authorized for issue by the board of directors or the company on October 29, 2011.

Rawalpindi
October 29, 2011

Director

Chairperson & CEO



PEOPLE
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MORE THAN FIVE DECADES
OF DEDICATED SERVICE
TO HUMANITY IN PAKISTAN
AND AROUND THE WORLD
IN PHARMACEUTICALS



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