



***Condensed Interim
Financial Information
for the Quarter Ended
September 30, 2013***



FEROZSONS
LABORATORIES LIMITED

DIRECTORS' REVIEW OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2013

We are pleased to present your Company's un-audited Individual and consolidated financial information for the quarter ended September 30, 2013. The consolidated financial information incorporates the Company's 98% owned retail venture Farmacia and 80% owned subsidiary BF Biosciences Limited.

OPERATIONAL AND FINANCIAL PERFORMANCE

A summary of the operating results for the 1st quarter in comparison with the same quarter last year is given below.

	Individual		Consolidated	
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	30-Sep-2013	30-Sep-2012	30-Sep-2013	30-Sep-2012
	(Rupees in thousands)			
Sales (net)	573,117	395,778	882,461	589,741
Gross profit	296,664	219,574	381,512	308,593
Profit before tax	134,330	105,820	151,818	131,389
Taxation	(37,147)	(28,352)	(45,727)	(39,228)
Profit after tax	97,184	77,468	106,091	92,161

Net sales of your Company grew by 44.81% for the 1st Quarter under review versus the same quarter of last year. At the group level, the consolidated net sales grew by 49.64% for the 1st quarter under review versus the same quarter of last year. This overall growth of sales mainly represents a divisional growth of 17% in company's promotional products, 92% growth of company's exports sales and a 90% growth in medical device sales.

The cost of sales of your Company showed an increase of 56.89% for the 1st quarter as compared to the same period of last year. In contrast, the gross profit has increased by 35.11% in absolute terms which is indicator of overall growth of business. At the group level, the consolidated cost of sales grew by 78.18%, a reflection of the increased materials cost resulting from currency depreciation, and higher costs of fuel and utilities. The Net Profit after Tax (NPAT) of the Company closed at 97.18 Million, showing a 25.45% growth of over same period of last year.

Based on the net profit for the three months ended September 30, 2013, the Earnings per Share (EPS), both basic and diluted, stand at Rs. 3.22 compared to EPS of Rs. 2.57 of same respective period of last year.

BF Biosciences Limited Operational Status

Net sales of subsidiary were Rs.255 million for the 1st quarter, showing a growth of 52.44% over the same quarter of last year. However the cost of sales of grew by 88% for the Quarter under review, as the sales in the Quarter include government tender supplies that carry a lower GP margin. Profit after tax of BF Biosciences Limited stood at Rs. 11.7 million for the three months ended September 30, 2013.



Future Outlook

It is difficult to continue growing and maintain profitability margins in an environment that is defined by ad-hoc regulations and a complete absence of transparent policy. In recent years, your company has attempted to diversify its product portfolio and seek opportunities outside conventional pharmaceutical business to continue its growth while remaining true to its vision and commitment to human health. The real solution, however, lies in the government finally laying out a transparent regulatory policy for the pharmaceutical industry, one that is not fixated on ad-hoc price regulation but rather emphasizes human safety and efficacy of medicines above all other considerations, and recognizes the need for a pricing formula that incorporates domestic inflation and variations in the exchange rate.

McKinsey, one of the world's leading strategy consultants, has identified pharmaceutical manufacturing as a sunrise sector in a report for the Planning Commission. The local industry has the potential to not only make Pakistan self-reliant in healthcare, but to establish the country as a major exporter of value-added medicines. All that is required from the government is a fair and transparent policy that will allow the sector to realize this long-held potential.

Acknowledgments

We acknowledge the tireless efforts of the Company's management, non-management staff and workers at all levels. Without their commitment, hard work and loyalty, the operational and financial results reflected in this interim period would not have been possible.

We would also like to thank our valued customers for their continued trust in our products, and all stakeholders – distributors, vendors, suppliers, financial institutions and shareholders for their valuable support.

For and on behalf of the Board of Directors

**(Mrs. Akhter Khalid Waheed)
Chairperson & Chief Executive**

CONDENSED INTERIM BALANCE SHEET

		Un-Audited September 30, 2013	Audited June 30, 2013
Note		-----Rs.-----	-----
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital ordinary shares of Rs. 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	3	301,868,410	301,868,410
Capital reserve		321,843	321,843
Accumulated profit		<u>2,017,397,326</u>	<u>1,918,841,956</u>
		2,319,587,579	2,221,032,209
Surplus on revaluation of property, plant and equipment - net of tax	4	377,348,407	378,719,924
Non current liabilities			
Deferred taxation		39,078,248	41,714,772
Current liabilities			
Trade and other payables		191,058,702	274,987,658
Short term borrowings - secured		38,706,741	695,869
		229,765,443	275,683,527
Contingencies and commitments	5	<u>2,965,779,678</u>	<u>2,917,150,432</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim unconsolidated financial information.

AS AT SEPTEMBER 30, 2013

		Un-Audited September 30, 2013	Audited June 30, 2013
Note		-----Rs.-----	
ASSETS			
Non-current assets			
		1,107,908,866	1,083,988,968
Property, plant and equipment	6		
		1,427,377	1,884,709
Intangible assets	7		
		221,239,626	224,732,076
Long term investments	8		
		275,000,000	275,000,000
Long term loan			
		3,786,100	3,786,100
Long term deposits		<u>1,609,361,969</u>	<u>1,589,391,853</u>
Current assets			
		9,476,313	8,689,264
Stores, spare parts and loose tools			
		519,324,302	566,590,600
Stock in trade			
		261,077,245	139,090,930
Trade debts - considered good			
		50,000,000	50,000,000
Current portion of long term loan			
		23,855,323	14,914,151
Loans and advances - considered good			
		30,127,460	22,944,037
Deposits and prepayments			
		8,257,316	8,765,865
Mark-up accrued			
		10,789,998	33,755,110
Advance income tax - net			
		5,971,032	16,911,522
Other receivables	9		
		409,637,586	398,852,989
Short term investments	10		
		27,901,134	67,244,111
Cash and bank balances		<u>1,356,417,709</u>	<u>1,327,758,579</u>
		<u>2,965,779,678</u>	<u>2,917,150,432</u>

Director

Chairperson & CEO

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	Quarter Ended	
		September 30, 2013	September 30, 2012
		Rs.	
Revenue - net	11	573,117,460	395,777,661
Cost of sales	12	(276,453,057)	(176,204,006)
Gross profit		296,664,403	219,573,655
Other income		16,262,166	20,008,822
Administrative expenses		(34,047,582)	(30,673,808)
Selling and distribution costs		(124,254,017)	(97,207,811)
Finance costs		(1,240,128)	(578,465)
Other expenses		(15,561,955)	(9,531,050)
Share in (loss)/profit of Farmacia - 98% owned partnership firm		(3,492,450)	4,228,335
Profit before taxation		134,330,437	105,819,678
Taxation	13	(37,146,584)	(28,351,631)
Profit after taxation		97,183,853	77,468,047
Earnings per share - basic and diluted		<u>3.22</u>	<u>2.57</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Rawalpindi
October 26, 2013

Director

Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter Ended	
	September 30, 2013	September 30, 2012
Note	-----Rs.-----	
Profit after taxation	97,183,853	77,468,047
Other comprehensive income	-	-
Total comprehensive income for the period	<u>97,183,853</u>	<u>77,468,047</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Rawalpindi
 October 26, 2012

 Director

 Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
	-----Rs.-----	
Cash flow from operating activities		
Profit before taxation	134,330,437	105,819,678
Adjustments for:		
Depreciation	24,173,000	17,752,487
Amortisation	457,332	457,332
Gain on sale of property, plant and equipment	(2,073,271)	(316,407)
Finance costs	1,240,128	578,465
Gain on re-measurement of short term investments	(5,784,597)	(7,680,162)
Dividend income and profit on bank deposits	(146,983)	(225,162)
Markup on long term loan received	(8,257,315)	(11,787,090)
Share in (loss) /profit of Farmacia - 98% owned subsidiary firm	3,492,450	(4,228,335)
	<u>13,100,744</u>	<u>(5,448,873)</u>
Cash generated from operations before working capital changes	147,431,181	100,370,805
Effect on cash flow due to working capital changes		
<i>(Increase)/decrease in current assets</i>		
Stores, spare parts and loose tools	(787,049)	51,569
Advances, deposits, prepayments and other receivables	(5,184,108)	(1,425,451)
Stock in trade	47,266,298	(7,724,683)
Trade debts - considered good	(121,986,315)	(23,417,582)
	<u>(80,691,174)</u>	<u>(32,516,147)</u>
<i>(Decrease) in current liabilities</i>		
Trade and other payables	(82,011,540)	(44,715,723)
	<u>(82,011,540)</u>	<u>(44,715,723)</u>
Cash (used in)/generated from operations	(15,271,533)	23,138,935
Finance cost paid	(2,781,220)	(634,447)
Taxes paid	(16,817,996)	(4,284,682)
	<u>(19,599,216)</u>	<u>(4,919,130)</u>
Net (cash used in)/generated from operating activities	(34,870,748)	18,219,805
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(48,260,027)	(27,211,057)
Proceeds from sale of property, plant and equipment	2,240,400	465,680
Mark-up on long term loan received	8,765,864	12,640,290
Principal of long term loan received	-	40,000,000
Dividend income and profit on bank deposits	146,983	225,162
Increase in short term investments	(5,000,000)	(75,000,000)
Net cash (used in) investing activities	(42,106,780)	(48,879,925)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	38,010,872	-
Dividend paid	(376,321)	(1,078)
Net cash generated from / (used in) financing activities	37,634,551	(1,078)
Net (decrease) in cash and cash equivalents	(39,342,977)	(30,661,198)
Cash and cash equivalents at the beginning of the period	67,244,111	58,344,964
Cash and cash equivalents at the end of the period	<u>27,901,134</u>	<u>27,683,767</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Rawalpindi
October 26, 2013

Director

Chairperson & CEO

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Share capital	Capital reserve	Accumulated profit	Total
	-----Rupees-----			
Balance as at 01 July 2012	287,493,720	321,843	1,648,521,379	1,936,336,942
Total comprehensive income for the period	-	-	77,468,047	77,468,047
Surplus transferred to accumulated profit in respect of:				
-incremental depreciation charged during the period - net of tax	-	-	1,234,365	1,234,365
Balance as at September 30, 2012	<u>287,493,720</u>	<u>321,843</u>	<u>1,727,223,791</u>	<u>2,015,039,354</u>
Balance as at 01 July 2013	301,868,410	321,843	1,918,841,956	2,221,032,209
Total comprehensive income for the period	-	-	97,183,853	97,183,853
Surplus transferred to accumulated profit in respect of:				
-incremental depreciation charged during the period - net of tax	-	-	1,371,517	1,371,517
Balance as at September 30, 2013	<u>301,868,410</u>	<u>321,843</u>	<u>2,017,397,326</u>	<u>2,319,587,579</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Rawalpindi
October 26, 2012

Director

Chairperson & CEO

**SELECTED NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

1 Legal status and its operation

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

2 Basis of preparation

2.1 Statement of compliance

This condensed interim financial information is presented in accordance with the requirements of International Accounting Standard(IAS) 34 - “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements of the Companies Ordinance, 1984 differ, the provisions or directives issued under the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan (SECP) have been followed. This condensed interim financial information does not include all of the information required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2013. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended 30 June 2013, whereas comparative profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial information for the quarter ended on 30 September 2012.

The condensed interim financial information is un-audited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

2.2 Significant accounting policies

The accounting policies and methods for computation adopted for the preparation of these condensed interim financial information were the same as those applied in preparation of financial statements for the year ended 30 June 2013.

2.3 Accounting estimates and judgment

The preparation of condensed interim financial information in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgment that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

	Un-Audited September 30, 2013	Audited June 30, 2013
-----Rs.-----		
3 Issued, subscribed and paid up capital		
1,441,952 (30 June 2013: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (30 June 2013: 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
28,625,289 (30 June 2013: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	286,252,890	286,252,890
	301,868,410	301,868,410
4 Surplus on revaluation of property, plant and equipment - net of tax		
Surplus on revaluation of property, plant and equipment-opening balance	402,374,432	410,814,534
Surplus transferred to accumulated profit in respect of:		
Incremental depreciation charged during the period / year		
- Net of deferred tax	(1,371,517)	(5,486,066)
- Related deferred tax liability	(738,509)	(2,954,036)
	(2,110,026)	(8,440,102)
	400,264,406	402,374,432
Related deferred tax liability:		
- On revaluation as at 1 July	(23,654,508)	(26,608,544)
- Transferred to accumulated profit on: incremental depreciation charged during the period / year	738,509	2,954,036
	(22,915,999)	(23,654,508)
Surplus on revaluation of property, plant and equipment -closing balance	377,348,407	378,719,924

5 Contingencies and commitments

Contingencies:

Guarantees issued by banks on behalf of the Company

Out of the aggregate facility of Rs.27 million (30 June 2013: Rs. 27 million) for letter of guarantees, the amount utilized at 30 September 2013 was Rs. 0.80 million (30 June 2013: Rs. 0.80 million).

Commitments

Letter of credits other than for capital expenditure

Out of the aggregate facility of Rs. 315 million (30 June 2013: Rs. 315 million) for opening letters of credit, the amount utilized at 30 September 2013 was Rs. 20.38 million (30 June 2013: Rs. 46.81 million).

**SELECTED NOTES TO AND FORMING PART OF THE
 CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

Guarantees issued on behalf of the subsidiary company

Company has issued cross corporate guarantee to various commercial banks favouring its subsidiary company BF Biosciences Limited amounting to Rs. 275 million (30 June 2013: Rs. 275 million)

	Note	Un-Audited September 30, 2013	Audited June 30, 2013
-----Rs.-----			
6	Property, plant and equipment		
		1,083,988,968	993,746,191
	Opening net book value		
	Additions during the period / year	48,260,027	168,296,751
		1,132,248,995	1,162,042,942
	Written down value of disposals during the period / year	(167,129)	(1,883,676)
	Depreciation for the period / year	(24,173,000)	(76,170,298)
		(24,340,129)	(78,053,974)
		1,107,908,866	1,083,988,968
	6.1 Additions during the period / year		
	Plant and machinery	689,699	-
	Office equipments	225,742	2,150,411
	Furniture and fixtures	-	149,889
	Computers	537,511	2,351,043
	Vehicles - owned	3,226,701	36,118,786
	Capital work in progress	43,580,374	127,526,622
		48,260,027	168,296,751
7	Intangible assets		
	Opening net book value	1,884,709	3,714,037
	Amortisation during the period / year	(457,332)	(1,829,328)
	Closing net book value	1,427,377	1,884,709
8	Long term investments		
	Investment in Farmacia	69,239,666	72,732,116
	Investment in BF Biosciences Limited	151,999,960	151,999,960
		221,239,626	224,732,076
	8.1 Investment in Farmacia		
	Opening balance	72,732,116	77,220,554
	Share in (loss)/profit for the period / year	(3,492,450)	(4,488,438)
		69,239,666	72,732,116

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

8.2 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.

9 Other receivables

This includes Rs.292,296 (30 June 2013: Rs.9,885,510) as receivables on account of expenses incurred on behalf of BF Biosciences Limited.

		Un-Audited September 30, 2013	Audited June 30, 2013
		-----Rs.-----	
Note			

10 Short term investments

Investments at fair value through profit and loss - listed securities	10.1	409,637,586	398,852,989
---	------	-------------	-------------

10.1 Investments at fair value through profit and loss - listed securities

No. of units	Name of companies	Un-audited 30 September 2013		Audited 30 June 2013	
		Carrying value	Fair value	Carrying value	Fair value
-----Rupees-----					
3,628,332	1,263,586	HBL Money Market Fund	361,277,795	365,922,705	116,976,197
428,381	2,634,203	HBL Income Fund	42,575,193	43,714,881	252,496,712
			403,852,988	409,637,586	369,472,909
		Unrealised gain on account of re-measurement to fair value	5,784,598	-	29,380,080
			409,637,586	409,637,586	398,852,989

		Quarter Ended	
		September 30, 2013	September 30, 2012
		-----Rs.-----	
Note			

11 Revenue - net

Gross sales	623,560,448	442,723,767
Less: discount	(50,442,988)	(46,946,107)
	<u>573,117,460</u>	<u>395,777,661</u>

12 Cost of sales

Materials consumed	12.1	194,669,622	153,795,641
Manufacturing expenses		46,959,046	39,609,948
		<u>241,628,668</u>	<u>193,405,589</u>

Work in progress:

Opening balance	23,733,370	23,928,962
Closing balance	(28,533,212)	(35,217,865)
	<u>(4,799,842)</u>	<u>(11,288,903)</u>

<i>Cost of goods manufactured</i>	<u>236,828,826</u>	<u>182,116,686</u>
-----------------------------------	--------------------	--------------------

Finished goods

Opening balance	273,111,967	173,564,705
Closing balance	(233,487,736)	(179,477,385)
	<u>39,624,231</u>	<u>(5,912,680)</u>
	<u>276,453,057</u>	<u>176,204,006</u>

	Quarter Ended	
	September 30, 2013	September 30, 2012
-----Rs.-----		
12.1 Material consumed		
Opening stock	254,880,083	215,118,157
Purchases during the period	195,788,169	125,459,428
	<u>450,668,252</u>	<u>340,577,585</u>
Closing stock	<u>(255,998,630)</u>	<u>(186,781,944)</u>
	<u>194,669,622</u>	<u>153,795,641</u>
13 Taxation		
Current	39,783,108	31,595,463
Deferred	<u>(2,636,524)</u>	<u>(3,243,832)</u>
	<u>37,146,584</u>	<u>28,351,631</u>

14 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 elsewhere in the accounts. Transactions with related parties during the period are as follows:

	Note	Un-Audited September 30, 2013	Audited June 30, 2013
		-----Rs.-----	
Farmacia - 98% owned partnership firm			
Sale of medicines		421,014	1,194,147
Share in (loss)/profit		<u>(3,492,450)</u>	4,228,335
BF Biosciences Limited - 80% owned subsidiary company			
Long term loan and mark up payment		8,765,864	52,640,290
Sale of medicine to subsidiary		44,940,227	10,435,096
Sale of medicine by subsidiary		767,080	362,193
Accrued mark up on long term loan		8,257,316	11,787,090
Management fee and expenses for sales promotion		593,111	1,786,310
Other related parties			
Contribution to employee provident fund		3,558,954	2,740,121
Remuneration including benefits and perquisites of key management personnel		<u>14,010,180</u>	<u>12,606,000</u>

15 Date of authorization

This condensed interim financial information has been authorized for issue by the board of directors of the Company on 26 October, 2013.

16 General

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

Rawalpindi
October 26, 2013

Director

Chairperson & CEO



***Condensed Interim
Consolidated Financial
Information for the
Quarter Ended
September 30, 2013***



CONDENSED INTERIM CONSOLIDATED BALANCE

		Un-Audited September 30, 2013	Audited June 30, 2013
	Note	-----Rs.-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
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		321,843	321,843
Accumulated profit		<u>2,166,223,193</u>	<u>2,061,029,564</u>
		2,468,413,446	2,363,219,817
Non-controlling interest		<u>74,359,467</u>	<u>72,090,498</u>
		2,542,772,913	2,435,310,315
Surplus on revaluation of property, plant and equipment - net of tax	5	377,348,407	378,719,924
Non current liabilities			
Deferred taxation		67,223,305	64,932,160
Current liabilities			
Trade and other payables		317,219,203	385,502,736
Short term borrowings - secured		71,137,148	1,241,992
		388,356,351	386,744,728
Contingencies and commitments	6	<u>3,375,700,976</u>	<u>3,265,707,127</u>

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Rawalpindi
October 26, 2013

Director

Chairperson & CEO

SHEET AS AT SEPTEMBER 30, 2013

	Note	Un-Audited September 30, 2013	Audited June 30, 2013
		-----Rs.-----	
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,530,101,866	1,518,791,709
Intangible assets	8	2,637,940	1,884,709
Long term deposits		7,758,100	7,733,100
		1,540,497,906	1,528,409,518
Current assets			
Stores, spare parts and loose tools		20,916,714	19,552,661
Stock in trade		813,430,905	846,906,085
Trade debts - considered good		371,102,495	206,232,139
Loans and advances - considered good		44,482,527	18,010,264
Deposits and prepayments		56,281,588	46,290,743
Advance income tax - net		50,260,428	72,357,631
Other receivables		6,065,688	7,412,959
Short term investments	9	424,562,270	413,499,520
Cash and bank balances		48,100,455	107,035,607
		1,835,203,070	1,737,297,609
		3,375,700,976	3,265,707,127

 Rawalpindi
 October 26, 2012

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	Quarter Ended	
		September 30, 2013	September 30, 2012
		-----Rs.-----	
Revenue - net	10	882,461,006	589,740,772
Cost of sales	11	(500,948,774)	(281,147,468)
Gross profit		381,512,232	308,593,304
Other income		9,034,390	8,892,332
Administrative expenses		(41,780,926)	(35,792,276)
Selling and distribution costs		(174,945,239)	(136,924,736)
Finance costs		(1,634,143)	(1,041,538)
Other expenses		(20,368,733)	(12,338,471)
Profit before taxation		151,817,581	131,388,615
Taxation	12	(45,726,500)	(39,227,865)
Profit after taxation		106,091,081	92,160,750
Attributable to:			
Shareholders of the Holding company		103,822,112	89,535,830
Non-controlling interest		2,268,969	2,624,920
		106,091,081	92,160,750
Earnings per share - basic and diluted		3.44	2.97

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Rawalpindi
 October 26, 2013

 Director

 Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter Ended	
	September 30, 2013	September 30, 2012
Note	Rs.	
Profit after tax	106,091,081	92,160,750
Other comprehensive income	-	-
Total comprehensive income for the period	<u>106,091,081</u>	<u>92,160,750</u>
Attributable to:		
Shareholders of the Holding company	103,822,112	89,535,830
Non-controlling interest	<u>2,268,969</u>	<u>2,624,920</u>
	<u>106,091,081</u>	<u>92,160,750</u>

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Rawalpindi
 October 26, 2012

 Director

 Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter Ended	
	September 30, 2013	September 30, 2012
	-----Rs.-----	
Cash flow from operating activities		
Profit before taxation	151,817,581	131,388,615
Adjustments for:		
Depreciation	42,533,897	35,063,982
Amortisation	566,184	457,332
Gain on sale of property, plant and equipment	(2,631,820)	(316,407)
Finance costs	1,634,143	1,041,538
Gain on re-measurement of short term investments	(6,040,658)	(8,062,978)
Dividend income and profit on bank deposits	(361,911)	(512,946)
	<u>35,699,835</u>	<u>27,670,521</u>
Cash generated from operations before working capital changes	187,517,416	159,059,136
Effect on cash flow due to working capital changes (Increase)/decrease in current assets		
Stores, spare parts and loose tools	(1,364,052)	(4,542,047)
Advances, deposits, prepayments and other receivables	(35,115,837)	(18,265,325)
Stock in trade	33,475,180	(99,179,789)
Trade debts - considered good	(164,870,356)	99,871,100
	<u>(167,875,065)</u>	<u>(22,116,062)</u>
(Decrease) in current liabilities		
Trade and other payables	(67,929,304)	(112,417,095)
Cash generated from operations	(48,286,953)	24,525,978
Finance cost paid	(1,634,143)	(1,041,538)
Taxes paid	(21,338,153)	(11,650,093)
	<u>(22,972,296)</u>	<u>(12,691,631)</u>
Cash (used in)/generated from operations	(71,259,249)	11,834,347
Cash flow from investing activities		
Purchase of property, plant and equipment	(55,959,538)	(38,285,705)
Proceeds from sale of property, plant and equipment	3,427,889	496,787
Dividend income and profit on bank deposits	361,911	512,946
Acquisition of short term investments	(5,000,000)	(23,000,000)
Increase in short term investments	(25,000)	-
Net cash (used in) investing activities	(57,194,738)	(60,275,972)
Cash flow from financing activities		
Proceeds from short term borrowings	69,895,156	-
Dividend paid	(376,321)	(1,078)
Net cash generated from/(used in) financing activities	69,518,835	(1,078)
Net decrease in cash and cash equivalents	(58,935,152)	(48,442,702)
Cash and cash equivalents at the beginning of the period	107,035,607	97,617,923
Cash and cash equivalents at the end of the period	48,100,455	49,175,221

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Rawalpindi
October 26, 2013

Director

Chairperson & CEO

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Share capital	Capital reserve	Accumulated profit	Total	Non controlling interest	Total
-----Rupees-----						
Balance as at 01 July 2012	287,493,720	321,843	1,744,227,890	2,032,043,453	60,773,274	2,092,816,727
Total comprehensive income for the period	-	-	89,535,829	89,535,829	2,624,920	92,160,750
Surplus transferred to accumulated profit in respect of:						
- incremental depreciation charged during the period- net of tax	-	-	1,234,365	1,234,365	-	1,234,365
Balance as at September 30, 2012	<u>287,493,720</u>	<u>321,843</u>	<u>1,834,998,084</u>	<u>2,122,813,647</u>	<u>63,398,194</u>	<u>2,186,211,839</u>
Balance as at 01 July 2013	301,868,410	321,843	2,061,029,564	2,363,219,817	72,090,498	2,435,310,315
Total comprehensive income for the period	-	-	103,822,112	103,822,112	2,268,969	106,091,081
Surplus transferred to accumulated profit in respect of:						
- incremental depreciation charged during the period - net of tax	-	-	1,371,517	1,371,517	-	1,371,517
Balance as at September 30, 2013	<u>301,868,410</u>	<u>321,843</u>	<u>2,166,223,193</u>	<u>2,468,413,446</u>	<u>74,359,467</u>	<u>2,542,772,913</u>

The annexed notes 1 to 15 form an integral part of this condensed interim consolidated financial information.

Rawalpindi
October 26, 2012

Director

Chairperson & CEO

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

1 The Group and its operation

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

BF Biosciences Limited is an 80% owned subsidiary of the Holding Company and was incorporated as an unquoted public limited company under the Companies Ordinance, 1984 on 24 February 2006. BF Biosciences Limited has been set up for establishing a biotech pharmaceutical plant to manufacture cancer and hepatitis related medicines.

The Holding Company has 98% holding in Farmacia. Farmacia is a partnership duly registered under Partnership Act, 1932. Farmacia is engaged in the retail trading of pharmaceutical products.

2 Basis of consolidation

These consolidated financial statements include the financial statements of Ferozsons Laboratories Limited and its subsidiaries – BF Biosciences Limited and Farmacia (“hereinafter referred as the Group”).

Subsidiaries are those entities, including an unincorporated entities such as a partnership that are controlled by another entity (known as the parent). The financial statements of the subsidiaries are included in the consolidated financial statements from the date the control commences, until the date when that control ceases. The financial statements of the subsidiaries have been consolidated on line by line basis. Details of the subsidiaries are given in note 1.

All material inter-organization balances, transactions and resulting unrealized profits / losses have been eliminated.

3 Basis of preparation

3.1 Statement of compliance

This condensed interim consolidated financial information is presented in accordance with the requirements of International Accounting Standard (IAS) 34 - “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements of the Companies Ordinance, 1984 differ, the provisions or directives issued under the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan (SECP) have been followed. This condensed interim consolidated financial information does not include all of the information required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2013. Comparative figures of the balance sheet are extracted from the annual financial statements for the year ended 30 June 2013, whereas comparative profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed

interim consolidated financial information for the quarter ended 30 September 2012.

The condensed interim consolidated financial information is un-audited and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

3.2 Significant accounting policies

The accounting policies and methods for computation adopted for the preparation of these condensed interim consolidated financial information were the same as those applied in preparation of financial statements for the year ended 30 June 2013.

3.3 Accounting estimates and judgment

The preparation of condensed interim consolidated financial information in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgment that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

	Un-Audited September 30, 2013	Audited June 30, 2013
	-----Rs.-----	
4 Issued, subscribed and paid up capital		
1,441,952 (30 June 2013: 1,441,952) ordinary shares of Rs. 10 each fully paid in cash	14,419,520	14,419,520
119,600 (30 June 2013: 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
28,625,289 (30 June 2013: 28,625,289) ordinary shares of Rs. 10 each issued as fully paid bonus shares	286,252,890	286,252,890
	<u>301,868,410</u>	<u>301,868,410</u>

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED
 INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Un-Audited September 30, 2013	Audited June 30, 2013
	-----Rs.-----	
5 Surplus on revaluation of property, plant and equipment - net of tax		
Surplus on revaluation of property, plant and equipment-opening balance	402,374,432	410,814,534
Surplus transferred to accumulated profit in respect of:		
Incremental depreciation charged during the period / year		
- Net of deferred tax	(1,371,517)	(5,486,066)
- Related deferred tax liability	(738,509)	(2,954,036)
	<u>(2,110,026)</u>	<u>(8,440,102)</u>
	400,264,406	402,374,432
Related deferred tax liability:		
- On revaluation as at 1 July	(23,654,508)	(26,608,544)
- Transferred to accumulated profit on: Incremental depreciation charged during the period / year	738,509	2,954,036
	<u>(22,915,999)</u>	<u>(23,654,508)</u>
Surplus on revaluation of property, plant and equipment -closing balance	<u>377,348,407</u>	<u>378,719,924</u>

6 Contingencies and commitments

Contingencies

Guarantees issued by banks

Out of the aggregate facility of Rs. 92 million (30 June 2013: Rs. 92 million) for letter of guarantees, the amount utilized by the Group at 30 September 2013 was Rs. 28.91 million (30 June 2013: Rs. 47.80 million).

Commitments

Letter of credits other than capital expenditure

Out of the aggregate facility of Rs. 440 million (30 June 2013: Rs. 440 million) for opening letters of credit, the amount utilized by the Group at 30 September 2013 was Rs. 27.61 million (30 June 2013: Rs. 79.96 million).

Guarantees issued on behalf of the subsidiary company

The Holding Company has issued cross corporate guarantee to various commercial banks favouring its subsidiary company BF Biosciences Limited amounting to Rs. 275 million (30 June 2013: Rs. 275 million).

	Note	Un-Audited	Audited			
		September 30, 2013	June 30, 2013			
-----Rs.-----						
7		Property, plant and equipment				
		1,518,791,709	1,479,534,613			
Opening net book value						
Additions during the period / year	7.1	54,640,123	189,902,552			
		1,573,431,832	1,669,437,165			
Written down value of disposals during the period / year		(796,069)	(2,118,384)			
Depreciation for the period / year		(42,533,897)	(148,527,072)			
		(43,329,966)	(150,645,456)			
		<u>1,530,101,866</u>	<u>1,518,791,709</u>			
7.1		Additions during the period / year				
Plant and machinery		689,699	1,244,850			
Office equipments		429,739	3,634,631			
Furniture and fixtures		-	404,019			
Computers		700,820	2,647,423			
Vehicles - owned		10,558,906	51,463,592			
Capital work in progress		42,260,959	130,508,037			
		<u>54,640,123</u>	<u>189,902,552</u>			
8		Intangible assets				
Opening net book value		1,884,709	3,714,037			
Additions during the period / year		1,319,415	-			
Amortisation during the period / year		(566,184)	(1,829,328)			
Closing net book value		<u>2,637,940</u>	<u>1,884,709</u>			
9		Short term investments				
Investments at fair value through profit and loss - listed securities	9.1	424,562,270	413,499,520			
9.1		Investments at fair value through profit and loss - listed securities				
		Un-audited	Audited			
		30 September	30 June			
		2013	2013			
		-----Rupees-----				
		Un-audited	Audited			
		30 September 2013	30 June 2013			
		Carrying value	Carrying value			
		Fair value	Fair value			
		-----Rupees-----				
3,637,691	1,272,845	HBL Money Market Fund	362,205,058	366,866,597	117,870,246	128,858,288
428,381	2,634,203	HBL Income Fund	42,575,193	43,714,881	252,496,711	270,921,964
117,413	115,245	ABL Cash Fund	1,152,870	1,174,962	1,052,600	1,152,870
126,153	122,959	Faysal Money Market Fund	12,566,398	12,805,830	12,500,000	12,566,398
			418,499,519	424,562,270	383,919,557	413,499,520
		Unrealised gain on account of re-measurement to fair value	6,062,751	-	29,579,963	-
			<u>424,562,270</u>	<u>424,562,270</u>	<u>413,499,520</u>	<u>413,499,520</u>

	Note	Quarter Ended	
		September 30, 2013	September 30, 2012
		-----Rs.-----	
10 Revenue - net			
Gross sales		959,829,613	675,054,498
Less: discount		(77,368,607)	(85,313,727)
		882,461,006	589,740,772
11 Cost of sales			
Materials consumed	11.1	297,261,365	169,159,520
Manufacturing expenses		114,273,236	80,845,338
		411,534,602	250,004,858
Work in progress:			
Opening balance		94,418,678	57,088,668
Closing balance		(72,460,920)	(75,622,403)
		21,957,759	(18,533,735)
<i>Cost of goods manufactured</i>		433,492,361	231,471,123
Finished goods			
Opening balance		425,048,851	263,156,413
Purchases		80,465,418	86,761,191
Closing balance		(438,057,855)	(300,241,259)
		67,456,414	49,676,345
		500,948,774	281,147,468
11.1 Material consumed			
Opening stock		310,046,452	255,682,554
Purchases during the period		282,205,222	197,998,447
		592,251,674	453,681,001
Closing stock		(294,990,309)	(284,521,480)
		297,261,365	169,159,520
12 Taxation			
Current		43,435,355	34,201,375
Deferred		2,291,145	5,026,490
		45,726,500	39,227,865

13 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, 2013	September 30, 2012
	-----Rs.-----	
Other related parties		
Contribution to employee provident fund	4,488,182	2,645,776
Remuneration including benefits and perquisites of key management personnel	16,583,341	14,266,644

14 Date of authorization

This condensed interim consolidated financial information has been authorized for issue by the board of directors of the Company on 26 October, 2013.

15 General

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

Rawalpindi
 October 26, 2012

 Director

 Chairperson & CEO

PEOPLE
TRUST
US

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



FEROZSONS
LABORATORIES LIMITED

Registered Office: 197-A, The Mall, Rawalpindi, 46000 (Pakistan),
Phones: +92-51-5562155-57, 5566881, Fax: +92-51-5584195
email: info@ferozsons-labs.com www.ferozsons-labs.com